



**THE REPORT OF THE MANAGEMENT BOARD
OF THE COMPERIA.PL CAPITAL GROUP
FOR THE FIRST HALF OF 2018**

September 25th, 2018

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COMMENTS OF THE MANAGEMENT BOARD

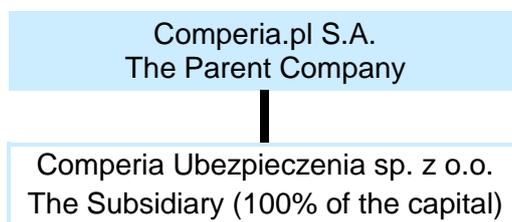
During the first six months of 2018, the Group has significantly improved the results in relation to the similar period of the previous year. Below, we present the key factors, affecting the results obtained during the first six months of 2018.

- An increase in sale revenues by 36% on a year-on-year basis. The implementation of the new sales strategy in the first six months of 2018 has brought the expected results. An increase in the performance advertising sales was 29%. Moreover, the Company more than doubled revenues from insurance activities, from 719 thousand zloty in the first half of 2017 to 1 673 thousand zloty in the first half of 2018. This increase is crucial, as the Group plans to develop this sector intensively in the following periods. Such development is based on the growing number of insurance agents and clients. The Group has signed agreements on the distribution of insurance products with 26 insurance companies. The Group co-operates with more than 550 agents.
- Improvement of the operating efficiency of the Group. Cost structure has been adjusted to the size of the Company's activity, the performance advertising offering has been extended, and the insurance distribution sector has developed intensively. As a result, while the sale revenues at a consolidated level increased by 36%, the operating costs increased only by 23%, and the operating profit before depreciation (EBITDA) for the first six months of 2018 was 1 885 thousand zloty, therefore it was higher by 95% in relation to the similar period of the previous year.
- In the performance advertising sector the Group has restored the net profitability, and its contribution to the net result was 948 thousand zloty in the first six months of 2018 towards the loss of 248 thousand zloty in the similar period of the previous year. The negative net consolidated profit for the period of six months, ending on June 30th, 2018, is based on the negative contribution to the net insurance distribution result. The majority of expenditures incurred by the development of insurance distribution is recognized as costs in the period they incurred, while the effects of those activities will be visible in the following periods.
- On September 11th, 2018, the Financial Supervision Authority approved the Company's prospectus, on the basis of which the Company will conduct the issue of the Series G shares in accordance with the Regulation of the Extraordinary General Meeting of the Company's Shareholders dated April 6th, 2018. Funds from the issue will be used for the implementation of the subsequent insurance development, and for creating the IT software, supporting the Company's intermediation in financing customers' e-commerce/m-commerce purchases through loans granted by entities lending consumer credits. Full details about the issue can be found in the prospectus on the Company's website.

1. BASIC INFORMATION

1.1 Organizational structure of Comperia.pl Capital Group

As of June 30th, 2018 the structure of Comperia.pl Capital Group (the “Group”) is as follows:



From January 1st, 2018 to June 30th, 2018 there were no significant changes in the organization of the Group.

1.2. The Parent Company’s data

Headquarters	02-673 Warsaw, Konstruktorska Street 13
REGON	140913752
NIP	9512209854
The Court Register	the District Court of the city of Warsaw, XIII Economic Division of the National Court Register
KRS	0000390656

Comperia.pl S.A. (the “Parent Company”, the “Company”) has no divisions.

1.2.1. Characteristics of activities of Comperia.pl S.A.

Comperia.pl was formed in order to save its clients time and money by creating one place which gives them the possibility to compare and choose the best financial, insurance and telecommunication offers quickly and, importantly, for free.

The Company’s activity is running financial (including bank branches and ATMs) non-financial and GSM comparison websites, as well as a telecommunication website – TELEPOLIS.PL. On these websites the Internet users are able to compare and choose the most advantageous offer from financial products (credit, investment and insurance products) and non-financial products (e.g. telecommunication products) offered by the Company’s partners. The most popular websites owned by the Company are:

- Comperia.pl – first financial comparison website in Poland,
- eHipoteka.com – search engine of mortgage credits,
- Banki.pl – bank branches and ATMs locator and bank offers comparison website,
- TELEPOLIS.PL – GSM and telecommunication website.

In case the Internet user is interested in a specific product offered by Comperia’s partner (e.g. financial institution), the Internet user has a possibility to leave his contact details using the contact form (so-called “lead”), what allows such partner to contact the Internet user and

complete the transaction. The Company's partners pay commission, directly or through the media house, for obtaining leads from the Company.

Generating leads by the Company is connected to the performance advertising sector. Moreover, the Company obtains revenue by placing image advertisements of financial institutions on its websites

1.2.2. Share capital

As of June 30th, 2018, the share capital of the Parent Company was PLN 215 789,10 and divided on the following series of shares with the nominal value of PLN 0,10 each:

Series of share	Number of shares	Type
Series A	685 717	registered, preferred to voting rights (2 votes per share)
Series A	404 703	ordinary, bearer
Series B	124 080	ordinary, bearer
Series C	121 450	ordinary, bearer
Series D	26 041	ordinary, bearer
Series E	220 900	ordinary, bearer
Series F	575.000	ordinary, bearer
	2 157 891	

1.2.3. Own shares

In the period of 6 months ended June 30th, 2018 the Company did not hold any own shares.

1.3. Comperia Ubezpieczenia sp. z o.o.

Headquarters	02-673 Warsaw, Konstruktorska Street 13
REGON	146713965
NIP	5213649980
The Court Register	the District Court of the city of Warsaw, XIII Economic Division of the National Court Register
KRS	0000465027

Comperia Ubezpieczenia sp. z o.o. (the "Subsidiary", the "CU") has no divisions.

1.3.1. Characteristics of activities of Comperia Ubezpieczenia sp. z o.o

The basic business activity of Comperia Ubezpieczenia sp. z o.o. (LLC.) is insurance intermediation (selling insurance products through the Internet, contact center and through the network of insurance agents) as well as running comperiaagent.pl and comperiaubezpieczenia.pl websites.

CU is active in selling insurance products as an insurance agent, obtaining sales commission from insurance companies, as well as selling an application to manage insurance multiagency, manage clients' wallet and comparing and selling insurance products, called Comperiaagent.pl. This application is sold as a SaaS (Software as a Service) license.

1.3.2. Share Capital

The Entity's share capital is PLN 50 000 and divides to 100 shares with the nominal value of PLN 500 each. All shares are held by the Parent Company.

1.3.3. Own shares

In the period of 6 months ended June 30th, 2018 the Company did not hold any own shares.

1. BASIC DATA AND FINANCIAL INDICATORS AND THE DESCRIPTION OF THE FINANCIAL POSITION OF THE CAPITAL GROUP

2.1. Basis for preparation of the financial statements

Interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in particular in accordance with IAS 34 Interim Financial Reporting and with the Ministry of Finance Regulation from February 19th, 2009, on current and periodical information published by the issuers of securities and in accordance with the accounting standards applicable to the interim reporting, as approved by the European Union, published and binding at the date of preparation of these interim condensed consolidated financial statements.

The Subsidiary – Comperia Ubezpieczenia sp. z o.o. – is subject to full consolidation.

2.2. Selected financial data

Selected consolidated data from the statement of financial situation

(thousand zloty)	2018-06-30	2017-12-31	2017-06-30
Total assets/liabilities	17 534	16 050	17 428
Fixed assets	9 242	10 779	12 217
Current assets	8 291	5 271	5 211
Equity capital	8 535	9 042	11 197
Total liabilities	8 999	7 008	6 231
Long-term liabilities	1 086	1 765	2 128
Short-term liabilities	7 913	5 243	4 103
Number of shares*	2 157 891	2 157 891	2 157 891
Profit (loss) per one ordinary share (in PLN)	-0,22	-1,64	-0,64
Diluted profit (loss) per one ordinary share (in PLN)	-0,22	-1,64	-0,64
Book value per one share (in PLN)	3,96	4,19	5,19

* The weighted average number of ordinary shares outstanding in given period was used (IAS 33 Earnings per share, point 20)

Selected consolidated data from the statement of profit and loss and comprehensive income

Selected financial data (in PLN'000) from the profit and loss statement	2018-01-01 – 2018-06-30	2017-01-01 – 2017-06-30	Δ r/r
Sale revenues	13 715	10 120	36%
Profit/loss on sales	-603	-1 569	-
Profit/loss on operating activities	-280	-1 210	-
Profit/loss on business activities	-462	-1 226	-
Amortization and depreciation	2 165	2 175	0%
EBITDA	1 885	965	95%
Profit/loss before taxation	-462	-1 226	-
Net profit/loss	-467	-1 388	-

2.3. The analysis of the financial results

2.3.1. Sale revenues

Segment	2018-01-01 – 2018-06-30	2017-01-01 – 2017-06-30	Δ r/r
Credit products	7 391	4 480	65%
Deposit products	3 026	3 609	-16%
Insurance activities	1 673	719	133%
Non-financial products	621	577	8%
Other	1 003	735	37%
Total	13 715	10 120	36%

In the first half of 2018 the Capital Group's sale revenues has reached the amount of 13 715 thousand zloty in relation to 10 120 thousand zloty generated in the first half of 2017. Significant increase over the first half of 2017 results from the increase of the core business revenues and insurance activities revenues. In the first area the Company has undertaken several effective actions in order to increase revenues from credit and deposit products. The number of leads submitted to financial institutions has significantly grown, which resulted from more effective sales methods and better economic situation on the banking market. The constantly developing online advertising market also encourages the Company's core business.

In insurance segment revenues increased by 133%, what resulted from increased activities of this market. The Company consequently implements the plans to diversify its operations through the increase of sales of insurance policies by the Company's own network of agents.

Despite the rapid growth, insurance activities have not yet reached the scale which guarantees generating positive financial results.

The key performance indicators for insurances in the first half of 2018 can be found in the following table.

Multiagency - indicators	2018-01-01 – 2018-06-30	2017-01-01 – 2017-06-30	Δ r/r
Number of agreements concluded with insurance companies	26	21	24%
Collection in PLN	11 110 278	4 561 916	144%
Commission for Comperia from insurance companies	1 672 997	718 850	133%

2.3.2. Costs

Selected financial data (in PLN'000) from the profit and loss statement	2018-01-01 – 2018-06-30	2017-01-01 – 2017-06-30	Δ r/r
External services	8 919	6 842	30%
Payroll	2 355	1 987	18%
Amortization and depreciation	2 165	2 175	0%
Taxes and charges	190	157	21%
Social security and other benefits	370	320	16%
Consumption of materials and raw materials	158	107	47%
Other costs	228	280	-19%
Total costs	14 384	11 869	21%

The costs of the Group's activities increased by 21%, thus disproportionately less in relation to the revenues increase (36%). This is primarily the effect of the cost discipline, exercised by the Company in all business divisions and the result of the implementation of new sales strategy in the first half of 2018.

2.3.3. Net profit and profitability

Selected financial data from the statement of profit and loss	2018-01-01 – 2018-06-30	2017-01-01 – 2017-06-30
Gross sales profitability	-3,4%	-12,1%
Core business profitability	-2,0%	-12,0%
EBITDA profitability	13,7%	9,5%
Operating activities profitability (EBIT margin)	-2,0%	-12,0%
Net profit profitability	-3,4%	-13,7%
Return of equity (ROE)	-5,5%	-12,4%
Return on assets (ROA)	-2,7%	-8,0%

To our estimation, almost doubling the EBITDA result is a major success of the Group. EBITDA increased to 1 885 thousand zloty, i.e. by 95%. This is the result of the increase in the business volume of the Group as well as operational efficiency. The EBITDA margin increased in the first half of 2018 to 13,7%, i.e. it was 4 percentage points higher than in the similar period of 2017.

During the first half of 2018, the Group suffered a net loss of 467 thousand zloty in relation to loss of 1 388 thousand zloty in the similar period of the previous year. The negative period results consisted primarily of the insurance development costs.

In the opinion of the Management Board, EBITDA is the most direct indicator of the Company's financial situation. It results from high depreciation of technological projects (e.g. Comperia Agent) conducted by the Company in the previous periods.

2.4. Explanation of differences between actual financial results and previously published forecasts

The Group did not publish any forecasts for 2018.

2.5. Non-financial indicators

Key efficiency indicators

Type of indicator	2018-01-01 – 2018-06-30	2017-01-01 – 2017-06-30	Δ r/r
Number of ComperiaLead partners at the end of the period	26 220	19 841	32%
Number of leads	181 068	147 780	23%
Number of visits to website	11 142 498	13 032 779	-15%
Number of page views	21 059 385	25 999 780	-19%

The number of leads has increased by 23% in relation to the previous year. This is a result of the increase in the number of ComperiaLead partners.

Taking all websites into consideration, the Group has noticed a decrease in the number of visits to websites by 15%. This is primarily the effect of the implementation of GDPR Regulations and the increase in the participation of the Internet users using mobile devices. In response to this problem, the Company is updating teleoplis.pl to RWD. The implementation of the first phase is planned for September 2018. The Company has also started to update the main Comperia.pl website to RWD.

3. EVENTS HAVING A SIGNIFICANT IMPACT ON THE CAPITAL GROUP'S ACTIVITIES IN THE ANALYZED PERIOD

The first six months of 2018 was marked by the further adaptations to the changing market and the development of insurance segment.

Within the core business, which is the performance advertising, the Group has rebuilt its position and effectively obtained shares in marketing budgets of financial institutions. The implementation of the new strategy, which involves looking for new channels and forms of selling as well as the expansion of the customer base in order to increase sale revenues have been successful. The Group's sale revenues have increased in the first half of 2018 by 36% in relation to the first half of 2017. We carefully evaluate the influence of the GDPR Regulations in Poland on the Company's activities, and we respond to the new challenges on the ongoing basis.

In the insurance segment the Group has significantly increased the scale of operations, what is confirmed by the rapid increase of the premium/collection generated by the multiagency – Comperia Ubezpieczenia. With regards to market conditions, the last half of 2018 has brought both positive and negative conditions. Positive conditions include high prices of MTPL policies, what encouraged clients to use agents, allowing for an overview of the large number of available options, as well as it had an influence on the increase of the premium value. Moreover, such conditions has positively affected the increase of the Comperia Agent application popularity. This application makes the insurance comparison much easier. In the opinion of the Management Board, the Group has adapted to the insurance agencies' new

requirements in the last half of 2018. The Group has responded to this challenge in a satisfactory way. The implemented business model has positively affected the proper expansion of the product portfolio, which is in accordance with the policy of all insurance agencies and is a crucial competitive advantage.

4. FACTORS HAVING POSSIBLE IMPACT ON FINANCIAL RESULTS IN THE NEXT QUARTERS

4.1. Optimization of business activities and external resources

The Management Board is undertaking a number of intense actions to improve the profitability. These actions are as follows:

- looking for new channels and forms of sales and the expansion of the customer base in order to increase sale revenues;
- successive overview of activities, projects and processes (in particular in marketing and sales) and their business assumptions for the elimination of unnecessary or non-profit-making activities as well as the increase of the other activities' margin;
- optimization of the use of the Group's external resources;
- reduction of fixed costs of business activities.

The Management Board expects, that effects of the abovementioned actions should be gradually visible in the next periods.

4.2. The increase of the Internet traffic and maximizing the conversion rate

Because of the fact that the major part of the Group's revenues are generated directly from the monetization of the Internet traffic gathered by devices, comparators and websites, the Group focuses on the maximization of the efficiency from the generated traffic and looks for additional, contextual and conversion sources of traffic in finance, insurance and GSM categories. Through owned analytical tools the Group is testing different forms of: marketing communication with consumers, as well as forms, tools, widgets and calculators, in order to obtain higher conversion factors for the inbound traffic.

Moreover, the Group continues to implement actions focusing on obtaining new qualitative traffic, leading to the conversion. It is possible because of targeted campaigns for well indicated target groups.

The Group's websites rank high in the natural search results of search engines for competitive phrases connected with financial, insurance and GSM products. The Group is also developing strategic partnerships generating high quality traffic on the Group's websites and tools. In the second half of 2018, the Company will update its major websites in order to fully adapt to the current clients' needs and to obtain new groups of the Internet users.

4.3. The development of ComperiaLead

Main factors, that affect the development of an affiliate program called ComperiaLead are Comperia.pl Clients' advertising expenditures, the Internet trends as well as new tools which increase the number and quality of co-operating publishers. Responding to global trends, ComperiaLead adjusts its tools, as well as co-operating publishers, to block advertisements in SWF format. While adapting to those changes, ComperiaLead has increased the number of the available marketing tools in order to minimize the influence of the Internet users' "banner blindness". Because of this the Network adjusted to the Internet user's needs and requirement. The promotion burden will be gradually transferred to blogs by making new tools, helpful with writing a blog and earning on a blog, available.

4.4. The development of insurance activities

The Group's activities within the insurance segment concentrate on the increase of the business scale. At the end of the first half of 2018, the Group has had 26 agreements with insurance agencies. The Group is co-operating with over 500 insurance agents. This will allow to generate additional premium and collection.

In the insurance segment the Group will continue with activities focused on the increase of the business scale based on the current business model. The Management Board's intention is to reach the scale that guarantees profitability, while taking into account the assumed business "quality" factors, as soon as possible. The main factor that have the influence on this part of the business will be market conditions, particularly the policy of insurance agencies.

We continually develop the Internet tools for agents. We are completing the process of preparation for implementing the IDD Regulation in order to provide our agents with full compliance and comfort after the implementation of new regulations. In the second half of 2018, we will be adding new products to ComperiaAgent, including non-life insurances and other.

5. RISK FACTORS AND THREATS ASSOCIATED WITH THE GROUP'S ACTIVITIES IN REMAINING MONTHS OF FINANCIAL YEAR

Below, the Management Board presents major risk factors, managed by the Group in order to minimize their negative influence on operating activities. Identifying and managing the risk are vital for the safe operation of the Group and its financial position.

5.1. Risk associated with general macroeconomic situation

The Group's main activity is comparison and intermediation in selling financial and non-financial products. This activity is very sensitive to the general economic situation. Factors, like inflation, GDP dynamics, unemployment rate, wage dynamics or interest rate affect the development of demand for products and services offered on the Group's websites. The decline of interest for the abovementioned offers can lead to the decrease of the number of active users visiting the Group's websites, and therefore negatively influence the revenues generated by the Group.

In the coming months economic phenomena should positively affect the Group's financial results. Economic determinants (GDP increase, unemployment rate below 10%) prove that Polish economy performs relatively well. Moreover, the extraordinarily low interest rates should encourage clients to look for credits and savings products, which are compared on the Group's websites.

5.2. Risk associated with economic situation on the banking market

Taking the revenues structure into consideration, the financial sector is particularly important for the Group. Financial results generated by banks and insurance agencies have a significant impact on the Group's activities, as the decrease of the abovementioned results directly affects these institutions' expenditures on marketing activities, as the advertising costs belong to costs that can be easily limited.

The second factor that has direct impact on the Group's activities is interest rate. The level of this parameter determines the demand for banking products. With low interest rate (like currently) the demand for credit instruments, which in such situation are more available (less expensive) for the client, increases while the demand for savings products decreases. When the interest rate increases this relation is reversed, causing the change in the structure of revenues generated by the Group – revenues from selling savings products are dominating.

The factor mitigating the influence of the abovementioned risk can be the fact that the Group has developed its activities in other economic segments, particularly in insurance and telecommunication segments.

5.3. Risk associated with economic situation on the insurance market

Years 2017 and 2018 are very dynamic when it comes to the number of changes in insurance market. Insurance agencies are continuing the price adjustment for motor insurances (particularly the obligatory MTPL insurance) in order to regain losses and portfolio profitability. We assume that this trend will continue, however without any significant increase in prices. Tools owned by the Group allow to easily adapt to the changing conditions, sellers do not have to spend a lot of time on calculations in order to prepare reliable and advantageous offer for the Client.

The increase in the activities scale allows the Group to constantly negotiate the amount of the commission rates and seasonal contracts in order to give agents attractive salary and at the same time maximize revenues.

5.4. Risk associated with the development of the online advertising market

The main activity of the Group is dependent on the direct agreements, signed with banks, insurance agencies, GSM operators and media houses, on conducting image and performance advertising campaigns, implemented throughout the Group's websites or within the ComperiaLead affiliate program. Because of that the Group is exposed to the risk associated with economic situation on the online advertising market. The growth of competitiveness or variations in the size of this market can cause (in the absence of the growth of the Group's activities on this market) the decrease in the Group's revenues. Similar effect can have changes in the Internet usage trends (e.g. technological changes, trends, users' habits), which will not be anticipated by the Group and to which the Group will not prepare by the proper adjustment of the message addressed to users.

5.5. Risk associated with competition

The Group operates in the image and performance advertising segment for the financial, insurance and telecommunication sector. The direct competitors in the first two sectors are other comparison websites, like ebroker.pl, totalmoney.pl, rankomat.pl, mfind.pl and financial websites like Bankier.pl or Money.pl. However the appearance of new projects initiatives cannot be excluded in the longer term. The Issuer indicates the dynamic nature of the online media market (including advertising) and relatively low barrier to enter this market.

The competition concerning activities in the GSM, Internet/TV/Phone sectors are mainly newly created comparison websites like Panwybierak.pl, Skrzydelko.pl, Teleguru.pl, Komorkomat.pl and TotalMoney.pl. The Issuer cannot exclude the appearance of the significant competition within other services comparison websites as well as the big players on the online media market. On the other side, the Issuer indicates that in 2016 Google failed to open its own financial comparison website – Google Compare.

In the insurance segment, both in the traditional sales channel through the insurance agents' network as well as in the direct sales channel, the existing entities are the major competition for the Group. However, so far none of the entities offering sales in the traditional channel has been operating on the basis of an application allowing to compare and buy insurance

offers, while using only one application during the entire process. Nevertheless, the possibility of the appearance of the competitive software on the market cannot be excluded.

The Group endeavors to maintain its leadership position in the market in terms of offering the most advanced technological solutions. This is confirmed by the fact that frequently, the Comperia Agent application is the first external application that integrates with insurance agencies' web services. The Group effectively encourages insurance companies to integrate with the application. Because of that the number of offers in Comperia Agent application is constantly growing, thus the number of potential interested clients is increasing. Moreover, new functionalities of the application are added. It should be emphasized that the application is very flexible in the customization of various functions to the each client's needs.

Taking into consideration the experience gained by the Group, the actions have been undertaken in order to increase the usage of the application by the internal sales structures. The Issuer does not guarantee the effectiveness of these activities.

Any failures in competitive actions may cause the decrease in the Group's share in the online advertising as well as the decrease in revenues from advertising activities and insurance distribution.

5.6. Technological risk (on the side of insurance companies)

Difficulties in creating and maintaining the insurance application consist in the significant number of parameters, which have to be compared in order to reliably choose the most advantageous offer, as well as the need to integrate the application with numerous IT systems of insurance agencies and with other entities' systems, with which the application will be co-operating in terms of selling insurances. The volatility of these parameters as well as the necessity to adjust the application to changes are also big difficulties. As of the day of the financial statement the Group has signed agreements, with almost all significant insurance agencies operating on the polish market, on comparing their offers with the competitors' offers, as well as on concluding insurance agreements through the Internet application. The Group observes the increasing interest, on the side of insurance agencies, in the modernization of their IT technologies.

The maintenance of the abovementioned abilities requires hiring highly-specialized IT staff: programming specialists, IT network specialists, storage and processing of personal data specialists etc. Activity procedures, implemented by the Group, have to comply with the requirements for security of computer systems (proper time of response to the necessity of implementing changes or repairing existing solutions) as well as competences' continuity, especially considering partially proprietary nature of used software solutions. Any negligence within the abovementioned range can cause dysfunctions or system errors, which could entail the decrease of the credibility, reputation and popularity of the Group's websites and directly translate to the decrease of the Group's revenues.

5.7. Risk associated with regulatory changes including tax regulations

The threat to stability and development of the economic activities of the Group can be some of the legal regulations in Poland, in particular regulations shaping the tax system, which are often modified. In May 2018, the GDPR Directive has been implemented in Poland. We constantly monitor its influence on the Company. From the Group's point of view, unfavorable changes in the legal regulations can cause the decrease of the generated revenues or the increase of expenses. Therefore the Group has to incur the costs of monitoring the legislative changes and adjusting activities to changing regulations. Changes in some regulations may result in interpretative problems, incoherent court decisions and unfavorable interpretations assumed by the public administration organs, which as a consequence can hinder the implementation of the long-term strategic objectives and cause difficulties in the assessment of the impact of future events or decisions.

5.8. Risk associated with significant change in positioning mechanisms and displaying websites in search engines

The main objective of search engines is to display reliable and the fullest search results to the Internet users. The operating search engines achieve this objective through constantly developing new mechanisms and algorithms of selecting, sorting and presenting the entities' websites. Because of that customers can find information they are looking for more easily.

Changes in algorithms are causing changes in the hierarchy of presented websites, which affects the number of users who visit individual websites. There is a risk that search engines algorithms change in a way that causes the decrease in the number of the Group websites' visitors, what can cause the decrease in profitability as it would require greater expenditures on the promotion of the Group's websites. Moreover, in case of an error or a failure made by the Group or its providers, the Group's data will be eliminated, completely or to a considerable extent, from search results of the individual search engine, or the search engine will be no longer operational.

Temporary or permanent elimination of the website from search results or moving it to a distant position in search results can also be the result of websites' employees' actions, incompatible with search engines guidelines, which lead to the most advantageous rank of the website. It should also be noted that the search engine market is dominated by Google search engine. This gives rise to additional risk associated with over-reliance of the Group's activities on the principles of functioning of this search engine.

The Group aims to minimize the risk associated with the change in rating mechanisms and the display of websites in search engines in the following way:

- The ongoing monitoring of the search engines requirements, imposed on websites by the Google's algorithm and implementing proper changes on the Group's websites.
- Constant monitoring of websites ranks in the Google search engine, Google Webmaster Tools, Google Analytics and other, in order to control the situation and immediately manage threatening situations.
- Implementing content marketing to the Company's communication strategy. Content marketing activities can be divided into: creating data (reports, analyses, articles) and

improving co-operation with ComperiaLead partners. The Group creates its own web users' environment, deeply interested in provided information and solutions.

- Maintaining a few websites – the Group has created websites specialized in the analysis of the particular category of financial products. Besides Comperia.pl, where the user can compare savings, credits and insurance products, the Group has the following websites: ehipoteka.com, specialized in mortgage credits comparison, Kontoteka.pl, specialized in bank accounts comparison, Autoa.pl, specialized in comparing credits for cars which the user can buy through this website and Banki.pl, which allows to locate banks branches and ATM machines as well as comparing different banks' offers. By having a diversified financial comparators portfolio, the Group decreases the risk associated with over-reliance on search engines (in case of owning only one website this over-reliance is higher) as well as increases the possibility that the user will visit the website owned by the Group.
- Developing of the Affiliate Program ComperiaLead. Within the ComperiaLead program the Group gives websites owners the access to the software, so they can create a section presenting comparisons of financial products on their websites. Those sections are signed by the Comperia brand and coherent and compatible with comparisons available on the Comperia.pl website.
- Strict compliance with the search engines guidelines. Search engines regularly distribute guidelines on how to position websites so they rank high in search results. As a result of the positioning in a manner incompatible with guidelines, the particular website can be deleted from search results or moved to a distant position. The Group strictly follows the instructions distributed by search engines, and therefore limits risks associated with the website positioning.

5.9. Risk associated with hardware or software failure

Events, which can have a determining role in the deterioration of the financial results of the Group, are a hardware failure and a disclosure of critical software errors. Those risks arise from the nature of the Group's activities and are minimized by keeping websites on servers owned by reputable companies as well as hiring the Group's own team of programmers, who reacts to software error on an ongoing basis. In case of such incidents, the number of visitors on the Group's websites can decrease, and in an extreme case, whole mechanism of the Group's functioning can temporarily stop working.

5.10. Risk associated with over-reliance on managerial staff

The Group's activities and its perspectives for the development relies on the knowledge, experience and qualifications of the managerial staff and specialists employed. The Group activities intend to develop the personnel and bound key persons with its structures.

5.11. Risk associated with the seasonal nature of revenues

The Group's revenues are of seasonal nature. In the first and third quarters generated revenues are usually lower than in the second and fourth quarters of the year. This phenomenon is typical for the whole advertising industry. Higher expenditures on advertising in the second and fourth quarters of the year incurred by entities result from the greater involvement of the real estate business operators and the consumer finance business operators during these periods, as well as from the intensification of the advertising campaigns during the festive seasons of Christmas and Easter. Lower expenditures on advertising in the first quarter result from the closure of the advertising campaigns after intensive promotional activities associated with Christmas and New Year's Eve, as well as from the fact that during this period advertising budgets for the next year are being established. Lower expenditures on advertising in the third quarter of the year result from the fact that it is a summer holiday period.

The Group minimizes the risk associated with the seasonal nature of revenues through the appropriate management of accounting liquidity and diversification of revenues by entering the insurance, telecommunication and non-financial markets. Associating telecommunication services minimizes income fluctuations.

5.12. Risk associated with over-reliance on key clients

Key clients of the Group are banks, which – directly or through advertising agencies – contract the Group to conduct the performance advertising campaigns supported by image advertisements. The structure of the Group's clients is relatively diversified and it consist of the majority of banks operating in Poland as well as advertising agencies co-operating with those banks.

Banks commission performance campaigns to most of the financial comparison websites operating on the market. Therefore, the risk associated with the resignation from the Group's services in favor of other financial comparison websites is limited. The risk associated with the limitation of the clients base is, in the opinion of the Management Board, relatively low, due to the fact that that almost all banks, operating on the polish market, use this form of obtaining clients.

The Group's main providers are partners from the affiliate program ComperiaLead, other websites and insurance agents. The Group aims to diversify the sources of its providers. At this moment the Group is not over-reliant on one provider, however losing some of them can cause temporary deterioration of the Group's results.

In order to neutralize the abovementioned risk, the Group tries to carry out activities targeted at enlarging the providers group.

5.13. Risk associated with the failure of the Group's development strategy

The Group's strategy provides for the increase of the Internet traffic and the maximization of the conversion rate, the extension of the portfolio of services, including non-financial segment, the increase of the share in the advertising market, as well as the development of the Affiliate Program ComperiaLead. Moreover, the Group's strategy includes further development in insurance sales, including sale of license for innovative application called Comperia Agent.

The implementation of the Group's strategy is associated with certain risks.

In terms of the increase of the Internet traffic and the maximization of the conversion rate there is a risk, that planned projects, aiming at the increase of lead generation while increasing their value, will not be effective.

Moreover, the Group identifies risks associated with the extension of the portfolio of products with comparisons of mobile telephony providers, electricity suppliers, the Internet providers or cable TV providers. In particular, there are risks associated with technological aspects of the creation of non-financial comparators, as well as with readiness of the new business partners to co-operate. Minimization of the risk is made by establishing contacts with new partners from the telecommunication sector and promoting the Group's business offer.

In the opinion of the Management Board, the main risks associated with the development of the Affiliate Program ComperiaLead are the possibility that the willingness of the target group of partners to co-operate will be lower than expected, and the price competition within this segment, what can cause the decrease of the net margin. Minimization of these risks is made by the activation of partners by organizing competitions and special activities for publishers, offering attractive products and faster settlement procedures as well as by the constant technological development of the affiliate program.

5.14. Risk associated with expanding the scale of business activities

The fast-growing scale of activities, as well as rapidly changing business environment and technologies, require more and more organizational effort and raise the bar in the race of innovation. The further development of the Group will face increasing difficulties associated with managing the growing organization and maintaining the competitiveness. Retaining talented employees in the company becomes increasingly more challenging and is associated with the competition of the employers from the new technologies market for the qualified specialists, whose presence in the company often decides about the achievement of competitive dominance.

The Group minimizes this risk by optimizing the organizational structure for the assumed business objectives, implementing new management standards, developing the management staff and investing in human capital. Moreover, the Group employs high-class specialists and managers, who support the organization in very rapid development.

5.15. Risk associated with development activities

In the opinion of the Management Board, the success of entities operating on the e-commerce markets is significantly reliant on these entities innovative character and their capability to develop constantly. Therefore, the Group is constantly improving the owned portfolio of products and services. The Management Board of the Group identifies 2 main risks associated with development activities:

- the abandonment of the abovementioned development activities;
- the lack of the expected profits, despite positive completion of development activities.

The Group minimizes this risk by the constant and in-depth analysis of the final consumer's needs and analysis and monitoring of the market trends, that can influence the reception and usability of the completed development project.

5.16. Risk associated with credit agreements

The Group uses bank loan financing. In the negative market conditions development scenario and significant deterioration of the Group's position there is a risk that the abovementioned agreements will be terminated.

6. FINANCIAL RISK MANAGEMENT

The main financial instruments, owned by the Group, are financial assets, like trade receivables, cash and short-term deposits, which arise directly from the Group's operations.

In the period covered in the financial statements the Group did not trade financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Management Board of the Parent Company verifies and agrees on the principles of the management of each of the aforementioned risks – these principles are briefly discussed below. The Company also monitors the market price risk arising from all financial instruments.

6.1. Interest rate risk

The Group's exposure to interest rate risk is irrelevant, as the Group does not have any long-term financial liabilities. Available forms of financing business activities bear the variable interest rate based on WIBOR rate. Interest rates on financial instruments with variable interest is updated in periods below one year. The Group monitors the situation associated with the decisions of the Monetary Policy Council, directly influencing the national interest rate market.

6.2. Foreign exchange risk

The Group is predominantly active in Poland and is operating in Polish zloty, therefore its exposure to the foreign exchange risk is insignificant. The majority of receivables and liabilities is denominated in national currency. The Group does not use financial derivatives that hedge the foreign exchange risk exposure.

6.3. Credit risk

The Group concludes transactions only with well-known companies with a good credit rating. Moreover, thanks to the ongoing monitoring of the receivables, the Group's exposure to the risk of non-collectible debts is insignificant. With regard to other financial assets of the Group, such as cash and cash equivalents, credit risk arises for the Company if the other party to a contract is unable to pay, and the maximum exposure to this risk is equal to the carrying amount of those instruments.

6.4. Liquidity risk

Management Boards of the Group's Companies are monitoring the risk of funds shortage. The Company's objective is to keep a balance between continuity and flexibility of funding through the use of various sources of financing.

7. RELATED PARTIES TRANSACTIONS

In the first half of the year 2018 companies of the Comperia.pl S.A. Capital Group did not conclude any transactions with related parties which, individually or jointly, are significant and have been concluded on terms other than market terms.

8. CAPITAL AND SHAREHOLDING OF COMPERIA.PL S.A.

8.1. Shareholding of Comperia.pl S.A.

As of June 30th, 2018, the Parent Company's capital was PLN 215.789,10 and divided to the following series of shares with the nominal value of PLN 0,10 each:

Series of share	Number of shares	Type
Series A	685 717	registered, preferred to voting rights (2 votes per share)
Series A	404 703	ordinary, bearer
Series B	124 080	ordinary, bearer
Series C	121 450	ordinary, bearer
Series D	26 041	ordinary, bearer
Series E	220 900	ordinary, bearer
Series F	575.000	ordinary, bearer
	2 157 891	

To the Parent Company's best knowledge, on the date of publication of the mid-year report, shareholders holding at least 5% of the total number of votes on the Company's General Meeting are as follows:

Shareholder	Number of shares	Shareholding (%)	Nominal value (in PLN)	Number of votes at the general meeting	Percentage of total votes at the general meeting (%)
Talnet Holding Limited	352 239	16,32%	35 223,90	697 239	24,52%
Marek Dojnow	299 006	13,86%	29 900,60	503 437	17,70%
Adam Jabłoński	198 038	9,18%	19 803,80	334 324	11,76%
Comperia's Shareholder Agreement	296 520	13,74%	29 652,00	296 520	10,43%
TFI Investors	270 403	12,53%	27 040,30	270 403	9,51%
Quercus TFI S.A.	190 400	8,82%	19 040,00	190 400	6,70%
AKTIVIST FIZ*	140 207	6,50%	14 020,70	140 207	4,93%
Others	411 078	19,05%	41 107,80	411 078	14,46%
IN TOTAL	2 157 891	100%	215 789,10	2 843 608	100%

* volume of shares held by Activist FIZ is given on the basis of the registry data on the Extraordinary General Meeting of Shareholders dated August 1st, 2018.

9. INFORMATION ON THE MANAGING AND SUPERVISING PERSONS

9.1. Number of Comperia.pl S.A. shares held by the managing or supervising persons

Shareholder	Number of shares	Shareholding (%)	Nominal value (in PLN)	Number of votes at the general meeting	Percentage of total votes at the general meeting (%)
Marek Dojnow	299 006	13,86%	29 900,60	503 437	17,70%
Adam Jabłoński	198 038	9,18%	19 803,80	334 324	11,76%
Szymon Fiecek	15 000	0,70%	1 500,00	15 000	0,53%
Wojciech Małek	2	0,00%	0,20	2	0,00%

The Management Board and the Supervisory Board members did not held shares in the entities connected to the Company.

10. COURT PROCEEDINGS

In the first half of the year 2018 and on the date of transmission of the reports no company owned by the Comperia.pl Capital Group was covered by any proceedings at court, arbitration body or public administration authority where the aggregate value was at least 10% of the issuer's equity (separately or in combination).

11. GRANTING CREDIT OR LOAN SURETIES OR GUARANTEES

In the first half of 2018 no company owned by the Group granted any bank credit or loan sureties or guarantees to any single entity or its subsidiary, where the aggregate value of all the existing sureties or guarantees extended to such entity would equal at least 10% of equity capital.

12. COMPOSITIONS, LAST YEAR CHANGES IN THE COMPOSITIONS, AND OPERATIONS OF THE ISSUER'S MANAGEMENT, SUPERVISORY AND ADMINISTRATIVE BODIES AND THEIR COMMITTEES

12.1. The Management Board of Comperia.pl S.A.

As of June 30th, 2018, the Management Board of Comperia.pl S.A. was as follows:

- Grzegorz Długosz – President of the Management Board,
- Wojciech Małek – Member of the Management Board,
- Szymon Fiecek – Member of the Management Board.

From January 1st, 2018 to June 30th, 2018 there were the following changes in the Management Board of the Company:

- on January 12th, 2018 Mister Karol Wilczko submitted his resignation from holding the position of the Vice-President of the Management Board with the effect from January 31st, 2018.

All members of the Management Board are appointed for the common term of office.

12.2. The Management Board of Comperia Ubezpieczenia sp. z o.o.

As of June 30th, 2018, the Management Board of Comperia Ubezpieczenia sp. z o.o. was as follows:

- Grzegorz Długosz – President of the Management Board,
- Wojciech Małek – Member of the Management Board,
- Szymon Fiecek – Member of the Management Board.

From January 1st, 2018 to June 30th, 2018 there were the following changes in the Management Board of the Company:

- on January 12th, 2018 Mister Karol Wilczko submitted his resignation from holding the position of the Vice-President of the Management Board with the effect from January 31st, 2018.

On February 2nd, 2018, the Supervisory Board of the Company appointed Mister Grzegorz Długosz to the position of the President of the Management Board.

12.3. The Supervisory Board of Comperia.pl S.A.

As of June 30th, 2018 and on the day of preparing the interim condensed consolidated financial statements, the Management Board of Comperia.pl S.A. was as follows:

- Marek Dojnow – President of the Supervisory Board;
- Derek Alexander Christopher – Vice-President of the Supervisory Board;
- Adam Jabłoński – Member of the Supervisory Board;
- Krzysztof Mędrala – Member of the Supervisory Board;
- Michał Piwowarczyk – Member of the Supervisory Board.

From January 1st, 2018 to June 30th, 2018 there were no changes in the Supervisory Board of the Company.

12.4. The Supervisory Board of Comperia Ubezpieczenia sp. z o.o.

As of June 30th, 2018 and on the day of preparing the interim condensed consolidated financial statements, the Management Board of Comperia.pl S.A. was as follows:

- Marek Dojnow – President of the Supervisory Board;
- Adam Jabłoński – Member of the Supervisory Board;
- Michał Piwowarczyk – Member of the Supervisory Board.

From January 1st, 2018 to June 30th, 2018 there were no changes in the Supervisory Board of the Company.

Warsaw, September 25th, 2018.

The Management Board of Comperia.pl S.A.:

Grzegorz Długosz
Chairman of the Management
Board

Wojciech Małek
Member of the Management
Board

Szymon Fiecek
Member of the Management
Board