Warsaw, 21 June 2017

43/2017

Information on the result of the review of the status of IT projects carried out by the Issuer

The Management Board of Sygnity S.A. (“Issuer”, “Company”) hereby informs you that due to the completion, on 21 June 2017, of the process of the periodic verification of the status of long-term contracts executed by the Company, including the legitimacy and effectiveness of the termination of a subcontracting agreement regarding a long-standing public administration project (“Project”) the Issuer informed about in the current report no. 33/2017 (as well as a potential effect of the dispute with the Subcontractor), carried out for the needs of work related to the preparation of an individual financial statement for the first half of the fiscal year 2016/2017, the Issuer indicates an identified considerable risk of a significant change of the project evaluation, which may have a negative effect on the financial result and profitability of the Company. Given the above, the Company expects that it will be necessary to make one-time accounting operations at the level of about 70 million zlotys, the effect of which will be breach of contractual obligations arising from loan agreements and bond issue agreements, which may result in an increase in financing expenses, the necessity of renegotiating financing conditions or making the Company’s liabilities immediately due and payable. The foregoing expectations of the Issuer result from the caution adopted by the Management Board while reviewing the status of the IT projects carried out by the Issuer and are currently being verified by the audit company.

The Issuer’s Management Board informs you that they are currently taking actions aimed at optimization in the areas essential for the current and future situation of the Sygnity Capital Group, especially including the possessed and processed portfolio of orders, the optimization of financing sources or economic initiatives taken.

At the same time, the Issuer informs you that the detailed information on factors affecting the Company’s situation will be presented in the report regarding the first six months of the fiscal year 2016/2017, which will be published on 30 June 2017.

Legal basis: