Information on the intention to include one-time events affecting the financial results in the financial statements for the first half of the fiscal year 2016/2017

With reference to current report no. 43/2017 regarding the 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 22 June 2017, of analysis of the financial and accounting results as well as the prospects of execution of long-term contracts related to the above-mentioned review, on the same day a decision was taken to include, in the consolidated financial statement, one-time accounting operations, the estimated total value of which is about 95.9 million zlotys, which will have a negative effect on individual and consolidated results for the first six months of the fiscal year 2016/2017. The above-mentioned operations consist particularly of reserves and write-offs related to long-term contracts executed by the Company.

The biggest item is a write-off in the amount of about 76.2 million zlotys related to the evaluation of a long-standing public administration project the Company informed about in the foregoing current report no. 43/2017. Another significant write-off in the amount of about 8.4 million zlotys concerns another IT project carried out at the request if an entity that is a public administration representative.

The other accounting operations referred to before include 20 reserves/write-offs in total, with the individual value of 0.04 to 2.6 million zlotys, established primarily on the contracts executed by the Issuer in the previous reporting periods.

The reserves and write-offs referred to above shall be included in the financial statements for the first half of the year 2016/2017.

At the same time, the Issuer informs you that, regardless of the foregoing accounting operations, the verification of the result of the test regarding the asset value loss in the form of the company’s goodwill, which is carried out by the Company, is currently in progress, among the other financial review activities carried out as part of the review of financial statements for the reporting period by the entity authorized to review financial statements, whereas in the Issuer’s opinion the reasons for updating the values of the foregoing assets have not been identified on the day of this communication.

The detailed information on financial results for the first half of the fiscal year 2016/2017 will be presented in the extended consolidated report of the Issuer’s Capital Group, which will be published on 30 June 2017.

Legal basis: