Ladies and Gentlemen
Dear Shareholders

It is my pleasure to present you with the audited annual statements of the Sygnity Group for the fiscal year 2014/2015, for the period commenced October 1, 2014 and ended September 30, 2015.

Situation of the entire IT industry in Poland in 2015 was very difficult due to delay of commencement of dedicated financing with the European Union funds. Several planned projects were shelved, causing fierce price competition among the IT companies on the Polish market and resulted in erosion of margins also in other segments of the IT market not relating to the public administration. Q4 FY 2014/2015 did not bring the expected breakthrough on the public procurement market. By value this sector is the biggest customer of the entire IT industry and constitutes the biggest part of revenues of Sygnity S.A.

Sygnity S.A. is currently delivering numerous significant IT contracts for top level government agencies, public and financial institutions as well as power utilities in Poland. Public sector clients notably include the ZUS Social Insurance Institution, ARiMR Agency for Restructuring and Modernization of Agriculture, PFRON National Disabled Persons Rehabilitation Fund, the Ministry of Labor and Social Policy, all Labor Offices, as well as 2 000 Social Benefits Centers. Key banking and finance sector clients include the NBP National Bank of Poland, KIR National Clearing House, the BGK bank and biggest commercial banks in Poland. The utilities sector is represented by, among others, PSE Polish Power Grid, Energa-Operator, PGNiG and Tauron. Our IT products and services are thus the bloodstream of many key government and private institutions. It is worth noting that we are winning contracts through tenders we take part in with our competencies and the quality of our offering. It is possible thanks to many years of presence of our consulting and software development teams in these sectors.

Revenues of the Sygnity Group in fiscal year 2014/2015 were PLN 429.3 million (-14% y/y). In Q4 alone the revenues reached PLN 95.8 million (-24% y/y). Revenues on sales of products and services constituted 91% of the total sales by the Group. Reduced sales revenues in Q4 FY 2014/2015 resulted from a drop of revenues from the public sector and additionally from postponement of several project acceptances initially planned for that quarter.

Gross profit on sales in FY 2014/2015 was PLN 70.0 million, EBITDA was PLN 19.1 million, while the net loss was PLN 4.2 million. EBITDA margin was 4.4%, and EBIT margin was 0.9 %. In Q4 alone the gross profit on sales was PLN 11.4 million, adjusted EBITDA was PLN 29 thousand and net loss was PLN 10.2 million.

I wish to stress that the first three quarters of the fiscal year were closed with a positive result, maintaining profitability at a satisfying level. However, the results were impacted in Q4 FY 2014/2015 by a coincidence of unfavorable, partly one-off events. Primarily it was the extended slowdown in the public sector, which in my opinion is largely over, as well as the provisions and write-offs made. They amounted to PLN 10.3 million and included among others the provisions established for warranty repairs, reappraisal of the e-Health project (down by PLN 3.5 million), write-off for Corporate Income Tax imposed on the company for 2008 in an amount of PLN 3.3 million, write-off of accounts receivable from the Katowice City Hall in an amount of PLN 0.8 million. The results of Q4 also reflect the negative effect of past years’ tax loss carryforward expiration in amount of PLN 2.9 million.

After effectuating the write-offs and establishment of provisions I can confirm that we are entering the next fiscal year with a clean record, and the positive elements I have mentioned (numerous new contracts and a big backlog) combined with a "well-oiled" mechanism of the company that allows keeping profitability in hard times, will allow us to achieve positive dynamics both in revenues and in profits in the next fiscal year.
We are still continuing our cost structure adaptation and operating excellence initiatives. Reduction of vehicle fleet, change of our headquarters location in Warsaw, or the program of improving the flexibility of employment at Sygnity Group will bring tangible benefits amounting to over a dozen million of PLN over the year. All transformations that took place within the company, both organizational and cost structure optimizations, are intended to create a sound foundation for implementation of the 2016-2020 Strategic Plan.

Coming back to the public sector, I would like to comment on two high-profile projects: e-Taxes (being delivered to the Ministry of Finances) and e-Health (P1 project being delivered to the Ministry of Health). The e-Taxes contract in its part assigned to Sygnity is being delivered according to contract and on schedule. The functionalities related to VAT processing will be delivered and commissioned in 2016. At present three other important functionalities of the system are already in operation, delivered by Sygnity: SD (inheritance and gifts), KP (fixed tax) and PCC (tax on civil law transactions) tax returns.

As of December 7, 2015 these tax functionalities were put into production operation at around 400 tax offices throughout Poland, meaning that now the entire Tax Administration is using the new solution for assessment of PCC, SD and KP tax returns. Thus we entered the final phase of the TA3 Transition Architecture project. So far, under the e-Tax project, besides the system for processing the three taxes, we have previously commissioned other large System components: the Universal Document Gateway (UDG) and the Pre-Filled Tax Return (PFR) service allowing pre-population of income tax returns of natural persons, the Document Management System for Tax Chambers, the Revenue Information Disclosure Service so far used by the Prosecution General of Poland and the Ministry of Labor and Social Policy, the Public Tax Portal, the NIP validation service and the VAT validation service.

Concerning the e-Health project being delivered to the Ministry of Health, the press reported perturbations concerning the realization of the contract. I wish to stress that to the best of our knowledge we are the only contractor in this project who was not notified by the ministry about contract termination at contractor’s fault and who was not requested to pay liquidated damages. At the beginning of December 2015 we received a letter from the CSIOZ (Health Care Information System Center) requesting Sygnity to submit a proposal of contract termination by mutual consent. At the same time we declare our full willingness to collaborate with the client on continuation of selected or all components of the project and we are holding talks to this effect with the Ordering Party.

As we forecasted at the publication of the previous statements (for three quarters of FY 2015), important contracts, both in the public sector and in the banking and finance sector, postponed in recent months, began to materialize. In Q4 FY and the following months of 2015 we have signed several important contracts, including with ZUS, NBP and BGK, about which we informed the market in relevant regulatory filings.

Among the key contracts signed in Q4 FY 2014/2015 alone, I should mention the public sector contract with the Ministry of Labor and Social Policy for development and maintenance of the Public Employment Services System. In the utilities sector we signed another contract with EDF Polska for delivery of Microsoft licenses and a training and technical support package.

Sygnity is consistently building its order book for the coming FY. FY 2015/2016 revenues from contracts signed by December 15, 2015 are nearly PLN 320 million. Compared to July 31, 2015 the backlog has doubled. This amount also includes the potential revenues from delivery of further stages of the e-Health project; however its share in the total 2016 backlog is just a few percent.

I wish to stress that our order book, and importantly, the pipeline of projects we are working on, is becoming more and more diversified as to the share in key sectors, clients, scope of products and services supplied, and value of orders. This diversification results in better profitability of our future deliverables.

As of the end of September 2015, the Sygnity Group held PLN 4.6 million in cash and its total financial debt was PLN 65 million. As of end of September 2015, the net debt to EBITDA ratio was 3.16. The
financial expenses in FY 2014/2015 reached PLN 4.4 million and were 17% lower compared to the previous FY. Level of debt of our Group is safe, providing us with comfort in financing its future growth.

Important element of our Group’s transformation was the establishment of Sygnity Business Solutions. This November, as a result of merger of competencies of Max Elektronik, a company specializing in in-house developed solutions based on modern information technologies, with the part of Sygnity grouping the consulting and implementation competencies in practical uses of world-class ERP, CRM, BI, BPM, ESB, SOA and ECM solutions, Sygnity Business Solutions was created. With this synergy we have created within the Sygnity Capital Group a unique competence center specializing in effective business and institution management support solutions. The Sygnity Business Solutions (SBS) company aggregates the best experiences of Sygnity Group in effective management support solutions built over 25 years of business on the Polish and global IT markets. The SBS team includes nearly 150 experts with many years of experience in consulting, design and implementation of large-scale solutions based on both proprietary products and technologies supported by international partners. This unique experience of the team was developed in over 600 delivered projects.

Sygnity is at the stage of completion of its business revitalization process and implementation of its new 5-year Strategic Plan for growth. The Plan is already complete and its assumptions were approved by the Supervisory Board. We intend to present this strategy to the market within two months. The strategy of the Sygnity Group will be strongly oriented on growth, both organic, concerning innovative products and services (e.g. in telco, cloud computing technologies, mobile services and similar domains), and through acquisition of interesting niche companies in Poland and abroad.

Last August the announced change in the Management Board of Sygnity S.A. took place – Jakub Leśniewski was appointed vice-president for finance. It is for this change, among others, that fine-tuning of the assumptions for the new Strategic Plan took slightly longer than we initially forecasted.

In the opinion of the Management Board and in my personal opinion, current Sygnity S.A. stock price is very strongly undervalued and does not reflect the potential and the growth plans of the Group, also it does not take into account the current backlog of the Group amounting to nearly PLN 320 million. Due to positive outlook on Sygnity Group’s prospects, since June 1, 2015 we are buying back our shares pursuant to the authorization by the General Meeting of this March. At present Sygnity holds 360,588 treasury shares in total (including those held already) constituting 3.03% of the share capital.

And finally on behalf of the Management Board of Sygnity S.A., and personally, I wish to thank our shareholders, clients, the Supervisory Board and employees for the trust they vested with us and their contribution to the growth of the Sygnity Group.

Yours sincerely,

Janusz R. Guy

President of the Management Board