Sygnity S.A.
Separate Directors' Report for the fiscal year commenced October 1, 2014 and ended September 30, 2015

SEPARATE DIRECTORS' REPORT
for the fiscal year commenced October 1, 2014 and ended September 30, 2015
Sygnity S.A.
Separate Directors’ Report for the fiscal year commenced October 1, 2014 and ended September 30, 2015

Warsaw, December 17, 2015

Janusz R. Guy
President of the Management Board (CEO)

Magdalena Bargieł
Vice-President of the Management Board for HR

Roman Durka
Vice-President of the Management Board

Jakub Leśniewski
Vice-President of the Management Board for Finance

Bogdan Zborowski
Vice-President of the Management Board for Sales
Public Sector
Top IT solutions and services providers

Utilities Sector
Top solutions and services provider

Maintenance Services
Top solutions and services provider

Computerworld TOP 200, 2015 edition; data adjusted by companies that are not Sygnity’s direct competitors
Section I
Financial position and assets
SECTION I.
Financial position and assets of Sygnity S.A.

1  Basic financial values (ratios)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audited A</td>
<td>Audited B</td>
<td>A/B</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>408 522</td>
<td>469 313</td>
<td>(13.0%)</td>
</tr>
<tr>
<td>Profit on sales</td>
<td>64 325</td>
<td>89 558</td>
<td>(28.2%)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>18 262</td>
<td>38 227</td>
<td>(52.2%)</td>
</tr>
<tr>
<td>EBIT</td>
<td>3 880</td>
<td>21 995</td>
<td>(82.4%)</td>
</tr>
<tr>
<td>Gross profit / (loss)</td>
<td>(290)</td>
<td>18 300</td>
<td>(101.6%)</td>
</tr>
<tr>
<td>Net profit / (loss)</td>
<td>(3 990)</td>
<td>12 475</td>
<td>(132.0%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audited A</td>
<td>Audited B</td>
<td>A/B</td>
</tr>
<tr>
<td>Net cash flows from operating activities</td>
<td>(15 869)</td>
<td>6 456</td>
<td>(390.8%)</td>
</tr>
<tr>
<td>Net cash flows from investing activities</td>
<td>(13 586)</td>
<td>(8 027)</td>
<td>69.2%</td>
</tr>
<tr>
<td>- Inflows</td>
<td>107</td>
<td>5 964</td>
<td>(82.4%)</td>
</tr>
<tr>
<td>- Expenses</td>
<td>(13 693)</td>
<td>(13 991)</td>
<td>(41.5%)</td>
</tr>
<tr>
<td>Net cash flows from financing activities</td>
<td>21 365</td>
<td>(6 793)</td>
<td>(414.5%)</td>
</tr>
<tr>
<td>- Inflows</td>
<td>66 775</td>
<td>1 400</td>
<td>(98.6%)</td>
</tr>
<tr>
<td>- Expenses</td>
<td>(45 410)</td>
<td>(8 193)</td>
<td>(414.5%)</td>
</tr>
</tbody>
</table>

The analysis of the company's financial position including the evaluation of its financial resources management is provided in the following sections of this report.

2  Revenue from the sales of products and services

In the fiscal year (commenced October 1, 2014 and ended September 30, 2015) Sygnity S.A. generated revenue from the sales of products and services that was 13.0% lower than the revenue generated in the previous year. The most significant part of the revenue came from the implementation services that represented 53.7% of the total revenue.

[all data in PLN thousands unless specified otherwise]
Sygnity S.A.
Separate Directors' Report for the fiscal year commenced October 1, 2014 and ended September 30, 2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses and software</td>
<td>71 860</td>
<td>70 476</td>
<td>2.0%</td>
</tr>
<tr>
<td>Implementation services</td>
<td>219 445</td>
<td>238 132</td>
<td>(7.8%)</td>
</tr>
<tr>
<td>Maintenance services</td>
<td>75 661</td>
<td>85 425</td>
<td>(11.4%)</td>
</tr>
<tr>
<td>Other</td>
<td>1 646</td>
<td>52</td>
<td>(100%)</td>
</tr>
<tr>
<td>Revenue from the sales of products and services</td>
<td>368 612</td>
<td>394 085</td>
<td>(6.5%)</td>
</tr>
<tr>
<td>Hardware</td>
<td>39 910</td>
<td>75 228</td>
<td>(46.9%)</td>
</tr>
<tr>
<td>Revenue from the sales of goods and materials</td>
<td>39 910</td>
<td>75 228</td>
<td>(46.9%)</td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>408 522</td>
<td>469 313</td>
<td>(13.0%)</td>
</tr>
</tbody>
</table>

The company focused its operations on the territory of Poland in the fiscal year ended September 30, 2015, however in accordance with its adopted strategy the company began to selectively offer its services also on the foreign markets.

3 Operating profit and profitability ratios

The company posted a drop in its operating profit versus the previous year. The operating profit reached 3 880 in the fiscal year ended September 30, 2015.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on sales</td>
<td>15.7%</td>
<td>19.1%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>4.5%</td>
<td>8.1%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>0.9%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>(0.1%)</td>
<td>3.9%</td>
</tr>
<tr>
<td>Net margin</td>
<td>(1.0%)</td>
<td>2.7%</td>
</tr>
<tr>
<td>Return on assets</td>
<td>0.90</td>
<td>1.05</td>
</tr>
<tr>
<td>Return on equity</td>
<td>1.64</td>
<td>1.88</td>
</tr>
</tbody>
</table>

Ratio calculation formulas:
Return on sales = profit on sales/sales revenue for the period;
EBITDA margin = EBITDA for the period/sales revenue for the period;
EBIT margin = EBIT (operating profit/loss) for the period/sales revenue for the period;
Gross margin = pretax profit/loss/sales revenue for the period;
Net margin = net profit/loss for the fiscal year/sales revenue for the period;
Return on assets = sales revenue/average assets based on assets at the beginning and at the end of the period;
Return on equity = sales revenue/average equity based on equity at the beginning and at the end of the period.

The company’s key business operations profitability ratios were lower in the fiscal year ended September 30, 2015 than in the previous year. The company’s return on sales was 15.7% versus 19.1%. EBITDA margin was 4.5%, i.e. a drop by 3.6 pp versus the previous year, while EBIT margin reached 0.9%. Gross margin was (0.1%), while the net margin reached (1.0%).

[all data in PLN thousands unless specified otherwise]
4 Balance sheet analysis

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Sep. 30, 2015</th>
<th>Structure (%)</th>
<th>Sep. 30, 2014</th>
<th>Structure (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed (long-term) assets</td>
<td>260 022</td>
<td>58.2</td>
<td>264 707</td>
<td>57.5</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>5 692</td>
<td>1.3</td>
<td>8 902</td>
<td>1.9</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>39 308</td>
<td>8.8</td>
<td>39 218</td>
<td>8.5</td>
</tr>
<tr>
<td>Goodwill</td>
<td>156 528</td>
<td>35.0</td>
<td>156 528</td>
<td>34.0</td>
</tr>
<tr>
<td>Shares and interests in subsidiaries and joint ventures</td>
<td>50 775</td>
<td>11.4</td>
<td>49 960</td>
<td>10.9</td>
</tr>
<tr>
<td>Other fixed assets</td>
<td>7 519</td>
<td>1.7</td>
<td>10 099</td>
<td>2.2</td>
</tr>
<tr>
<td>Current (short-term) assets</td>
<td>186 564</td>
<td>41.8</td>
<td>195 639</td>
<td>42.5</td>
</tr>
<tr>
<td>Inventory</td>
<td>5 827</td>
<td>1.3</td>
<td>11 369</td>
<td>2.5</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>178 357</td>
<td>39.9</td>
<td>174 625</td>
<td>37.9</td>
</tr>
<tr>
<td>Cash and short-term deposits</td>
<td>1 476</td>
<td>0.3</td>
<td>9 566</td>
<td>2.1</td>
</tr>
<tr>
<td>Other current assets</td>
<td>904</td>
<td>0.2</td>
<td>79</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>446 586</strong></td>
<td><strong>100.0</strong></td>
<td><strong>460 346</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>247 584</td>
<td>55.4</td>
<td>251 943</td>
<td>54.7</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>47 954</td>
<td>10.7</td>
<td>14 586</td>
<td>3.2</td>
</tr>
<tr>
<td>Bond liabilities</td>
<td>39 793</td>
<td>8.9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial lease liabilities</td>
<td>98</td>
<td>-</td>
<td>3 113</td>
<td>0.7</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>8 063</td>
<td>1.8</td>
<td>11 473</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Short-term liabilities</strong></td>
<td><strong>151 048</strong></td>
<td><strong>33.8</strong></td>
<td><strong>193 817</strong></td>
<td><strong>42.1</strong></td>
</tr>
<tr>
<td>Credits and loans</td>
<td>30 800</td>
<td>6.9</td>
<td>3 601</td>
<td>0.8</td>
</tr>
<tr>
<td>Trade and other liabilities</td>
<td>108 052</td>
<td>24.2</td>
<td>139 404</td>
<td>30.3</td>
</tr>
<tr>
<td>Bond liabilities</td>
<td>499</td>
<td>0.1</td>
<td>40 073</td>
<td>8.7</td>
</tr>
<tr>
<td>Provisions</td>
<td>4 895</td>
<td>1.1</td>
<td>5 351</td>
<td>1.2</td>
</tr>
<tr>
<td>Other short-term liabilities</td>
<td>6 802</td>
<td>1.5</td>
<td>5 388</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>446 586</strong></td>
<td><strong>100.0</strong></td>
<td><strong>460 346</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Fixed assets declined by 4 685 versus their level as of September 30, 2014, while their share in the balance sheet total rose from 57.5% to 58.2%. Goodwill is the largest part of the fixed assets representing 35.0% of the balance sheet total as of September 30, 2015. The company posted a drop in current assets of 9 075 versus their level as of September 30, 2014, while their share in the balance sheet total fell to 41.8%. Trade and other receivables represent the largest part of the current assets – 39.9%. The receivables estimated value represented 30.0% of the balance sheet total as of September 30, 2015. Inventory and cash make up the balance of this part of the assets, representing 1.3% and 0.3%, respectively, of the balance sheet total as of September 30, 2015.

The equity decline by 4 359 is the result of the net loss posted by the company in the fiscal year ended September 30, 2015. At the same time the equity's share in the total liabilities rose from 54.7% as of September 30, 2014 to 55.4% as of September 30, 2015. Long-term liabilities went up by 33 368 during the reported period, representing 10.7% of the balance sheet total. This increase is related to the issue of bonds with the maturity date in December 2017.

The largest part of the short-term liabilities, that represented 33.8% of the balance sheet total as of September 30, 2015, was made up by the trade and other liabilities – 24.2% of the balance sheet total. Their balance dropped by 31 352 versus their level as of September 30, 2014.

[all data in PLN thousands unless specified otherwise]
5 Liquidity management and financial structure

<table>
<thead>
<tr>
<th>Item</th>
<th>Sep. 30, 2015</th>
<th>Sep. 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt ratio</td>
<td>0.45</td>
<td>0.45</td>
</tr>
<tr>
<td>Debt to equity ratio</td>
<td>1.24</td>
<td>1.21</td>
</tr>
<tr>
<td>Financing sustainability ratio</td>
<td>0.66</td>
<td>0.58</td>
</tr>
<tr>
<td>Short term debt to equity ratio</td>
<td>0.61</td>
<td>0.77</td>
</tr>
<tr>
<td>Long term debt to equity ratio</td>
<td>0.19</td>
<td>0.06</td>
</tr>
</tbody>
</table>

**Ratio calculation formulas:**
- Debt ratio = total liabilities / total assets
- Debt to equity ratio = equity / total liabilities
- Financing sustainability ratio = (equity + long term debt including provisions) / total assets
- Short term debt to equity ratio = short term debt / equity
- Long term debt to equity ratio = long term debt / equity

As of September 30, 2015 the share of liabilities in financing the enterprise's assets, measured by the debt ratio, was 45% and, respectively, 45%, as of September 30, 2014. The company's debt in the period covered by this report posed no threat to its operations and the ability to pay its obligations on time.

The company is financing its operations mainly from equity which represents 55.4% of its balance sheet total. The external financing's share of the liabilities is 16.2%.

As of September 30, 2015 the company had multi-purpose lines of credit at 2 banks (Deutsche Bank Polska S.A. and ING Bank Śląski S.A.) for a total of 80 000, of which 27 837 was utilized for the guarantee line. Additionally, as of September 30, 2015 the company had a bank guarantee for the total of 11 605 issued by Bank Pekao S.A.

As of September 30, 2015 the multi-purpose lines of credit granted were secured by the assignments of proceeds under contracts and the granted powers of attorney to bank accounts.

Under the Program on February 22, 2013 the company issued four thousand 1/2013 series bonds with the face value of 10 for the total amount of 40 000. The bonds maturity date was February 23, 2015. The issue price per bond was 9.8. The bonds were bearing a floating interest rate equal to the WIBOR rate for 6-month PLN deposits increased by the margin. The bonds were redeemed in line with the maturity date on February 23, 2015.

Under the Bond Issue Program, on December 19, 2014 the company issued four thousand 1/2014 series bonds with the face value of 10 for the total amount of 40 000. The new issue maturity date is December 19, 2017. The bonds are bearing a floating interest rate equal to the WIBOR rate for the 6-month PLN deposits increased by the margin. The bond issue was conducted by mBank S.A. under the binding bond issue program agreement. Based on the resolution of BondSpot S.A. of February 23, 2015 the company's 1/2014 series bonds for the total amount of 40 000, issued on December 19, 2014, were floated on the Catalyst market.

<table>
<thead>
<tr>
<th>(PLN '000)</th>
<th>Sep. 30, 2015</th>
<th>Sep. 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>247 584</td>
<td>251 943</td>
</tr>
<tr>
<td>External financing</td>
<td>72 461</td>
<td>50 404</td>
</tr>
<tr>
<td><strong>Long-term</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond liabilities</td>
<td>39 793</td>
<td>-</td>
</tr>
<tr>
<td>Credits and loans</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Financial lease liabilities</td>
<td>98</td>
<td>3 113</td>
</tr>
<tr>
<td><strong>Short-term</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond liabilities</td>
<td>499</td>
<td>40 073</td>
</tr>
<tr>
<td>Credits and loans</td>
<td>30 800</td>
<td>3 601</td>
</tr>
<tr>
<td>Financial lease liabilities</td>
<td>1 271</td>
<td>3 617</td>
</tr>
<tr>
<td><strong>Leverage ratio</strong></td>
<td>3.4</td>
<td>5.0</td>
</tr>
</tbody>
</table>

[all data in PLN thousands unless specified otherwise]
6 Loans granted

As of the balance sheet date the company did not have any loans granted to business entities outside the Sygnity Group.

7 Guarantees granted

As of September 30, 2015 the total amount of the Company's contingent liabilities was 53,423, including:

<table>
<thead>
<tr>
<th>Guarantees (bonds), bills of exchange, surety bonds</th>
<th>Sep. 30, 2015</th>
<th>Sep. 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities under guarantees (bonds) issued, including:</td>
<td>52,807</td>
<td>59,992</td>
</tr>
<tr>
<td>- performance bonds and retention bonds</td>
<td>43,635</td>
<td>52,562</td>
</tr>
<tr>
<td>- tender bonds</td>
<td>4,246</td>
<td>1,140</td>
</tr>
<tr>
<td>- payment bonds</td>
<td>4,927</td>
<td>6,290</td>
</tr>
<tr>
<td>Surety bonds</td>
<td>616</td>
<td>691</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53,423</strong></td>
<td><strong>60,683</strong></td>
</tr>
</tbody>
</table>

8 Security issues

Under the Program on February 22, 2013 the company issued four thousand 1/2013 series bonds with the face value of 10 for the total amount of 40,000. The bonds maturity date was February 23, 2015. The issue price per bond was 9.8. The bonds were bearing a floating interest rate equal to the WIBOR rate for 6-month PLN deposits increased by the margin. The bond issue was conducted by BRE Bank S.A. under the binding bond issue program agreement. Based on the resolution of BondSpot of May 7, 2015 the bonds were introduced to trading in the alternative trading system CATALYST, organized by BondSpot S.A., in accordance with the bond issue terms. The bonds were redeemed in line with the maturity date on February 23, 2015.

The Bond Issue Program was approved by the Extraordinary Meeting of the Company’s Shareholders on November 28, 2014. The maximum Program value is 100,000.

Under the Bond Issue Program on December 19, 2014 the company issued four thousand 1/2014 series bonds with the face value of 10 for the total amount of 40,000. The new issue maturity date is December 19, 2017. The bonds are bearing a floating interest rate equal to the WIBOR rate for the 6-month PLN deposits increased by the margin. The bond issue was conducted by mBank S.A. under the binding bond issue program agreement. Based on the resolution of BondSpot S.A. of February 23, 2015 the company’s 1/2014 series bonds for the total amount of 40,000, issued on December 19, 2014, were introduced to trading in the alternative trading system on the Catalyst market.

[all data in PLN thousands unless specified otherwise]
Agreements concluded with the entity authorized to audit financial statements

On November 12, 2014 Sygnity’s Supervisory Board selected PricewaterhouseCoopers Sp. z o.o. as the entity authorized to audit Sygnity’s separate (standalone) and consolidated financial statements for the following periods: from October 1, 2014 to September 30, 2015 and from October 1, 2015 to September 30, 2016. The total remuneration due under the agreement with the entity authorized to audit the financial statements is provided below.

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Audit of the annual financial statements</td>
<td>145</td>
<td>150</td>
</tr>
<tr>
<td>Overview of financial statements</td>
<td>55</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200</strong></td>
<td><strong>210</strong></td>
</tr>
</tbody>
</table>

[all data in PLN thousands unless specified otherwise]
Section II
Management Board's comments on the operating results
SECTION II.
Management Board's comments on the operating results

1 Macroeconomic environment

According to the National Bank of Poland's forecasts Poland's GDP is expected to grow steadily in the short term, and its growth rate should fluctuate between 3% and 4% in 2014 and 2015. At the same time inflation remains low and it should stay within the range of 1% to 2% over the next two years.

The continued recovery abroad will also have a positive impact on Poland's economic prospects. The EU funds are an additional growth driver. The funds acquired from the EU will be earmarked, among others, for Polish government's IT projects. The value of only one Operational Program "Digital Poland 2014-2020", with its assumptions adopted by the government on January 8, 2014, amounts to EUR 2.665 billion (including the EU's contribution of EUR 2.256 billion).

The IT market's value should gradually increase in the coming years. The average growth rate of this market year-on-year until 2015 should be approximately 5%. Services should be the market's fastest growing segment.

2 Financial results analysis

Sales generated in the fiscal year 2015 were 408 522, i.e. approx. 13% lower than the 2014 sales.

The sales decline in nominal terms in the presented reporting period, year-on-year, is primarily related to the sales of services and is mainly due to the project implementation delays. Total revenue in three key product categories ("licenses and software", "implementation services" and "maintenance services") fell approx. 6.5%, with the implementation services revenue dropping approx. 7.8%.

In the fiscal year 2015 gross profit on sales was 64 325 (down 28.2% y/y). Gross sales margin reached, respectively: 15.7% in 2015 and 19.1% in 2014. The decline in margin was primarily due to the change of the sales structure and the e-health project's downward adjustment worth 3 522.

The cost of sales and the overhead costs decreased by 1 610 in the fiscal year 2015. The operating profit (EBIT) was lower. The company posted operating profit of 3 880 in 2015 (versus 21 955 in the previous year).

In 2015 the company observed a significant reduction of the financial costs which fell from 5 652 in 2014 to 4 543.

The income tax was significantly affected by the decision of the Director of the Tax Audits Office (described in more detail in clause 5 of the Management Board's comments).

In 2015 net loss reached 3 990 (net profit was 12 475 in the previous year).

As of September 30, 2015 the company had 1 476 of cash on hand.

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1 Economic Institute of NBP, National Bank of Poland's inflation and economic growth projection based on the NECMOD model, Warsaw / March 10, 2014
2 PMR, 2013

[all data in PLN thousands unless specified otherwise]
3 Material events affecting business operations

New bank agreements

On March 26, 2015 the Group signed with Deutsche Bank Polska Joint Stock Company, with its seat in Warsaw, an amendment to the Loan Agreement under which the Bank renewed a multi-purpose line of credit for the company in the amount of 30,000. The agreement may be renewed for successive 12-month periods past March 31, 2015, however not beyond March 31, 2021. This line of credit is to be used to finance the company's ongoing operations by way of an overdraft in the current account and a bank guarantee limit.

4 Sales structure and markets

The fiscal year ended September 30, 2015 was a challenging period for Poland's entire IT industry due to the postponement of the launch of the dedicated IT projects financing using the EU funds. The reduction in the number of new projects sharpened price competition which led to the erosion of margins.

Poland is the primary market for the solutions and products offered by Sygnity. The company focuses on three key market sectors: public sector, banking and financial sector, utilities (energy) sector. In accordance with the approach to reporting adopted by the Management Board Sygnity's revenue is broken down into 4 categories: public sector, banking and financial sector, utilities sector and other. A further order book consolidation and focusing on large projects, particularly in the banking and financial sector, as well as the public sector, took place during the reported period.

5 Events affecting financial results

In the fiscal year ended September 30, 2015 the company completed and won a number of important tender proceedings that reinforced its position in key sectors. Long-term cooperation with central and local government units led to the signing of a number of major contracts, including with the Ministry of Labor and Social Policy. Major projects underway that have an impact on the Group's earnings are e-Taxes and e-Health.

As part of the Bond Issue Program on December 19, 2014 the Group issued four thousand 1/2014 series bonds with the face value of 10 for the total amount of 40,000. The new issue maturity date is December 19, 2017. The bonds are bearing a floating interest rate equal to the WIBOR rate for the 6-month PLN deposits increased by the margin. The bond issue was conducted by mBank S.A. under the binding bond issue program agreement. Based on the resolution of BondSpot S.A. of February 23, 2015 the company's 1/2014 series bonds for the total amount of 40,000, issued on December 19, 2014, were floated on the Catalyst market.

The company is steadfastly seeking to reduce its financial debt and improve cash management which is leading directly to the declining financial costs that decreased by 1,109 compared to the same period last year.

In the fiscal year ended September 30, 2015 the company paid the Tax Office the amount of 2,757 as a result of the audit related to the payment to the state budget of the corporate income tax for 2007, in accordance with the decision of March 2, 2015. This way a part of the provision set up for this purpose in the amount of 4,308 was used, while the remaining part of the provision in the amount of 1,551 was dissolved.

On November 25, 2015 the company received the decision of the Director of the Tax Audits Office of November 20, 2015 related to the corporate income tax obligation for 2008. On November 27, 2015 the company paid the amount due under the above decision, including the interest accrued up to the payment date, in the total amount of 3,211. As of the balance sheet date the company set up a provision related to this obligation for the amount of 3,300.

On December 2, 2015 the decision of the Ministry of Health on the termination by CSIOZ of its cooperation with the existing subcontractors in the P1 project in order to enable its implementation under a new formula was announced.

* Computerworld TOP 200, 2015 edition; data adjusted by companies that are not Sygnity's direct competitors

[all data in PLN thousands unless specified otherwise]
The Management Board of Sygnity S.A. hereby informs that, to the best of its knowledge, Sygnity S.A. is one of the few, if not the only contractor involved in the P1 (e-Health) project that has not received, from the Ordering Party, a notice of agreement termination due to the Contractor's fault and the information on the assessment of liquidated damages.

At the same time, on December 2, 2015, the company received a letter from CSIOZ requesting Sygnity S.A. to submit a proposal of agreement termination by mutual consent. The Management Board of Sygnity S.A. declares its full willingness to collaborate with CSIOZ, both with respect to continuing selected or all components of the project or concluding an agreement that would accommodate the rights and obligations of the parties to the agreement on the performance of the scope of work contracted to the company under the P1 project.

In the year ended September 30, 2015 the company incurred expenses to develop its own licenses in the amount of 11,639.

6 New agreements material for the business operations

Public sector

Ministry of Labor and Social Policy

- **POMOST**
  An order under the framework (master) agreement with the customer on the comprehensive support for the operations of the social aid organizational units in the performance of the municipality and county authorities tasks under the law on social aid and the accompanying legal acts. It includes performance of the tasks related to the adaptation of the system to the new type approval requirements.

- **STOR**
  An order under the framework (master) agreement with the customer on managing the Register of Educational Institutions and the National Register of Employment Agencies, under which the two so far independent registers are to be integrated, including the complete implementation. The system uses the latest Web technologies, among others the RWD standard that enables the use of the system on any device, such as a PC, tablet or mobile phone.

- **SYRIUSZ**
  An order under the framework (master) agreement with the customer on the Syriusz application software that constitutes the basic IT tool for the County Labor Offices (Powiatowe Urzędy Pracy). The system provides support in the performance of the tasks related to the promotion of employment and mitigating the effects of unemployment in accordance with the Law on Employment Promotion and Labor Market Institutions.

- **National Disabled Persons Rehabilitation Fund**
  Project that envisages development changes to the Financings and Refunds Handling System (System Obsługi Dofinansowań i Refundacji - SODiR) related to the introduction of legal changes under the framework (master) agreement with the customer. SODiR allows the National Disabled Persons Rehabilitation Fund to carry out its statutory tasks with respect to the flow of documents, support of internal processes, paper correspondence, accounting and disbursements.

- **Public Employment Services System**
  Development and maintenance of the Public Employment Services System for 340 county labor offices - systems: SyriuszStd with Praca.gov.pl, Hiring Foreigners, Central Dictionaries. The agreement also covers software development (changes to the law, functional modifications, software tools updates), helpdesk, fixing of failures, training at work stations (on-the-job training) at labor offices and group training.

Banking and financial sector

- **Getin Noble Bank S.A. (Call Center CRM system)**
Agreement on the implementation of the Inbound Call Center system: Fenix. The project's implementation is based on the PivotalCRM solution provided by Pivotal Polska - Sygnity's renowned partner. The system provides contact with a customer on the inbound channel and one of its most important features is extreme efficiency and speed of operation (e.g. wait time for the customer data to display from the moment a phone call is picked up by the bank's employee is less than 2 s)

* Computerworld TOP 200, 2015 edition; data adjusted by companies that are not Sygnity's direct competitors

[all data in PLN thousands unless specified otherwise]
• **Krajowa Izba Rozliczeniowa S.A. (National Clearing House) New ELIXIR**
  The subject of the agreement includes developing and implementing a new user application for the Elixir and Euro Elixir systems. The new application will constitute an upgraded interface between the banks’ IT systems and the KIR S.A. clearing systems, extending the integration options by adding, among others, webservice and database interface based communications. The application is used to manage the national payment channel Elixir as a terminal enabling transferring PLN transactions to KIR’s central system and further on to other banks. With respect to managing the Euro Elixir payment channel the application will enable performing intra- and inter-system transfers in euro. It will replace the existing Elixir-OK and EuroElixir-OK applications used by the banks, offering new capabilities such as, among others, adding new messages, increasing money transfer handling automation, adding new options to integrate the banking systems with the terminal (database interface and webservices).

• **Customer in the banking and financial sector (name withheld)**
  The subject of the agreement is the property insurance management system. The works included implementing the TIA system and supplying the TIA and Oracle licenses required for the system’s proper operation. TIA is the worldwide standard with respect to insurance systems. So far it has been implemented by 63 customers in the insurance sector in 40 countries. The system supports the operations of the newly established property insurance company as part of the support for the products dedicated to individual customers.

• **Michael Ström Dom Maklerski Sp. z o.o. (Brokerage House)**
  Agreement on the implementation of the Sidoma broker management system - a comprehensive and modern solution for brokerage offices. The solution enables investment accounts management, customer service and order execution. It fulfills regulator requirements while providing easy access to the application from both PCs, as well as mobile devices.

• **BPH S.A.**
  Agreement on developing the service layer of the Profile banking system for the needs of its front-end integration. The purpose of the agreement is to implement new MRP services to be used for the communications of the central (core) system with the application dedicated to perform teller operations at BPH SA. The project is carried out in parallel with the upgrade of the bank's main transactional system - FIS Profile and its product (outcome) will constitute one of the elements of the bank's ultimate IT architecture.

• **NBP**
  Providing for the NBP of the services with respect to the operation and maintenance of the Integrated Accounting System's subsystems, as well as their development and upgrading. The contract was concluded by way of an amendment to the maintenance agreement of September 29, 2009.

**Utilities sector**

• **Energa-Operator**
  Agreement on the supply by Sygnity of the server infrastructure for the needs of the Disaster Recovery Center (DRC). The order includes deliveries of Rack servers' hardware and software, disk array, storage virtualization solution, VMware licenses and monitoring. IBM and Lenovo hardware is delivered as part of the project.

• **Polska Spółka Gazownictwa (Polish Gas Company) Tarnów Branch**
  Agreement on the maintenance and support services for the GAZDA Infrastructure Management System (EAM/GIS system). This is the second, next to PSG Zabrze Branch, Asset Management System implemented for Polska Spółka Gazownictwa by Sygnity. GAZDA Infrastructure Management System (SZI GAZDA) is a comprehensive management, investment and operations support tool. The system is operating at more than 70 sites. It is equipped with a mobile terminal and is integrated with external ERP, billing and customer service, SCADA and HR systems via the IBM WebSphere MQ bus.

[all data in PLN thousands unless specified otherwise]
• **Sława Aqueduct and Sewerage Company**
  Agreement covers the supply of infrastructure and licenses, as well as analytical, implementation and integration services. GIS system is implemented based on the latest Oracle 12c technology and on the ESRI (AGS 10.2) platform. The project was co-financed with the EU funds and it constituted an element of developing the information society (providing citizens with access to external services - geoportals offering information on failures, outages, investment projects, aqueduct and sewerage network connection terms).

• **Tauron Customer Service**
  Consolidated agreement on the provision of support and maintenance services for Sygnity’s proprietary software deployed at all of the customer’s subsidiaries. The purpose of the agreement is to provide support for the group's subsidiaries' operations and raise the reliability level of the solutions implemented.

• **Polskie Górnictwo Naftowe i Gazownictwo (Polish Oil and Gas Company)**
  Two agreements on the purchase of the ATiK (Asysta Techniczna i Konserwacja - Technical Assistance and Maintenance) service for the Oracle ULA (Unlimited License Agreement) products and the consolidated purchase of the maintenance services for selected hardware and Oracle software.

• **EDF Polska**
  Supply, under the Enterprise Agreement, of Microsoft licenses and a training and technical support package with respect to the licenses and products supplied to the customer.

• **PKP Energetyka**
  PetroLoco (fuel distribution system at automated filling stations) system maintenance agreement. eSPIM (electricity billing and metering system) system maintenance agreement. Hyperion (EPM - Enterprise Performance Management system) system support services agreement.

7 Group's strategy and factors relevant to its further growth

The assumptions of Sygnity Group's 2013-2015 strategy included the following goals: achieving profitability in all areas of the profit and loss account during the period covered by the strategic plan, improving the structure of financing and lowering the cost thereof, developing a stable structure of revenues and costs comparable to the best Polish and European IT companies, and also continually striving for operational excellence.

The Group rearranged the financing structure and significantly reduced its costs.

In order to improve the Group's business position actions aimed at improving its margins were taken by introducing business support tools with respect to project management (EPM), unifying standards and centralizing project management (PMO) as well as developing competence in software development (Sygnity Lab). Operational efficiency improvements will also be accomplished by implementing modern management tools, such as: KPIs and introducing management by objectives (MBO). The Group's intention is to continue and improve the processes launched.

In the second half of the fiscal year 2015 the Group conducted broad restructuring activities in order to build a rational and predictable organization in terms of its revenues and costs structure. Such measures included a collective redundancy program with the goal to adapt the headcount and compensation levels to the market standards. As part of internal changes the sales and implementation functions were separated in order to promote more efficient and more flexible management of the organization as well as focus on the most important areas of the Group's operations. In 2015 the average headcount was 1201 employees that made up a competent and stable team, combining IT experience with detailed industry knowledge.

* Computerworld TOP 200, 2015 edition; data adjusted by companies that are not Sygnity's direct competitors

[all data in PLN thousands unless specified otherwise]
In October 2015, in order to strengthen the Capital Group, Sygnity Business Solutions S.A. was formed as a result of merging the competence of Max Elektronik subsidiary and a part of Sygnity S.A. As a consequence the capital group’s competence center was formed, specializing in solutions supporting effective company management. This subsidiary's product offering includes, among others, ERP, CRM, BI, BPM and ESB solutions.

All the changes made, both organizational ones, as well as the modifications introduced to optimize the cost structure, are aimed at forming a solid base for the implementation of the 2016-2020 strategic plan. This plan will, to a greater degree, be growth oriented – both, by growing organically through increased spending on new product development and developing intra-Group competences, as well as by actively searching for acquisition targets – companies operating in the growing niches of the IT market, including on the foreign markets, that are characterized by high innovativeness and availability of qualified human resources in the IT area. Another pillar of the strategy is a stronger expansion on the foreign markets, particularly in the United States. The new strategy, including identifying and quantifying the main future growth areas, will be communicated to the capital market at the beginning of 2016.

It is also Sygnity’s intention to maintain regular and open dialogue with the capital market, especially with respect to the financial results generated by the Group. According to the Management Board this the basic element of effective information policy targeted at investors and shareholders, and also the other stakeholder groups, including: employees, customers and media.

8 Financial results versus published guidance

The company did not publish forecasts of its earnings for the ended reporting period.
Section III
Organizational structure
SECTION III.
Organizational structure

1 Related parties

Information on related parties is provided in the explanatory notes to the financial statements.

2 Shareholders

As of September 30, 2015 the company’s share capital amounted to 15 082 and it included 11 886 242 fully paid up ordinary bearer shares with a face value of PLN 1 each and 3 196 due to the hyperinflationary equity revaluation. Shares of all series are equally privileged with respect to the dividend payout, voting rights and return on capital. Between June 2 and August 11, 2015, acting under the power of authorization granted by Resolution no. 7 of the Ordinary General Meeting of the Shareholders of March 31, 2015 on the buyback of the company’s own shares and the power of authorization granted to the company’s Management Board (“OGM Resolution”), the company repurchased 36 368 of its own shares. In accordance with the OGM Resolution the company’s shares were repurchased for the purpose of:

a) redemption,
b) financing the company’s investment transactions, in particular for further resale in the takeover and acquisition processes performed for the benefit of shareholders/partners in the entities taken over in return for interests/shares in these entities,
c) implementing future incentive systems. The ultimate goal of the use of the company’s treasury shares repurchased under the Share Buyback Program will be defined by the Management Board of Sygnity S.A. in a separate executive resolution.

As a result of the above transactions and taking into account the shares repurchased by the company previously in order to implement incentive programs in 2011 – 2013, as of September 30, 2015 the company held in total 366 368 of its own shares that represented a 3.08% share in the share capital and 3.08% of the votes at the General Meeting of the company.

In the fiscal year ended September 30, 2015 the company made no issues or repayments of non-equity or equity securities.

To the best knowledge of the Management Board of Sygnity S.A. the structure of shareholders holding directly or indirectly - through subsidiaries - at least 5% of the total number of votes at the General Meeting of the company was as follows:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>as of September 30, 2015</th>
<th>as of September 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of shares</td>
<td>% of votes</td>
</tr>
<tr>
<td>Legg Mason Towarzystwo Funduszy Inwestycyjnych S.A.</td>
<td>1 444 412</td>
<td>12.15</td>
</tr>
<tr>
<td>Quercus Towarzystwo Funduszy Inwestycyjnych S.A.</td>
<td>1 185 190</td>
<td>9.97</td>
</tr>
<tr>
<td>PKO BP Bankowy Otwarty Fundusz Emerytalny</td>
<td>926 710</td>
<td>7.80</td>
</tr>
<tr>
<td>ING Otwarty Fundusz Emerytalny</td>
<td>613 097</td>
<td>5.16</td>
</tr>
<tr>
<td>Other (^{1})</td>
<td>7 716 833</td>
<td>64.92</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11 886 242</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

\(^{1}\) Including 366 368 shares repurchased by Sygnity S.A. for the purpose of the incentive program and under the share buyback program implemented based on the OGM Resolution (330 000 shares as of September 30, 2014).

Data based on the information obtained from the shareholders pursuant to art. 69 clause 1 of the Public Offering Act.

As of the date of drawing up this report the company had no information on agreements that could result in the future changes in the proportion of shares held by the existing shareholders.

[all data in PLN thousands unless specified otherwise]
Shares of Sygnity S.A. held by Members of the Management Board and Members of the Supervisory Board:

<table>
<thead>
<tr>
<th></th>
<th>Number of shares as of September 30, 2015</th>
<th>Number of shares as of September 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ryszard Wojnowski</td>
<td>364 305</td>
<td>364 305</td>
</tr>
<tr>
<td>Tomasz Sielicki</td>
<td>229 374</td>
<td>229 374</td>
</tr>
<tr>
<td>Janusz R. Guy</td>
<td>148 149</td>
<td>137 273</td>
</tr>
<tr>
<td>Krzysztof Ducal</td>
<td>n/a</td>
<td>5 000</td>
</tr>
<tr>
<td>Dariusz Śliwowski</td>
<td>n/a</td>
<td>2 193</td>
</tr>
<tr>
<td>Bogdan Zborowski</td>
<td>2 054</td>
<td>2 054</td>
</tr>
</tbody>
</table>

On December 2, 2014 Dariusz Śliwowski resigned from the position of Vice-President of the Management Board for Sales.

On July 6, 2015 Krzysztof Ducal resigned from the position of Vice-President of the Management Board for Finance.

3 General Meeting of Shareholders

General Meeting of Shareholders, as the company's governing body, is acting under the legal regulations in force (in particular the Commercial Companies Code), the company's Articles of Association and the Regulations of the General Meeting.

According to the company's Articles of Association the competence of the General Meeting (apart from other issues specified by law) shall include in particular:

a) examining and approving the Management Board's reports, the financial statements for the previous fiscal year,

b) acknowledging the fulfillment of duties by the Supervisory Board and the Management Board,

c) passing resolutions on profit distribution or covering losses,

d) setting up and dissolving special purpose funds,

e) determining the compensation policy for the Supervisory Board members,

f) changing the company's field of operations,

g) amending the company's Articles of Association,

h) raising or reducing the share capital,

i) merging and liquidating the company,

j) issuing bonds, including also convertible bonds,

k) appointing liquidators,

l) any decisions related to claims for damages caused during the establishment of the company or by its Management Board or Supervision Board,

m) reviewing cases brought by the Supervisory Board, the Management Board as well as the shareholders,

n) appointing and dismissing Members of the Supervisory Board.

General Meetings shall be convened in accordance with the provisions of the Commercial Companies Code and the company's Articles of Association. Due to the fact that the company is a public company its shareholders holding bearer shares may participate in the General Meeting and exercise their voting rights. Management Board and Supervisory Board shall be represented during the General Meeting by such members thereof that would be able to provide subject matter answers to questions asked during the General Meeting.

Resolutions of the General Meeting shall be passed by a simple majority of votes cast by shareholders present at the General Meeting in accordance with the principles set out in the Articles of Association and the Commercial Companies Code. Each share gives the right to one vote at the General Meeting.

[all data in PLN thousands unless specified otherwise]
Sygnity S.A.
Separate Directors’ Report for the fiscal year commenced October 1, 2014 and ended September 30, 2015

In the event referred to in Article 397 of the Commercial Companies Code a resolution to dissolve the company shall require a three-fourths majority of the votes cast.

Acquisition and disposal of real estate or interest in real estate shall not require a resolution of the General Meeting referred to in Article 393 clause 4 of the Commercial Companies Code. In such case it is only required to obtain the consent of the Supervisory Board expressed in the form of a resolution passed by a three-fourths majority of votes of the Supervisory Board members present at the meeting, in the presence of at least half of the members of the Supervisory Board.

The company's Articles of Association do not contain provisions that differ from the provisions of the Commercial Companies Code regarding amendments to the company's Articles of Association.

In the period from October 1, 2014 to March 31, 2015 the General Meeting of Sygnity S.A. was held at the company's seat on the following dates:
- on November 28, 2014 as the Extraordinary Meeting of the Shareholders of Sygnity S.A.
- on March 31, 2015 as the Ordinary Meeting of the Shareholders of Sygnity S.A.

4 Management Board

As of the date of publishing this report the parent company's Management Board was as follows:

- Janusz R. Guy - President of the Management Board
- Jakub Leśniewski - Vice-President of the Management Board for Finance
- Magdalena Bargiel - Vice-President of the Management Board for HR
- Roman Durka - Vice-President of the Management Board
- Bogdan Zborowski - Vice-President of the Management Board for Sales

During the fiscal year ended September 30, 2015 the following changes to the Management Board took place:

- on December 2, 2014 Dariusz Śliwowski resigned from the position of Vice-President of the Management Board for Sales,
- on December 31, 2014 Wiesław Strąk resigned from the position of Vice-President of the Management Board for Finance,
- on March 2, 2015 the company’s Supervisory Board took the decision to change functions within Sygnity’s Management Board by appointing Krzysztof Ducal to the position of Vice-President of the Management Board for Finance. At the same time, on March 2, 2015, the company's Supervisory Board appointed - effective as of April 1, 2015 - Roman Durka to the position of Vice-President of the Management Board,
- on July 6, 2015 Krzysztof Ducal resigned from the position of Vice-President of the Management Board for Finance,
- on August 31, 2015 Sygnity’s Supervisory Board, upon the motion of the President of the company’s Management Board, appointed, effective as of October 1, 2015, Jakub Leśniewski to the position of Vice-President of the Management Board for Finance.

All changes to the Management Board are made public by the company by way of regulatory fillings. CVs of the members of the Management Board are posted on the company's website and are updated on an ongoing basis.

Management Board is the company’s executive body and represents it externally. Management Board performs functions envisaged by the Commercial Companies Code, Articles of Association and the Regulations of the Management Board.

Management Board, guided by the company’s interests, defines the strategy and the main objectives of the company and is responsible for their implementation and delivery. Management Board ensures transparency and
efficiency of the company’s management system and conduct of its business in accordance with the law and good practice. A member of the Management Board should be fully loyal to the company and refrain from activities that could lead solely to his/her personal material gain.

If the Management Board has several members then performance of legal actions and submission of statements of will on behalf of the company shall require cooperation of two members of the Management Board or of one member of the Management Board and a proxy acting jointly.

Management Board’s term of office shall be common and last three years.

Sygnity’s Management Board is composed of no more than nine persons, including the President of the Management Board. Supervisory Board shall appoint the President of the Management Board of its own initiative and then, at the request of the President of the Management Board, the remaining members of the Management Board. The competence of the President of the Management Board within the Management Board may be defined in more detail by the Supervisory Board.

Supervisory Board may dismiss a member of the Management Board or the entire Management Board before the end of the term.

In case a member of the Management Board is to be dismissed by the General Meeting a simple majority of votes cast is required to pass a resolution, however not less than 20% of the total number of the company’s shares must vote for the resolution.

Management Board shall pass resolutions by a simple majority vote. In the event of a tie the vote of the President of the Management Board shall be decisive in order to pass or reject a resolution.

Management Board may pass a resolution:

- by directly voting at the meeting;
- by voting using remote direct means of communications, in particular by telephone, audiovisual or electronic means of communications;
- in writing (by circulation), outside the Management Board’s meeting, provided all members of the Management Board have been notified of a draft resolution’s content.

Articles of Association do not provide for special powers of the members of the Management Board, in particular for the right to take decisions on share issues or buybacks.

5 Supervisory Board

On March 31, 2014 the Ordinary General Meeting of the company’s shareholders elected the Supervisory Board to another term of office, with the following members that did not change as of the date of this financial report:

- Tomasz Sielicki - Chairman of the Supervisory Board
- Kristof Zorde - Vice-Chairman of the Supervisory Board
- Piotr Rymaszewski - Member of the Supervisory Board
- Piotr Skrzyński - Member of the Supervisory Board
- Ryszard Wojnowski - Member of the Supervisory Board

[all data in PLN thousands unless specified otherwise]
Any changes to the composition of the Supervisory Board shall be made public by the company through regulatory filings. CVs of the Supervisory Board members are posted on the company's website and are updated on an ongoing basis. Supervisory Board is a body exercising supervision and control over the company. Supervisory Board's term of office is common and lasts three years.

Supervisory Board shall be composed of not less than five and not more than nine members appointed and dismissed by the General Meeting.

Supervisory Board shall elect, from among its members, the Chairperson of the Supervisory Board and his/her Deputy. Chairperson of the Supervisory Board shall convene and chair the Supervisory Board's meetings and manage its works. In case the Chairperson of the Supervisory Board is unable to perform his/her function or is absent, his/her duties shall be performed by the Vice-Chairperson.

As part of the issues falling within the competence of the Supervisory Board under the regulations of the Commercial Companies Code and the provisions of the Articles of Association, the special powers of the Supervisory Board, pursuant to the Articles of Association, shall include:

- appointing, suspending and dismissing a member of the Management Board or the entire Management Board;
- delegating its member or members to perform the duties of the company's Management Board in case the entire Management Board is dismissed or suspended or if the Management Board cannot perform its duties for other reasons;
- giving consent for the company's participation in transactions where the counterparties are:
  - company's shareholders who hold more than 10% (ten percent) of the company's shares,
  - members of the company's Management Board,
  - members of the Supervisory Board.
- determining the compensation of the company's Management Board members;
- giving consent for (i) purchase or sale of interests or shares in other companies, if the shares or interests represent at least 50% of the share capital or 50% of the total number of votes at the general meeting of shareholders of such company or the transaction or book value of the purchased or sold shares is greater than or equal to PLN 1 000 000 (one million), (ii) purchase or sale of an organized part of the company, (iii) entry into partnership agreements;
- approving the annual budget;
- giving consent for purchase or sale of real estate or interest in real estate (pursuant to the provisions of art. 20.4 of the Articles of Association);
- giving consent for the conclusion of the agreement with an underwriter, referred to in art. 433 § 3 of the Commercial Companies Code, pursuant to the provisions of art. 20.5 of the Articles of Association;
- giving consent for the conclusion by the company or its subsidiary of a material agreement with a member of the Supervisory Board or of the company's Management Board and with entities related thereto.

Supervisory Board shall operate based on the Regulations, passed thereby and approved by the General Meeting, that define the Supervisory Board's mode of operation in detail. Supervisory Board shall perform its tasks and authorizations by passing resolutions at its meetings and through control and advisory activities. Supervisory Board shall hold its meetings not less often than once every quarter.

Supervisory Board shall pass resolutions by a simple majority of votes of the Supervisory Board members present at the meeting, in the presence of at least half of the Supervisory Board members, provided all of its members have been invited, with the following exceptions:

a) agenda of the Supervisory Board's meeting may not be supplemented during the meeting it is applicable to. This requirement shall not be applicable to a situation:
   - when all of the Supervisory Board members are present and all agree to supplement the meeting's agenda,
   - when taking certain actions by the Supervisory Board is necessary to protect the company against damage,
   - in case of a resolution the purpose of which is to assess whether there is a conflict of interest between a member of the Supervisory Board and the company.

b) purchase and sale of real estate or interest in real estate does not require a resolution of the General Meeting referred to in Article 393 clause 4 of the Commercial Companies Code. In such case solely the consent of the Supervisory Board in the form of a resolution passed by a three-fourths majority of the Supervisory Board members present at the meeting, in the presence of at least half of the Supervisory Board members, shall be required.

c) conclusion of an agreement with the underwriter, referred to in Article 433 § 3 of the Commercial Companies Code, does not require a resolution of the General Meeting. In such case solely the
consent of the Supervisory Board in the form of a resolution passed by a three-fourths majority of the Supervisory Board members present at the meeting, in the presence of at least half of the Supervisory Board members, shall be required.

In the period from October 1, 2014 to September 30, 2015 the Supervisory Board held its meetings on the following dates:
October 9, 2014; October 29, 2014; December 2, 2014; February 9, 2015; March 2, 2015; May 20, 2015; July 15, 2015; August 6, 2015; August 31, 2015.

6 Audit Committee

Audit Committee shall be composed of at least three members, including at least one with qualifications and experience in accounting and finance. In justified cases the Audit Committee shall have the right to use the assistance of experts in order to properly evaluate the financial statements. Audit Committee's tasks include:

- ensuring accuracy of financial statements, including an independent audit,
- reviewing the company's financial statements and submitting opinions thereupon to the Supervisory Board,
- reviewing transactions with related parties,
- recommending the selection of the entity to perform the function of the certified chartered auditor to the Supervisory Board, including the justification thereof.

On July 20, 2011 the Supervisory Board passed a resolution to entrust the Supervisory Board with the Audit Committee's tasks.

7 Compensation Committee

Compensation Committee shall be composed of at least three members. Compensation Committee's tasks shall include in particular:

- planning the compensation policy for the Management Board members;
- aligning the compensation of the Management Board with the company's long-term interests and its financial results.

On July 20, 2011 the Supervisory Board passed a resolution to entrust the Supervisory Board with the Compensation Committee's tasks.
8 Costs of the company's executive officers' and directors' compensation and additional benefits

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Janusz R. Guy</td>
<td>1 552</td>
<td>2 059</td>
</tr>
<tr>
<td>Wieslaw Strzak</td>
<td>642</td>
<td>1 149</td>
</tr>
<tr>
<td>Dariusz Śliwowski</td>
<td>415</td>
<td>1 046</td>
</tr>
<tr>
<td>Bogdan Zborowski</td>
<td>719</td>
<td>958</td>
</tr>
<tr>
<td>Krzysztof Ducal</td>
<td>597</td>
<td>920</td>
</tr>
<tr>
<td>Roman Durka</td>
<td>402</td>
<td>-</td>
</tr>
<tr>
<td>Magdalena Bargiel</td>
<td>443</td>
<td>563</td>
</tr>
<tr>
<td>Magdalena Taczanowska</td>
<td>-</td>
<td>184</td>
</tr>
<tr>
<td>Arkadiusz Lew-Kiedrowski</td>
<td>-</td>
<td>79</td>
</tr>
</tbody>
</table>

| Supervisory Board of Sygnity S.A. | | |
|-----------------------------------|------------------------------------|
| Tomasz Sielicki                   | 72                                 |
| Piotr Rymaszewski                 | 48                                 |
| Piotr Skrzyński                   | 48                                 |
| Ryszard Wojnowski                 | 48                                 |
| Jacek Kseł                       | -                                  |
| Kristof Zorde                     | 60                                 | 31                                 |

Employee share schemes

2001 Program

On October 25, 2001 the Extraordinary General Meeting of ComputerLand S.A. (the company's legal predecessor) passed the resolution defining the policy on share options for the officers and key employees of the company and its subsidiaries in 2002-2005. The basic principles of the program specified in the abovementioned resolution and the assumptions used to determine the program's fair value were presented in Note 30 to the consolidated financial statements for the fiscal year ended December 31, 2010.

In the 12 months ended September 30, 2015, as well as in the fiscal year 2013 and in the fiscal year 2014, no options were granted or exercised. In the above periods the options' fair value did not affect any items in the profit and loss account. The number of active options and their expiry dates are shown below (the exercise price as of the stock option grant date, the values may change according to the principles of the adopted program):

<table>
<thead>
<tr>
<th>Grant date</th>
<th>Expiry date</th>
<th>Series, issue</th>
<th>Exercise price</th>
<th>Sep. 30, 2015</th>
<th>Sep. 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31, 2005</td>
<td>December 31, 2014</td>
<td>U</td>
<td>109.20</td>
<td>-</td>
<td>137 000</td>
</tr>
</tbody>
</table>

2011 Program

On June 30, 2011 the Ordinary General Meeting of the company's shareholders passed a resolution on the establishment of rules of implementing the company's Incentive Program in 2011-2013. The basic principles of the program specified in the abovementioned resolution (regulatory filing 47/2011) are presented in Note 27 to the separate financial statements for the fiscal year ended September 30, 2013.

In the fiscal year ended September 30, 2013 the company made a write-off in the amount of 1 014 of the valuation of the 2nd pool of the incentive program (scheduled for 2012), due to a failure to generate the net result assumed in the program.

[all data in PLN thousands unless specified otherwise]
Pursuant to the decision of the Management Board of December 11, 2012 (regulatory filing 46/2012) the implementation of the final part of the incentive program scheduled for the year ended September 30, 2013 was abandoned.

In the 12 months ended September 30, 2015, in the fiscal year ended September 30, 2014 and in the fiscal year ended September 30, 2013 no options were granted or exercised.

In case the options are not exercised the stock option rights will expire on December 31, 2016.

2013 Program

On January 10, 2013 the Ordinary General Meeting of the company’s shareholders passed a resolution on the establishment of rules of implementing the company’s Incentive Program in the fiscal year 2012/2013 ("Program"). The basic principles of the program specified in the abovementioned resolution (regulatory filing 3/2013) are presented in Note 28 to the consolidated financial statements for the fiscal year ended September 30, 2013.

The table below presents the distribution of the Incentive Program’s costs over time:

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of the 2012/2013 Incentive Program</td>
<td>671</td>
<td>370</td>
<td>1,041</td>
</tr>
</tbody>
</table>

The company recognized all the costs of the above Program by January 31, 2014, i.e. by the date of acquiring the right to exercise the stock options.

On May 19, 2014 the Supervisory Board of Sygnty S.A. granted share options to the members of Sygnty’s Management Board under the above Program. According to the Supervisory Board the General Premise for granting the Options under the Program was met.

In the 12 months ended September 30, 2015 no options were exercised. In case the options are not exercised the stock option rights will expire on September 30, 2016.
9 Systems of internal control of reporting

The company's Management Board shall be responsible for the company's internal control system and its effective functioning in the process of preparing the financial statements.

The Financial Reporting and Controlling Office shall be responsible for the preparation of periodic reports. This office is reporting to the Vice-President for Finance (Chief Financial Officer) who exercises direct supervision and control over the process of preparing the reports. The final verification and approval of the reports shall be performed by the company's Management Board.

Reports are prepared based on the applicable legal regulations and in accordance with the International Financial Reporting Standards. The annual and interim financial statements shall be subject to an independent audit and review by the entity authorized to audit financial statements.

Audit Committee's tasks include, among others, ensuring the accuracy of financial reporting, including an independent audit, reviewing the company's financial statements and presenting opinions thereupon to the Supervisory Board. The results of the financial statements' audit are presented to the Audit Committee members who analyze them jointly with the company's auditor. Then the results of this analysis are discussed during the Supervisory Board's meeting. In justified cases the Audit Committee shall have the right to use the assistance of experts to properly evaluate the financial statements.
Section IV
Description of risk factors
SECTION IV.
Description of risk factors

1 Operational risk

Risk related to dependence on key solutions providers
The specific nature of the business operations of Sygnity S.A.’s involves close collaboration with large global corporations that develop key IT solutions, software and computer hardware. Since the beginning of the IT systems integration market in Poland vast majority of global corporations built their presence in Poland in partnership with local IT service providers. Under such an arrangement the local partners carry out the process of implementing IT systems for customers and provide such additional services as maintenance, training, expansion and software updates.

There is a risk that key suppliers will modify their strategies of collaboration with local partners by seeking to strengthen their relationship with only one selected partner or they will begin to offer implementation services related to their products on their own. Such a development may have an adverse impact on the company’s revenue and its financial results.

Risk related to supplying customers with applications and systems of critical importance to their business
A substantial portion of all the projects involve implementing applications that manage or even enable important business processes at Sygnity’s customers and hence are key to their proper performance.

There is a risk that, in case applications installed by the company at customers’ enterprises are operating defectively, customers may incur financial losses. As a result of such situations customers may attempt to claim compensation from the company. In the Management Board’s opinion in most cases the agreements concluded by the company reduce the risk of such claims by limiting liability to damages resulting from potential product errors and excluding liability for damages resulting from the use of the product. Furthermore, the mere fact of raising a claim, as well as a customer’s dissatisfaction, may have a negative impact on the company’s image on the market.

Risk related to dependence on large public and private contracts
A large portion of the company’s revenue is generated by the projects acquired as a result of tenders conducted by the government institutions and firms as well as large private companies. In many of such tenders the competing bidders are top players on the Polish IT market which makes the competition much stronger. The consequence of the above is the risk of the company failing to win some of such tenders, and in case there is no alternative - a negative impact on its financial results.

Risk of losing key personnel
The key prerequisite for the company's success is its personnel, therefore the company's further growth is directly tied to its ability to retain, train and incentivize its current workforce, as well as recruit new staff. Strong demand for ICT professionals and actions taken by peer firms may lead to key personnel leaving the company and hinder recruitment of new employees.

Such a development may have a negative impact on ensuring the appropriate quality and range of services provided to the customers and on the company's ability to increase its revenue and profits in the future.
Risk related to new product development

A characteristic feature of Sygnity S.A.'s industry is a very rapid development of IT technologies and solutions used and, as a consequence, a relatively short life cycle of the products and services offered. Sygnity S.A. offers both in-house developed products, as well as global applications offered by international companies, which means that the changes in the market must entail changes to the company's in-house developed products and continuous training in other companies' products.

There is a risk that despite continuous adjustments to its offering the company may be unable to offer solutions that meet the customer expectations best. Such a development could affect the company's financial results. Furthermore, the emergence of new solutions on the market may mean that Sygnity's commercially unattractive products may be unable to generate for the company the income expected upon their creation and development.

Information on the financial instruments, risks related thereto and the goals and methods adopted by the entity with respect to financial risk management is presented in note 4 to the financial statements.

Additionally, we would like to draw attention to the risks described in note 2 to the financial statements.

2 Environment related risk

Risk related to the macroeconomic environment

The growth of the IT services industry is closely correlated with Poland's general economic condition. Sygnity's revenue and costs depend on Poland's GDP growth rate and the growth rate of the manufacturing and services sector, the enterprise and public sector restructuring processes, privatization processes, inflation rate and the fluctuation of the foreign currency exchange rates versus PLN, in particular the exchange rate of the USD which is the company's primary foreign contracts currency.

Any deterioration of Poland's economic condition caused by the downturn effects, the intensification of inflationary processes or the rapidly changing PLN exchange rate versus other currencies may adversely affect the sales revenues generated by the company and its financial results.

Risk of changes to the law

Changes to the law or varying interpretations of the law pose a threat to Sygnity's business operations. Potential changes to the law, in particular to the tax code, labor law and social security regulations, commercial law (including the companies law and the law governing the functioning of the capital market), legal regulations related to ICT operations may lead to a negative impact on Sygnity's business operations.

Tax system related risk

Poland's tax system is characterized by frequent changes to the provisions, many of which were not drawn-up with sufficient precision, and the lack of unequivocal interpretation thereof. The interpretation of tax regulations is subject to frequent changes, and both the practice of the tax authorities as well as court rulings on taxation are not uniform. Due to the varying interpretation of tax regulations a Polish company is subject to a greater risk that the company's operations and their filing in tax statements and returns will be deemed not in compliance with the tax regulations than in case of a company operating in more stable tax systems.

One of the aspects of insufficient precision of tax regulations is the lack of provisions for formal procedures of final verification of the correctness of the tax liabilities calculation for the given period. Tax returns and the actual tax related payments may be controlled by the tax authorities for the period of five years running from the end of the year in which the tax payment deadline expired. In case the tax authorities adopt a different interpretation of the tax regulations than the one assumed by Sygnity S.A., this could have a material negative impact on the company's operations, financial condition, results and growth prospects.
Sygnity S.A.
Separate Directors' Report for the fiscal year commenced October 1, 2014 and ended September 30, 2015

**Competition risk**

The company is operating on the IT services market which is characterized by rapid growth and a high level of competitiveness at the same time. The company's competitors include Poland's leading system integrators, international IT corporations, as well as global and Polish consulting companies offering deployment of IT solutions.

Management Board believes that continued high attractiveness of the Polish ICT market will lead to an even more intense competition. In particular, stronger attempts of foreign system integrators and global IT service providers to enter the Polish market are expected. Furthermore, sector consolidation processes will result in an even greater strengthening of the largest players on the market.

There is a risk that a more intense competition may result in the need to offer more favorable terms to customers which may lead to the need to engage additional working capital and declining margins, adversely affecting the financial condition of Sygnity S.A. Moreover, strengthening of the company's competitors may weaken the market position of Sygnity S.A.

**Foreign exchange risk**

The company is exposed to a short-term and medium-term foreign exchange risk on the USD/PLN, EUR/PLN currency pairs on the revenue side and the cost side. Assets and liabilities expressed in foreign currencies are solely trade receivables and liabilities denominated in EUR, USD or other currencies. The entity does not take loans in foreign currencies. Due to the fact that the entity's exposure to foreign exchange risk is not significant the entity does not seek to hedge all currency transactions. The main goal of foreign exchange risk hedges entered is to provide protection against fluctuation of exchange rates used in the foreign currency payments for deliveries or payments received from the customers. The company does not apply hedge accounting or derivative instruments that provide protection against the risk of foreign exchange rate change.

The company is also exposed to credit, interest rate, liquidity, capital risk management and fair value estimation risks, described in details in Note 5 to the Separate Financial Statements for the fiscal year ended September 30, 2015.

**3 Claims and disputes**

In the reporting period presented there were no proceedings in progress before the court, competent arbitration authority or public administration body relating to the liabilities or receivables of Sygnity S.A. or its subsidiaries the value of which would be equivalent to at least 10% of the company's equity.

[all data in PLN thousands unless specified otherwise]
Section V

Statements of the Management Board
SECTION V.
Statements of the Management Board

1 Statement on the reporting standards

Management Board of Sygnity S.A. confirms that, to the best of its knowledge, the financial statements and the comparative data have been prepared in accordance with the applicable accounting standards and present a true, accurate and fair view of the Group's assets and financial position, as well as its financial results.

Management Board of Sygnity S.A. confirms that, to the best of its knowledge, this Management Board's report presents a true picture of the Group's development and accomplishments, including the description of the identified threats and risks.

2 Statement on the selection of the entity authorized to conduct an audit

Management Board of Sygnity S.A. represents that the entity authorized to audit the Group's financial statements has been selected in accordance with the law and that the entity and the certified chartered auditors auditing the interim, abbreviated financial statements meet the preconditions for issuing an impartial and independent opinion on the audited financial statements, in accordance with the applicable regulations and professional standards.

3 Statement on corporate governance

The issuers of securities admitted to trading on the Warsaw Stock Exchange S.A. are obliged to apply the corporate governance principles defined in the document "Best Practice of WSE Listed Companies", constituting an Attachment to the Resolution of the WSE Supervisory Board no. 19/1307/2012 of November 21, 2012. "Best Practice of WSE Listed Companies" is publicly available on the website: http://www.corp.gov.gpw.pl/. Management Board of Sygnity S.A. represents that during the period covered by this report and by the date of its publishing the company followed most of the corporate governance principles. The company departed from the provisions of the corporate governance principles in the following cases:

Part I. "Recommendations for Best Practice of Listed Companies"

The company follows all recommendations for best practice of listed companies, except for:

a) clause 4: "Where securities issued by a company are traded in different countries (or in different markets) and in different legal systems, the company should strive to ensure that corporate events related to the acquisition of rights by shareholders take place on the same dates in all the countries where such securities are traded."

This rule does not apply to the Issuer's securities since the securities issued by the company are not traded in different countries (or in different markets) and in different legal systems.

b) clause 9: "WSE recommends to public companies and their shareholders that they should ensure a balanced participation of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' business operations."

The rules for submitting candidates to become Members of the Supervisory Board and Members of the Management Board are described in more detail in section III of the Report. The company's Management Board wishes to emphasize that when selecting candidates for all positions within the competence of the Management Board such criteria as knowledge, experience and skills shall be decisive. Key managerial positions in the company are held by both men, as well as women.
c) clause 12: “A company should enable its shareholders to exercise the voting right during a General Meeting either in person or through a proxy, outside the venue of the General Meeting, using electronic means of communications”.

An incidental departure from the above rule was reported by the company’s Management Board in its EIB report no. 2/2014 of October 31, 2014 and EIB report no. 1/2015 of March 3, 2015. In the opinion of the company’s Management Board the introduction of the option to participate in General Meetings using electronic means of communications is not sufficiently widespread yet and therefore poses a risk of an organizational and technical failure which may disturb the efficient course of the General Meeting, as well as a risk of possible disputing of the validity of the resolutions passed during the General Meeting, in particular due to technical failures.

The Group’s Management Board will consider applying the said corporate governance rule in the future.

Part II. "Best Practice of Management Boards of Listed Companies":
The company follows all recommendations for best practice of management boards of listed companies, except for:

a) clause 1 letter 2a with respect to posting on the company’s website - on an annual basis, in the fourth quarter – of information on the participation of women and men, respectively, in the Management Board and in the Supervisory Board of the company.

Detailed information on the current members of the Management Board and the Supervisory Board (including photos and CVs) is posted on the company’s official website on a permanent basis. In the company’s opinion there is no need to provide additional information on participation of women and men, respectively, in the Management Board and in the Supervisory Board of the company since such information is available based on the posted list of persons performing functions in the corporate bodies.

b) clause 1 letter 9a with respect to posting on the company’s website of a record of the General Meeting in an audio or video format

The company does not record its General Meetings. The company publishes the content of the resolutions passed by the General Meeting, including the information on the voting method and the list of the company’s shareholders holding at least 5% of the total number of votes at this General Meeting, providing the number of votes allocated to each shareholder based on the shares held and their percentage share in the number of votes at this General Meeting and in the total number of votes, in its regulatory filings. The company will analyze its ability to comply with the Best Practice recommendations in this respect.

Part III. - "Best Practice of Supervisory Board Members"
The company follows all recommendations for best practice of supervisory board members.

Part IV. - "Best Practice of Shareholders"
The company follows all recommendations for best practice of shareholders, except for:

a) clause 10: “A company should enable its shareholders to participate in a General Meeting using electronic means of communications through:
1) real time broadcasts of General Meetings,
2) bilateral real time communications where shareholders may take the floor during a General Meeting from a location other than the General Meeting’s venue.”

An incidental departure from this rule was reported by the company’s Management Board in its EIB report no. 2/2014 of October 31, 2014 and EIB report no. 1/2015 of March 3, 2015. In the opinion of the company’s Management Board the introduction of the option to participate in general meetings using electronic means of communications is not sufficiently widespread yet and therefore poses a risk of an organizational and technical failure which may disturb the efficient course of the General Meeting, as well as a risk of possible disputing of the validity of the resolutions passed during the General Meeting, in particular due to technical failures. The company’s Management Board will consider applying the said corporate governance rule in the future.

Additional reporting disclosures related to the application of the corporate governance rules specified in the above regulations are presented in Sections II, III and IV of this report and constitute an integral part of this statement.