

Report no. 33/2018

Date: 2018-11-16

Legal basis: Art. 17 par. 1 of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC

Subject: Information on the decision of the Director of the Chamber of Fiscal Administration regarding iSource S.A.

The Management Board of ABC Data S.A (hereinafter: “the Company” or “the Issuer”) hereby informs that today its subsidiary iSource S.A (hereinafter “iSource”) was informed by its proxy about the decision of the Director of the Chamber of Fiscal Administration seated in Warsaw (hereby “the Decision”), who upheld the decision of the body of first instance, issued in relation to determining the value added tax liability of iSource for individual months from January 2013 to June 2013 at the total amount of PLN 11.6 million. As at 16 November 2018, the aforementioned liability, including interests, amounts to PLN 15.2 million.

Information regarding the status of the proceedings and the possible amount of iSource’s value added tax liability for the period January - June 2013 were disclosed in accordance with the law in the interim consolidated financial statements of the Issuer's Capital Group for the first half of 2018 and for the period of 3 and 9 months ended on September 30, 2018.

The Issuer and iSource maintain that the decision of the body of first instance was not justified by the facts of the case. While appealing against this decision, the proxy of iSource S.A. accused the decision of the body of first instance of numerous violations of the provisions of Polish and European law, which were not taken into consideration in the Decision. Moreover, the decision did not take into consideration that on 18 October 2018, iSource received a notice of the initiation of investigation for committing an act under article 286(1) in conjunction with article 294(1) of the Polish Penal Code (fraud), in which it acts as a party to the proceedings and exercises the rights of the aggrieved party.

In the opinion of the proxy of iSource, there are grounds for appealing against the Decision to the Regional Administrative Court in Warsaw (hereinafter: “RAC”). Therefore, iSource took a decision to prepare an appeal to be presented before the RAC, pursuant to article 53(1) and 54(1) of the Polish Act of 30 August 2002 concerning the procedure of administrative courts, and began its preparation in cooperation with its proxies.

The Decision was made based on the review proceedings carried out at iSource in relation to accuracy of the declared tax bases and the correctness of calculating and paying the tax on goods and services for the period from 1 January to 31 December 2013. The fiscal authority made determinations related to the goods and services tax settlements for the period July - December 2013, stating that no regularities have been shown. In 2014, iSource entered into an

official agreement with Apple Distribution International (hereinafter "ADI"), which means that starting from 2014, more than 99% of iSource's turnover is generated directly under the agreement with ADI. Therefore, iSource - based on its own analysis and the analysis made by its tax advisor - does not see any risk in contesting VAT settlements for further periods.

It should be noted that in order to secure the proper performance of iSource's potential obligations under the decision of the Head of the Treasury Control Office in Warsaw of 1 August 2018, a bank guarantee of up to PLN 15.2 million was granted. On November 16, 2018, iSource applied for the acceptance of the established collateral for the performance of the obligation imposed by the abovementioned a decision in the form of the aforementioned bank guarantee, pursuant to art. 33d(2) p. 7) of the Polish Tax Ordinance Act. iSource assumes that this form of collateral will be accepted, therefore, until the complaint against the Decision is handled by the RAC, it will not become necessary for iSource to pay the aforementioned liability from its own funds.

In the event of a negative decision regarding the obligation to pay the abovementioned tax liability, ABC Data S.A. concluded with its main shareholder, MCI Venture Projects spółka z ograniczoną odpowiedzialnością VI spółka komandytowo-akcyjna ("MCI VP") and the President of the Management Board of ABC Data S.A., Ilona Weiss, a preliminary agreement under which actions are to be taken by MCI VP and Ms. Ilona Weiss to enable a subordinated loan in the total amount of PLN 15.2 million to cover any possible liability in the case in question, if it becomes due.

Date	Surname, name	Title/function
2018-11-16	Ilona Weiss	President of the Management Board
2018- 11-16	Andrzej Kuźniak	Vice-President of the Management Board