

Report no. 30/2019

Date: 2019-04-19

Legal basis: Art. 17 sec. 1 of the Market Abuse Regulation

Subject: Information on the estimated financial results for 2018

The Management Board of ABC Data S.A. with its registered seat in Warsaw (hereinafter referred to as the "Issuer" or the "Company") hereby makes it known that on 19 April 2019, in the course of work on the annual statements of the Issuer and the Issuer's Group (hereinafter referred to as the "Group") for the year 2018, it decided to revalue the net asset value and make write-offs that will have a significant impact on the financial results of the Company and the Group to be presented.

1. Revaluation of the net value of assets to be disposed

The decision to revalue the net value of assets to be disposed was the result of an assessment of the probability of implementation of the Framework Agreement defined and described in current report no. 40/2018 of 21 December 2018 and the sale of the enterprise by the Issuer and the Issuer's subsidiary - ABC Data Marketing sp. z o.o. Therefore, the carrying amount of the group of assets to be disposed shall be recovered principally through a sale transaction and not through their further use. Therefore, the Management Board decided to prepare an annual financial statement assuming no business continuity and recognized the company being the subject of the transaction as assets classified as held for sale, which will be reflected in the annual financial results of the Company and the Group.

In such a case, in the opinion of the Management Board, the value in use of assets will consist mainly of revenues from the sale of the enterprise. Therefore, the Management Board decided to use the estimated price of sale of the company, as defined in the Framework Agreement, as the basis for determining the recoverable amount and accepted this value as the reference value used in the impairment tests for the entire group of assets. Upon revaluation of the value of assets resulting from concluding the Framework Agreement, the Management Board set the estimated price of sale of the company, after the estimated price adjustment, at PLN 190,915 thousand. As at 31 December 2018, the net value of assets included in the enterprise being the subject of the Framework Agreement is PLN 205,913 thousand. The difference between these values, meaning PLN 14,998 thousand, will adversely affect the Group's financial result. The aforementioned revaluation will have no effect on the separate financial result of the Company.

2. The write-off of deferred tax asset

The Management Board decided that due to the planned transaction and its structure, meaning the sale of the enterprise of the Company to a new entity, the Issuer would not be able to utilize the deferred tax asset, therefore the Company would probably subject it to a write-off of PLN 10,896 thousand, which will adversely affect the financial result of the Company and the Group.

3. The provision related to fiscal proceedings at iSource S.A.

In July 2016, at the Issuer's Subsidiary, iSource S.A, the review proceedings were carried out under the authority the Head of the Treasury Control Office in Warsaw 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 running from 1 January 2013 until 31 December 2013.

On 7 May 2018, iSource S.A. was provided with a memorandum of tax book audit, in relation to which the company made reservations and explanations. 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 turn, the findings made as part of the audit for January 2013 - June 2013 resulted in providing iSource S.A., on August 14, 2018, with the decision of the Head of the Treasury Control Office in Warsaw, in which the value added tax liability of iSource for individual months from January 2013 to June 2013 was determined at the total amount of PLN 11,610 thousand.

In the appeal dated 28 August 2018, iSource S.A. contested the decision in question before the Director of the Chamber of Fiscal Administration in Warsaw, demanding that it be repealed and that the proceedings be discontinued. On 16 November 2018, iSource S.A. was informed about the decision of the Director of the Chamber of Fiscal Administration (2nd instance) upholding the decision of the Head of the Treasury Control Office in its entirety. On 27 November 2018, the Company filed an application with the head of the relevant tax office to establish a collateral for the execution of the decision based on the bank guarantee provided and thus to suspend the implementation of the decision. As indicated in the Company's current reports no. 34/2018 of 5 December 2018 and no. 36/2018 of 19 December 2018, the Head of the Second Mazowiecki Tax Office in Warsaw accepted the collateral and suspended the execution of the Decision.

On the date of publication of this report, the state of the facts related to the fiscal review proceedings remained unchanged. Due to the risk of the lack of effective challenge of decisions made by tax authorities and considering the Framework Agreement, the Management Board of ABC Data S.A., guided by the prudence principle, decided to establish a total reserve of PLN 17,055 thousand (the amount of the disputed tax, including interest). The established reserve will adversely affect the financial result of the Company and the Group. Its influence on the separate financial statements results from the terms and conditions set out in the Framework Agreement.

4. Revaluation of value of shares of ABC Data s.r.o. in the Czech Republic

On 7 March 2019, the Company and Investment Gear 2 sp. z o.o. (hereinafter the "Investor") concluded an agreement (hereinafter the "Sales Agreement") related to the sale of shares at ABC Data s.r.o. with its registered office in Prague (hereinafter "ABC Data s.r.o."). Under the Sales Agreement, the Company sold to the Investor 100% of shares in ABC Data s.r.o. for the price of 150 thousand PLN. The company informed about the offer for the sale of shares in ABC Data s.r.o. and possible revaluations resulting from the transaction in current report no. 14/2019 dated 12 February 2019.

In connection with the transaction, the Management Board assessed the valuation of the shares and the value of ABC Data s.r.o. Before the revaluation, the value of the shares amounted to PLN 17,054 thousand. After the revaluation, the value of the shares amounts to PLN 150 thousand. The difference between these values, meaning a write-off of PLN 16,904 thousand, will adversely affect the Company's financial result. At the same time, the above transaction will result in a write-down on the goodwill, which, in the amount of PLN 13,903 thousand, will be charged to the Group's financial result.

5. The provision related to fiscal proceedings at ABC Data s.r.o. in the Czech Republic.

The review proceedings were carried out at ABC Data s.r.o. in the Czech Republic, as reported by the Issuer in the interim consolidated financial statements, the current report no. 2/2019 of 16 January 2019 and the current report no 10/2019 of 6 February 2019.

After completing proceedings related to VAT for the month of August 2014, ABC Data s.r.o. received a decision issued by the Specialized Tax Office determining the liability at the amount of approximately PLN 5307 thousand (CZK 31.8 million). ABC Data s.r.o. lodged an appeal against the decision, which suspended its enforceability. Moreover, fiscal proceedings related to VAT for January and February 2016 were initiated at ABC Data s.r.o. The total value of VAT liabilities related to commerce transactions which have been entered into with entities to whom the control proceedings pertain amounted to circ. PLN 3,732 thousand (CZK 24.4 million).

On the date of publication of this report, the state of the facts related to the fiscal review proceedings remained unchanged. Due to the risk of the lack of effective challenge of decisions made by tax authorities in relation to tax liabilities for August 2014, the risk of unfavourable outcome of the tax proceedings for January and February 2016 and considering the Framework Agreement, the Management Board of ABC Data S.A., guided by the prudence principle, decided to establish a total reserve of PLN 13,673 thousand (the amount of the disputed tax, including interest). The established reserve will adversely affect the financial result of the Group.

The Management Board of the Company estimates that the financial results for 2018 may be as follows:

Company's estimated separate financial results for 2018:

Revenues PLN 3,222,508 thousand

Gross profit on sales PLN 171,488 thousand

Net loss PLN 49,785 thousand

Net profit adjusted with one-off events PLN 11,709 thousand

Group's estimated separate financial results for 2018

Revenues PLN 4,468,021 thousand

Gross profit on sales PLN 255,464 thousand

Net loss PLN 78,904 thousand

Net profit adjusted with one-off events PLN 9,749 thousand

The possible write-offs and revaluations described above shall be of non-operating and non-pecuniary character. The Company obtained the required permits to waive the examination of financial ratios for the period ending on 31 December 2018 from all financial institution, with whom loan agreements including provisions related to the requirement of indicator assessment have been signed.

The company indicates that both the consolidated financial statements of the Group and the separate financial statement of the Issuer are subject to verification by an independent certified auditor as part of the procedure of audit of financial statements for 2018. For this reason, the Company hereby informs that the figures presented herein are estimates and are subject to

change. In the case of significant changes to the published estimates, the Company will issue a separate current report.

The separate and consolidated financial statements for 2018 shall be published on 26 April 2019.

Date	Surname, name	Title/function
2019-04-19	Ilona Weiss	President of the Management Board
2019-04-19	Michał Litwinowicz	Vice-President of the Management Board