

Report No. 16/2018

Date of preparation: 2018-07-18

KOMPUTRONIK S.A.

Subject

Information on the effects of one-off accounting events and operations and preliminary financial results for the business year 2017/2018

Legal basis

Article 17 par. 1 MAR - confidential information.

Contents of the report:

In reference to the current report No. 15/2018 of July 12, 2018, in which Komputronik S.A. (Company, Issuer) reported, among others on the necessity of recognizing the effects of the Settlement concluded on November 7th, 2017 (about which the Issuer informed in the Report No. 48/2017), as well as subsequent implementing agreements in the financial statements ending the financial year 2017/2018. The Issuer's Management Board reports that it has recognized the changes in the fair value of certain financial assets for the financial year 2017/2018 in the books of the Issuer, as well as in the financial statements of companies belonging to the Komputronik Group. On July 18th 2018 the analysis were completed, which allowed to determine the preliminary separate and consolidated results, which significantly differ from the financial results presented for the previous reporting periods. In connection with the above, the Issuer's Management Board made a decision to publish preliminary, unaudited financial results for the financial year 2017/2018.

The most important one-off changes introduced into the books of the Issuer and companies from the Issuer's Group are:

1. Recognition of transactions resulting from the Settlement on November 7, 2017:
 - a. Write-downs updating the value of assets in Contanisimo Limited (100% subsidiary of the Issuer), as a result of recognition of the valuation of mining rights, whose nominal value is PLN 35 million, for which rights, in the period of financial audit were not completed - valuation supported by geological surveys, feasibility study and profitability of this undertaking, therefore applying the requirements of IAS should have been created until the completion of these processes;
 - b. Introduction of changes in the valuation of real estate acquired by the Issuer's Group and those from which the Group has resigned as a result of the Settlement Agreement, which affected the assets of Activa SA and Komputronik Signum Limited (100% dependent on the Issuer), as well as changes in mutual settlements between companies in the Issuer's Group;
 - c. Spending of legal, notarial and court costs related to the Settlement and the execution contracts, both incurred and those which the Issuer expects to incur in the amount of approximately PLN 1.6 million.

The total impact of recording all operations on the consolidated financial results of the Komputronik Group was negative and amounted to approximately PLN (-42.3 million). In unitary terms, the

decrease in Komputronik SA's results amounted to approximately PLN (-24.8 million). **The indicated changes in financial results are not caused by negative financial flows;**

2. Changes in the accounting policy, which consists in the adoption of the principle of periodic revaluation to the fair value of the Issuer's own property (application of IAS 16), which principle allows to more accurately reflect the property situation of the Issuer. The impact of the revaluation shows an increase in the value of the property by a total value of PLN 14 million, which affects the growth of the Issuer's equity (in a separate and consolidated results);
3. Records of the effects of one-off illegal activities that occurred in the last months of the completed financial year (theft of goods from the warehouse and extortion of goods by an international group), with a total value PLN (-3.4 million).

The preliminary financial results of the Capital Group of the Issuer and the Issuer for the financial year 2017/2018 are presented below - [data for the financial year 2016/2017 is shown in brackets].

Preliminary consolidated statement data:

▪ sales revenues:	PLN 2,045.0 million	[PLN 2,012.7 million]
▪ gross profit on sales:	(+) PLN 221.3 million	[(+) PLN 194.4 million]
▪ operating result:	(+) PLN 9.7 million	[(+) PLN 23.4 million]
▪ gross profit:	(-) PLN 35.80 million	[(+) PLN 16.1 million]
▪ net result:	(-) PLN 37.12 million	[(+) PLN 13.3 million]
▪ EBITDA:	(+) PLN 22.1 million	[(+) PLN 36.1 million]

Preliminary separate statement data:

▪ sales revenues:	PLN 1,886.2 million	[PLN 1,992.8 million]
▪ gross profit on sales:	(+) PLN 179.8 million	(+) PLN 172.8 million]
▪ operating result:	(+) PLN 7.7 million	[(+) PLN 17.6 million]
▪ gross profit:	(-) PLN 18.96 million PLN	[(+) PLN 13.2 million]
▪ net result:	(-) PLN 19.97 million	[(+) PLN 12.1 million]
▪ EBITDA:	(+) PLN 17.9 million	[(+) PLN 28.1 million]

Initial gross financial result without considering the one-off events described above:

- consolidated statement data gross profit (+) PLN 10.9 million,
- separate statement data gross profit (+) PLN 9.2 million,
- consolidated statement on operating activities (+) PLN 14.6 million [(+) PLN 19.9 million]

The Issuer informs that after taking into account the above changes in the financial results and equity, the **covenants specified in the agreements with the banks financing the Group will not be exceeded.**

The Issuer explains that, irrespective of the one-off operations described earlier, preliminary financial results were also influenced by, among others, the following circumstances:

- increase in average sales margin;
- increase in costs as a result of: increasing sales structures (primarily a subsidiary of Komputronik Biznes), investments in expanding logistics opportunities, increasing the salary fund, increasing marketing activities expenses;
- significant expansion of the assortment sold and reduction of risk related to significant cyclical changes in commodity groups where the Issuer's turnover focused in earlier periods.

At the same time, the Issuer informs that the final financial results (individually and consolidated) for the financial year 2017/2018 will be presented in the annual financial statements, the publication of which was scheduled for 30 July 2018.