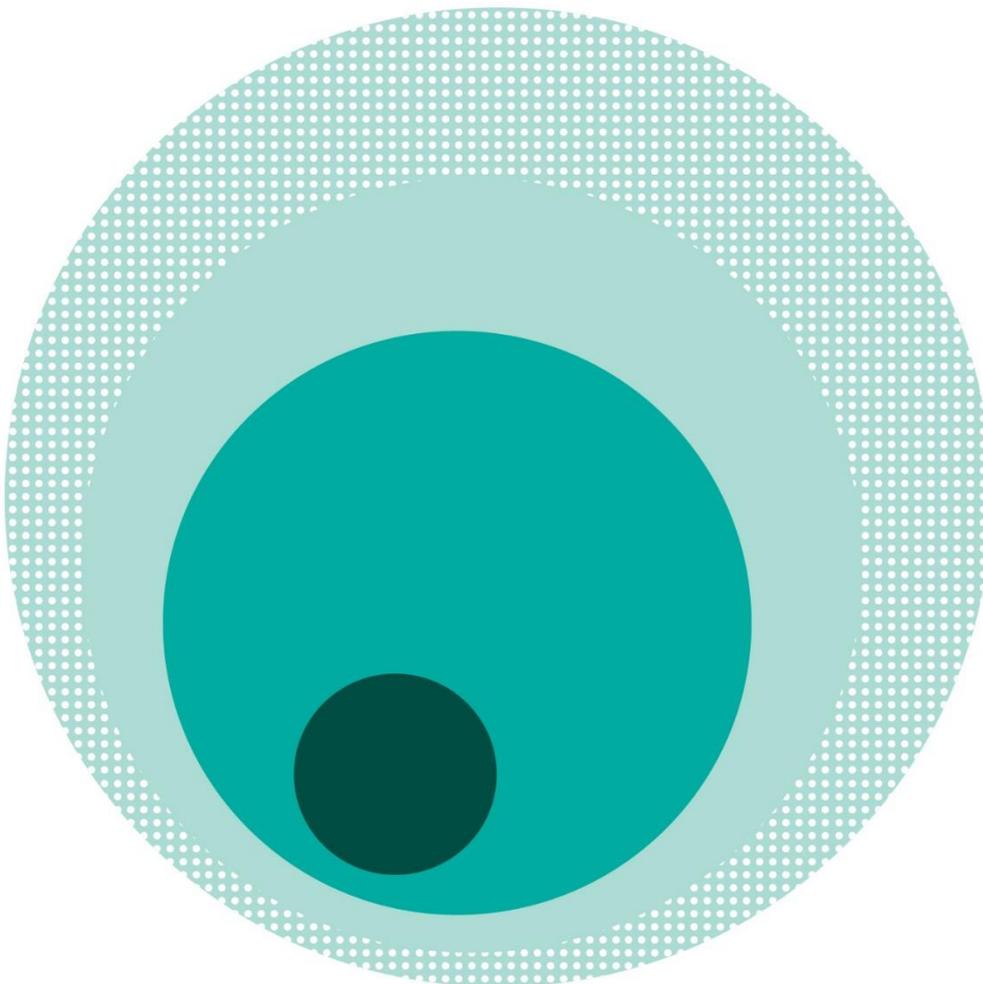


KOMPUTRONIK S.A.

INDEPENDENT STATUTORY AUDITOR'S REPORT
ON THE AUDIT OF THE ANNUAL SEPARATE
FINANCIAL STATEMENT
AS OF 31/03/2019

(UNAUTHORISED TRANSLATION FROM THE POLISH LANGUAGE)

05/07/2019



INDEPENDENT STATUTORY AUDITOR'S REPORT

To the Meeting of Shareholders and Supervisory Board of Komputronik S.A.

Report on the audit of the annual separate financial statements

Opinion

We have audited the annual separate financial statements of Komputronik S.A. (the 'Company') with the Headquarter in Poznań, that comprise the separate statement of financial position as at March 31, 2019, the separate statement of profit and loss, the separate statement of comprehensive income, the separate statement of changes in equity, the separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (the 'separate financial statements').

In our view, the attached separate financial statements:

- give a true and fair view of the financial position of the Company as at March 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with applicable International Financial Reporting Standards as endorsed by the European Union, and the adopted accounting policies;
- are in respect of the form and content in accordance with legal regulations governing the Company and the Company's Statute,
- have been prepared based on correctly kept books in compliance with Chapter 2 of the Accounting Act of 29 September 1994 (the 'Accounting Act' – Journal of Laws of 2019 item 351 as amended).

This opinion is consistent with the Additional Report to the Audit Committee that we issued on July 5, 2019.

Basis for the opinion

We have conducted our audit in accordance with the National Auditing Standards in the meaning of International Auditing Standards as adopted by resolution 3430/52a/2019 of the National Council of Statutory Auditors of 21 March 2019 on national auditing standards and other documents (the 'NSAs') and in compliance with the Auditors, Audit Firms and Public Oversight of 11 May 2017 (the 'Act on Statutory Auditors' – Journal of Laws of 2017, item 1089 as amended) and the EU Regulation No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (the 'EU Regulation' – EU OJ L158). Our responsibilities under those standards are further described in the '*Auditor's responsibilities for the audit of the separate financial statements*' section of our report.

We are independent of the Company in accordance with the Code of ethics for professional accountants, published by the International Federation of Accountants (the 'Code of ethics'), adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics. While conducting the audit, the key certified auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors and in the UE Regulation.

We believe the audit evidence we have obtained to be sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

We draw attention to Note 30.2 'Transactions with Associates, Subsidiaries and Other Related Enterprises' in the additional information to the separate financial statements where the Management Board of the Company has described uncertainty related to the payment of receivables due for shares in a subsidiary sold in previous periods, and the sale of loan debt in factoring. In this section, the Management Board of the Company has presented information on the partial settlement of a balance of the receivables in the analysed year and has described collateral for the payment of the outstanding receivables resulting from the aforementioned transactions. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters then, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. They encompass the most significant assessed types of risks of material misstatement, including the assessed types of the risk of material misstatement due to fraud. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon. We summarized our response to those risks and, where appropriate, we presented the key findings related to those risks. We do not provide a separate opinion on these matters.

Key audit matter	How did our address the matter
<p>Current liabilities – possibility of debt roll-over</p> <p>In its separate statement of financial position as at the balance-sheet date, the Company discloses liabilities under loans of PLN 90,979 thousand, which represents 16.6% of the balance-sheet total. The liabilities are current ones.</p> <p>When assessing the Company’s capacity to continue as a going concern, the Management Board has taken into account risks related to financing the Company’s operation and events subsequent to the balance-sheet date that change some funding terms (decrease of covenants). The issue has been deemed significant as it requires of the Management Board to make significant assumptions and judgments concerning options of rolling over the debt to banks.</p> <p><i>Reference to disclosures in the separate financial statements</i></p> <p>Disclosures concerning the debt are presented in Note 13.4.1 ‘Loans and Other Debt Instruments’ in the additional information to the separate financial statements. Information on a financial</p>	<p>Our procedures as regards the identified key audit matters have included:</p> <ul style="list-style-type: none"> – the confirmation of the current liabilities under loans disclosed in the statement of financial position with balance confirmations received; – the detailed analysis of loan agreements in terms of the liabilities’ maturity dates and funding terms laid down in the agreements (covenants); – the analysis of material events subsequent to the balance-sheet date that change some funding terms (covenants); – the analysis of the Company’s financial plan for 2019 and assumptions made by the management in the plan; – discussions with the Company’s management and with individuals who supervise the Company about the assumptions made providing for an option of the debt roll-over; – the assessment of correctness and completeness of the disclosures in the financial statements concerning the current liabilities under loans and the liquidity risk to which the Company is exposed.

liquidity risk is presented in Note 32.3 'Liquidity Risk'. Note 36 'Events Subsequent to the Balance-Sheet Date' contains information on significant changes in terms of funding the Company occurring subsequent to the balance-sheet date.

Estimates of bonuses, rebates, sales support and promotion (bonuses)

Many agreements governing distribution of commercial goods concluded with distributors and manufacturers contain provisions that grant the Company post-sales rebates and bonuses that affect a purchase price of the goods.

The bonuses have been deemed the key audit issue due to their significant value and a risk related to their estimation.

Reference to disclosures in the separate financial statements

Disclosures concerning the nature of the bonuses received, rules for their settlement and the risk related to their estimation are presented in Note 2 'Basis for Preparation & Accounting Principles' in the additional information to the separate financial statements, in the subsection 'Subjective Assessments of the Management Board & Uncertainty of Estimates'.

Note 15 'Inventories', Note 16 'Trade Debtors and Other Accounts Receivable' and Note 22 'Trade Liabilities and Other Financial Liabilities' contain quantitative information concerning the estimated values of the bonuses.

Our procedures as regards the identified key audit matters have included:

- discussions with responsible individuals, with the Company's management and with supervising bodies about internal control system with regard to the bonuses;
- the assessment of design and implementation of the internal control system with regard to the bonuses;
- the assessment of effectiveness of selected internal controls essential for the correct recognition of the rebates and discounts;
- the analysis of a nature of the specific bonus types;
- gathering information on the manner how the Company calculates estimates, and understanding of the data on which such values are based (assumptions underlying the estimates, assessment whether in comparison to the previous period methods of determining the estimates have changed, and if so – why);
- the analysis of compliance of the rules governing the recognition of revenue, rebates and discounts with relevant accounting standards:
 - the analysis of performance in the current period of the bonuses recognised in the previous period;
 - the analysis of feasibility of the performance of the bonuses calculated for older periods (bonus maturity structure);
 - the analysis of compliance of the assumptions made for the measurement of the estimates with commercial terms

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- of cooperation with suppliers;
 - the verification of sales volumes assumed in the estimates with figures resulting from management and controlling data;
 - the verification of correctness of the arithmetic measurement of the estimates;
 - the verification of correctness of the recognition of the bonuses in the financial statements;
 - the assessment of correctness and completeness of the bonus-related disclosures in the financial statements.
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Impairment of financial assets – shares in subsidiaries

The Company measures shares in its subsidiaries at historical cost less impairment losses. Impairment tests for the shares are based on a number of assumptions and estimates concerning parameters adopted for calculation, and are substantially based on the Management Board's judgment.

The issue has been deemed significant as it requires of the Management Board to make significant assumptions and judgments. A risk of failing to recognise an impairment loss of non-current financial assets can lead to the erroneous recognition of financial expenses and distort a balance-sheet total. The shares in the subsidiaries disclosed in the separate statement of financial position as at 31.03.2019 amounted to PLN 111,680 thousand, i.e. 20% of the balance-sheet total.

Reference to disclosures in the separate financial statements

Details concerning the accounting policy applied by the Company as regards the measurement of investments in its subsidiaries and associates are disclosed in

Our procedures as regards the identified key audit matters have included:

- the assessment of the Company's judgment with regard to the occurrence of any evidence of impairment of its shares in the subsidiaries;
 - the assessment of rationality of the judgments and assumptions made in the conducted tests, with the support of internal specialists, including:
 - the assessment of a DCF model prepared by the Company in terms of its compliance with relevant financial reporting standards and with generally applicable models, and of internal consistency of the applied methodology;
 - the assessment of rationality of the adopted cash flows through comparison of the assumptions made with historical financial information;
 - the assessment of rationality of key macroeconomic assumptions made by the Company and of a discount rate through comparison with external sources and with assumptions made in previous financial years;
 - questions to financial department employees and to the Company's Management Board concerning the
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Note 2 'Basis for Preparation & Accounting Principles' and Note 7 'Investments in Subsidiaries and Associates' in the additional information to the separate financial statements.

- performance of the assumptions made, including whether the key estimates remain up-to-date;
- the assessment of correctness and completeness of the disclosures in financial statements concerning non-current financial assets required under relevant financial reporting standards.

Impairment of non-financial assets

In its intangible assets, the Company discloses an organised network of retail stores whose value in the separate financial statements amounts to PLN 9,564 thousand. In compliance with the International Financial Reporting Standards the Company is obliged to test such assets for impairment on an annual basis.

The issue has been deemed the key one since an impairment test is based on a number of assumptions and estimates concerning parameters adopted for calculation, and is substantially based on the Management Board's judgment.

Reference to disclosures in the separate financial statements

Details concerning the accounting policy applied by the Company as regards the measurement of intangible assets are disclosed in Note 2 'Basis for Preparation & Accounting Principles' in the additional information to the separate financial statements. In Note 9 'Intangible Assets' in the additional information to the separate financial statements, the Company has described key assumptions made to prepare the impairment test.

Our procedures as regards the identified key audit matters have included:

- the assessment of rationality of the judgments and assumptions made in the conducted tests, including:
 - the assessment of a DCF model prepared by the Company in terms of its compliance with relevant financial reporting standards and with generally applicable models, and of internal consistency of the applied methodology;
 - the assessment of rationality of the adopted cash flows through comparison of the assumptions made with historical financial information;
 - the assessment of rationality of key macroeconomic assumptions made by the Company and of a discount rate through comparison with external sources and with assumptions made in previous financial years;
 - questions to financial department employees and to the Company's Management Board concerning the performance of the assumptions made, including whether the key estimates remain up-to-date
- the assessment of correctness and completeness of the disclosures in financial statements required under relevant financial reporting standards.

Responsibilities of the Management Board and Supervisory Board for the separate financial statements

The Company's Management Board is responsible for the preparation, based on properly maintained accounting records, the separate financial statements that give a true and fair view of the financial position and the financial performance in accordance with the International Financial Reporting Standards, as endorsed by the European Union, the adopted accounting policies and other applicable laws, as well as the Company's agreement and is also responsible for such internal control as determined is necessary for the preparation of the separate financial statements that are free from material misstatement, whether due to a fraud or error.

In preparing the separate financial statements, the Company's Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Company's Management Board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Company's Management Board and the members of Supervisory Board are obliged to ensure that the separate financial statements meet the requirements of the Accounting Act. The members of Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not guarantee that an audit conducted in accordance with NAS will always detect material misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if it can reasonably be expected that individually or in the aggregate, they could influence the economic decisions of the users taken on the basis of these separate financial statements.

The scope of the audit does not include assurance on the future profitability of the Company or effectiveness of conducting business matters now and in the future by the Company's Management Board.

As part of an audit in accordance with NAS, we exercise professional judgment and maintain professional scepticism throughout the audit and we also:

- identify and assess the risks of the material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting the material misstatement resulting from fraud is higher than for one resulting from error, as fraud can may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control,
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board,
- conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however, future events or conditions may cause the Company to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements present underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

We also provide the Company's Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and that we will communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determined those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be presented in our report, because it might be rationally expected that negative consequences thereof would outweigh the benefit of such information for public interest.

Other information, including report on operations

The other information comprises the Report on the operations of Komputronik Capital Group covering disclosures for the Parent Company as at 31 March 2019 ('Report on Capital Group operations'), together with a statement of compliance with corporate governance principles which constitutes separate part of the report and a non-financial information report (together: the "Other Information").

Responsibilities of the Management Board and Supervisory Board

The Company's Management Board is responsible for the preparation of the Other information in accordance with the applicable of laws.

The Company's Management Board and the members of Supervisory Board are obliged to ensure that the Report on the operations of Komputronik Capital Group covering disclosures for the Parent Company, together with the separate sections thereof comply with requirements prescribed by the Accounting Act.

The auditor's responsibilities

Our opinion on the separate financial statements does not include the Other information. In connection with our audit of the separate financial statements, our responsibility is to read the Report on Capital Group operations and, in doing so, consider whether it is materially inconsistent with the separate financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If based on the work performed we conclude that there is a material misstatement of this Report on Capital Group operations, we are required to report that fact in our independent auditor's report. Additionally, under the Act on Statutory Auditors we are obliged to express an opinion on whether the Report on Capital Group operations has been prepared in accordance with the applicable laws and whether it is consistent with the information contained in the separate financial statements. Furthermore, we are obliged to state whether a non-financial information statement has been prepared by the Company and to express an opinion on whether the Company has included the necessary information in the statement of compliance with corporate governance principles.

We have received the report on the Capital Group operations prior to the preparation of this audit report. However, the annual report will be available after this date. If we detect any material misrepresentations in the annual report, we are obliged to inform the Company's Supervisory Board thereof.

Opinion on the report on operations

Based on the work performed during the audit, in our opinion the report on the Capital Group operations:

- has been prepared in compliance with Art. 49 of the Accounting Act and Par. 70 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and terms of recognising information required by law of a non-member state as equivalent (the 'Current Information Regulation', Journal of Laws of 2018, item 757);
- is consistent with the information included in the separate financial statements.

Moreover, based on our knowledge of the Company and its environment obtained during our audit, we have not identified material misstatements in the Report on Capital Group operations.

Opinion on the corporate governance statement

In our opinion, in its corporate governance statement the Company has included the information specified in Par. 70.6.5 of the Current Information Regulation. Further, in our opinion the information specified in Par. 70.6.5.c-f, h and i of the Regulation included in the corporate governance statement is compliant with applicable provisions and information included in the separate financial statements.

Information on non-financial information

In accordance with the requirements of the Act on Statutory Auditors, we would like to inform you that the Company does not prepare a non-financial information statement, relying on the exemption under Article 49b.9 of the Accounting Act. In the Report on Capital Group operations, the Company included information concerning the preparation of a separate non-financial report and its publication on the Company's website within six months of the balance sheet date. By the date of this report, the Company had prepared a separate non-financial information report and not published it on its website.

We have not performed any assurance services relating to the separate non-financial information report and we do not express any form of assurance conclusion thereon.

Report on other legal requirements and regulations

Statement on rendered services other than the audit

In line with our best knowledge and belief we represent that in the audited period we did not provide for the Company any services other than the audit of annual financial statements and review of interim financial statements.

Selection of the audit firm

We have been selected to audit the Company's separate financial statements with a resolution of the Company's Supervisory Board of 27 September 2018.

The key statutory auditor on the audit resulting in this independent auditor's report is Piotr Woźniak.

Acting on behalf of UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. of Warsaw, entered into the list of audit firms under entry No. 3115 on behalf of which the key statutory auditor has audited the financial statements.

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Piotr Woźniak
Key Certified Auditor
no in the register: 11625

Poznań, 5 July 2019