

# Independent Auditor's Report on Annual Consolidated Financial Statements

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For the Shareholders of Komputronik Spółka Akcyjna w restrukturyzacji

## Report on the Annual Consolidated Financial Statements

### *Opinion*

We have audited the annual consolidated financial statements of the Group (the Group), in which the parent entity is Komputronik S.A. w restrukturyzacji (the Parent) with its registered office in Poznań, 37 Wołczyńska Street, which comprise the consolidated balance sheet as of March 31, 2020, and the income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying annual consolidated financial statements:

- give a true and fair view of the financial position of the Group as of March 31, 2020 and of its financial performance and of its cash flows for the financial year then ended in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations and adopted accounting principles (policy),
- comply with the laws affecting the content and form of the annual consolidated financial statements and the provisions of the Parent's articles of association.

The audit opinion is consistent with the additional report to the Audit Committee submitted on the same day as this audit report.



## *Basis for Opinion*

We conducted our audit in accordance with

- the Act of May 11, 2017 on statutory auditors, audit firms, and public supervision (uniform text: Journal of Laws of 2020, item 1415) (the Act on Statutory Auditors),
- International Standards on Auditing adopted as National Standards on Auditing (NSA) by the National Council of Statutory Auditors' resolution No. 3430/52a/2019 of March 21, 2019, as amended and
- Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April, 16 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L 158, 27.5.2014, p. 77 and OJ L 170, 11.6.2014, p. 66) (the Regulation 537/2014).

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Consolidated Financial Statements* section of our report.

We are independent of the entities comprising the Group in accordance with the International Federation of Accountants' *International Code of Ethics for Professional Accountants* (IFAC Code) adopted by the National Council of Statutory Auditors' resolution No. 3431/52a/2019 of March 25, 2019 together with the ethical requirements that are relevant to our audit of the financial statements in Poland. In particular, in conducting the audit the Key Audit Partner and the Audit Firm remained independent of the entities comprising the Group in accordance with the provisions of the Act on Statutory Auditors and the Regulation 537/2014. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC Code.

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

## *Material Uncertainty Related to Going Concern*

In note 2 of the additional notes to the consolidated financial statements prepared as at 31 March 2020, the Parent Company's Management presented the circumstances that led to the assumption of going concern, including: the legal situation concerning the recovery proceedings opened by the District Court, the current financial situation of the Parent Company as well as risks and uncertainty that may affect the fulfilment of the assumptions set out in the request for initiation of the recovery proceedings. Due to the court's decision to open the recovery proceedings and to the actions taken by the Administrator to bring the Parent Company to recovery and thus enter into an arrangement with creditors, allowing for further operation of the Company, the financial statements were prepared on the assumption of going concern. The Restructuring Plan prepared under the recovery proceedings contains a financial model and forecasts of the Parent Company's results assuming positive financial flows, which will enable the entity to continue its activity without interruptions and partially satisfy claims under the arrangement with creditors. The implementation of the Plan depends primarily on entering into the arrangement the absence of which involves a significant risk of bankruptcy.

The circumstances described by the Parent Company's Management indicate that there is material uncertainty which may cast significant doubt on the Parent Company's and the Group's ability to continue as a going concern. However, in the opinion of the Parent Company's Manager, the arrangement is feasible and so is the implementation of the remaining restructuring measures, which gives feasible opportunity to free the Parent Company from debt and gradually improve the financial results; however, there is no certainty that the actions taken and planned by the Management will succeed, as they pertain to future events. Our opinion is not modified in respect of this matter.

## *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the annual consolidated financial statements of the current period. They include the most significant assessed risks of material misstatement, including assessed risk of material misstatement due to fraud. These matters



were addressed in the context of the audit of the annual consolidated financial statements as a whole, and in forming the auditor’s opinion thereon. In addition to the matter described in the *Basis for Qualified Opinion / Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. Below, we provided a summary of our response to those risks and where relevant, key observations arising with those risks. We do not provide a separate opinion on these matters.

Key audit matters	Auditor’s response
<p><b>Goodwill impairment</b></p> <p>In the consolidated financial statements, the Parent Company recognised goodwill in the amount of PLN 21,367k. The Parent Company’s Management carried out a goodwill impairment test. During the test, assumptions of a subjective nature are made.</p> <p>Goodwill and the assumptions of the goodwill impairment test are described in note 7 of the additional notes to the consolidated financial statements.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> <li>– verified the appropriateness of the methodology adopted for the impairment tests,</li> <li>– checked the correctness of calculations,</li> <li>– assessed the assumptions adopted by the Parent Company’s Management, including their feasibility and correctness of estimates made as part of the valuation,</li> <li>– assessed the judgements reached on this basis by the Parent Company’s Management.</li> </ul>

Key audit matters	Auditor’s response
<p><b>Recognition of revenues from satisfaction of performance obligations over time (hereinafter: long-term contracts)</b></p> <p>As at 31 March 2020, in the consolidated financial statements, the Group recognized assets due to surplus of determined revenues over invoiced revenues in the amount of PLN 21,138k.</p> <p>The Group recognized revenues from the implementation of contracts according to the principles of IFRS 15: “Revenue from Contracts with Customers”.</p> <p>The value of revenues recognized in a given year depends to a significant extent on the actual costs incurred, the determination of the appropriate margin and the assessment of the stage of completion of the contracts, as well as on the accuracy and completeness of budgets for long-term contracts.</p> <p>In our opinion, the core judgements pertain to the accuracy and completeness of budgets for long-term contracts and the impact that these budgets have on the recognition of revenues in the context of the requirements of the International Financial Reporting Standards 15: “Revenue from Contracts with Customers”. The risk of incorrect identification of all risks in the</p>	<p>Our audit procedures for the assessment of correctness of settlement of long-term contracts included:</p> <ul style="list-style-type: none"> <li>– the analysis of the correctness of the settlement model for long-term contracts, including the verification of the mathematical correctness of the settlement of the contract and recognition of the valuation in the books,</li> <li>– the analysis of the portfolio of contracts aimed at identifying material and risk-sensitive contracts which were included in the sample selected for further detailed procedures. The procedures included: <ul style="list-style-type: none"> <li>– discussing the implementation status of contracts with the Parent Company’s Management and Contract Directors,</li> <li>– analyzing changes in contract budgets in the audited period together with reconciliation of changes in the forecast revenues and costs for the source documents,</li> <li>– analyzing budgets in terms of completeness of cost recognition,</li> <li>– when material subjective assessments were identified in the budgets, we obtained additional assurance by comparing the position of the Parent Company’s Management and the opinions of third parties, including specialists in long-term contracts and lawyers, and/or by checking the documented history of changes in the specification and claims,</li> <li>– analyzing letters from lawyers for recognition of</li> </ul> </li> </ul>



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budget of contracts remains a key factor for the Group's operations and has a significant impact on the correctness of settlement of long-term contracts. Moreover, the correctness of settlement of long-term contracts depends to a significant extent on the valuation of changes in the specification and changes in the scope of works. Due to the scale of projects implemented, their complexity, uncertainty as to the costs of their completion, results of talks with the contracting entities, changes in the specification and changes in the scope of works, they require material subjective assessments.

potential claims,

- assessing the completeness of revenue disclosures in the consolidated financial statements.

### *Emphasis of Matter*

We draw attention to note 20 of the additional notes to the consolidated financial statements, where the Parent Company's Management described the provisions for tax risk established by the Company, and to note 37.1, where the tax risk resulting from ongoing tax proceedings was described. Our opinion is not modified in respect of this matter.

In memo 7 of the additional notes to the annual consolidated financial statements, the Parent Company's Management presented information on goodwill of PLN 13,707k, recognised in the consolidated financial statements due to the acquisition of Komputronik Biznes Sp. z o.o. under a restructuring. The goodwill impairment test did not show impairment. We draw attention to the fact that the impairment test is based on the expected cash flows depending on future events, the occurrence of which, however, is not certain. Our opinion is not modified in respect of this matter.

### *Responsibilities of Management Board and Supervisory Board of the Parent for the Annual Consolidated Financial Statements*

The Management Board of the Parent is responsible for the preparation of these annual consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations, adopted accounting principles (policy), legal regulations, and the Parent's articles of association. The Management Board of the Parent is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of annual consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the annual consolidated financial statements, the Management Board of the Parent is responsible for assessing the Group'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 Management Board of the Parent either intends to liquidate the Group or to cease the operations, or has no realistic alternative but to do so.

In accordance with the Accounting Act of September 29, 1994 (uniform text: Journal of Laws of 2019, item 351, as amended) (the Accounting Act), the Management Board and the Supervisory Board of the Parent are obliged to assure compliance of the annual consolidated financial statements with the requirements of the Accounting Act. The Supervisory Board of the Parent is responsible for overseeing the Group's financial reporting process.



## *Auditor's Responsibilities for the Audit of the Annual Consolidated Financial Statements*

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

The scope of the audit does not include assurance on the future viability of the Group or on the efficiency or effectiveness with which the Management Board of the Parent has conducted or will conduct the affairs of the Group.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual consolidated 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 a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Parent.
- Conclude on the appropriateness of the Management Board of the Parent'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual consolidated financial statements, including the disclosures, and whether the annual consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the annual consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



From matters communicated with the Supervisory Board of the Parent, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the 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 the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### *Other Information including the Report on the Group's operations*

The other information comprises the Report on the Group's operations for the financial year ended March 31, 2020, the Corporate Governance Statement and the Statement on non-financial information specified in Article 49b clause 1 and Article 55 clause 2b of the Accounting Act which is a separate part of the Report on the Group's operations and the Annual Report for the year ended March 31, 2020 (but does not include the consolidated financial statements and our auditor's report thereon).

### *Responsibilities of the Management Board and the Supervisory Board of the Parent*

The Management Board of the Parent is responsible for the preparation of the other information in accordance with the Accounting Act and other legal regulations. The Management Board and the Supervisory Board of the Parent are obliged to assure compliance of the Report on the Group's operations with the requirements of the Accounting Act.

### *Responsibilities of the Auditor*

Our opinion on the annual consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon that results from NSAs. In connection with our audit of the annual consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the annual consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. Additionally, according to the Act on Statutory Auditors, our responsibility is to express an opinion on whether the Report on the Group's operations has been prepared in accordance with legal regulations and whether information included therein is consistent with the accompanying annual consolidated financial statements. Moreover, we are obliged to report on whether the Parent informed in its Report on the Group's operations that it prepared the separate Statement on non-financial information specified in Article 55 clause 2c of the Accounting Act, and that the Parent prepared the Statement on non-financial information and to express an opinion on whether the Parent included the required information in the Corporate Governance Statement.

### *Opinion on the Report on the Group's operations*

In our opinion, the Report on the Group's operations has been prepared in accordance with the applicable legal regulations, i.e. Article 49 and Article 55 clause 2a of the Accounting Act and the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent of the information required by law of a non-member state (Journal of Laws of 2018, item 757) (the Regulation on current and periodic information), and information included therein is consistent with the accompanying annual consolidated financial statements. Moreover, taking into account our knowledge of the Group and its environment obtained during the audit of the annual consolidated financial statements, we state that we have not identified any material misstatements in the Report on the Group's operations.

### *Opinion on the Corporate Governance Statement*

In our opinion, the Corporate Governance Statement includes the information required by Paragraph 70 clause 6 point 5 of the Regulation on current and periodic information. The information specified in Paragraph 70 clause 6 point 5 letters c-f, h and i of the Regulation on current and periodic information included in the



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Corporate Governance Statement complies with applicable regulations and is consistent with the information included in the annual consolidated financial statements.

*Information on the preparation of the separate Statement on non-financial information*

As required by the Act on Statutory Auditors, we report that the Parent informed in its Report on the Group's operations that it prepared the separate Statement on non-financial information specified in Article 55 clause 2c of the Accounting Act, and that the Parent prepared such a separate statement.

## **Report on Other Legal and Regulatory Requirements**

*Statement on non-audit services*

To the best of our knowledge and belief we confirm that we have not provided non-audit services prohibited in accordance with the provisions of Article 136 of the Act on Statutory Auditors and Article 5 clause 1 of the Regulation 537/2014 to the entities comprising the Group.

*Appointment of the Audit Firm*

We were appointed to audit the annual consolidated financial statements of the Group for the years ended on March 31, 2020 and March 31, 2021 by the Parent's Supervisory Board's resolution of October 4, 2019. The consolidated financial statements as at March 31, 2020 are the first annual consolidated financial statements of the Parent that we audit.

Elżbieta Grześkowiak

Statutory Auditor No. 5014

Key Audit Partner performing the audit on behalf of

Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,

Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Poznań, September 30, 2020.

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.