



**REPORT ON THE ACTIVITIES OF GRUPA KAPITAŁOWA
KOMPUTRONIK S.A. w restrukturyzacji**

for the period from 1st April 2019 to 31st March 2020

(includes disclosures for the Parent Company)

Poznań, 30th September 2020

Poznań, 30th September 2020

To Shareholders, Contractors and Employees of the Komputronik Capital Group.

To whom it may concern,

on behalf of the Management Board of Komputronik S.A. w restrukturyzacji, I present to you the annual financial statements of the Komputronik S.A. Capital Group. This report was prepared for financial year 2019, which ended on 31st March 2020.

Throughout the previous financial year, the Komputronik Group experienced significant negative effects of decisions made by trade receivables insurers (insuring suppliers of Komputronik). The main element blocking the possibility of getting involved in the insurance of receivables from IT sector entities was, and continues to be, the fact of tax inspections conducted against those entities. The audit of the correctness of VAT settlements for the period from March to May 2014 ended with the issuance of a tax decision, dated 28th February 2020, which requires the Company to refund VAT worth tens of millions of zlotys. This happened despite the fact that, in the opinion of experts and tax advisers, the analysis of the collected material in the case did not give a chance to end it in a negative way for the taxpayer. Unfortunately, things happened differently. Insurers who have experienced similar situations in this and other industries, since 2017, cyclically reduced their involvement in the insurance of trade loans, also for the Komputronik Group.

As early as January 2019, the Company experienced a significant reduction in the maximum value of the insured trade credit limit for its suppliers, as designated by global trade insurance leader Euler Hermes. Other leading insurers, including Atradius and Coface, have also started to reduce their involvement in insuring trade receivables from the Komputronik Group.

In the first half of April 2019, i.e. at the beginning of the last financial year, the global limits for trade credit insurance for the Komputronik Capital Group were reduced to zero by Euler Hermes. The other top insurers also reduced their exposure to zero over the next months. These events resulted in the need to take radical measures in the area of the business model, from the very beginning of the previous financial year.

We have redefined our strategy, which included, among other things, limiting the concentration on a few key assortment groups, developing the service offer and maximising the financial effects of engaging limited financial resources in specific operating segments.

In the first half of the financial year, we were forced to take steps to free up available trade credits, which involved mass sales and severe financial losses. We managed to stabilise the profitability of our operations as early as in the third quarter of the financial year in which we realised our intended profits. Also, the beginning of the last quarter of the financial year indicated the feasibility of the implementation of the assumed plans. Unfortunately, the surprising and most probably flawed decision of the tax office, which was the direct reason for the prudent decision to file an application to the competent court to open recovery proceedings for the most important entities in the Capital Group: Komputronik S.A. and Komputronik Biznes sp. z o.o. forced us to undertake many new challenges.

The last financial quarter brought a new, completely different reality. After the opening of the recovery on 10th March 2020, our activity focused primarily on communication with our suppliers and key contractors, which allowed us to maintain correct business relations and obtain the possibility of an undisturbed commercial

process. The surprising situation for the market had a negative impact on the smooth functioning of the supply chain, at least in the first weeks after the commencement of the recovery. Also in the area of sales we faced serious challenges – many of our business partners were covered by the receivables factoring mechanism, which could not be used due to the complexity of relations with the financing banks. In practice, during the first weeks we were forced to stop sales to many groups of our customers, which significantly affected our business parameters and financial results. Komputronik Biznes also suffered – its customers needed several weeks to make sure that cooperation with us can continue and does not carry significant risks for the execution of orders, contracts and agreements. Due to statutory restrictions introduced in connection with the COVID-19 pandemic, in mid-March we were forced to close most of our own showrooms – 24 out of 27 showrooms operated in locked-down shopping centres. As a result, sales in March fell by more than 46% year-on-year and fixed costs did not change significantly. This resulted in very weak operating results in the last quarter, which had a significant impact on the total losses incurred throughout the financial year.

Our sales throughout the year were affected by extraordinary events – events that the Group has never experienced in its 24-year history. Between 1st April 2019 and 31st March 2020, the Group generated revenue of PLN 1,649 million, down 17.4% from PLN 1,998 million in the previous year.

The specificity of the industry in which the Komputronik Group operates is the existence of complex systems supporting sales and rewarding the implementation of sales plans by individual producers. An unexpected and significant drop in sales and an even greater drop in the value of purchases, which required a rapid reduction in the total value of goods in our warehouses, had a very negative impact on the level of bonuses, surcharges and premiums received from producers and distributors. This is another factor that had a very negative impact on our operating results in the last financial year.

Ultimately, the consolidated result on sales less selling and general administrative expenses – excluding one-off costs – amounted to PLN (-29.5) million.

Our financial result, both on a standalone and consolidated basis, had to be further reduced due to the need to take into account a number of events and valuations that meet the criteria for reporting under the International Accounting Standards.

Ultimately, the gross financial result of the Issuer's Group was PLN (-91.6 million), and the net loss attributable to the shareholders of the parent company was PLN (-83.5) million. These were very severe losses and, unfortunately, the result of clerical decisions which had such a huge impact on the Komputronik Group. However, one should be aware that most of these losses are not of a monetary nature and do not reduce the financial resources available to the Group, which are effectively invested in individual business segments.

The past year was certainly the worst in our long history. Nevertheless, we are not giving up – thanks to the work of our teams, for which I thank you all as a group and individually, we have managed to do extraordinary things! Drastic cost cuts, which unfortunately also affected a large proportion of our employees, and for this reason I am extremely and extremely sorry, have made it possible for us to regain profitability immediately in the first quarter of the new financial year. Almost all our suppliers continue to work with us, many of them even declare additional business commitment. A large number of customers continue to trust us and cooperate with us regularly. Business customers have regained their trust – we are signing new contracts, receiving new orders and implementing more and more IT projects. **I would like to thank all the people and companies they represent and declare that we will do everything to return to the path of growth and development.**

Regards,

Wojciech Buczkowski

Chairman of the Board of Komputronik S.A.

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INTRODUCTION

The financial year covered by the report concerned the period from April 2019 to March 2020. In the report, when the year 2019 is mentioned, it will cover the period from 1st April 2019 to 31st March 2020, unless otherwise specified.

This Management Board's Report on the activities of the Komputronik Group and Komputronik S.A. w restrukturyzacji constitutes an element of the consolidated and separate report for 2019. The Report on Activities contains information whose scope is defined in § 70 and §71 of the Regulation of the Minister of Finance of 29th March 2018 on current and periodic information to be published by issuers of securities and conditions for recognising as equivalent information required under the laws of a non-member state. Pursuant to §71(8) of the Regulation, this report includes the disclosures required with respect to the Issuer's Report on the Issuer's Operations referred to in §70 of the Regulation, and thus the Issuer has not prepared a separate Report on the Parent Company's Operations.

The annual financial statements of the Komputronik Capital Group and the separate annual financial statements of Komputronik S.A. w restrukturyzacji were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union

The statement on non-financial information referred to in Article 55(2b) and Article 49b(2-8) of the Accounting Act was prepared in the form of a separate report on non-financial information for the financial year 2019. The report thus constitutes an integral part of the consolidated and separate report for the above reporting period. The report contains information on the Group and the Parent Company, and thus no separate report on financial information dedicated exclusively to the Parent Company has been prepared.

1. BASIC INFORMATION ABOUT GRUPA KAPITAŁOWA KOMPUTRONIK S.A. W RESTRUKTURYZACJI

1.1. GROUP STRUCTURE

As at 31st March 2020, the group consisted of the following entities

- **Parent Company (the "Company")**
 - **Komputronik Spółka Akcyjna w restrukturyzacji**, with its registered office and address in Poznań, at ul. Wołczyńska 37, postal code 60-003, entered into the Register of Entrepreneurs of the National Court Register kept by the District Court in Poznań, 8th Commercial Division of the National Court Register under number 0000270885, with NIP number 972-09- 02-729, Regon number 634404229.
- **Subsidiaries**
 - **Benchmark Sp. z o.o.** with its registered office in Poznań,
 - **Contanisimo Limited** with its registered office in Nicosia, Cyprus,
 - **Idea Nord Sp. z o.o.** with its registered office in Suwałki,
 - **K24 International s.r.o.** with its registered office in Ostrava, Czech Republic,
 - **Signum Komputronik Spółka Akcyjna Spółka Jawna** with its registered office in Poznań,
 - **Movity Sp. z o.o.** with its registered office in Poznań,
 - **Komputronik Plus Sp. z o.o. Sp. k.** (formerly Cogitary Sp. z o.o. Sp. k.) with its registered office in Poznań,

- **Komputronik Biznes Sp. z o.o. w restrukturyzacji** with its registered office in Poznań,
- **Komputronik Plus Sp. z o.o.** with its registered office in Poznań,
- **Komputronik Signum Sp. z o.o.** with its registered office in Poznań,
- **SSK Sp. z o.o. SKA** with its registered office in Poznań,
- **SSK Sp. z o.o.** with its registered office in Poznań,
- **Sale Idea GmbH** (formerly Komputronik GmbH) with its registered office in Berlin,
- **IT Tender Sp. z o.o.** with its registered office in Plewiska,
- **Mineralia Sp. z o.o.** with its registered office in Poznań,
- **ERP New Sp. z o.o.** with its registered office in Poznań,

Other information concerning the above mentioned entities, i.e.: shareholder's data, shareholding, purchase price, can be found in the Financial Statements in the chapter "Investments in subsidiaries and associates".

The companies from the Issuer's Capital Group do not have branches/plants.

1.2. GENERAL CHARACTERISTICS OF THE GROUP'S ACTIVITIES

The Komputronik Group operates on the IT market. The Group's offer is addressed to natural persons, legal persons and organisational units without legal personality.

The core business of the Group is primarily:

- retail and wholesale of all major global manufacturers of:
 - ✓ computer hardware,
 - ✓ computer software,
 - ✓ consumer electronics,
- providing comprehensive services in the field of:
 - ✓ computerisation, including implementation of ERP-class management support systems,
 - ✓ creating personalised IT solutions supporting business analyses,
 - ✓ designing systems and software for individual orders,
- production of computer hardware,
- provision of maintenance services.

The high quality of the Group's products and services as well as care for the natural environment are confirmed by the quality certificates held by the Parent Company: ISO 9001:2015 and 14001:2015.

1.3. CAPITAL

1.3.1. Capital of the companies of the Capital Group as at 31st March 2020

- **Parent Company**

As of 31st March 2020, the share capital of Komputronik S.A. w restrukturyzacji amounted to PLN 979,397.40 and included:

- ✓ **6,000,000** (in words: six million) series A bearer shares with a nominal value of PLN 0.10 (in words: ten groszy) each,
- ✓ **131,375** (in words: one hundred and thirty-one thousand, three hundred and seventy-five) series B bearer shares with a nominal value of PLN 0.10 (in words: ten groszy) each,
- ✓ **1,450,000** (in words: one million four hundred and fifty thousand) series C bearer shares with a nominal value of PLN 0.10 (in words: ten groszy) each,
- ✓ **744,999** (in words: seven hundred and forty-four thousand nine hundred and ninety-nine) series D bearer shares with a nominal value of PLN 0.10 (in words: ten groszy) each,
- ✓ **1,355,600** (in words: one million three hundred fifty-five thousand six hundred) series E bearer shares with a nominal value of PLN 0.10 (in words: ten groszy) each,
- ✓ **112,000** (in words: one hundred and twelve thousand) series F bearer shares with a nominal value of PLN 0.10 (in words: ten groszy) each.

- **Subsidiaries**

Company name	Share capital	Currency*	Number of shares	The nominal value per 1 share in the currency of the share capital
Benchmark Sp. z o.o.	2,500,000	PLN	50,000	50
Contanisimo Limited	2,204,313	PLN	2,204,313	1
Idea Nord Sp. z o.o.	1,500,000	PLN	3,000	500
K24 International s.r.o	800,000	CZK	1	800,000
Signum Komputronik Spółka akcyjna Spółka jawna	2,100	PLN	-	-
Movity Sp. z o.o.	50,000	PLN	500	100
Komputronik Plus Sp. z o.o. sp. k.	200**			
Komputronik Biznes Sp. z o.o. w restrukturyzacji	5,010 000	PLN	10,020	500
Komputronik Plus Sp. z o.o.	50,000	PLN	1,000	50
Komputronik Signum Sp. z o.o.	105,000	PLN	2,100	50
SSK Sp. z o.o. SKA	118,700	PLN		
SSK Sp. z o.o.	5,000	PLN	100	50
Sale Idea GmbH	25,000	EUR	25,000	1
IT Tender Sp. z o.o.	50,000	PLN	1,000	50
Mineralia Sp. z o.o.	5,000	PLN	50	100
ERP New Sp. z o.o.	30,000	PLN	100	300

* PLN – Polish zloty

CZK – Czech koruna

EUR –euro

** Limited partner contribution

Signum Komputronik Spółka Akcyjna Spółka jawna is a partnership, the division of profits and losses is divided into shares:

- Komputronik S.A. – 95%
- Benchmark Sp. z o.o.- 5%

Komputronik Plus Sp. z o. o. limited partnership – the subsidiary Contanisimo Limited is a limited partner with an 80% share in profits and losses.

SSK Sp. z o.o. SKA – SSK Sp. z o.o., as a shareholder of a limited joint-stock partnership, holds 1,187 shares with a nominal value of PLN 100 each

1.3.2. Information on the acquisition of own shares

In the financial year 2019, there were no transactions on the Issuer's own shares. As at 31st March 2020, the Issuer and its subsidiaries did not hold any shares of Komputronik S.A. w restrukturyzacji.

1.3.3. Changes in the basic principles of managing the issuer's enterprise and its capital group

On 2nd March 2020, the Parent Company and the company Komputronik Biznes Sp. z o.o. w restrukturyzacji, submitted applications to the competent court to announce recovery proceedings. On 10th March 2020, the District Court Poznań Stare Miasto in Poznań, 11th Commercial Division for Bankruptcy and Restructuring, issued a decision on opening recovery proceedings against Komputronik S.A. w restrukturyzacji and Komputronik Biznes Sp. z o.o. w restrukturyzacji within the meaning of the Act of 15th May 2015 Restructuring Law (Journal 2019, item 243).

1.3.4. System of control of employee share programs

There is no system of control of employee share programs in the Company.

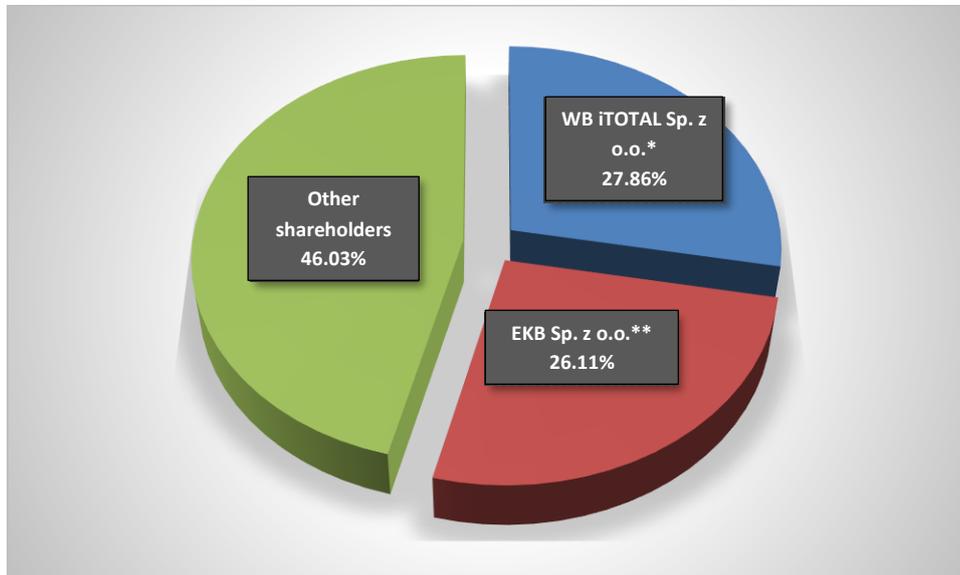
1.4. SHAREHOLDING STRUCTURE

- **Parent Company**

Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting of Shareholders of Komputronik S.A. w restrukturyzacji as at 31st March 2020 included:

- ✓ WB iTOTAL Sp. z o.o. – 2,728,951 shares and votes at the Company's General Meeting
- ✓ EKB Sp. z o.o. – 2,557,036 shares and votes at the Company's General Meeting

**Percentage share in the share capital
and share in the total number of votes at the General Meeting of Shareholders of Komputronik S.A. w
restrukturyzacji as at 31 March 2020.**



* WB iTOTAL Sp. z o.o. is 100% controlled by Monika and Wojciech Buczkowski

** EKB Sp. z o.o. is 100% controlled by Ewa and Krzysztof Buczkowski

List of managing and supervising persons who, as at 31st March 2018, held shares in Komputronik S.A. w restrukturyzacji:

- ✓ **Wojciech Buczkowski** – President of the Company’s Management Board controls WB iTOTAL Sp. z o.o., holding 2,728,951 shares with a par value of PLN 272,895.10, representing 27.86% of the total vote at the Company’s General Meeting of Shareholders,
- ✓ **Krzysztof Buczkowski** – Chairman of the Company’s Supervisory Board and **Ewa Buczkowska** – Proxy jointly and severally: they control EKB Sp. z o.o. holding 2,557,036 shares with a nominal value of PLN 255,703.60 representing 26.11% of the total number of votes at the General Meeting of Shareholders.

In the period from 31st March 2020 to the date of this report there were no changes in the ownership of the above persons.

The other managing and supervising persons did not hold any Company shares as at 31st March 2020 and as at the date of this report.

List of managing and supervising persons holding shares in Komputronik S.A. w restrukturyzacji’s subsidiaries as at 31st March 2018:

- ✓ **Sebastian Pawłowski** – Vice-President of the Company’s Management Board holds 50 shares with a par value of PLN 5,000.00 representing 10% of the total number of votes at the Company’s General Meeting of Shareholders,

In the period from 31st March 2020 to the date of this report there were no changes in the ownership of the above persons.

The other managing and supervising persons did not hold any Company shares as at 31st March 2020 and as at the date of this report.

As at 31st March 2020 and as at the date of preparation of this report, the managing and supervising persons did not have any rights to the Issuer's shares.

- **Subsidiaries**

Company name	Shareholding structure/shareholder	Position in the company	Number of shares/votes at the GMS
Benchmark Sp. z o.o.	Komputronik S.A.	-	40,000 / 80%
	Wojciech Kiełt	Member of the Management Board	10,000 / 20%
Contanisimo Limited	Komputronik Signum Sp. z o.o.	-	99%
	K24 International s.r.o	-	1%
Idea Nord Sp. z o.o.	Komputronik S.A.	-	100%
K24 International s.r.o	Komputronik S.A.	-	100%
Signum Komputronik Spółka akcyjna Spółka jawna	Komputronik S.A.	-	95%
	Benchmark Sp. z o.o.	-	5%
Movity Sp. z o.o.	Komputronik S.A.	-	350/70%
	Paweł Kobryń	-	50/10%
	Other shareholders	-	50/10%
	Sebastian Pawłowski	Chairman of the Board	50/10%
Komputronik Plus Sp. z o.o. Sp. k.	Komputronik Plus Sp. z o.o.	General partner	-
	Contanisimo Ltd.	Limited partner	-
Komputronik Biznes Sp. z o.o. w restrukturyzacji	Komputronik S.A.	-	8,020 / 100%
Komputronik Plus Sp. z o.o.	Komputronik S.A.	-	100%
Komputronik Signum Sp. z o.o.	Komputronik S.A.	-	100%
SSK Sp. z o.o. SKA	SSK Sp. z o.o.	General partner	-
SSK Sp. z o.o.	Komputronik S.A.	-	100%
Sale Idea GmbH	Komputronik S.A.	-	-
IT Tender Sp. z o.o.	Komputronik S.A.	-	900/90%
	Komputronik Biznes Sp. z o.o.	-	50/5%
	Activa S.A.	-	50/5%
Mineralia Sp. z o.o.	Contanisimo Ltd.	-	100%
ERP New Sp. z o.o.	Komputronik Biznes Sp. z o.o.	-	100%

1.5. MANAGEMENT AND SUPERVISORY BOARD

- **Parent Company**

Composition of the management and supervisory bodies of Komputronik S.A. as at 31st March 2020 and as at the date of this report:

- ✓ **Management Board:**

Wojciech Buczkowski Chairman of the Board,

Sebastian Pawłowski Deputy Chairman of the Board,

✓ **Supervisory Board:**

Krzysztof Buczkowski Chairman of the Supervisory Board,

Tomasz Buczkowski Member of the Supervisory Board,

Ryszard Plichta Member of the Supervisory Board,

Jarosław Wiśniewski Member of the Supervisory Board,

Jędrzej Bujny Member of the Supervisory Board,

✓ **Proxies:**

On the opening of the remedial proceedings, i.e. on 10th March 2020, all proxies at the Issuer expired.

On 20th November 2019 Krzysztof Nowak acting as a Member of the Management Board of the Parent Company resigned from his function with effect from 30th November 2019.

On the same day, on the basis of a resolution of the Issuer's Supervisory Board, Sebastian Pawłowski (currently Vice-President of the Management Board of Komputronik Biznes sp. z o.o. and President of the Management Board of Movity sp. z o.o. — the Issuer's subsidiaries) was appointed to perform the function of Vice-President of the Issuer's Management Board.

• **Subsidiaries**

Company name	Management	Proxies	Supervisory Board
Benchmark Sp. z o.o.	Sławomir Komiński Wojciech Kiełt		
Contanisimo Limited	Andri Constantinides Christodoulos Leonidou		
Idea Nord Sp. z o.o.	Wojciech Buczkowski	Sebastian Pawłowski	
K24 International s.r.o	Wojciech Buczkowski		
Signum Komputronik Spółka akcyjna Spółka jawna	no personal indications		
Movity Sp. z o.o.	Paweł Kobryń Sebastian Pawłowski		
Komputronik Plus Sp. z o.o. Sp. k.	Management Board of Komputronik Plus Sp. z o.o.		
Komputronik Biznes Sp. z o.o. w restrukturyzacji	Wojciech Buczkowski Sebastian Pawłowski	Krzysztof Nowak – independent	
Komputronik Plus Sp. z o.o.	Wojciech Buczkowski		
Komputronik Signum Sp. z o.o.	Ewa Buczkowska	Radosław Olejniczak Krzysztof Nowak	
SSK Sp. z o.o. SKA	no personal indications	Radosław Olejniczak Krzysztof Nowak	
SSK Sp. z o.o.	Ewa Buczkowska	Krzysztof Nowak Radosław Olejniczak	
Sale Idea GmbH	Wojciech Buczkowski	Krzysztof Nowak	

IT Tender Sp. z o.o.	Wojciech Buczkowski	Agnieszka Andrzejewska – independent	
Mineralia Sp. z o.o.	Wojciech Buczkowski		
ERP New Sp. z o.o.	Wojciech Buczkowski	Sebastian Pawłowski – independent	

Changes in subsidiaries:

On 7th October 2019, the current limited partner of Cogitary Sp. z o.o. Sp.k., holding 19% of shares in profits and losses, sold its rights and obligations to Contanisimo Limited. As a result of the transaction Contanisimo Limited became the only limited partner of Cogitary Sp. z o.o. Sp.k. with 99% share in profits and losses. Additionally, the existing general partner of Cogitary Sp. z o.o. Sp.k., holding 1% of shares in profits and losses, sold its rights and obligations to Komputronik Plus Sp. z o.o. As a result of the transaction, Komputronik Plus Sp. z o.o. became the general partner of Cogitary Sp. z o.o. Sp.k. with a 1% share in profits and losses. As a result, the Group's share in Cogitary Sp. z o.o. Sp.k.'s profits and losses increased from 80% to 100% on 7th October 2019.

On 19th December 2019, in an intragroup transaction, the Parent Company disposed of its entire shareholding (70%) in API ERP Sp. z o.o. The shares were disposed of to Activa S.A., a member of the Group.

At the same time, on 23rd December 2019, in line with the adopted policy of consolidating ancillary functions in individual Group entities and disposing of redundant assets, 100% of shares in Activa S.A. were sold. As a result of the sale, as of 23rd December 2019 the Group lost control over Activa SA and API ERP Sp. z o.o.

On 7th September 2020, the liquidation of Komputronik Plus Sp. z o.o. was opened.

1.5.1. All contracts concluded between the Komputronik Group companies and managing persons, providing for compensation in the event of their resignation or dismissal from the position held without valid reason, or when their recall or dismissal takes place due to a merger or acquisition of the Company.

If the Company terminates the "Management Agreement" the Management Board Member is entitled to a severance pay and remuneration for not undertaking competitive activities in the total amount of PLN 250 thousand plus the market value of the company car in use. If the termination of the Agreement takes place in the situation of change of entities controlling the majority stake of the Issuer's shares, the Member of the Management Board is entitled to a severance pay not lower than PLN 400 thousand.

1.6. INFORMATION ON TRANSACTIONS CONCLUDED BY THE ISSUING PARTY OR ITS SUBSIDIARY WITH RELATED PARTIES ON TERMS OTHER THAN MARKET TERMS, TOGETHER WITH THEIR AMOUNTS AND INFORMATION SPECIFYING THE NATURE OF SUCH TRANSACTIONS

In the financial year 2019, neither the issuer nor any of its subsidiaries entered into any transactions with related parties on terms other than market terms.

1.7. SIGNIFICANT PROCEEDINGS PENDING BEFORE A COURT, A COMPETENT ARBITRATION AUTHORITY A PUBLIC ADMINISTRATION AUTHORITY

Except for the court proceedings opened by virtue of a decision of the District Court for Poznań – Stare Miasto in Poznań, 11th Commercial Division for Bankruptcy and Restructuring, dated 10th March 2020, file No. XI GR 15/20, the Issuer and its subsidiaries are not, as at the date of this report, parties to any material proceedings pending before any court, arbitration authority or public administration authority.

2. DISCUSSION OF BASIC ECONOMIC AND FINANCIAL DATA DISCLOSED IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY AND THE CAPITAL GROUP

2.1 CONSOLIDATED DATA

2.1.1 IMPACT OF ONE-OFF EVENTS

For the first three quarters of the year, the Komputronik Group felt significantly negative effects of decisions taken by trade receivables insurers (insuring suppliers of Komputronik). Losses incurred by entities from the insurance sector in recent years and a prudent assessment of entities from selected industries – as to their ability to service their trade debt – were the basis for limiting the involvement of insurers in insuring the Issuer's suppliers. The main element blocking the possibility of engaging in insurance of receivables from IT entities is the fact that tax audits are conducted against these entities, which often end up with negative results for these companies.

The lack of availability of free trade limits and limited possibilities of making prepayments for purchased products whose cash cycle is negative (the payment date is almost always before the date of receiving funds from customers) additionally affected the ability to finance larger stocks – which is the basic determinant of the ability to create growing sales volumes. The nature of this type of transactions shows much lower than average margins, and the principle of giving up the transactions with the lowest margin in the first place had generally the greatest impact on limiting wholesale both on domestic and foreign markets. Under normal circumstances, such transactions utilise free trade limits and contribute to the realisation of additional income (profits) in time cycles that do not involve financial commitment. The reduction of trade limits has, in the first place, resulted in giving up many business opportunities, which are characterised by low profitability, but usually do not involve the Company's working capital to any extent (assuming receiving standard payment terms to suppliers and using tools such as factoring).

In the last quarter of 2019, there were two events that had a significant impact on the Issuer's operations. The first was the need to submit an application to open a rehabilitation procedure. After tax audits lasting more than five years, summarised by the issued, but unnecessary, negative decision of the first instance of the Customs and Tax Office, which caused further potential limitations in the availability of financing, we were faced with making difficult decisions and actions ensuring the continued operation of the Komputronik Group companies. In order to protect the interests of the Komputronik Group, its employees and associates, as well as creditors, on 2nd March 2020, the Management Board of the Company submitted a recovery application regarding Komputronik S.A. and Komputronik Biznes sp. z o.o. The application was considered positively and resulted in the issuing by the 11th Commercial Division of the District Court for Poznań – Stare Miasto on 10th March 2020 on opening restructuring proceedings for both entities within the meaning of the provisions of the Act of 15th May 2015 Restructuring Law (Journal of Laws 2020, item 814 as amended).

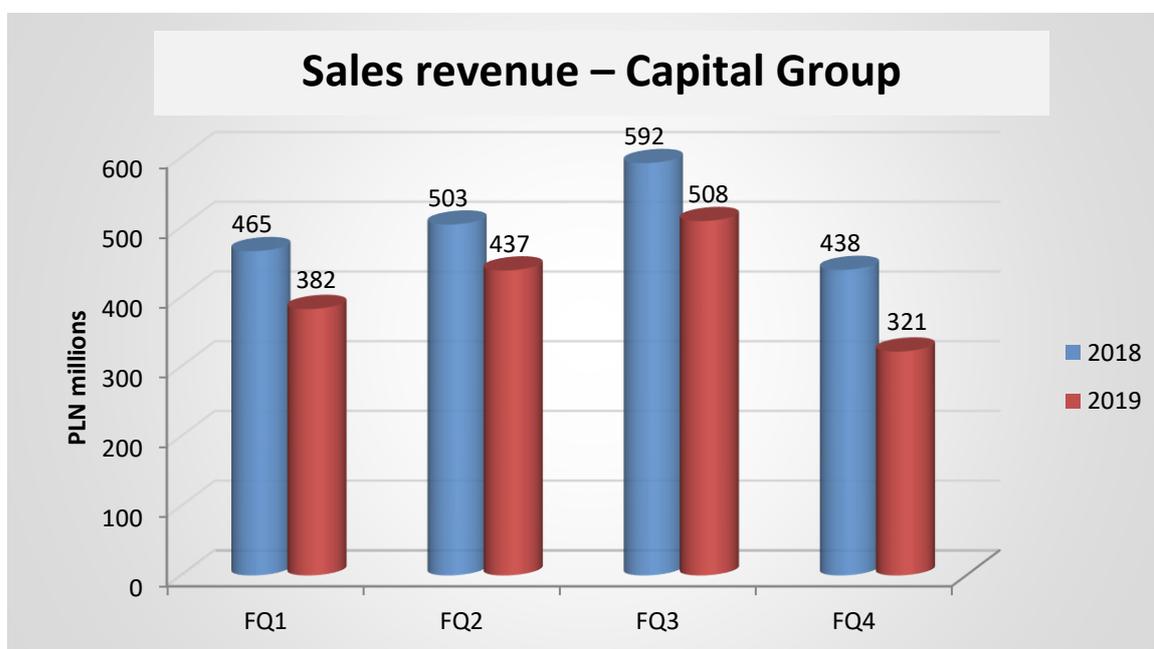
The second fundamental event was the announcement of the coronavirus epidemic (COVID-19) in Poland, which involved the closure of most of the Issuer's stores from 15th March 2020, as well as the change in the Issuer's credit procedures, which were tightened, temporarily limiting sales to B2B customers.

Both factors are described in note 2 of the additional information in the consolidated financial statements.

2.1.2 SALES REVENUE. RESULT ON SALES

In the first three quarters of the 2019 financial year, maintaining the profitability of sales after taking into account operating costs was a significant challenge for the Group. The challenge was closely related to the limitation of insurance limits for the Issuer, which resulted in lower limits of trade credits with suppliers and had a drastic impact on the level of stocks of goods that could be kept and its impact on the sales level and profitability. However, after a significant drop in y/y dynamics in the first financial quarter, it was possible to stabilise operations – to make purchasing processes more efficient and increase sales. In the following quarters of the year, the drops in sales and profitability were much smaller.

The last financial quarter brought a new, completely different reality. After the opening of the recovery on 10th March 2020, our activity focused primarily on communication with our suppliers and key contractors, which allowed us to maintain correct business relations and obtain the possibility of an undisturbed commercial process. The surprising situation for the market had a negative impact on the smooth functioning of the supply chain, at least in the first weeks after the commencement of the recovery. Also in the area of sales we faced serious challenges – many of our business partners were covered by the receivables factoring mechanism, which could not be used due to the complexity of relations with the financing banks. In practice, during the first weeks we were forced to stop sales to many groups of our customers, which significantly affected our business parameters and financial results. Komputronik Biznes also suffered – its customers needed several weeks to make sure that cooperation with us can continue and does not carry significant risks for the execution of orders, contracts and agreements. Due to statutory restrictions introduced in connection with the COVID-19 pandemic, in mid-March we were forced to close most of our own showrooms – 24 out of 27 showrooms operated in locked-down shopping centres. As a result, sales in March fell by more than 46% year-on-year and fixed costs did not change significantly. This resulted in very weak operating results in the last quarter, which had a significant impact on the total losses incurred throughout the financial year.



Due to the reduction of the available insurance limits – at the beginning of the accounting year – in order to secure liquidity and the possibility of timely fulfilment of obligations, the Issuer was forced to reduce the Group’s inventories: from PLN 217.5 million (at the beginning of the accounting year) to PLN 176.4 million (at the end of September 2019). It was necessary due to the need to unlock the possibility of purchasing new goods from suppliers with an exceeded balance of liabilities due to reduced trade credit limits, which involved the need to make an accelerated repayment of liabilities for the previously purchased goods. With the beginning of the fourth financial quarter, and especially after entering the remedial process, there was a further reduction in inventory. At the end of March 2020, the value of inventories at the level of PLN 116.5 million was shown in the consolidated balance sheet. The reduction in inventory levels resulted from both limited purchasing possibilities as well as the willingness to release funds in order to allocate them for current purchases of commercial goods and the freedom to choose suppliers and commercial offers.

Despite all these unfavourable conditions, the Group achieved revenue amounting to PLN 1,649 million in the period from 1st April 2019 to 31st March 2020, which resulted in a decrease of 17.5% compared to the previous year.

In the first three quarters of the financial year 2019, the Group achieved an average margin on sales at a similar level as in the previous year, but the last quarter saw a drastic decline in margins. The decrease in revenue was related to a significantly increased sale of goods (the need to free funds for new purchases), and above all to a decrease in the level of sales and income (result on sales) in connection with the entry into recovery in March 2020. The primary concern was obtaining only a portion of the estimated bonuses, both quarterly and annual, as well as in additional sales support stocks. This was due to the lack of full implementation of purchasing targets at many suppliers, the reluctance to support the company's uncertain situation and the existence of obligations that, due to the recovery, the company was not entitled to settle.

The impact of the entry into recovery and the start of the COVID-19 pandemic on the implementation of results is difficult to estimate (due to other factors limiting the volume of sales and affecting the level of margins), however, for the first three quarters, the average margin on sales was 10.7%, and in the last three quarters in the quarter 7.0%. In the financial year 2019, the Group generated PLN 164.0 million of profit on sales, i.e. as much as 27.3% less than in the previous year.

The most important for the revenue and income generated by the Group are the results generated by Komputronik S.A. (detailed in section 2.2. Individual Data). The problems described above with the achievement of the appropriate level of sales in the fourth quarter of 2019 also contributed to a significant deterioration of the consolidated result of the entire Group. Below is a table presenting quarterly revenue, result on sales and margins of this Company.

Data for Komputronik S.A.

	2019			
	FQ1 2019	FQ2 2019	FQ3 2019	FQ4 2019
Sales revenue	382,211	437,460	508,334	321,165
Cost of sales	-343,874	-393,355	-449,138	-298,827
Result on sales	38,337	44,105	59,196	22,338
Margin	10.0%	10.1%	11.6%	7.0%
	2018			
	FQ1 2018	FQ2 2018	FQ3 2018	FQ4 2018
Sales revenue	465,228	503,366	591,554	438,267
Cost of sales	-415,318	-447,574	-522,486	-386,115
Result on sales	49,910	55,792	69,068	52,152
Margin	10.7%	11.1%	11.7%	11.9%

The fact that many business entities and local government units decided to postpone or abandon planned investments had a negative impact on the revenue of Komputronik Biznes, which resulted in the suspension or cancellation of projects contracted for subsequent months, which was due both to the company's entry into recovery and to the COVID-19 pandemic.

Data for Komputronik Biznes Sp. z o.o.

	2019			
	FQ1 2019	FQ2 2019	FQ3 2019	FQ4 2019
Sales revenue	59,027	57,519	70,289	32,809
Cost of sales	-50,089	-49,384	-61,396	-29,895
Result on sales	8,939	8,134	8,893	2,914
Margin	15.14%	14.14%	12.65%	8.88%

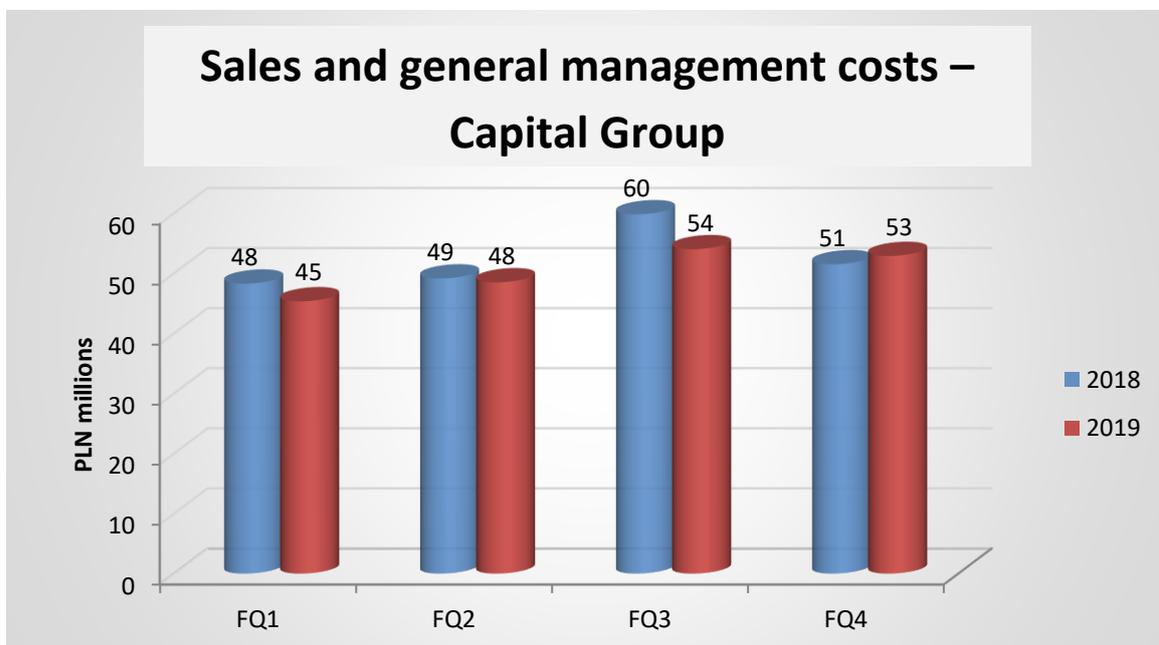
	2018			
	FQ1 2018	FQ2 2018	FQ3 2018	FQ4 2018
Sales revenue	55,953	68,276	94,172	48,598
Cost of sales	-46,589	-56,238	-82,046	-42,560
Result on sales	9,364	12,038	12,126	6,038
Margin	16.73%	17.63%	12.88%	12.42%

The Group's selling and general management costs amounted to PLN 200.7 million and were lower than in the previous year by 3.5%. Since the beginning of the financial year 2019, taking into account the changes related to the limitation of trade limits, and thus the reduction in revenue, the Group has taken steps to reduce costs in almost all areas, mainly salaries, marketing funds, cost of renting commercial space.

Due to the entry into the recovery process of Komputronik SA and Komputronik Biznes sp. z o.o., the consolidated report includes, inter alia, the following one-off costs:

- severance pay and damages related to the programme of collective redundancies and termination of civil law contracts - PLN 6.2 million
- provisions for the costs of conducting restructuring proceedings and other related costs – PLN 1.1 million

Consolidated result on sales less selling and general and administrative costs amounted to PLN (-36.7) million – and without taking into account the above one-off items – it would have amounted to PLN (-29.5) million.



Since the beginning of the financial year 2019, the Group has taken measures to significantly reduce costs, in view of the changes related to the reduction of trade limits, and thus of revenue. After entering into the process of recovery, further actions were taken to reduce costs: a significant reduction in employment, closure of some

of the showrooms, withdrawal from some rental agreements, renegotiation of rents in the leased locations, reduction of marketing activities, renegotiation of permanent cooperation agreements with external companies, or reduction of the number of car fleets operating in the Group. The implemented cost optimisation measures produce a financial result spread over time, and their full final effect will be visible only in the second quarter of the financial year 2020 (FQ2 2020). The total, target effects of activities optimising the level of costs are estimated by the Issuer at the level of about 10 million quarterly, which is a **cost reduction by approx. 38%** compared to the average quarterly costs for the financial year 2019.

2.1.3 PROFITABILITY

The Group's results disclosed in the financial statements for the previous financial year amounted to PLN (-50.4) million – loss on operating activities, PLN (-91.6) million – gross loss and PLN (-83.6) million – net loss attributable to shareholders of the parent company.

The negative results of this year, especially in the last quarter of 2019, are mostly a derivative of one-off events, i.e. the recovery process and the COVID-19 epidemic. **The most important items affecting the operating result were:**

- a) the decrease in the result on sales described in the previous point (decrease in revenue from retail and B2B customers, decrease in the percentage of bonuses and marketing support provided by suppliers,
- b) one-off operating costs (described above) in the amount of – PLN 7.3 million
- c) revaluation write-off on tangible fixed assets, intangible assets and goodwill (recognised in connection with the acquisition of the chain of stores and trademarks under the “Karen” brand), the value of which, in connection with the closure of many stores or partial abandonment of their use as a result of the reorganisation of operations, decreased significantly – PLN 7.7 million
- d) revaluation write-offs on property rights, which refer to changes in the market value of the property, which is related to the macroeconomic situation in Poland, and which are the main asset of the debtor of one of the Group's companies – PLN 5.6 million
- e) provisions for potential tax liabilities resulting from the conducted proceedings and tax audits concerning VAT and CIT – determined on the basis of the estimated probability of a negative outcome of those proceedings and the estimated value of potential liabilities written off – if they are transferred to the mass of the recovery estate – PLN 3.5 million

The consolidated financial results also include expected loan losses of PLN 17.8 million, as well as financial revenue of PLN 2.6 million and financial costs of PLN 24.5 million and a book loss from the sale of the subsidiary of PLN 1.6 million. The one-off deterioration of the results in these groups of the profit and loss account was caused by:

- a) setting up provisions for the Company' receivables from the subsidiary Komputronik Biznes Sp. z o.o. w restrukturyzacji – PLN 2.0 million
- b) creation of provisions related to the change of approach in the individual assessment of the risk of impairment of receivables resulting from contracts of sale of shares and from the contract of taking over the rights and obligations concerning Tradus Sp. z o.o. (due to the receipt by Komputronik S.A. of a negative decision related to the correctness of VAT settlement, the risk increased and extended the period of potential recovery by Tradus sp. z o.o. of VAT receivables, also questioned by the tax authorities – PLN 8.5 million,
- c) depreciation of the value of real estate for sale as a result of changes in current market prices, being comparable values used in the valuations – PLN 5.4 million.

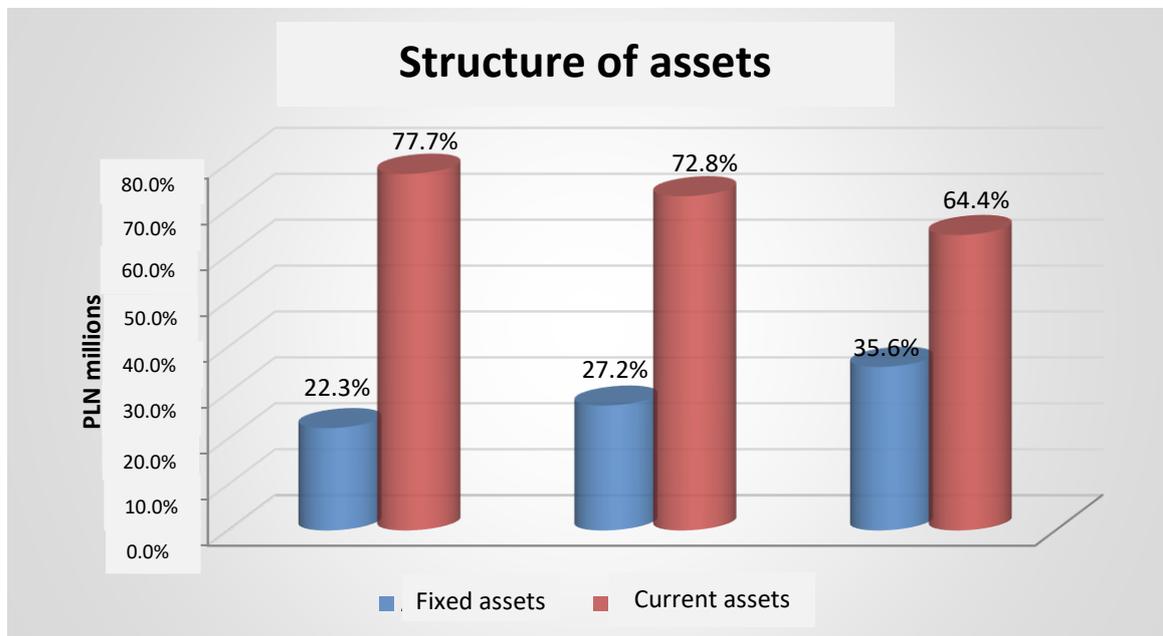
The gross loss of the Capital Group, without taking into account the above-identified one-off costs and write-offs, would amount to PLN (-51.8) million – this value has not been adjusted for the impact of recovery and COVID-19 on the result on sales, due to difficulty in quantifying the impact of these factors.

2.1.4 ASSETS

Fixed assets as at 31st March 2020 amounted to PLN 158,235 thousand and increased by 9.4% compared to 31st March 2019, accounting for 35.6% of the Group's total assets. The increase in the value of assets results from the changes resulting from IFRS-16, requiring the recognition of long-term lease contracts as leases, a new item in the Issuer's assets and an increase in lease liabilities appeared.

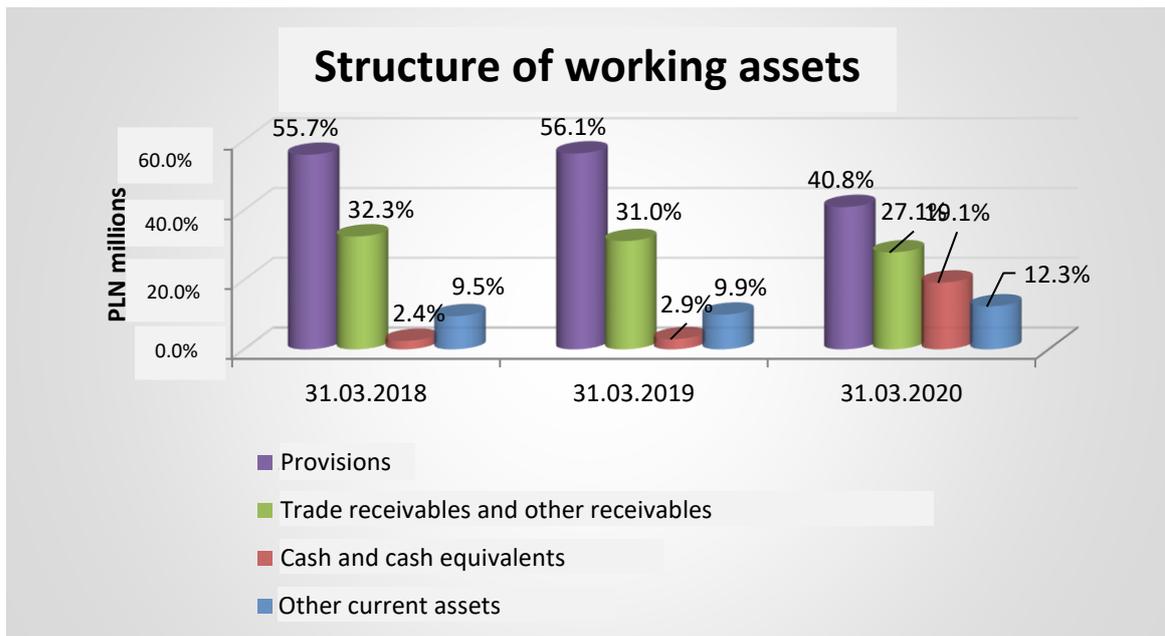
The largest item of the fixed assets was tangible fixed assets (PLN 45,565 thousand) and intangible assets (PLN 31,292 thousand), investment properties (PLN 26,667 thousand), as well as a new asset item due to the right of use was disclosed in the amount of PLN 26,382 thousand.

	31st March 2018	31st March 2019	31st March 2020
Fixed assets	119,656	144,682	158,235
Current assets	417,455	387,478	285,796



Current assets as at 31st March 2020 amounted to PLN 285,796 thousand and accounted for 64.4% of total assets. Current assets decreased by 26.2% compared to the previous year. The main items of current assets, as in previous years, were trade receivables (PLN 79,443 thousand) and stocks (PLN 116,538 thousand).

	31st March 2018	31st March 2019	31st March 2020
Provisions	232,688	217,485	116,538
Trade receivables and other receivables	134,998	120,208	79,443
Cash and cash equivalents	10,111	11,299	54,685
Other current assets	39,658	38,486	35,130



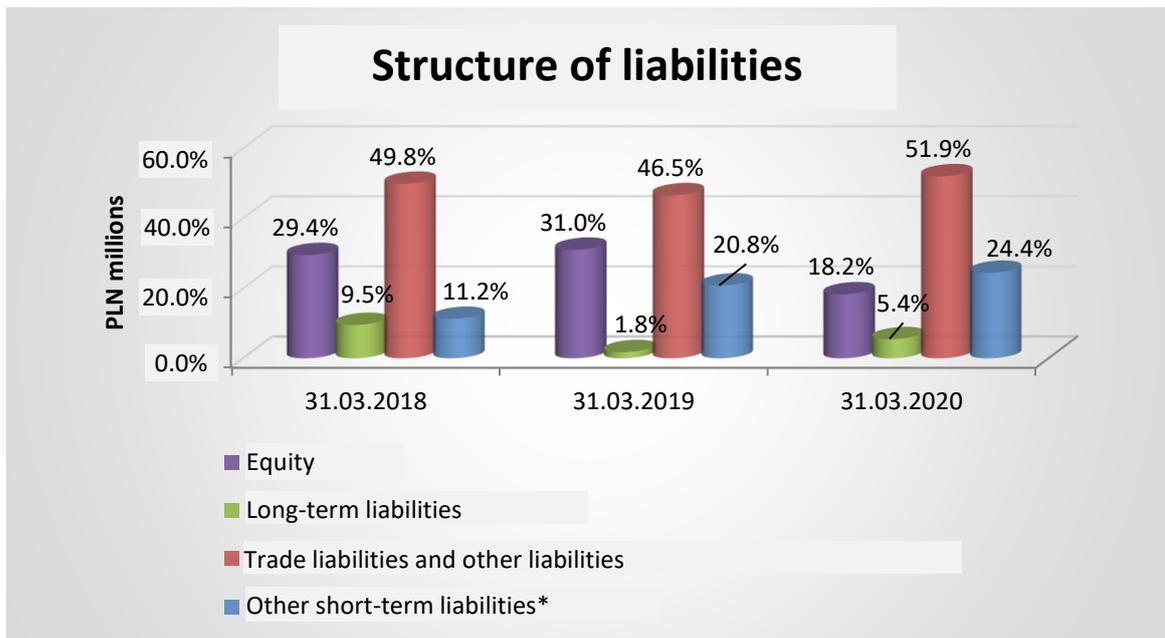
2.1.5 CAPITAL AND LIABILITIES

Equity as at 31st March 2020 amounted to PLN 80,984 thousand, which means a decrease by 50.8% compared to 31st March 2019. Equity accounted for 18.2% of total liabilities as at that date.

Liabilities and liability reserves amounted to PLN 363,047.0 thousand and decreased by 1.2% compared to 31st March 2019.

	31st March 2018	31st March 2019	31st March 2020
Equity	158,169	164,765	80,984
Long-term liabilities	51,065	9,335	24,175
Trade liabilities and other liabilities	267,483	247,583	230,609
Other short-term liabilities*	60,394	110,477	108,263

* Other short-term liabilities are current income tax liabilities, loans, other debt instruments, financial leases, derivative financial instruments, employee benefit liabilities and provisions, and short-term settlement accruals.



2.1.6 LIQUIDITY. TURNOVER RATIOS

The current liquidity ratio decreased from 1.1 in 2018 to 0.9 in 2019. The increased liquidity ratio remained at a similar level as in the previous years and amounted to 0.6.

Detailing	31st March 2018	31st March 2019	31st March 2020
Current ratio <i>(current assets/short-term liabilities)</i>	1.3	1.1	0.9
Increased liquidity ratio (quick ratio) <i>(current assets - inventories - deferred prepayments and accrued income / short-term liabilities)</i>	0.5	0.4	0.6

Due to the limitation of the insurance limits granted to the Group's suppliers by the insurers of trade receivables, and at the end of the financial year also with the commencement of recovery proceedings, the inventory level was reduced. As a result, the inventory turnover index fell from 50 days in 2017 to 46 days in 2018 and **41 days in the current balance sheet period**. As a result of the reduction of some capital-intensive trade transactions, the receivables turnover ratios were also shortened (from 21 days in 2017 to 19 days in 2018 and 2019). Due to the provisions on recovery, after the announcement of the commencement of the recovery process, all liabilities from before that period remain unpayable, being part of the estate (with exceptions specified in the Act). Therefore, the liabilities turnover ratio increased and for the financial year 2019 it amounted to 48 days.

The cash conversion cycle amounted to only 12 days.

Indicator specification	31st March 2018	31st March 2019	31st March 2020
Stock turnover in days <i>(average inventories*/own sales costs)*365</i>	50	46	41
Rotation of short-term receivables in days <i>(average balance of commercial receivables and others*/revenue from sales)*365</i>	21	19	19

Rotation of short-term supply obligations and services in days (average balance of trade liabilities and others*/ own sales costs)*365	50	41	48
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* calculated as the average value from the beginning and end of the year

2.1.7 CASH FLOW

The current financial period began with cash amounting to **PLN 11,299 thousand**.

Net cash flow from operating activities amounted to **PLN 84,660 thousand**. Of greatest importance for the above-mentioned flows was a decrease in inventories by a value of **PLN 100,947 thousand** as was the change in receivables of **PLN 39,863 thousand**.

Net cash flow from investment activity amounted to **PLN (-12,100) thousand**. The most important items in this respect were expenses related to the acquisition of tangible and intangible assets for the total amount **PLN (-14,267) thousand**.

Net cash flow from financial activities amounted to **PLN (-29,226) thousand**. The most significant for this group of flows were repayments of credits and loans **PLN (-19,981) thousand**.

Cash as at 31st March 2020 amounted to **54,685 thousand PLN** and steadily increased in the months following the balance sheet date.

2.2 INDIVIDUAL DATA

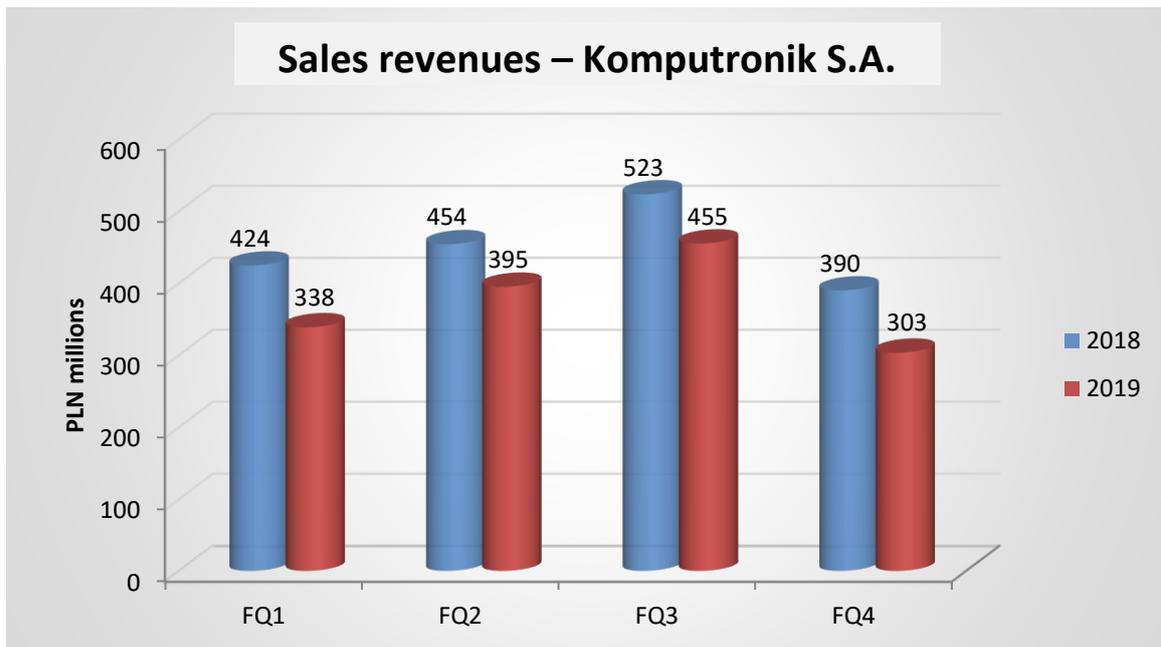
2.2.1 IMPACT OF ONE-OFF EVENTS

One-off events significant for the financial situation of the Company are the same as events affecting the operations of the entire Capital Group and are described in point 2.1.1 of this report.

2.2.2 SALES REVENUE. RESULT ON SALES

Despite the adverse conditions described in section 2.1.2 of this report, the Company generated revenue amounting to PLN 1,491 million in the period from 1st April 2019 to 31st March 2020, which resulted in a decrease of 16.7% compared to the previous year. The decrease in revenue was determined by three factors: the reduction of trade limits at the Issuer's suppliers – which had a negative impact on trading activities from the very beginning of the financial year, the commencement of the cure procedure in March 2020 (restrictions on access to the full range of goods offered by suppliers and distributors) and the beginning of the COVID-19 pandemic, as a result of which trading with customers in all sales channels was temporarily disrupted.

In the first three quarters, due to restrictions on the limits granted by insurance companies, and thus reducing the possibility of purchasing goods from suppliers, the Company first reduced the possibility of conducting capital-intensive transactions with little profit. At the time of entry into the recovery process, at the end of the financial year, which entailed a drastic reduction in the available trade finance instruments, the Company temporarily restricted deferred sales. As a result of these factors, the y/y sales fell in the last quarter to approximately 22.2%.



The Company's gross margin for the first three quarters – despite the need to sell non-strategic commodity groups in order to maintain liquidity – remained at a level similar to that achieved in the previous year. In the last quarter, in terms of revenue, the Company was adversely affected by three factors: the sales made in the first months of the quarter, the recovery process, which significantly reduced the possibility to redeem the estimated bonuses for this quarter, as well as the beginning of the COVID-19 epidemic and the closure of most of the Issuer's shops. As a result of these factors, the margin decreased in the fourth quarter to 6.6% (10.6% in 2018) and the Company generated a profit on sales of PLN 134.7 million (PLN 179.2 million in 2018).

	2019			
	FQ1 2019	FQ2 2019	FQ3 2019	FQ4 2019
Sales revenue	338,415	394,697	454,808	303,109
Cost of sales	-308,255	-357,840	-407,234	-283,026
Result on sales	30,160	36,857	47,574	20,083
<i>Margin</i>	8.9%	9.3%	10.5%	6.6%
	2018			
	FQ1 2018	FQ2 2018	FQ3 2018	FQ4 2018
Sales revenue	424,159	453,782	523,078	389,558
Cost of sales	-384,867	-409,687	-468,516	-348,282
Result on sales	39,292	44,095	54,562	41,276
<i>Margin</i>	9.3%	9.7%	10.4%	10.6%

2.2.3 PROFITABILITY

The Company's results visible in the separate financial statements amounted to PLN (-35.8) million loss on operating activities, PLN (-126.0) million gross loss and PLN (-120.3) million net loss, respectively. The Company's EBITDA, calculated as operating profit adjusted for depreciation and amortisation costs, was PLN (-10.2) million, compared with PLN 24.5 million last year.

The negative results of the current year are largely due to operations related to one-off events, i.e. the recovery process and the COVID-19 epidemic. The most significant items affecting the result are:

- a) Revaluation of after-sales bonuses – the Issuer has estimated the probability of their recovery from suppliers (the impact of a decrease in revenue on the amount specified in the percentage of purchases made, as well as the impact on suppliers' decisions in the face of non-payment to suppliers for goods due to limitations of the cure). Due to the decrease in the Group's trade turnover together with the previously described financing constraints, it is difficult to clearly qualify a specific amount of bonuses, which were reduced as a result of Komputronik S.A. entering the cure, as well as restrictions on sales to retail customers and B2B sales caused by the beginning of the COVID-19 pandemic.
- b) Establishment of provisions for the costs of planned shop closures, as well as restructuring provisions in connection with the programme of collective redundancies and termination of civil law contracts (severance pay, compensation) – PLN 5.3 million,
- c) Creation of provisions for the costs of conducting the cure – PLN 0.9m,
- d) Establishment of provisions taking into account the risk related to tax audits (VAT and CIT) – PLN 3.5 million (description in Note 20 to the JSF)
- e) Creation of write-offs reducing the value of tangible fixed assets (mainly the non-depreciated value of fixed assets in liquidated shops), intangible assets (including software which will not be used in the future) – PLN 5.6 million,
- f) Creation of a provision for expected credit losses under IFRS 9 – related to the influence of COVID-19 and the restructuring proceedings of the Issuer's subsidiary – Komputronik Biznes Sp. z o.o. – PLN 16.8 million (described in Note 25 to JSF)
- g) Creation of a provision for impairment of a portion of loans and other receivables granted – PLN 8.5 million (described in Note 25 to the JSF)
- h) The impact of a change in the valuation method of subsidiaries (from the DCF method to the adjusted net assets method) due to the need to change the value of significant assets of those companies, including: receivables from the Group companies which have commenced the process of restoration and a decrease in the market value of the Group's trademarks – PLN 49.5 million (described in Note 7 to the JSF)
- i) The impact of the valuation of investment properties in relation to changes in their market value in view of changes in the entire economic system – PLN 2.1 million

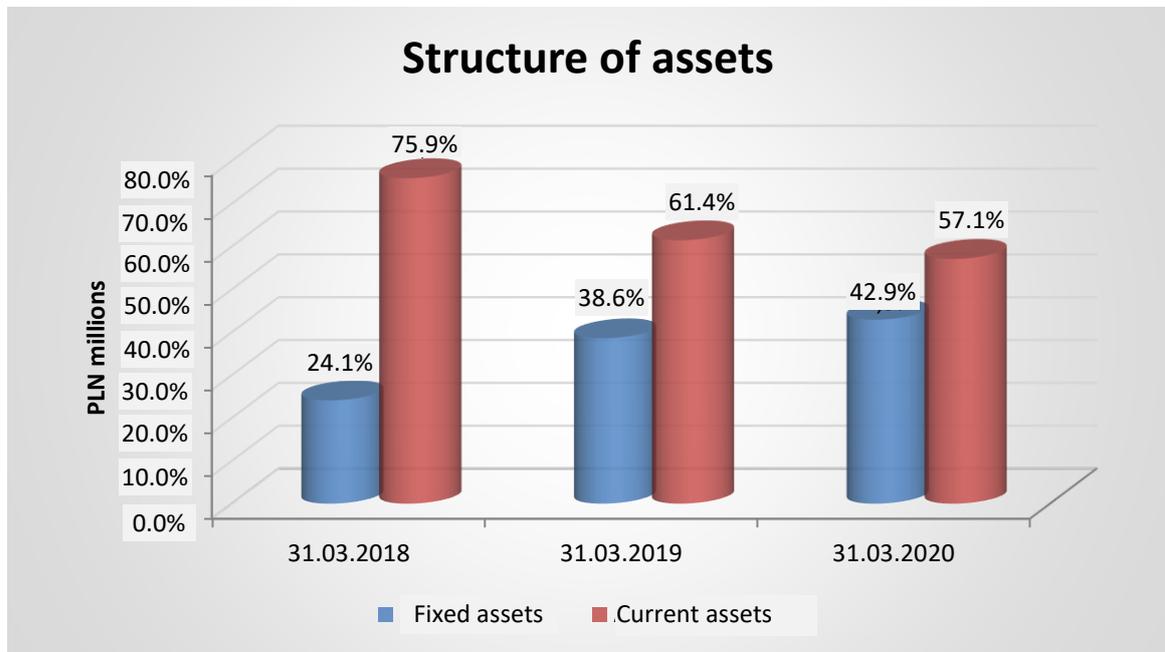
The Issue's gross loss, excluding the costs and write-offs of a one-off nature identified above, would amount to PLN (-33.8) million – this value has not been adjusted for the impact of the recovery and the COVID-19 on sales due to the difficulty in quantifying the impact of these factors described in the previous section.

2.2.4 ASSETS

Fixed assets as at 30th March 2020 amounted to **PLN 175,347 thousand** and decreased by 17.0% compared to 31st March 2019, accounting for 42.9% of the total assets of the Company. Such a significant change is primarily due to the valuation of assets in the form of shares in subsidiaries (a detailed description of changes can be found in Note 7 of the Financial Report of Komputronik S.A.).

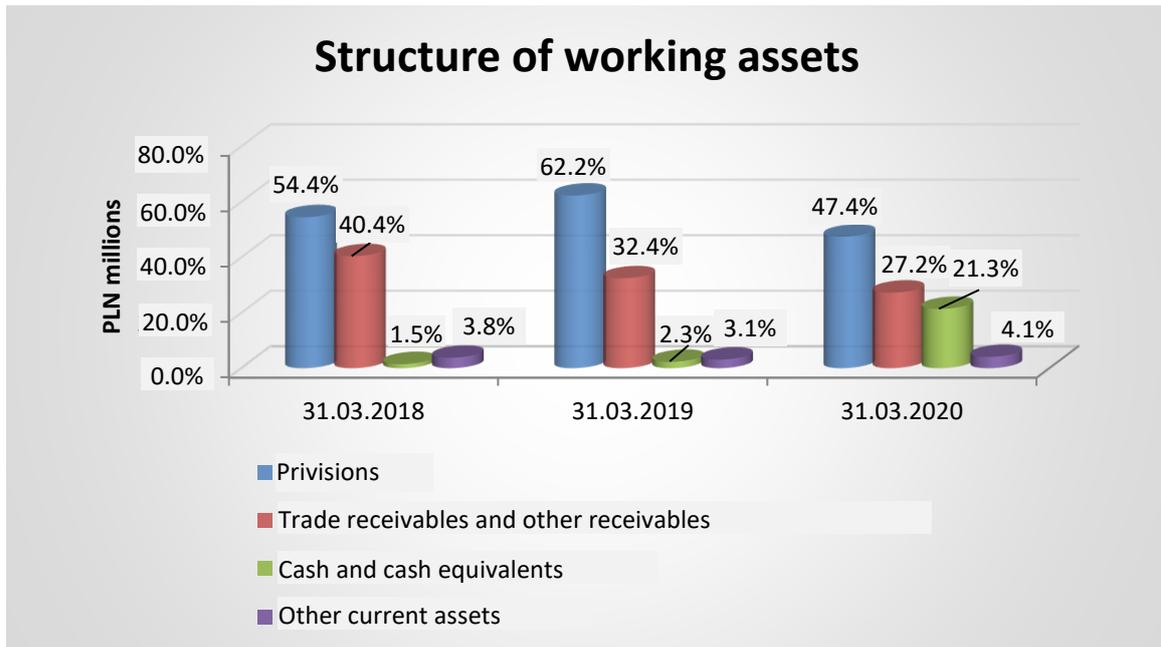
The largest item of fixed assets was investments in subsidiaries (PLN 62,165 thousand), as well as tangible assets (PLN 40,333 thousand) and intangible assets owned and used (PLN 34,762 thousand).

	31st March 2018	31st March 2019	31st March 2020
Fixed assets	128,533	211,147	175,347
Current assets	405,002	336,467	233,327



Current assets as at 31st March 2020 amounted to PLN 233,327 thousand and accounted for 57.1% of total assets. Current assets decreased by 30.7% compared to the previous year. The main items of current assets, as in the previous years, were inventories (PLN 110,552 thousand) and trade and other receivables (PLN 63,508 thousand).

	31st March 2018	31st March 2019	31st March 2020
Provisions	220,377	209,335	110,552
Trade receivables and other receivables	163,455	109,028	63,508
Cash and cash equivalents	5,968	7,708	49,802
Other current assets	15,202	10,396	9,465



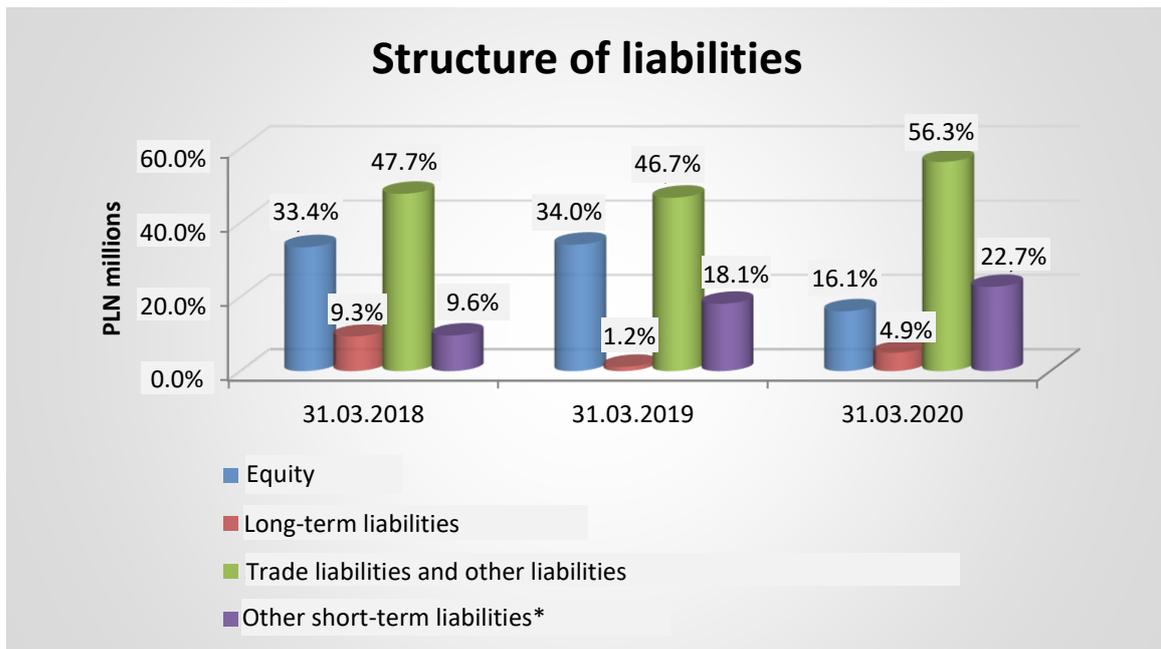
2.1.1 CAPITAL AND LIABILITIES

Equity as at 31st March 2020 amounted to PLN 65,792 thousand, which means a decrease of 64.7% compared to 31st March 2019; equity accounted for 16.1% of total liabilities. The decrease in the value of equity was mainly due to the effects of the opening of recovery proceedings of companies from the Capital Group.

Liabilities and liability reserves amounted to **PLN 342,882 thousand** and decreased by 5.1% compared to 31st March 2019.

	31st March 2018	31st March 2019	31st March 2020
Equity	177,990	186,434	65,792
Long-term liabilities	49,690	6,350	19,994
Trade liabilities and other liabilities	254,698	255,594	230,204
Other short-term liabilities*	51,157	99,236	92,684

* Other short-term liabilities are current income tax liabilities, loans, other debt instruments, financial leases, derivative financial instruments, employee benefit liabilities and provisions, and short-term settlement accruals.



2.1.2 LIQUIDITY. TURNOVER RATIOS

The current liquidity ratio decreased from 0.9 in 2018 to 0.8 in 2019. The increased liquidity ratio remained at a similar level as in the previous years and amounted to 0.4.

Detailing	31st March 2018	31st March 2019	31st March 2020
Current ratio (<i>current assets/short-term liabilities</i>)	1.3	0.9	0.8
Increased liquidity ratio (quick ratio) (<i>current assets - inventories - deferred prepayments and accrued income / short-term liabilities</i>)	0.6	0.4	0.4

Due to the limitation of the insurance limits granted to the Group's suppliers and at the end of the financial year also with the commencement of recovery proceedings, the inventory level was reduced. As a result, the inventory turnover index fell from 51 days in 2017 to 49 days in 2018 and 43 days in the current balance sheet period. As a result of the reduction of some capital-intensive trade transactions, the receivables turnover ratios were also shortened (from 27 days in 2017 and 2018 to 19 days in 2019). Due to the provisions on recovery, after the announcement of the commencement of the recovery process, all liabilities from before this period remain unpaid, being part of the recovery, estate therefore analysing the rotation compared to previous reporting periods is biased.

The cash conversion cycle amounted to 14 days.

Detailing	31st March 2018	31st March 2019	31st March 2020
Stock turnover in days (<i>average inventories/own sales costs</i>)*365	51	49	43

Rotation of short-term receivables in days <i>(average balance of commercial receivables and others/revenue from sales)*365</i>	27	27	19
Rotation of short-term supply obligations and services in days <i>(average balance of trade liabilities and others/own sales costs)*365</i>	59	50	48

* calculated as the average value from the beginning and end of the year

2.1.3 CASH FLOW

The current financial period began with cash amounting to **PLN 7,708 thousand**.

Net cash flow from operating activities amounted to **PLN 89,375 thousand**. The change in inventories was the most significant for the above-mentioned flows – a decrease of **PLN 98,783 thousand** as was the change in receivables of **PLN -57,772 thousand** and impairment loss on financial assets – **PLN 59 399 thousand**.

Net cash flow from investment activity amounted to **PLN (-18,606) thousand**. The most important items in this respect were expenses related to servicing loans of **PLN (-15,305) thousand**, and expenses related to the purchase of tangible fixed assets and intangible assets for the total amount of **PLN (-10,568) thousand**.

Net cash flow from financial activities amounted to **PLN (-28,727) thousand**. The most significant for this group of flows was the repayment of credits and loans with a value of **PLN (-20,535) thousand**.

The cash as at 31st March 2020 amounted to **PLN 49,802 thousand**.

2.2 IMPLEMENTATION OF FORECASTS

For the financial year 2019, the Group did not present individual forecasts or consolidated financial results.

2.3 MAIN RISKS RELATED TO THE ACTIVITY OF THE CAPITAL GROUP AND WAYS TO MITIGATE THEM

The functioning and development of the company undergoing recovery are inextricably linked with bearing the risks, however, the Issuer is trying to minimise the negative effects and probability of exposing losses caused by the identified risks. The most important risks that may affect the performance of the Restructuring Plan are:

- **Risk of macroeconomic deterioration and market competitiveness**

The Group's activity is distinguished among other companies in the IT sector, on the one hand, by its wide range of products and services, and on the other hand by reaching diverse segments of customers. The decline in demand due to the occurrence of business cycles is mitigated by selling to both retail and business customers (B2B). Owning a network of retail stores and a well-known online store enables effective competition with distributors of IT equipment and constitutes a significant barrier to entry for new companies.

- **The risk of the impact of COVID-19 on the possibility of generating positive financial results**

The so-called second wave of Covid-19 may affect the Company's operations, but its effects are difficult to estimate and will depend on the severity of the disease and restrictions imposed by governments. The risk areas include: disruption of production and supply of goods due to shortages of staff or raw materials, potential closures of sales outlets, staff shortages in the Company's team. In addition, the second wave of the disease and its economic consequences may lead to the amplification of already existing negative effects on the level of GDP and a fall in disposable income in households and in corporate income, and thus to a reduction in their expenditure. The economic downturn may partially cause investment to be delayed or abandoned. At the same time, companies which have not yet prepared their business for remote work or increased online activity can

equip their business before the second wave of the disease by increasing expenditure on electronics and related services.

The Issuer has analysed the future profitability of the chain of showrooms and has closed those that were at risk of becoming unprofitable when customers changed their preferences towards online trading. Measures have also been taken to: reduce the credit risk associated with servicing B2B customers; optimise inventory management; focus on strategic product groups yielding the highest return on capital employed; optimise pricing policies to maximise revenue while reducing assets held.

- **Risk of variable interpretation of legal regulations by state administration bodies**

Significant and frequent changes in legal regulations, which cover many aspects of the operational activity of the Capital Group of the Issuing Party, cause a risk related to the effects of divergent interpretations by the companies from the Capital Group of the Issuing Party and that of state administration bodies. Divergent interpretations of the provisions resulting from the absence of a single line of case-law, in the situation of a hypothetical dispute with the body, may generate financial risks for the Capital Group of the Issuing Party. The risk of divergent interpretation of regulations may concern such areas as: CIT and VAT, burdens related to the application of labour law and social insurance, environmental protection, securities trading and many others.

- **Loss risk**

Deferred sales constitute a large part of the Group's sales. This generates a risk of late repayment or insolvency of counterparties. This risk is controlled by: a policy of granting credit limits based on analysis of the financial situation of counterparties, rapid monitoring (by e-mail and telephone), as well as cooperation with external debt collection companies and law firms. An additional factor in reducing losses is the dispersion of counterparties (industries, regions, forms of business), as well as the possession of an insurance contract that covers about 80-90% of commercial receivables from unaffiliated entities (depending on the period). In connection with COVID-19, the Issuer has tightened its credit procedures in order to limit the risk of losses resulting from potential liquidity problems of B2B customers.

- **Risk of dependence on suppliers and customers**

The Group conducts a policy of diversification of suppliers and customers in terms of commodity trading, software, IT services and financial services. In 2019, the largest supplier held a share of 14.4% in total deliveries (a domestic distributor not affiliated with the Issuing Party in terms of capital and personnel).

None of the recipients exceeded a level of 10% of the total sales value of the Issuing Party/Capital Group of the Issuing Party.

- **Stock depreciation risk**

The Group attaches great importance to fast rotation of its inventories and to the age structure of inventories in all product groups. In 2019, the Group made a significant reduction in the level of inventories (sales due to the need to maintain liquidity), significantly shortening their rotation cycle. Only goods that are not subject to rapid price depreciation (accessories, computer cases, etc.) can be stored in warehouses for a longer period.

- **Risk of losing key employees**

People are an extremely important part of the operation of any organisation. Loss of key personnel in a short time can result in considerable organisational problems, including the risk of liquidity of the Group's operations. Due to the reduction of the scale of operations in 2019, Komputronik SA and Komputronik Biznes sp. z o.o. have been gradually reducing their employees and associates. Despite the reduction, in order to secure this, the

Group's HR policy is aimed at ensuring that none of the areas of the Group's operations depend on the individual knowledge and experience of individuals, so that in the event of unpredictable events, it can efficiently ensure succession to key positions.

- **Exchange rate risk**

Most of the Group's sales are settled in PLN, but a significant part of its turnover is settled in USD and EUR. In order to hedge against exchange losses, most exposures are hedged by natural hedging (holding liabilities and receivables in the same currencies), and the remainder through forward transactions and option purchases. The Group aims to neutralise the impact of exchange rate differences on financial results, taking into account the cost of purchasing hedging instruments due to fluctuations in the foreign currency market. In the current situation, however, this is temporarily hampered by the lack of certain financial instruments to facilitate the management of the currency position.

- **Liquidity risk and interest rate risk (credit risk)**

In connection with the restructuring process of Komputronik S.A. and Komputronik Biznes sp. z o.o., the Group has a limited opportunity to obtain external financing. The instruments available to the Group are: factoring of receivables from customers, trade limits granted by suppliers. The Group holds cash which enables it to maintain a limited level of inventories of goods for resale (down on the previous year) and a portfolio of receivables arising from trade with B2B customers.

- **Price change risk**

In view of possible changes in the prices of goods offered by companies from the Capital Group of the Issuing Party, it pays particular attention to the rapid turnover of stocks, thus minimising the risk of price changes.

3. EXPECTED DEVELOPMENT OF THE CAPITAL GROUP - EVENTS SIGNIFICANT FOR THE DEVELOPMENT AND STRATEGY OF THE GROUP

3.1 FACTORS AND EVENTS, INCLUDING ATYPICAL ONES, HAVING A SIGNIFICANT IMPACT ON THE ECONOMIC ACTIVITY AND STRATEGY OF THE GROUP IN FINANCIAL YEAR 2019

Last year, the Komputronik Group had to face many extraordinary events. That is, above all:

- Drastic cuts in trade credit limits available from suppliers, which resulted in the necessity to make drastic commercial decisions (sales, narrower offer, reduction in the value of warehouses by tens of millions of zlotys),
- The receipt of an unexpected and, in our opinion, flawed decision of the Customs and Tax Office, which forced the Company and the most important entity of the Capital Group to open the recovery proceedings, which fundamentally affected the perception of the Group, its operational capabilities and the level of financing,
- The above resulted in – the need to carry out group layoffs, numerous withdrawals from agreements between the Company and important contractors, significant reduction of fixed costs in many areas,
- Adaptation to the unprecedented situation of the COVID-19 global pandemic and the need for a “lock-down” economy.

In particular, the Covid-19 pandemic had a huge impact on the entire economic system and market in which the Company and its subsidiaries operate. These events and the whole situation resulted in an unprecedented increase in demand from customers for products in the category offered by the Company.

Customers significantly increased their purchases of products enabling effective work and remote learning, such as laptops, computers, tablets, headphones, webcams, etc.

The ongoing and seemingly lasting impact of the pandemic on the economy and behaviour of customers results in increased interest in shopping on the Internet, over the phone and using other means of remote communication. The traditional sales channel in shops is losing out on this, which significantly distorts the market balance. All this forces market participants to adapt quickly to new challenges.

The Komputronik Group made decisions at a rapid pace and modified its strategy and processes in order to meet current business challenges. This results in an efficient and profitable business, which generates positive cash flow and guarantees the ability to enter into and execute agreements with its creditors.

3.2 CHARACTERISTICS OF EXTERNAL AND INTERNAL FACTORS IMPORTANT FOR THE GROUP'S DEVELOPMENT

In the opinion of the Management Board of the Parent Company, the main external factors important for the Group's development are:

Positive factors:

- relatively high demand for computer hardware, software and IT services,
- GDP growth rate,
- increase in personal income, which determines the systematic increase in the standard of living of consumers,
- good prospects for foreign demand,
- relatively low, compared to other countries of the European Union, saturation of household computer equipment,
- restitution demand from individuals, companies and the public sector,
- systematic increase in demand for computer equipment and specialised software from companies and public sector institutions due to the use of EU funds.

Negative factors:

- the risks associated with the volatility of foreign exchange markets, in particular where changes are of a sudden, large nature over short periods of time,
- possible sudden collapse in demand due to the instability of financial markets, resulting in a reduction in customers' disposable income and limited access to financing (instalment loans, investment and working capital loans),
- significant deterioration of the payment situation of counterparties,
- the reduction of trade credit insurance granted by suppliers, as a result of increased VAT risk in the IT industry,
- limitation of financing by IT banks,
- aggressive, difficult to predict acts of competitors, resulting in temporary limitation of the attractiveness of the Company's offer.

The most important internal factors influencing the development and prospects of the Komputronik S.A. Group include:

Positive factors:

- stable shareholders, implementing a consistent ownership policy towards the Group,
- consistently implemented development strategy of the Group by the Management Board, based on an innovative approach to the distribution network: development of a network of stores supported by e-commerce,
- established position as one of the leading players on the Polish IT market,
- very high quality products and services provided, confirmed by international quality certificates,
- skilled, experienced industry staff with low rotation rates in key areas,
- stabilised supply sources,
- stable distribution channels,
- stable financial situation,
- regulated legal and formal sphere in all important aspects of the Company's activity.

Negative factors can be:

- potential loss of some key employees,
- sharp deterioration in the financial situation of key partners (franchising and partner stores), which may result in temporary destabilisation of liquidity;
- reduction in the availability of sources of financing as well as guarantee limits for trade credit granted by insurance companies,

3.3 DEVELOPMENT OF OWN NETWORK, BUSINESS UNITS, NEW SERVICES AND OFFERS

The strategy for the Komputronik Group assumes strengthening its position as a specialist in the area of hardware, software and IT services, with a particular emphasis on consulting, customer service and after-sales care, including service.

In order to best meet the expectations of customers from various market segments, Komputronik has diversified its sales channels to many segments and channels, including foreign markets.

3.4 SALES TO BUSINESS CUSTOMERS (B2B)

Sales to business customers are conducted mainly by Komputronik Biznes Sp. z o.o. w restrukturyzacji, which operates as an IT integrator. Operating activities are based on the B2B model. The offer is addressed in particular to small and medium enterprises, large enterprises, local government units (through partners), energy sector, construction, distribution, trade (including e-commerce) and financial sector. The Company's activity is based on the analysis of Customer needs, design and implementation of comprehensive computerisation plans, including modernisation and integration of already existing IT systems. The Company consistently pursues its vision of being the Consultant and ICT Integrator of first choice. It provides consultancy and comprehensive services to companies and institutions, based on high qualifications. Focusing on specific target groups allows for better profiling of the offer towards potential recipients of the Company's products and services. Moreover, it creates an opportunity to use industry references, and thus to attract new customers more effectively.

The Company's service offer includes a range of professional IT services that allow customers to concentrate on running their business. The software offer covers all major areas of demand of modern enterprises and organisations from various market segments. The Company provides software supporting the management of resources, streamlining processes and optimising costs, as well as strengthening the security of a given organisation. The offer of hardware solutions by Komputronik Biznes is based on consultancy in the implementation of IT infrastructure which increases productivity, cost efficiency and flexibility of an organisation. The company provides comprehensive support, starting from the analysis of the customer's needs, designing the architecture of IT systems, through the delivery of equipment, its assembly, installation, to service and constant IT care. The projects undertaken concern both office equipment and advanced data centres. The Company's current offer includes a wide range of products addressed to numerous business areas.

3.5 SALES TO RETAIL CUSTOMERS (B2C)

Retail sales are carried out through two mutually supportive channels: a chain of stores and online sales.

Internet sales are conducted by the longest-operating and one of the best-rated online shops in Poland operating under the address www.komputronik.pl. Komputronik.pl is the leading online shop in the computer industry, also offering tens of thousands of products from other categories within the category of consumer electronics. Apart from the equipment itself, the shop's offer also includes a wide, constantly expanding, range of services – both related to financing, insurance, and configuration of the purchased equipment.

Komputronik.pl has repeatedly been honoured with the title "Best Online Store" by the Wprost weekly and the Money.pl portal in the category of Electronics and Household Appliances. It is also the leader of the "Zaufanie Opinie Ceneo.pl" ("Ceneo.pl Trusted Opinions") programme. It also wins awards and distinctions granted by both consumers as well as companies and industry organisations.

Our online shop, also thanks to solutions adapting it to mobile devices, is an excellent way to reach customers, especially at a time of persistent epidemic risk, when the Internet has become the preferred shopping environment for customers. Komputronik.pl meets their expectations by providing, apart from the possibility of purchasing the equipment itself, an important source of knowledge about products and IT solutions, which are presented in the form of hundreds of accessible guides. The e-commerce platform offered by Komputronik is constantly developed and improved in terms of dynamically changing market expectations and customer preferences.

The chain of stationary shops focuses on servicing customers placing orders via the Internet, and the display presents selected IT and mobile phone equipment supplemented with Smart Home solutions, accessories and software.

The high quality of service remains an important element of market advantage, and the current market position allows for further development of services dedicated to individual customers (provided both in the shop and remotely), including financing, insurance, configuration and maintenance of IT equipment.

As of 31st March 2020, customers were able to use more than 200 outlets selling their assortment under the "Komputronik" brand (own, agency and partner stores).

3.6 WHOLESALE

In 2019 we focused on the development of partner stores.

The development of a network of Partner Stores is one of our strategic goals. As of 31st March 2020, we had 140 Partner Salons.

In 2019, we offered our partners the opportunity to act as a collection point for our online orders, which expanded the range of our partners' influence. On the one hand, as Komputronik, we have increased the network of collecting orders, and on the other hand we give Partners a chance to gain new customers. The "win-win" philosophy is the key to success.

We use many tools to communicate with our Partners, the most important is a dedicated internet platform, which is used to place orders, and is also a great tool to support business. In 2019, the platform was refreshed, it gained a new layout, which is intuitive and allows you to easily and quickly place orders. Users can use a fast and precise product search engine, intuitive shopping path and full mobile version. They can also use our knowledge in the form of guides and online training. The new platform has also maintained the highest security standards, a clear rights management system and an ordering and invoicing system. By logging in to the new website, users also have access to all special offers and deals.

We were constantly improving the quality of service of our sales team, whose overriding goal is to maintain good long-term relations with our customers. The team has undergone, among other things, sales training entitled TeleSales as a form of deepening relations with customers.

We are constantly listening to what our customers say and reacting to their needs. We conducted a survey among them in order to examine their potential, needs and satisfaction. On the basis of the survey, we diagnosed the areas that are most important for our customers: a wide and accessible offer, relations with a salesman and efficient logistics. Customers highly appreciated cooperation with Komputronik in these areas.

Summary

So far, the strategy of the Komputronik organisation has pursued three overarching goals:

- attracting a wide range of customers whose needs can be satisfied by specialised task forces,
- diversifying operations within the IT industry in order to mitigate the effects of a possible downturn or drop in sales in one of the segments,
- consistently expanding its product range and increasing its sales in the consumer electronics, household appliances and many other categories within the Home group.

Due to limitations in financing the activity, the policy of expanding the product range has changed and the company limits the offer from non-strategic categories, leaving only a selective offer in additional channels, sold mainly in digital channels, without overburdening the current cash flow.

A description of the factors influencing the development and prospects of Komputronik S.A. is given in an earlier section.

3.7 INDUSTRY SITUATION, EXTERNAL DEMAND FORECASTS FOR 2020

Characteristics of the Polish IT market

According to the data held by the Company, the small declines in the number of laptops sold, a product category very important to Komputronik, which lasted for many years, have come to an end. There is also an increase in the average value of a single product, by about 5%. The average selling price of the Laptop category products has increased as a result of various activities of manufacturers and as a result of increasing awareness of customers who reach for more expensive devices that better meet their expectations.

There is also a noticeable trend of dynamically increasing interest in the entire segment of PCs (laptops, desktops and workstations), which are definitely better devices for supporting the performance of professional tasks than tablets or smartphones. Tablets are also being pushed out of the market by the offer of more and more functional and sophisticated smartphones with large screens. According to data received from manufacturers, the Polish market will absorb over 1.5 million mobile computers in the 2020 calendar year. Demand for desktop computers is stabilising and noticeably growing – the total number of such devices sold will oscillate around 500 thousand units. Komputronik offers hundreds of models of all leading global brands in all sub-segments of the PC and mobile devices category and is constantly developing the portfolio of these products. These categories constitute the core of the offer defined in the current strategy of the Company.

The situation on the Polish e-commerce market continues to have a significant impact on the operations of Komputronik S.A. The company manages the longest operating and still leading online store in Poland. In the country, which is the most important in our region of Europe. Research shows that in 2019 this sales channel (for all industries) increased by 15% in Poland. Analysts forecast that the value of online trade will increase rapidly in 2020 – the growth rate will be between 25% and even 40%. The main factor is the change in purchasing habits caused by the COVID-19 epidemic. Poland has enormous growth potential in the area of e-commerce. Such conclusions should be defined through the observation of the situation in other countries of the European Union. The share of Internet sales in the IT, electronics and household appliances sectors in Poland is almost 30%, where in the more conservative Germany the channel has already reached 35%, and in the Czech Republic more than 50%. One of the advantages of the Komputronik.pl store is the quick adaptation of the functionality to the expectations of customers, the immediate introduction of new products to the offer and a large assortment available “on demand”. Komputronik’s offer includes almost 100 thousand products, almost 500 brands, supplied by 400 suppliers. Most of the products in the strategic categories are available “on demand” to Komputronik customers, which means that they can be obtained within 1 business day from the moment of placing the order. The remaining, large part of the offer is also delivered in a short time – usually 2-4 business days.

Market forecasts for 2020

After the moderately predictable year 2019, the forecasts assume a very dynamic growth of the entire IT market in 2020 – at a level between 10% and 20%. The driving force is, above all, the change of mode of operation and learning, forced by the epidemic, from stationary to remote. This entails the necessity to implement enormous financial outlays for the improvement of IT infrastructure. This mainly applies to the replacement and expansion of laptops, PCs, network devices, security systems and printing devices. Demand significantly exceeds global supply and the whole situation is a major challenge for IT producers and sellers.

3.8 ACHIEVEMENTS AND AWARDS OF THE KOMPUTRONIK CAPITAL GROUP

Business strategy synergy

In recent months, a comprehensive business strategy has been developed for the Komputronik Group. This allows all entities to achieve business and image synergy. The new document indicates the areas and competences that Komputronik S.A. and Komputronik Biznes Sp. z o.o. can share and thanks to which they can acquire new customers more effectively.

New showrooms

Komputronik is continuing the process of optimising the commercial network. In line with the adopted strategy, the brand will gradually abandon unprofitable stores, especially in shopping malls, and open new, independent stores in city spaces. In 2019, Komputronik opened seven new agency salons. At the end of March 2020, the company had 140 partner showrooms (Komputronik Partner).

Online shop www.komputronik.pl

Komputronik is the owner of the longest operating online store in Poland – Komputronik.pl. Last year, the store was visited by nearly 20 million users who could take advantage of the huge product offer. Due to the COVID-19 pandemic, the longest operating Polish e-commerce recorded a systematic increase in traffic of several dozen percent. Komputronik used this opportunity to develop the platform and strengthen its position on the market. Despite numerous challenges of the Company, it managed to increase sales in this channel (despite significant drops in the total value of sales).

At the forefront of companies with the best customer service in Poland

In the latest ranking of the nationwide research Daymakerindex Komputronik is at the forefront of brands that meet the expectations of consumers. In the survey, Komputronik obtained results of 90.2%, which makes it one of the companies with the best customer service in Poland.

One of the friendliest e-commerce sites in Poland

Komputronik was among the top ten most friendly e-commerce stores according to the “Koszyk Roku 2019” (“Basket of the Year 2019”) ranking prepared by Twisto. The ranking includes one hundred most frequently visited e-commerce platforms. They were assessed in terms of intuitiveness and ease of shopping. The entire shopping path was evaluated, from the moment of entering the selected product card, creating an account, choosing the method of delivery and payment, order summary, to customer support.

The best brand according to Polish consumers

“Customer Happiness Index” is a nationwide report devoted to the evaluation of purchasing experiences by Polish consumers. Among 160 different brands classified in 16 categories, Komputronik was ranked first in the household electronics industry.

Komputronik in the top ten largest IT companies in Poland

Komputronik was among the top ten largest IT companies in Poland according to the ITWIZ ranking. This is one of the most prestigious reports on the market that presents the condition of the IT industry in Poland.

Komputronik Community

The Komputronik and Komputronik Gaming fanpages have been at the forefront of the most engaging profiles for many months. According to the Sotrender Fanpage Trends report, in the period April 2019 – March 2020, in the Technology and Hardware category, profiles were among the top three fanpage in terms of active users and engagement. In September 2019, the Komputronik fanpage was in the first place in terms of active users, ahead of the competition and equipment manufacturers. In total, all of the brand’s profiles managed to attract 410 thousand fans, including 174 thousand on Komputronik’s Facebook profile and 122 thousand on Komputronik Gaming on You Tube.

Awarded by Partners

Komputronik received numerous awards from its partners: **Huawei, Microsoft, Lenovo, HP or Dell**, who appreciate its expertise and experience.

Komputronik Foundation

It was established to support modern education, the development of entrepreneurship, economy, technology, inventiveness and innovation. In the following year, the Foundation provided the beneficiaries with the necessary assistance. The Komputronik Foundation together with Komputronik organised the nationwide campaign "Pokażcie jak Wasza szkoła może być eko" ("Show how your school can be eco"), in which students presented unique ideas for improving environmental friendliness in their schools. The Foundation received 300 applications from schools all over Poland, with over 2,000 participants and almost 6,500 people involved in the preparation of the competition films taking part in the competition.

4. INFORMATION ON BASIC PRODUCTS, GOODS AND SERVICES OFFERED BY THE KOMPUTRONIK S.A. CAPITAL GROUP

The Komputronik S.A. Group, as one of the leading distributors of computer hardware, software, consumer electronics and business solutions on the Polish market, has a very wide range of goods in its offer, which are products of all major global manufacturers of the above mentioned assortment. In addition, the company's offer includes products under the "Komputronik" brand and comprehensive services in the field of computerisation of corporations and public sector institutions.

Product – IT equipment

In 2019, the largest share in sales of goods fell to the group of mobile products such as notebooks, smartphones, PCs, other significant groups are peripherals (printers, monitors, projectors), components for the production of computers and computer and office accessories (inks and toners). The group of server and storage products is growing significantly.

The strongest partners of the mobile group in the 2019 financial year are global tycoons such as: Acer, Apple, Asus, Dell, HP, Huawei, Lenovo, Samsung, Xiaomi and many more.

The company continues to develop its sales potential in other product groups, such as software and consumables. The constantly expanded cooperation with Microsoft brings tangible results in the form of business development, which increases profitability and attracts new customers from the segment of medium and large enterprises. We continue to focus on selling consumables for printing devices in all available channels. The very broad offer in this category is based on original equipment manufacturers (OEM), such as: HP, Canon, Samsung, Lexmark, Epson and alternative products sold under the own brand Accura. In 2019, products from the following categories were sold under the Accura and California Access brands: consumables, batteries, electrical articles, cables, cosmetics, notebook accessories, bags and cases, power strips, speakers, keyboards, mice, headphones and accessories for tablets and devices from the PC category.

Software

Komputronik S.A., stabilising the number of products and services offered for business, has recorded a constant growth of new customers. On the basis of the positive experience gathered in the previous year, the Issuer continues its strategy of building competence centres, thanks to which it is possible to increase sales of advanced business products.

Komputronik Biznes maintains a Research and Development Department within its structure, whose aim is to produce innovative solutions for enterprises, including in particular software that supports customer processes and the sale of which affects the structure and quality of future revenue.

Product – AGD equipment

Last year, Komputronik fully supported the maintenance of the offer in the small household appliances category, while taking steps to narrow down the actively supported offer in the large household appliances category (washing machines, refrigerators, kitchens). The main reason for such decisions was that the profitability was too low due to the low margins obtained and, at the same time, the too high logistic costs incurred in relation to sales of this category. The purchasing model applicable in the categories of large household appliances required large investments in inventories, which, with low turnover, did not give satisfactory return on invested capital.

The Issuer's offer includes equipment from virtually all renowned brands, such as Electrolux, Bosch, Siemens, Gorenje, Whirlpool, AEG, Braun, Samsung and others. Currently, the product offer of these manufacturers is based in particular on the range of small household appliances.

The entire assortment in this category is offered mainly in the online store, as well as in selected stores.

The company, being a member of the Expert International group since 2015, uses the group's negotiating support for the purchase of household appliances, which, despite the reduced turnover, allows it to maintain relatively attractive commercial conditions.

Product – Home and Garden and Smart Home

In 2019, Komputronik was actively limiting its offer in the categories operating in the Komputronik Home department. The product groups in the Home section are Home and Garden, Baby, Health and Beauty, Sport, Automotive, Hobby and Entertainment, Music Equipment, and Tourism. The optimisation objective is to leave products related to the household appliances categories and those necessary for integration in the SmartHome environment. At the same time, Komputronik is very much counting on a new broad category called Smart Home, which may drive the growth of the whole group's revenue in the coming years. Smart Home products are offered not only in the Komputronik.pl online store, but also in stationary stores, where the company can pride itself on excellent consulting services necessary for the implementation of such solutions. Komputronik actively builds awareness of customers' needs in the area of modern home service, reaching its million-strong customer base with marketing campaigns.

	2019	2018
AGD	6.3%	6.7%
Accessories and operation	6.5%	6.4%
GSM	8.4%	8.4%
Components	18.9%	17.7%
Laptops and PCs	26.6%	22.4%
New non-electronic categories	2.8%	5.4%
Software	2.0%	2.1%
Peripherals	10.8%	9.3%
Network and server equipment	2.2%	2.1%
Tablets, Smartwatches, Wearables	3.6%	4.8%
TV, AV, Consoles, Photo	7.9%	10.8%
Services	4.0%	4.0%
Total	100.0%	100.0%

Source: Issuer

Komputronik's offer includes a number of products available in many versions, with prices of individual products characterised by relatively high variability. Considering the above, this report omits the quantitative presentation of sales, as such a presentation could be misleading as to the actual meaning of a given business line.

5. INFORMATION ON MARKETS AND SOURCES OF SUPPLY

In line with the strategy that has been implemented so far, the Group sold primarily on the domestic market. In 2018, the share of sales abroad in total revenue exceeded 25%.

In Poland, Komputronik has a very well-developed sales and distribution network, including retail stores, agencies, a network of authorised dealers with the "Komputronik Partner" status and an online store. The traditional sales network of the Company and the Komputronik Capital Group covers the entire territory of Poland. The Komputronik Group stores are located in most of the country's major shopping centres and in the city centres of most large and medium-sized Polish cities. The service of institutional clients as well as medium and large enterprises is currently provided by a specialised company, Komputronik Biznes, which also serves clients from the budget sector. Wholesale is conducted directly from the Company's Headquarters in Poznań.

Sales channels are discussed in more detail in point 3.3 of this report.

The Komputronik S. A. Group is not dependent on any of its customers. The detailed structure of customers is dispersed and diversified. In the financial year 2018, there were no customers whose share reached at least 10% of the Group's revenue from sales.

As part of its operations, the Group purchases computer hardware and software from over several hundred regular suppliers. Most often, cooperation with suppliers is based on framework agreements, which indicate the general terms of purchase and payment, while the purchase volumes are determined quarterly or result from one-off or cyclical orders.

The Komputronik Group is not dependent on any of its contractors in a way that prevents the continuation of operations in the event of termination of cooperation. In 2018, the share of the largest supplier amounted to 12.6% of the value of sales revenue. It is a domestic entity, distributor and wholesaler of electronic equipment, with which the Issuer is not related personally or by capital, and the cooperation takes place on an arm's length basis.

6. INFORMATION ON CREDIT AGREEMENTS AND LOAN AGREEMENTS AS WELL AS SURETY AND GUARANTEE AGREEMENTS OF THE KOMPUTRONIK S.A. GROUP

- **Parent Company**

- **Credits**

In the financial year 2019, the Company changed the financing structure:

- ✓ In October 2019, the Company signed an annex to the umbrella loan agreement with Bank Millennium S.A., under which Bank Millennium granted the Company an overdraft facility for PLN 20,000,000.
- ✓ In October 2019, the Company signed annexes to the agreement on multi-product umbrella and long-term working capital credit (including a current account credit for PLN 10,000,000 and a working capital credit for PLN 15,000,000) with mBank S.A.
- ✓ In October 2019, an annex was signed under the multi-line agreement extending the duration of the overdraft facility to the amount of PLN 19,000,000 at Santander Bank Polska SA
- ✓ In November 2019, an annex was signed extending the validity of the overdraft in the amount of PLN 10,000,000 at Bank Pekao S.A.

Information on Komputronik S.A.'s liabilities due to loans and factoring as at 31st March 2020 (in PLN thousand). The maturity dates given in the table below specify the original date resulting from the annexes concluded in 2019, however, with the opening of the recovery procedure, access to financing was practically suspended, and some contracts were terminated. The amounts of unpaid credit and factoring receivables have been included in the receivables inventory and their actual repayment date will be specified in the arrangement proposals.

Name of the institution	amount granted	Type of transaction	Engagement amount	Currency	Maturity date	Type and amount of interest rate
Bank Millennium S.A.	20,000	overdraft facility under the umbrella loan agreement	10,601	PLN	08-2020	WIBOR 1M + margin
Bank Millennium S.A.	40,000	standard factoring	14,585	PLN	08-2020	1M WIBOR + margin for PLN EURIBOR 1M + margin for EUR 1M LIBOR + margin for GBP
Bank Millennium S.A.	14,500	reverse factoring	14,489	PLN	10-2020	WIBOR 1M + margin
Bank Pekao S.A.	10,000	overdraft	4,667	PLN	08-2020	WIBOR 1M + margin
Santander Factoring Sp. z o.o.	10,000	standard factoring, e.g.	551	PLN	08-2020	WIBOR 1M + margin
Santander Factoring Sp. z o.o.	2,000	reverse factoring	1,999	PLN	08-2020	WIBOR 1M + margin
Santander Bank Polska S.A.	19,000	overdraft	32,884	PLN	08-2020	WIBOR 1M + margin
Santander Bank Polska S.A.	29,000	Revolving credit	29,000	PLN	08-2020	WIBOR 1M + margin
mBank S.A.	10,000	overdraft facility under the multi-product umbrella agreement	9,872	PLN	08-2020	WIBOR 1M + margin
mBank S.A.	15,000	revolving loan	15,000	PLN	08-2020	WIBOR 1M + margin
mBank S.A.	15,000	trade liability limit	10,126	PLN	08-2020	WIBOR 1M + margin
Coface Poland Factoring Sp. z o.o.	5,000	Standard factoring	574	PLN	05-2020	WIBOR 1M + margin for PLN EURIBOR 1M margin for EUR

See more: FINANCIAL STATEMENTS

Debt instruments

In the reporting period, the Company did not issue or purchase any debt instruments.

Loans

The total value of loans granted to entities from outside the Capital Group is PLN 7,050 thousand.

See also: Financial statements.

Guarantees and sureties

In 2019, Komputronik S.A. secured rental payments with bank guarantees in shopping centres where it has its own stores, tenders, performance of contracts, as well as payments for goods deliveries.

The total value of bank guarantees issued as at 31st March 2020 was PLN 56,414 thousand. Komputronik did not grant any sureties for entities outside the Capital Group.

In 2019, the Company did not receive any sureties or guarantees.

See also: Financial statements.

- **Subsidiaries**

- Komputronik Biznes Sp. z o.o.

Information on the liabilities of Komputronik Biznes Sp. z o.o. on account of loans as at 31st March 2020 (in PLN thousand). The maturity dates given in the table below define the original date resulting from the annexes concluded in 2019, however, with the opening of the recovery proceedings, access to financing was practically suspended, and some contracts were terminated. The amounts of outstanding credit and factoring receivables were included in the inventory and their actual repayment date will be specified in the arrangement proposals.

Name of the institution	amount granted	Type of transaction	Engagement amount	Currency	Maturity date	Type and amount of interest rate
Bank Millennium S.A.	1,000	overdraft facility under the umbrella loan agreement	0	PLN	08-2020	WIBOR 1M + margin
Bank Millennium S.A.	5,000	revolving loan under the umbrella loan agreement	4,892	PLN	08-2020	WIBOR 1M + margin
Bank Millennium S.A.	3,000	standard factoring	412	PLN	08-2020	1M WIBOR + margin for PLN
mBank S.A.	5,000	Revolving loan under a multi-product umbrella agreement	4,810	PLN	08-2020	WIBOR ON + margin
Santander Bank Polska S.A.	1,500	Overdraft	0	PLN	08-2020	WIBOR 1M + margin

Assessment, including its justification, concerning the management of financial resources

During the financial year 2019, the Group showed full ability to meet its obligations. The situation changed after receiving the result of the tax inspection, which indicated incorrect VAT settlements and the need to return unduly settled tax. Entering the recovery process was aimed at securing the company's current operations in the event of anticipated termination of credit and factoring agreements. Thanks to the actions taken, at the end of the financial year, the Issuer secured liquid funds in an amount allowing for continued operation despite the lack of further support from financial institutions.

The Group positively assesses the possibility of implementing business plans, including capital investments, compared to the amount of funds held.

7. INFORMATION ON CONTRACTS SIGNIFICANT FOR THE BUSINESS ACTIVITY OF THE KOMPUTRONIK GROUP, CONCLUDED IN 2019

In 2019, there were no significant agreements concluded for the business activity of the Komputronik Group, nor were there any significant agreements concluded between its shareholders, or any insurance or cooperation agreements.

Nevertheless, in the financial year, the Issuer concluded financial agreements in relation to which the total value of cooperation with financial institutions was significant. The agreements are described in detail in Note 12.4.1 to the Consolidated Financial Statements.

8. INFORMATION ON CONTRACTS KNOWN TO THE MANAGEMENT BOARD OF KOMPUTRONIK S.A., CONCLUDED DURING 2019, AS WELL AS AFTER THE BALANCE SHEET DATE, WHICH IN THE FUTURE MAY RESULT IN CHANGES IN THE PROPORTIONS OF SHARES HELD BY THE EXISTING SHAREHOLDERS OF THE GROUP

The Management Board of Komputronik S.A. is not aware of any agreements concluded during 2019 which may result in future changes in the proportions of shares held by the existing shareholders of Komputronik S.A. The company and its subsidiaries did not issue any bonds.

9. ISSUE OF SECURITIES

In 2019, the Company and its subsidiaries did not issue any securities.

10. VALUE OF REMUNERATION, AWARDS, BENEFITS PAID, DUE OR POTENTIALLY DUE TO MANAGING AND SUPERVISING PERSONS IN THE PARENT COMPANY OF THE CAPITAL GROUP

The value of remuneration of the management and supervisory staff of the Company in the financial year 2019 for the period of their function (including remuneration received in the companies of the Capital Group) was described in the Financial Statements.

11. INFORMATION ON LIABILITIES RESULTING FROM PENSIONS AND BENEFITS OF A SIMILAR NATURE FOR FORMER MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE BODY MEMBERS

There were no such liabilities in the 2019 financial year.

12. INFORMATION ON SPONSORSHIP AND CHARITY ACTIVITIES

The scale of the company's sponsorship and charity activities has no significant impact on its operational and financial standing.

13. STATEMENT ON APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES BY KOMPUTRONIK S.A. IN THE ACCOUNTING YEAR 2019

This statement was prepared in accordance with the requirements of the Regulation of the Minister of Finance of 29th March 2018 on current and periodic information published by issuers of securities and the conditions for recognising as equivalent information required by the laws of a non-member state.

1) Indication of a set of corporate governance rules to which Komputronik S.A. is subject and the place where the text of the set is publicly available, together with information on compliance with corporate governance rules.

In the financial year 2019/2020, Komputronik S.A. applied the corporate governance rules adopted in Resolution No. 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange of 13th October 2015, entitled “Code of Best Practice for Companies Listed on the WSE 2016” (hereinafter: DPSN), which have been published on the website operated by the Warsaw Stock Exchange at the following internet address: <https://www.gpw.pl/dobre-praktyki>

Content of the document *DPSN, Information on the application by the company of the recommendations and principles contained in the Best Practices for the WSE 2016* and the relevant statements required by the DPSN are also available on the Komputronik S.A. investor relations website at the company’s website:

<https://www.komputronik.com/dobre-praktyki/>

The purpose of the Code of Best Practices of Companies Listed on the Warsaw Stock Exchange is primarily to strengthen the transparency of listed companies, improve the quality of communication between companies and investors and to strengthen the protection of shareholders’ rights. Bearing in mind the above, the Management Board of Komputronik S.A. made every effort to comply with most of the corporate governance principles included in the DPSN 2016 collection.

The Issuer has not decided to voluntarily comply with the corporate governance rules included in a different set than DPSN 2016.

2) Indication of the recommendations and corporate governance rules that have been waived, together with explanations

The Management Board of Komputronik S.A. declares that in the financial year 2019/2020 the Issuer complied with most of the corporate governance rules and recommendations set out in the Code of Best Practice for Companies Listed on the WSE 2016. However, bearing in mind that the implementation of certain principles or recommendations may involve incurring excessive burdens in relation to the expected effects, the company has abandoned some of them, indicating the relevant explanations below.

I. Information policy and communication with investors

I.Z.1. The Company operates a corporate website and publishes on it, in a legible form and in a separate place, apart from the information required by law:

Principle I.Z.1.3. a diagram of division of tasks and responsibilities between members of the management board, drawn up in accordance with principle II.Z.1.1:
Company Commentary:

The Issuer informs that it has abandoned the application of this principle. The company does not have a formal division of tasks and responsibilities of the members of the management board as part of their functions, and consequently no separate scheme exists. In the Issuer’s opinion, such a solution ensures effective and dynamic management of the company.

▪ **Principle I.Z.1.7.** Information materials published by the company on its strategy and financial performance,

Company Commentary:

The Company publishes information about the financial results published by the Company on its corporate website. However, the Management Board has not decided to publish the company's strategy on the website.

- **Principle I.Z.1.8.** listing selected financial data of the company for the last five years of its operations in a format allowing for processing of such data by its recipients,

Company Commentary:

The data referred to is included in periodical reports on the website and is maintained on it in accordance with the applicable laws. In the current cost-administrative structure, the Company has no resources to select such data selectively. However, the Company is considering the possibility of taking action to apply this principle.

- **Principle I.Z.1.10.** financial forecasts – if the company has decided to publish them – published over a period of at least the last five years, together with information on the degree of their realisation,

Company Commentary:

The Company has not yet published financial forecasts and has not decided to publish them in the future.

- **Principle I.Z.1.11.** Information on the content of the company's rule on changing the entity authorised to audit financial statements, or on the absence of such rule,

Company Commentary:

The Company informs that no formal order to change the entity authorised to audit financial statements with a specified frequency has been introduced, except for the application in this respect of the principles resulting from generally applicable provisions of law, including in particular the *Act on Statutory Auditors, Audit Firms and Public Supervision of 11th May 2017*. Notwithstanding the above, the Company respects this aspect of the Best Practices by regularly changing the entities authorised to audit financial statements. The selection of an entity authorised to audit financial statements and the change of such entity – each time based on a tender offer – is made by the Company's Supervisory Board on the basis of the recommendation of the audit committee, following the principles of changing the entity authorised to audit financial statements and the policies and procedures whose scope results from generally applicable laws.

- **Principle I.Z.1.17.** justification for draft resolutions of the general meeting of shareholders concerning matters and decisions which are significant or which may raise doubts of shareholders – within a time limit enabling the participants of the general meeting to get acquainted with them and to adopt a resolution with due discernment

Company Commentary:

The Issuer will take steps to ensure that, ultimately, in justified cases, draft resolutions of the General Meeting of Shareholders contain appropriate justification. The Company will endeavour to provide the shareholders with justifications, in particular to draft resolutions on matters which are important or which may raise doubts, concerning atypical or less frequent issues in the Company. The Company is of the opinion that the justification of each resolution of the General Meeting, including resolutions which are customarily adopted on the basis of the provisions of the Commercial Companies Code, is not necessary for the proper decision-making process of the General Meeting. In the Company's opinion, copying the content of the provisions of the Commercial Companies Code in the justifications for standard resolutions would be a manifestation of unnecessary bureaucracy.

- **Principle I.Z.1.20.** recording the proceedings of the general meeting in audio or video form,

Company Commentary:

The Issuer has abandoned the recommendations contained in Principle IV.Z.2 on ensuring real-time broadcasts of General Meetings, and as a consequence, it does not apply Principle I.Z.1.20, which recommends that a record of General Meetings be posted on the Company's website in audio or video form. A detailed explanation in this matter is contained in the commentary to principle IV.Z.2.

II. Management and Supervisory Board

- **Principle II.Z.1.** The internal division of responsibility for individual areas of the company's business among the members of the management board should be formulated in an unambiguous and transparent manner and a distribution scheme should be available on the company's website.

Company Commentary:

The Company does not have a formal division of tasks and responsibilities of the members of the Management Board in their functions, and consequently no separate scheme exists. In the Issuer's opinion, such a solution ensures effective and dynamic management of the company.

III. Internal systems and functions

- **Principle III.Z.1.** The company's management board is responsible for implementing and maintaining effective internal control, risk management, compliance and internal audit systems.

Company Commentary:

Throughout the financial year 2019/2020, there were no separate entities solely responsible for risk management, internal audit and compliance. Thus, until now, the above tasks have been performed in a dispersed (non-centralised) manner within the individual organisational units of the Company. Consequently, identification of individual material non-financial aspects (including in particular environmental and occupational health and safety aspects) was performed by individual organisational units operating within the Parent Company. This process was related to the regular assessment of the impact on the environment and risk related to individual areas of interaction with employees and the environment. The assessment also took into account the impact of changes (e.g. legal, economic and social) occurring in its environment. Aspects were identified and assessed in detail in accordance with relevant procedures and instructions relating to hazard identification and risk assessment for a given area. The above process included, in particular, joint action of financial analysts and controllers integrated into various departments and organisational units of the Company. These include the auditing and planning team, the payment and risk management team or specialists in the sales departments and internal audit of the warehouse. At the same time, due to the dynamics of changes taking place in the processes – some departments and organisational units operate on the basis of direct communication from the managing director of a given area, from whom they receive ongoing announcements or instructions.

The compliance of the operation of individual areas with the requirements of the binding legal regulations and additional requirements specific to a given area is also monitored on an ongoing basis. Since June 2018, the Company has created the position of an internal audit plenipotentiary who coordinates the area of internal audit carried out in individual organisational units. Therefore, internal audit is still of a dispersed nature and is performed by directors and managers of individual organisational units.

- **Principle III.Z.2.** Subject to Principle III.Z.3, persons responsible for risk management, internal audit and compliance shall report directly to the president or another member of the management board and shall have the possibility to report directly to the supervisory board or audit committee.

Company Commentary:

In accordance with the previous commentary, activities in the described areas are carried out in the Company, and this takes place in individual organisational units of the Company. However, the management board is responsible for the effectiveness of the above described activities.

▪ **Principle III.Z.3.** The principles of independence as defined in the universally recognised international standards of professional practice of internal audit apply to the person in charge of the internal audit function and other persons responsible for performing its tasks.

Company Commentary:

Currently, the Company does not have a person in charge of the internal audit function due to the lack of a separate formal unit in the company responsible for performing the internal audit function. Since June 2018, the Company has created the position of an internal audit plenipotentiary who coordinates the area of internal audit carried out in individual organisational units. Therefore, internal audit is of a dispersed nature and is performed by directors and managers of individual organisational units.

▪ **Principle III.Z.4.** At least once a year, a person responsible for internal audit (in the case of separation of such a function in the company) and the management board shall present to the supervisory board their own assessment of the effectiveness of functioning of the systems and functions referred to in principle III.Z.1, together with an appropriate report.

Company Commentary:

Currently, the Company does not have a person in charge of the internal audit function due to the lack of a separate formal unit in the company responsible for performing the internal audit function. The Management Board presents the relevant information during the Supervisory Board meeting.

IV. General meeting and relations with shareholders

▪ **Recommendation IV.R.2.** Where justified by the shareholding structure or the expectations expressed to the company by shareholders, if the company is able to provide the technical infrastructure necessary for the smooth running of the general meeting by electronic means of communication, it should enable shareholders to participate in the general meeting by such means, in particular by:

- 1) real-time transmission of the general meeting,
- 2) real-time two-way communication where shareholders may take the floor during the general meeting from a location other than that of the general meeting,
- 3) exercising, in person or by proxy, the right to vote during the general meeting

Company Commentary:

The Issuer has abandoned this recommendation due to the nature of its shareholding and the fact that the company has not yet received any enquiries from any of the shareholders. Also, the number of entities registering for the General Meeting of Shareholders is small and slightly differs from the number of entities constituting jointly dominant shareholders. In the Issuer's opinion, the costs of implementation of professional tools guaranteeing security and stability of transmission and communication in real time, as well as the authenticity of registration of the meeting and the accompanying organisational burdens, do not exceed the benefits resulting from the full implementation of this recommendation and the principles resulting from it. Therefore, taking into account the principle of proportionality, the Issuer has resigned from engaging technical means to implement this recommendation and the resulting detailed principles.

For the above reasons, the Company also did not apply the rule expressed in Section IV.Z.2 on ensuring real-time transmission of General Meetings to the public and Principle I.Z.1.20 recommending that a record of General Meetings be posted on the Company's website in audio or video form.

- **Principle IV.Z.2.** If justified by the company's shareholding structure, the company shall ensure that the general meeting is broadcast in real time to the public.

Company Commentary:

The Issuer has abandoned the recommendation to ensure real-time broadcasts of General Meetings to the general public, and as a consequence does not apply principles I.Z.1.16 and I.Z.1.20, which recommend that information on the planned transmission and the record of General Meetings be posted on the company's website in audio or video form. To date, the Company has not applied the recording of General Meetings in audio, or audiovisual form. To date, the Company has not received any enquiries in this respect from any of the shareholders. Also, the number of entities registering for the General Meeting of Shareholders is small and slightly differs from the number of entities constituting jointly dominant shareholders. In the Issuer's opinion, the costs of implementation of professional tools guaranteeing security and stability of transmission and communication in real time, as well as the authenticity of registration of the meeting and the accompanying organisational burdens, do not exceed the benefits resulting from the full implementation of these principles. Therefore, taking into account the principle of proportionality, the Issuer has resigned from engaging technical means to implement these principles, not excluding their application in the future.

- **Principle IV.Z.9.** The Company makes every effort to ensure that draft resolutions of the General Meeting of Shareholders contain a justification if this will make it easier for shareholders to adopt a resolution with due discernment. Where the inclusion of an issue on the agenda of a general meeting takes place at the request of a shareholder or shareholders, the management board or the chairman of the general meeting shall request a justification of the proposed resolution. In important matters, or those which may raise doubts among shareholders, the company shall provide a justification, unless it otherwise provides the shareholders with information which will ensure that a resolution is adopted with due consideration

Company Commentary:

The Issuer will take steps to ensure that, ultimately, in justified cases, draft resolutions of the General Meeting of Shareholders contain appropriate justification. The Company will endeavour to provide the shareholders with justifications, in particular to draft resolutions on matters which are important or which may raise doubts, concerning atypical or less frequent issues in the Company. The Company is of the opinion that the justification of each resolution of the General Meeting, including resolutions which are customarily adopted on the basis of the provisions of the Commercial Companies Code, is not necessary for the proper decision-making process of the General Meeting. In the Company's opinion, copying the content of the provisions of the Commercial Companies Code in the justifications for standard resolutions would be a manifestation of unnecessary bureaucracy.

V.Conflicts of interest and related party transactions

- **Principle V.Z.5.** Before the company executes a material agreement with a shareholder holding at least 5% of the total vote in the company or a related entity, the management board shall request the supervisory board's consent to such transaction. Before giving its consent, the supervisory board shall assess the impact of such transaction on the company's interest. The above obligation does not apply to typical transactions concluded at arm's length in the course of the company's operations with entities belonging to its capital group.

Where a decision on the conclusion by the company of a material agreement with a related entity is made by the general meeting, before making such a decision the company shall ensure that all shareholders have access to information necessary to assess the impact of such transaction on the company's interest.

Company Commentary:

The Company's Articles of Association do not grant the Supervisory Board the power to express consent to conclude an agreement with a shareholder holding at least 5% of the total number of votes in the company or with a related entity. Any amendments to the provisions of the Articles of Association in this respect are subject to the decision of the General Meeting.

▪ **Principle V.Z.6.** In its internal regulations, the Company defines the criteria and circumstances in which a conflict of interest may occur in the company, as well as the rules of conduct in the face of a conflict of interest or the possibility of its occurrence. The Company's internal regulations take into account, inter alia, ways of preventing, identifying and resolving conflicts of interest, as well as rules of excluding a member of the management or supervisory board from participation in consideration of an issue which is subject or threatened with a conflict of interest.

Company Commentary:

In the opinion of the Company, the provisions of generally applicable law are sufficient to identify and avoid conflicts of interest, and therefore the Company will not define on its own the criteria and circumstances in which a conflict of interest may arise in the Company.

VI. Remuneration

▪ **Recommendation VI.R.1.** The remuneration of members of the company's governing bodies and key managers should be based on the adopted remuneration policy.

Company Commentary:

The Company does not have a formal remuneration policy for members of the Company's governing bodies and key managers. Remuneration of members of the governing bodies and key managers is determined by the relevant governing bodies of the Company. However, in connection with the amendment of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies, adopted in October 2019, the general meeting of a company whose at least one share is admitted to trading on a regulated market should adopt, by way of a resolution, a remuneration policy for members of the Management Board and the Supervisory Board, and the Company will take appropriate action in this respect in the near future.

▪ **Recommendation VI.R.2.** The remuneration policy should be closely aligned with the company's strategy, short and long term objectives, long-term interests and performance, and should include measures to avoid discrimination on any grounds.

Company Commentary:

▪ The Company does not have a formal remuneration policy for members of the Company's governing bodies and key managers. However, in connection with the amendment of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies, adopted in October 2019, the general meeting of a company whose at least one share is admitted to trading on a regulated market should adopt, by way of a resolution, a remuneration policy for members of the Management Board and the Supervisory Board, and the Company will take appropriate action in this respect in the near future. **Principle VI.Z.4.** The Company shall present a report on its remuneration policy in the management report, including at least the following:

- 1) general information on the remuneration system adopted in the company,
- 2) information on the terms and amount of remuneration of each member of the management board, broken down into fixed and variable components of remuneration, indicating the key parameters for determining variable components of remuneration and the rules for payment of severance pay and other termination payments, orders or other legal relationships of a similar nature, separately for the company and each group entity,
- 3) information on the non-financial components of remuneration

to individual board members and key managers,

4) indication of significant changes in the remuneration policy or lack thereof during the last financial year,

5) assessment of the functioning of the remuneration policy from the point of view of achieving its objectives, in particular the long-term increase in shareholder value and the stability of the company's operations

Company Commentary:

Due to the fact that the Company does not yet have a formalised remuneration policy for members of the company's governing bodies and its key managers, this rule does not apply. However, the issuer will review its current practice in this respect and implement internal regulations corresponding to this principle in the future. The Issuer stresses, however, that in accordance with the applicable provisions of the law on reporting obligations, the annual report on operations includes general information on the remuneration principles in force, as well as information on the amount of remuneration in a given financial year for members of the management board, the supervisory board of the company and an independent proxy.

3) Description of the main features of internal audit and risk management systems applied at Komputronik S.A. with respect to the process of preparing financial statements and consolidated financial statements

Komputronik S.A. has an internal control system in the area of accounting and preparation of financial statements, ensuring reliable and clear presentation of the Company's financial and asset situation. The system in question is supervised by the Management Board of Komputronik S.A. and each time by appointed persons conducting active financial and operational controlling. The internal audit system, to the extent to which it is related to the financial statements, includes in particular the audit of the processes of purchase and sale, as well as cash trading and the manner of their posting. The Company has implemented and applies appropriate methods to secure access to data and a computer system for data processing, including storage and protection of accounting books and records. The Company has implemented an integrated data archiving management system which provides for the creation of regular back-up copies of all sensitive data and storing them far beyond the Company's registered office in very well-protected "data vaults", which is provided by an external entity. Komputronik S.A. has documentation approved by the Management Board, which describes the adopted accounting principles (policy) resulting from the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations, and in the scope not regulated by these Standards, in accordance with the requirements of the Accounting Act and executive regulations issued on its basis. The Company's annual financial statements are audited, and the half-yearly reports are reviewed by an entity with appropriate authority, selected by the Supervisory Board by selecting the winner of a tender. The reports of Komputronik S.A. are published in accordance with the relevant legal regulations.

4) Indication of shareholders holding, directly or indirectly, significant blocks of shares, together with the number of shares held by those entities, their percentage share in the share capital, the number of votes resulting therefrom and their percentage share in the total number of votes at the General Meeting.

The table below presents a list of entities which directly or indirectly hold at least 5% of the total vote at the Issuer's General Shareholders Meeting:

Detailing	Number of shares and votes at the GMS	% share in the share capital and % share in the total number of votes at the General Meeting of Shareholders
WB iTotal sp. z o.o.*	2.728.951	27.86
EKB sp. z o.o. **	2.557.036	26.11

* WB iTOTAL Sp. z o.o. is 100% controlled by Monika and Wojciech Buczkowski

** EKB Sp. z o.o. is 100% controlled by Ewa and Krzysztof Buczkowski

- 5) Indication of holders of any securities that give special control rights, together with a description of those rights.

To the Issuer's knowledge, there are no securities referring to the Issuer which give special control rights.

- 6) Indication of all restrictions concerning the exercise of voting rights, such as restrictions on the exercise of voting rights by holders of a specific part or number of votes, time restrictions concerning the exercise of voting rights or provisions pursuant to which, with the cooperation of the company, capital rights related to securities are separated from the possession of securities.

The rights and obligations related to the Issuer's shares are defined in the provisions of the Commercial Companies Code, the Issuer's Articles of Association and other legal regulations.

All the Issuer's Shares are ordinary, non-preferred bearer shares. This also applies to the right to vote, as each share gives the right to one vote at the General Meeting of the Company. No limitations in this respect are provided for in the Articles of Association.

- 7) Indication of any restrictions concerning the transfer of ownership of the Issuer's securities,

The Issuer's Articles of Association do not introduce any restrictions on the transfer of rights, and pursuant to Article 337(1) of the Commercial Companies Code, shares are transferable and, as they are bearer shares, trading in them is not subject to any restrictions, except for the statutory ones listed below.

The Company's securities are subject to restrictions on their transferability resulting exclusively from generally applicable laws.

Apart from the limitations on disposal of shares resulting from the applicable laws, the Issuer's Articles of Association do not provide for any provisions on limitations on disposal of shares.

- 8) Description of rules concerning appointment and dismissal of managers and their rights, in particular the right to make decisions on the issue or redemption of shares.

The Issuer's Management Board is composed of one or more persons. The number of members of the Management Board is determined by the Supervisory Board, except for the first composition, the list of which was determined by the act of transformation. The Management Board is appointed for a joint five-year term.

The President of the Management Board alone, or two members of the Management Board acting jointly, or one member of the Management Board acting together with a proxy, is authorised to make declarations of will on behalf of the Company.

The powers of the Management Board include matters provided for in the Commercial Companies Code and the Articles of Association. The Management Board manages the Company's affairs and represents the Company externally. The Issuer's Management Board has no authorisation to increase the share capital or to redeem or purchase shares.

- 9) Description of the rules of amending the Issuer's Articles of Association or Articles of Association.

An amendment to the Articles of Association is reserved for the General Shareholders Meeting and requires entry in the National Court Register. A resolution to amend the Articles of Association requires a qualified three-fourths majority of votes. In the event of an amendment to the Articles of Association resulting in an increase in shareholders' performance or a reduction in the personal rights of a shareholder, the consent

of all shareholders affected by the resolution is required. In the event of an amendment to the Articles of Association, the Issuer publishes current reports in accordance with the legal regulations binding on the Company.

- 10) The manner of operation of the General Meeting of Shareholders and its basic powers, as well as a description of shareholders' rights and the manner of their exercise, in particular the rules resulting from the bylaws of the General Meeting, if such bylaws have been adopted, unless the information in this respect results directly from the provisions of law.

General Meetings of the Issuer's Shareholders are held in accordance with the relevant provisions of law, including in particular the Commercial Companies Code, as well as the provisions of § 16 and 17 of the Issuer's Articles of Association and the Rules of Procedure of the Issuer's General Meeting. They provide that a General Meeting may be ordinary or extraordinary. An Ordinary General Meeting should be held within 6 (six) months after the end of each financial year. If the Management Board fails to convene an Ordinary General Meeting within 6 (six) months after the end of a given financial year, an Ordinary General Meeting may be convened by the Supervisory Board. Extraordinary General Meetings are convened by the Management Board. The Supervisory Board has the right to convene an Extraordinary General Meeting if it considers it advisable, and the Management Board does not convene an Extraordinary General Meeting within two weeks from the date of submitting an appropriate request by the Supervisory Board. Shareholders or a shareholder representing at least one tenth of the share capital may demand that an Extraordinary General Meeting be convened, as well as the inclusion of particular issues in the agenda of the next General Meeting. Removal from the agenda or failure to consider an issue placed on the agenda at the request of shareholders requires the adoption of a resolution of the General Meeting, after prior consent of all present shareholders who submitted such request. A resolution of the General Meeting referred to in the previous sentence requires a majority of $\frac{3}{4}$ of votes cast. General Meetings are held at the Company's registered office or in Warsaw. A shareholder may participate in the General Meeting and exercise their voting rights personally or by proxy. The General Meeting is opened by the Chairman of the Supervisory Board or another person indicated by them. In the event of the absence of such persons, the General Meeting is opened by the President of the Management Board or a person appointed by the Management Board. Unless the provisions of the Commercial Companies Code provide otherwise, a General Meeting is valid regardless of the number of shares represented at it. Resolutions of the General Meeting are adopted by an absolute majority of votes cast, unless the provisions of this Statute or the Commercial Companies Code Act provide otherwise. Voting at the General Meeting is open. A secret ballot is ordered for elections and motions to dismiss members of the authorities or liquidators of the Company or to hold them liable, as well as in personal matters. Moreover, a secret ballot is ordered at the request of at least one of the shareholders present or represented at the General Meeting. The General Meeting adopts regulations specifying the detailed procedure of conducting the meeting. The Company undertakes appropriate actions aimed at identifying the shareholders participating in the General Meeting, in particular in the case of voting by mail or through proxies. The right to represent a shareholder should result from appropriate documents, including but not limited to: an identity document, a power of attorney document, a document of an appropriate excerpt from the register concerning the shareholder, in which the persons participating in and exercising the right to vote at the General Meeting or granting a power of attorney to participate in it and exercise the right to vote should be shown. Documents prepared in a foreign language should be translated into Polish by a sworn translator. Subject to explicit provisions to the contrary, the documents should be submitted in originals. The documents referred to above are attached to the minutes of the General Meeting. Shareholders present at the General Meeting must sign the attendance register.

The Issuer's shareholders have the following rights of a corporate and property nature, which may be exercised in person or by proxy:

Rights of a material nature:

Right to dividend, Right of subscription in subscription offers of securities of the same class, Right of participation in the surplus of the Issuer in the case of liquidation, Right to exchange shares, Right of disposal of owned shares;

Rights of a corporate nature:

Right to convene a Shareholder Meeting and to appoint its chairman, Right to demand inclusion of specific issues in the agenda of the nearest Shareholder Meeting, Right to submit draft resolutions of the Shareholder Meeting, Right to participate in the Shareholder Meeting, Right to vote during the Shareholder Meeting, Rights related to the list of shareholders, Right to demand a copy of motions in issues included in the agenda, Right to demand verification of the attendance list of the Shareholder Meeting, Rights related to the election of Supervisory Board members, Right to demand a share document, Right to demand information about the Company, Right to appeal resolutions of the General Assembly of the Company, Right to bring an action for the repair of damage caused to the Company, Right to demand examination by an expert at the expense of the Issuer of a specific issue connected with the creation of a public company or conducting its affairs (auditor for special affairs), Right to demand copies of the report of the management board from the activity of the Company and the financial report together with a copy of the report of the supervisory board and the opinion of the expert auditor at the latest fifteen days before the General Assembly (Article 395(4) CCC), Right to submit an application for checking the attendance list at the General Meeting, Right to obtain a personal deposit certificate, Right to review the book of minutes and to demand copies of resolutions certified by the Board (Article 421(3) CCC).

- 11) The composition and changes which took place during the last financial year, as well as a description of the activities of the issuer's management, supervisory or administrative bodies and their committees;

The current Members of the Issuer's Management Board are: Wojciech Buczkowski – President of the Management Board and Sebastian Pawłowski – Vice-President of the Management Board.

On 20th November 2019 Krzysztof Nowak formerly acting as a Member of the Management Board of the Parent Company resigned from his function with effect from 30th November 2019 (stating personal reasons). Krzysztof Nowak is still the Chief Financial Officer (for over 13 years in total), and his professional commitment horizon is vague and long-term.

On the same day, pursuant to a resolution of the Parent Company's Supervisory Board, Sebastian Pawłowski was appointed Vice-President of the Management Board of the Parent Company.

Wojciech Buczkowski, was elected to the Board for the first time on the basis of a resolution of the Extraordinary Meeting of Shareholders of Komputronik sp. z o.o. with its registered seat in Poznań of 11th December 2006 (notarial deed: Rep. A 10.810/2006) on transformation of this company into a joint stock company under the name of Komputronik S.A. with its registered seat in Poznań, which transformation was registered in a relevant register by the registration court on 2nd January 2007. Sebastian Pawłowski was appointed Vice President of the Management Board of Komputronik S.A. for the first time and has previously held the positions of Vice President of the Management Board of Komputronik Biznes sp. z o.o. and President of the Management Board of Movity sp. z o.o. – the issuer's subsidiaries. As Vice President of the Management Board, Sebastian Pawłowski is responsible for developing sales to business customers. The mandates of the Management Board Members will expire at the latest on the date of the General Meeting approving the financial statements for the financial year ended 31st March 2022.

Furthermore, the Issuer informs that on 10th March 2020, the District Court for Poznań Stare Miasto in Poznań, 11th Commercial Division for Bankruptcy and Restructuring, issued a decision to open the recovery proceedings against the Issuer and Komputronik Biznes Sp. z o.o. within the meaning of the Restructuring Law, pursuant to which Zimmerman Filipiak Restructuring Spółka Akcyjna with its registered office in Warsaw, ul. Wspólna 70, 00-687 Warsaw, was appointed as the Administrator. On 13th March 2020, the Issuer received a letter from the Administrator appointing Patryk Filipiak as the person authorised to act on behalf of the Administrator,

Members of the Supervisory Board were appointed for a joint subsequent term of office lasting five years. The Extraordinary General Meeting of Komputronik S.A. with its registered office in Poznań on 3rd April 2017 (notarial deed: Rep. 2427/2017) appointed on the basis of the adopted resolutions: Chairman of the Supervisory Board Krzysztof Buczkowski and members of the Supervisory Board: Tomasz Buczkowski, Ryszard Plichta, Jarosław Wiśniewski and Jędrzej Bujny. Their mandates shall expire on the day of the General Shareholders Meeting approving the financial statements for the financial year ended 31st March 2023 at the latest.

Since 29th September 2017, the Issuer has also had an Audit Committee composed of the following Supervisory Board members:

- Ryszard Plichta – Chairman of the Supervisory Board, who has knowledge and skills in accounting and auditing the financial statements, who also meets the statutory independence criteria, and who has knowledge and skills in the industry in which the issuer operates.
- Jarosław Wiśniewski, who meets the statutory independence criteria and has knowledge and skills in the industry in which the issuer operates.
- Krzysztof Buczkowski, who has knowledge and skills in the industry in which the issuer operates.

The Audit Committee operates in compliance with generally applicable laws, including in particular, based on the provisions of the Act of 11th May 2017 on Statutory Auditors, Audit Firms and Public Supervision and the Audit Committee Regulations adopted by the Supervisory Board: *the Policy for selecting the entity authorised to audit the financial statements of Komputronik S.A., the Policy for the provision by the auditing firm conducting the audit, by entities related to the auditing firm and by a member of the auditing firm's network of authorised non-audit services, the Procedures for selecting the entity authorised to audit the financial statements of Komputronik S.A.*

The Audit Committee shall meet at least four times a year. In 2019, 11 Audit Committee meetings were held. In addition, the Audit Committee may also conduct procedures using means of distance communication, which it also did.

On 3rd October 2019, the Audit Committee of Komputronik S.A. acting in compliance with the applicable laws, in particular on the basis of Article 130(1)(8) of the Act of 11th May 2017 on statutory auditors, audit firms and public supervision [Journal of Laws of 6th June 2017, item 1089] and on the basis of the provisions of the Regulations of the Audit Committee of the Supervisory Board of Komputronik S.A. on the basis of: *the Policy for selecting the entity authorised to audit financial statements of Komputronik S.A., the Policy for the provision by the auditing firm conducting the audit, by entities related to the auditing firm and by a member of the auditing firm's network of authorised non-audit services, including following an assessment of threats and safeguards for independence referred to in Articles 69-73 of the Act on Statutory Auditors, and taking into account the procedure for selecting the entity authorised to audit the financial statements of Komputronik S. A.* adopted a resolution on presenting to the Supervisory Board a recommendation on

re-appointment of the entity authorised to audit financial statements, indicating Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Sp.k. with its registered office in Poznań, 61-131 Poznań, ul. Abpa Antoniego Baraniaka 88 E, entered on the list of entities authorised to audit financial statements kept by the National Council of Statutory Auditors under registration number 4055. The Audit Committee's recommendation concerning the selection of the above-mentioned audit firm met the applicable conditions and was prepared following the procedure organised by the issuer referred to above.

Pursuant to the aforementioned recommendation, on 4th October 2019, the Supervisory Board of Komputronik S.A. with its registered office in Poznań, acting in compliance with the applicable laws, in particular pursuant to Article 388(1) of the Act of 15th September 2000 Code of Commercial Companies [Journal of Laws 2017.0.1577, i.e.] and Regulations of the Supervisory Board of Komputronik S.A. with its registered office in Poznań based on: the *Policy for selecting the entity authorised to audit financial statements of Komputronik S.A.*, the *Policy for the provision by the auditing firm conducting the audit, by entities related to the auditing firm and by a member of the auditing firm's network of authorised non-audit services, including following an assessment of threats and safeguards for independence referred to in Articles 69-73 of the Act on Statutory Auditors*, and taking into account the procedure for selecting the entity authorised to audit the financial statements of Komputronik S. A. having previously read the recommendations of the Audit Committee on the re-appointment of the entity authorised to audit financial statements and the recommendation of a new entity, re-appointed the audit firm Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Sp.k, (Auditor) to (ii) audit the Company's separate financial statements and the consolidated financial statements of the Komputronik Group and audit the three subsidiaries for the financial years ended 31st March 2020 and 31st March 2021, (ii)_ review the interim condensed separate financial statements of the Company and the interim condensed consolidated financial statements of the Komputronik Group for the six months ended 30th September 2019 and 30th September 2020.

The *Policy for selecting the entity authorised to audit the financial statements of Komputronik S.A.* assumes transparent and non-discriminatory selection criteria such as, among others, previous experience, reputation and qualifications and experience of the persons delegated to perform financial audit activities by the auditing firm, knowledge of the industry in which the Company operates, pricing conditions, or the proposed schedule of work related to the audit activities. In addition, the Selection Policy provides for the selection of the audit firm in an independent manner, free of pressure or suggestions from third parties concerning the selection, and any restrictions related to the selection result from generally applicable legal regulations.

The *Policy for the provision by the audit firm carrying out the audit, by entities affiliated to the audit firm and by a member of the audit firm's network of authorised non-audit services* shall in particular address the risk of a breach of the audit firm's independence by laying down rules for the provision of authorised services by defining prohibited services and authorised services. Permitted services may be provided only to the extent not related to the Company's policy, after the Audit Committee has assessed the threats and safeguards for independence.

It should be stressed that the above-mentioned audit firm did not provide any services to the issuer other than the audit of its financial statements, including the provision of permitted non-audit services, and therefore it was not reasonable to assess the independence of that audit firm and agree to provide such services.

The company still does not have a nomination and remuneration committee. Due to the scope and type of its business and the small number of members of the Supervisory Board, the Issuer does not plan to appoint such committees in the nearest future.

The Company has not developed or implemented a diversity policy with respect to its governing bodies and key managers. In the Issuer's enterprise, the selection of members of the Supervisory Board and managers of the Company is decided by authorised bodies of the Company. The selection of suitable candidates is each time based on strictly content-related criteria, i.e.: appropriate qualifications, professionalism, experience and personal predispositions to perform a given function, while other factors, including the person's gender, should not constitute a determinant in this respect.

14. INFORMATION ON AGREEMENTS WITH AN ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS

- **Parent Company**

- a) Entity name: Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Sp.k. with its registered office in Poznań
- b) On 3rd October 2019, the Supervisory Board elected Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Sp.k. with its registered office in Poznań as an entity authorised to audit the Issuer's financial statements for the financial year 2019.
- c) Date of the conclusion of the agreement for the audit of the annual separate financial statements for 2019, as well as for the audit of the annual consolidated financial statements for 2019, review of the separate interim financial statements for the first half of 2019 and review of the consolidated interim financial statements for the first half of 2019: 28th October 2019, annexed on 6th August 2020. This agreement covers the periods needed to perform the above-mentioned services.
- d) Value of remuneration due for reviewing the separate interim financial statements and auditing the annual financial statements for 2019: PLN 88,000.00 + VAT.
- e) Value of remuneration due for reviewing the interim consolidated financial statements and auditing the annual consolidated financial statements for 2019: PLN 47,800.00 + VAT.
- f) In previous years, the services of auditing the separate and consolidated financial statements and reviewing the interim consolidated financial statements for the financial years 2016, 2017 and 2018 were provided by UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered office in Krakow. The remuneration is presented in point 34.5 of the Financial Statements.

15. PRINCIPLES OF PREPARING FINANCIAL STATEMENTS

The financial statements for the financial year 2018/2019 were prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the European Union. A detailed description of the principles of preparation of the above mentioned statements is included in the relevant notes to the separate and consolidated financial statements for the period from 1st April 2019 to 31st March 2020.

16. MANAGEMENT INFORMATION ON THE SELECTION OF THE AUDIT FIRM TO CARRY OUT THE AUDIT OF THE ANNUAL ACCOUNTS IN ACCORDANCE WITH APPLICABLE PROVISIONS

The Management Board of Komputronik S.A. declares that Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Sp.k. with its registered office in Poznań, an entity authorised to audit financial statements, auditing the annual separate financial statements of Komputronik S.A., has been selected in accordance with applicable laws. This entity and the certified auditors conducting the audit of this report fulfilled the conditions for expressing an unbiased and independent opinion on the audited annual separate financial statement, in accordance with the applicable regulations and professional standards.

Signatures of all Members of the Management Board			
Date	Name and surname	Function	Signature
30th September 2020	Wojciech Buczkowski	Chairman of the Board	
30th September 2020	Sebastian Pawłowski	Deputy Chairman of the Board	
Signature of the Administrator			
Date	Name and surname	Function	Signature
30th September 2020	Patryk Filipiak	President of the Management Board, Zimmerman Filipiak Restrukturyzacja S.A., Administrator of Komputronik S.A.	

Poznań, 30 September 2020.