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Report of the Independent Auditor from the Audit for the General Meeting and the Supervisory Board of Comarch S.A.

Report from the audit of the annual financial statement

Opinion

We have audited the annual consolidated financial statement of the capital group, in which the parent company is Comarch S.A. ("Parent Company") ("Capital Group") containing consolidated balance sheet as at 31st of December, 2019 and consolidated profit and loss account and losses, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the year ended on that day and additional information including a description of the accounting principles adopted and other information clarifying ("consolidated financial statement").

In our opinion, attached consolidated financial statement:

- presents a reliable and clear picture of the Group's consolidated property and financial situation as at 31st of December, 2019 and its consolidated financial result and consolidated cash flows for the financial year ended on that day in accordance with those applicable International Financial Reporting Standards approved by the Union European and accepted accounting principles (policy);

- agrees on the form and content with the applicable law and the Articles of Association of the Parent Company.

This opinion is consistent with the additional report for the Audit Committee that we have issued as of the date of this report.

Basis of the opinion

We conducted our research in accordance with the International Standards of Research as adopted as National Standards of Research by the National Council of Expert Auditors ("KSB") and in accordance with Act of 11th of November, 2017 on Expert Auditors, Audit firms and Public Supervision ("Act on Expert Auditors" - Journal of Laws of 2017, item 1089 with later amendments) and EU Regulation No. 537/2014 of 16th of April, 2014 on Detailed Statutory Requirement Audits of Financial Statements of Public-Interest Entities ("EU Regulation" - Journal of Laws of the EU L158). Our liability in accordance with these standards is further described in our section Auditor's Responsibility for Auditing the Consolidated Financial Statements.

We are independent of the Group companies in accordance with the Code of Ethics for Professional Accountants International Federation of Accountants ("IFAC Code") adopted by the resolutions of the National Council of Experts Auditors and other ethical requirements that apply to the audit of reports financial in Poland. We have fulfilled our other ethical obligations in accordance with these requirements and the IFAC Code. During the audit, a key expert auditor and an audit company they remained independent of the Parent Company in accordance with the independence requirements set out in the Act on Expert Auditors and in the EU Regulation.

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

Key research matters

The key matters of investigation are matters that, according to our professional judgment, were the most significant during the audit of the consolidated financial statement for the current period reporting. They include the most significant assessed significant risks distortions, including assessed risks of material misstatement due to fraud. We referred to these matters in the context of our audit of the consolidated report as a whole and when formulating our opinion and summarized our response to these types of risks, and in those cases in which we deemed it appropriate we presented the most important observations related to these types of risk. We do not express a separate opinion on these matters.

1. Goodwill - impairment analysis

Key research matter

In accordance with the IFRS regulations, the Group is required to conduct an annual impairment test goodwill.

The test for impairment was a key issue of the study due to the annual obligation test for loss of value by the Management Board of the Company. The company values subject to tests amount to PLN 40,735 thousand, which is 2.2% of the balance sheet total and is significant for the financial statement.

The goodwill impairment test is based on significant assumptions and estimates prepared by Management such as the Group's strategy, future revenues, costs and cash flows, weighted average cost of capital ("WACC").

As a result, the future implementation of these assumptions depends on expectations with respect to future ones market and economic conditions, thus being exposed to a significant risk of distortion.

Disclosures in the financial statement

The applied accounting policy regarding the goodwill of subsidiaries has been disclosed by the Company in the additional notes to the consolidated financial statement, in note 2.1.5. Additional information can be found in note 3.5. of additional notes.

Auditor procedures in response to the identified risk

As part of the audit procedures of the consolidated financial statement of the Capital Group:

1. we have made a critical evaluation of the impairment test process,

2. we assessed the identification of the cash generating unit,

3. we have analysed the key assumptions of the test,

4. we tested the test for its mathematical correctness,

5. we have verified the applied discount rates,

6. we assessed the Company's analysis of the sensitivity of the test to key input factors model,

7. we have assessed the correctness and completeness of the required disclosures in the financial statement.

2. Risk related to production in progress

Key research matter

Production in progress are capitalized costs associated with creating new or upgrading existing software.

The value of production in progress as at 31st of December, 2019 is PLN 75,944 thousand and represents 4.1% of the consolidated balance sheet total.

In accordance with the accounting policy, capitalized costs should be recognized as an asset total income in the period not longer than 36 months from the date of their payment in the form of a cost sale or write-down.

We treat in connection with the above and with the assumptions adopted by the Management Board of the Company as to the possibility of future use of production effects in progress as a key area of research.

In this area, we identify the risk associated with not including capitalized costs in the required accounting policy period and capitalization of related costs with software that may not generate economic benefits.

Disclosures in the financial statement

The applied accounting policy regarding capitalization of production costs in progress was disclosed by the Company in the additional notes to the consolidated financial statement in note 2.1.6.

Additional information is included in the additional notes to the consolidated financial statement in note 3.12.

Auditor procedures in response to the identified risk

As part of the audit procedures of the consolidated financial statement of the Capital Group:

1. accounting policy records have been verified,

2. a list of items treated as work-in-progress was obtained, with reference to periods of incurring capitalized costs,

3. the correctness of applying the adopted accounting principles was assessed in the scope of:

- recognizing the cost of sales of capitalized costs in other total incomes in connection with obtaining revenues from the sale of software,

- compliance with the adopted accounting policy, recognized in other comprehensive income capitalized costs in case the software is in the development phase (planned write-offs),

- explanations of the board regarding factors causing delays in the individual settlement position, as well as plans and prospects for the settlement of these items in the future.

4. rated for significant production items in the course of capacity to generate economic benefits,

5. rated correctness and completeness of required disclosures in the financial statement.

3. Risk of distortion of the financial result due to the recognition of revenues in accordance with the degree of advance of long-term contracts not completed as at the balance sheet date

Key research matter

Sales revenue for the year ended 31st of December, 2019 amounted to PLN 1,437,423 thousand.

An important part of the revenues generated by the Capital Group were revenues from implementation IT implementation contracts, which are recognized by the Group in accordance with IFRS 15 guidelines "Revenues from contracts with customers".

For settling implementation contracts, the Group adopts the method of percentage involvement of costs and revenues.

The issue was considered the key area of the study due to the significance of sales revenue implementation services and the complex nature of the balance sheet valuation process based on material estimates of the Management Board regarding:

- establishing the budgeted cost of execution, and its updating during the service,

- correct allocation of costs to the relevant project and the relevant period,

- identify service obligations and assign appropriate remuneration to them,

which may have a significant impact on the value of recognized revenue in the period.

Disclosures in the financial statement

The details of the accounting policy applied by the Group in the area of revenue recognition are disclosed in note 2.2 of the additional notes to the consolidated financial statement.

Additional information is included in the additional notes to the consolidated financial statement in note 3.14.

Auditor procedures in response to the identified risk

As part of the audit of the consolidated financial statement of the Comarch Capital Group we reviewed the adopted accounting policy in the field of recognition and recognition revenues from sales in terms of compliance with the regulations of relevant standards accounting.

In particular, we have carried out procedures to understand and evaluate the controls internal, which the Company has implemented in relation to the valuation of long-term contracts.

During the audit we also carried out the following procedures relating to identified risk:

- we have assessed how the budgets used to calculate revenues are analysed and updated, and finally accepted;

- we have reconciled the actual data from the books to the last day of the period under review with the updated ones data in the budgets on the valuation day;

- we analysed the consistency of budget structures through mutual comparisons and reconciliations to real subcontracting contracts;

- we performed an analysis of the mathematical correctness of the calculation of all long-term contracts in terms of their mutual consistency and assessment of the risk of creating a provision for loss on the contract;

- in the case of contracts implemented over a period of more than one year, revenue and cost budgets were compared in these periods and the compliance of changes in the budget amount with source documentation was assessed for the selected sample, and changes in the value of the assumed margin on the contract were explained;

- for contracts with a high degree of cost involvement, information on the stage of completion of work has been obtained;

- detailed procedures were performed for a selected sample of contracts (including the largest contracts) to compare data from the spreadsheet with data from contracts with the client;

Responsibility of the Management Board and the Supervisory Board for the financial statement

The Management Board of the Parent Company is responsible for preparing the consolidated financial statement which provide a reliable and clear picture of the property and financial situation and result in accordance with the International Financial Reporting Standards approved by the European Union, accepted accounting principles (policy) and the Group's legal regulations and articles of association, as well as internal control, which the Management Board of the Parent Company considers necessary to enable preparation of consolidated financial statement not causing material distortion due to fraud or mistake.

When preparing consolidated financial statement, the Management Board of the Parent Company is responsible for assessing the Group's ability to continue its activities, disclosing if applicable, matters related to the continuation of activities, and adoption of the continuation principle as an accounting basis, except when the Management Board intends to do so liquidation of the Group, either abandon business or there is no real alternative to its liquidation or discontinuation of activities.

The Management Board of the Parent Company and members of the Supervisory Board of the Parent Company are obliged to ensure that the consolidated financial statement meets the requirements provided for in the Act of 29th of September, 1994 on accounting ("Accounting Act" - Journal of Laws of 2019, Pos. 351). The members of the Supervisory Board of the Parent Company are responsible for supervision the financial reporting process.

Auditor's responsibility for auditing the financial statement

Our goals are to gain reasonable assurance whether the consolidated financial statement as the whole does not contain significant distortion caused by fraud or error and release test reports containing our opinion. Rational certainty is a high level certainty, but it does not guarantee that the test carried out in accordance with the KSB will always detect existing significant distortion. Distortions can arise from fraud or error and are considered to be important if it can reasonably be expected that one or both of them could affect business decisions of users undertaken on the basis of this consolidated financial statement.

The concept of materiality is used by the auditor both in planning and conducting the study as well as when assessing the impact of the distortions detected during the study, and uncorrected misstatements, if any, on the financial statement, as well as on formulating the auditor's opinion. Therefore, all opinions and statements contained in the audit report are expressed in terms of quality and value the level of significance determined in accordance with the auditor's standards and the professional judgment of an expert auditor.

The scope of the audit does not include assurance as to the Group's future profitability or efficiency or the effectiveness of conducting its affairs by the Management Board of the Parent Company currently or in the future.

We use professional judgment while maintaining a professional scepticism, and:

- we identify and assess the risks of material misstatement of the consolidated financial statement due to fraud or error, we design and carry out procedures research corresponding to these risks and we obtain audit evidence that is sufficient and appropriate to form the basis for our opinion. The risk of not finding a significant distortion resulting from the fraud is greater than that resulting from the error, because fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;

- we gain an understanding of the internal control appropriate for the study to be designed audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- we assess the appropriateness of the accounting principles (policy) used and the reasonableness of the estimates accountants and related disclosures made by the Management Board of the Parent Company;

- we draw a conclusion on the appropriateness of the Parent Company Management Board’s application the continuity of activities’ principle as the accounting basis and, based on the obtained evidence of audit whether there is a significant uncertainty related to events or conditions that may be subject to significant doubt to the Group's ability to continue its activities. If we come to the conclusion that there is a significant uncertainty, it is required to pay attention to us in our auditor's report on related disclosures in the consolidated financial statement or, if such disclosures are inadequate, we modify our opinion. Our conclusions are based on evidence of audit obtained up to the date of our preparation the auditor's reports, however future events or conditions may cause that the Group will cease its operations;

- we assess the overall presentation, structure and content of the consolidated financial statement, including disclosure, and whether the consolidated financial statement presents, being their basis, transactions and events, in a manner that ensures a fair presentation;

- we obtain sufficient relevant audit evidence about financial information units or business activities within the Group to express an opinion on the consolidated financial statement. We are responsible for management, supervision and conducting the Group’s audit and we remain solely responsible for our opinion from the audit.

We provide the Supervisory Board of the Parent Company with information about, among other things, planned scope and time of the audit and significant findings of the audit, including any significant weaknesses of internal control that we will identify during the audit.

We submit a declaration to the Supervisory Board of the Parent Company that we have observed applicable laws ethical requirements for independence and that we will inform them about all connections and other matters that could be reasonably considered to pose a threat to our independence, and where applicable, we inform about the applied securities.

From among the matters forwarded to the Supervisory Board of the Parent Company, we have established those matters which were the most significant during the audit of the consolidated financial statement as current reporting period and that is why we considered them key issues of the audit. We describe these matters in our auditor's report, unless laws or regulations prohibit us to disclose them publicly or when, in exceptional circumstances, we determine that the issue should not be presented in our report, because it would be reasonable to expect that the negative consequences would outweigh the benefits of such information to the public interest.

Other information, including an activity report

Other information includes a report on the Group's operations for the financial year ended 31st of December, 2019 ("Activity Report") together with a statement on corporate governance referred to in Art. 49b (1) of the Accounting Act, which is a separate part of this report ("Other information").

Responsibility of the Management Board and the Supervisory Board of the Parent Company

The Management Board of the Parent Company is responsible for preparing Other Information in accordance with the law. The Management Board of the Parent Company and members of the Supervisory Board of the Parent Company are obliged to ensure that the Report on the Group's operations along with the separated part meet requirements provided for in the Accounting Act.

Responsibility of the auditor

Our opinion on the audit of the consolidated financial statement does not include Other information. In connection with the audit of the consolidated financial statement, our duty is getting acquainted with Other information, and by doing so, considering whether Other information is not significant inconsistent with the consolidated financial statement or our knowledge gained during the audit, or otherwise appear to be significantly distorted. If based on the work done, we find out significant distortions in other information, we are obliged to inform you in our audit report. Our duty in accordance with the requirements of the Act on Expert Auditors is also issuing an opinion or report whether the Group's operations has been prepared in accordance with the regulations and whether it is consistent with the information contained in the consolidated financial statement. Also we are required to give an opinion on whether the Group has included the required information in a statement on the application of corporate governance.

We obtained a report on the Group's operations before the date of this audit report, and the Annual Report will be available after this date. In the case when we find a significant distortion in the Annual Report we are obliged to inform the Supervisory Board of the Parent Company.

Opinion on the Report on operations

Based on the work carried out during the audit, in our opinion, the Report on the Group's operations:

- it has been drawn up in accordance with Article 49 of the Accounting Act and paragraph 71 of the Regulation Minister of Finance of 29th of March, 2018 regarding current and periodic information provided by issuers of securities and conditions for recognition as equivalent to information required by the laws of a non-state member ("Regulation on current information" - Journal of Laws of 2018, item 757);

- is consistent with the information contained in the consolidated financial statement.

In addition, in the light of knowledge about the Group and its surroundings obtained during our audit, we declare that we have not identified material misstatements in the Group's Report on the Group's operations.

Opinion on the statement on the application of corporate governance

In our opinion, the Group has all information in the statement on the application of corporate governance referred to in paragraph 70, paragraph 6 point 5 of the Regulation on current information. In addition, in our opinion, the information indicated in paragraph 70 para. 6 point 5 lit. c-f, h and i of this Regulation included in the statement on the application of corporate governance are in accordance with applicable provisions and information contained in the consolidated financial statement.

Report on other legal and regulatory requirements

Declaration on services provided that are non-audit of financial statement

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Art. 5 section 1 of the EU regulation and art.136 of the Act on Expert Auditors.

Choosing an auditing company

We have been selected to audit the financial statements with a resolution of the Company's Supervisory Board of 27th of May, 2019. The Company's financial statements are tested continuously starting from the financial year ended 31st of December, 2017, that is for the next three years.

The key expert auditor responsible for the audit, which resulted in this report of the independent expert auditor is Marcin Krupa.

BDO spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw,

entered into the list of audit firms under number **3355**

on behalf of which the key expert auditor operates

Signed by a qualified electronic signature

Marcin Krupa

Expert auditor
No. in the register 11142

Signed by a qualified electronic signature

doctor André Helin

President of the Management Board of the General Partner
Expert auditor, no. in the register 90004

Krakow, 29th of April, 2020