Independent Auditor's Report on Annual Financial Statements

For the Shareholders and the Supervisory Board of Asseco Business Solutions S.A.

Audit Report

Our Opinion

In our opinion, the attached annual financial statements of Asseco Business Solutions S.A. ("the Company"):

- give a true and fair view of the financial position of the Company as at 31 December 2018 and its financial result and cash flows for the financial year ended on that day in accordance with the applicable International Financial Reporting Standards approved by the European Union and adopted rules (policies) ("IASB");
- are consistent form- and content-wise with the applicable laws and Company's articles;
- were drawn up on the basis of correctly maintained accounts in accordance with the provisions of Chapter 2 of the Accounting Act of 29 September 1994 ("Accounting Act" – consolidated text: Journal of Laws of 2019, item 351 as amended).

This opinion is consistent with our additional report for the Audit Committee issued on the day of this report.

The subject of audit

We audited the following items of the annual financial statements of Asseco Business Solutions S.A.:

- balance sheet as at 31 December 2018;

and the following covering the financial year from 1 January to 31 December 2018:

- profit and loss account and statement of comprehensive income;
- statement of changes in equity;
- cash flow statement, and
- additional explanations to the financial statements containing a description of accounting policies and other information.

Basis for the opinion

Basis for the opinion

We conducted our audit in accordance with the International Standards on Auditing in the version adopted as National Auditing Standards by the National Chamber of Statutory Auditors ("NCSA") and in accordance with the provisions of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision ("Act on Statutory Auditors" – Journal of Laws of 2017, item 1089 as amended) as well as Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC ("EU Regulation" – OJ L 158). Our responsibility in accordance with the NCSA is described below under "Auditor's responsibility for auditing the financial statements."

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k.,
(formerly: Techmot sp. z o.o.
ul. Tucholska 9/11, 00-633 Warszawa, Poland
T:+48 (22) 746 4000, Fax:+ +48 (22) 742 4040, *www.pwc.com*

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., (formerly: PricewaterhouseCoopers sp. z o.o.), entered in the Companies' Register of the District Court for the Capital City of Warsaw, registration no. KRS 0000750050, tax ID 526-021-02-28. The Company's registered office is in Warsaw, at ul. Polna 11.

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

Independence and ethics

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants ("IFAC Code") adopted by the resolutions of the National Chamber of Statutory Auditors and other standards of ethics applicable to our audit of financial statements in Poland. We fulfilled our other ethical obligations in accordance with these requirements and the IFAC Code. During the audit, the lead auditor and the audit firm remained independent of the Company in accordance with the independence requirements as provided in the Act on Statutory Auditors and in the EU Regulation.

Our approach to audit

Overview

- The overall materiality adopted for the audit was PLN 3,800 thousand, which represents 5% of profit before tax.

- We conducted audit of the financial statements of the Company for the period ended 31 December 2018.

- Impairment of goodwill
- Settlement of merger with the subsidiary Macrologic S.A.
- Assessment of impact of new IFRS standards

We designed our audit by determining materiality and assessing the risk of material misstatement of the financial statements. In particular, we considered where the Management Board made subjective judgements, for example, with respect to significant accounting estimates that required assumptions to be made and consideration of future uncertain events. We also examined the risk of circumvention by the Management Board of internal control; we also considered, among other things, whether there was evidence of partiality of the Management Board, which would pose a risk of material misstatement due to fraud.

Materiality

The scope of our audit was determined by the assumed materiality level. The audit was designed to provide reasonable assurance that the financial statements as a whole did not contain material misstatements. Misstatements may be caused by fraud or error. Misstatements are considered material if it can be reasonably expected that they may have influenced, individually or collectively, users' economic decisions rested on the financial statements.

Based on our professional judgement, we set quantitative thresholds for materiality, including the overall materiality with respect to the financial statements as a whole, which we present below. These thresholds, along with qualitative factors, allowed us to determine the scope of our audit and the type, time and scope of the audit procedure as well as assessing the impact of misstatements, both individually and collectively, on the financial statements as a whole.

The concept of materiality is used by the auditor both in the planning and conducting of the audit as well as in the assessment of the effect of misstatements and unadjusted misstatements, if any, on the financial statements, as well as when forming the opinion of the auditor. Given the foregoing, all opinions, representations and statements included in the auditor's report are expressed having considered the quality and value level of materiality determined in accordance with the audit standards and professional judgement of the auditor.

Overall materiality	PLN 783,000.00
How it was determined	5% of profit before tax
Rationale	We assumed profit before tax to be a basis for determining materiality because, in our opinion, this benchmark is commonly used to assess the Company's operations by the users of the financial statements and is a generally accepted point of reference. Profit before tax was defined as revenues from sales less operating expenses adjusted by financial income and expenses. We assumed materiality at the level of 5% because, based on our professional judgement, it falls within the acceptable quantitative thresholds of materiality.

We agreed with the Company's Audit Committee that we were going to disclose misstatements in the financial statements identified during the audit that affect the financial result by more than PLN 190,000.00, and misstatements in the financial statements that affect the classification of individual items of the value of more than PLN 1000.00, as well as misstatements below these amounts if, in our opinion, it were justified for the sake of quality.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements.
They include the most significant and assessed risks of material misstatement, including those attributed to fraud. We also addressed such matters in our audit of the financial statements as a whole and when stating our opinion, and we outlined our response to such types of risks, and in cases where we deemed it appropriate, we shared some key observations related to such risks. We do not give a separate opinion on these matters.

Key audit matter	***How our audit addressed the matter***
Impairment of goodwill	
As at the balance sheet date, i.e. 31 December 2018, the balance of goodwill amounted to PLN 252,879 thousand. In Note IV.2.3 of the financial statements, the Company presented disclosures regarding the impairment test, including test results, sensitivity analysis and a description of the assumptions made. An impairment test is necessitated by the need to adopt a number of assumptions and make judgements by the Management Board	Our audit procedures included in particular: • the understanding and assessment of the correctness of the test method used in accordance with the relevant financial reporting standards, including the assessment of the relevance of establishing a cash-generating unit in accordance with the requirements of IAS 36; • verification of the mathematical correctness and methodological consistency (using internal PwC valuation experts) of the valuation model prepared by the Management Board of the Company;

on the adopted calculation methodology and key assumptions (including, for example, financial forecasts in the detailed period of five-year forecast, the average annual rate of change in cash flows in the forecast period, discount rates for the residual period, etc.).

As a result of the calculations, no impairment loss was recognized for goodwill.

The measurement of goodwill is an area of relevance for the audit due to its significant value in the balance sheet and the subjective nature of the Management Board's judgements and assumptions that are necessary to carry it out and concern, for example, the Company's strategy, financial plans and cash flow projections for the following years, as well as macroeconomic and market assumptions.

Given the material nature of items in the financial statements, we considered this matter to be key in the audit.

- a critical assessment of the assumptions and estimates made by the Management Board to determine the recoverable amount;
- the assessment of the impact of the Management Board's sensitivity analysis of the assumptions made on the valuation result;
- the assessment of the correctness and completeness of disclosures regarding impairment tests in the financial statements.

Based on the audit, we recognized the assumptions made by the Management Board as rational and substantiated in the obtained documentation, and the disclosures included in the financial statements as meeting the requirements of the standards.

Settlement of merger with the subsidiary Macrologic S.A.

On 2 January 2018, the Company merged with its subsidiary Macrologic S.A. taken over on 14 June 2017. Details of the effect of the merger are described in Note II.5 of the financial statements.

The business combination is of particular interest for our audit due to its significant impact on net assets, the one-time nature of the transaction and the subjective nature of the Management Board's judgements and assumptions necessary to determine the accounting method of settling the transaction and determining the value of the net assets acquired.

Our audit procedures included in particular:

- understanding and assessment of the taking of control on 14 June 2017, i.e. an assessment of the process of identification of assets acquired and liabilities assumed, a validation of identified net assets and a critical assessment of the methods and assumptions used for their valuation (in particular, the correctness of measurement of acquired intangible assets) ;
- understanding and assessment of the process of business combination, including the assessment of the validity of the adopted combination method for accounting purposes;
- detailed tests aimed to validate the correctness of accounting treatment of the business combination transactions as at 2 January 2018;
- assessment of the correctness and completeness of disclosures in the financial statements.

Based on the audit, we recognized the assumptions made by the Management Board as rational and substantiated in the obtained documentation, and the disclosures included in the financial statements as meeting the requirements of the standards.

Assessment of impact of new IFRS standards

As from 1 January 2018, the Company adopted new accounting standards: IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the financial statements should disclose the information needed to assess the impact of applying new standards that have been published and have entered into force.

The Company presented the impact of the new standards in Note II.6 and demonstrated no significant impact of the new standards on the Company's financial statements.

We analysed the qualitative and quantitative assessment prepared by the Company regarding the impact of the application of the new standards and disclosures contained in Note II.6i. because in the process of their implementation the Management Board had made essential assumptions and accounting judgements; it was also due to the additional requirements of the financial supervision authorities imposed on public entities and regarding disclosures, which was likely to result in a material misstatement of the financial statements.

Our audit procedures included in particular:

- understanding and assessment of the process of identification and assessment of impact of the new IFRS standards on the Company's financial statements;
- a critical assessment of key accounting assumptions and judgements adopted by the Company's Management Board;
- a critical assessment of the completeness of analyses carried out by the Company's Management Board;
- detailed tests involving, but not only, the validation of impact of the new IFRS standards declared in the financial statements on the Company's financial statements;
- verification of the correctness and completeness of disclosures from the viewpoint of the requirements of financial reporting standards and expectations of supervisory authorities.

Our work did not result in any significant adjustments to disclosures in the financial statements.

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

The Management Board of the Company is responsible for preparing, based on the properly maintained accounts, the annual financial statements presenting a true and fair picture of the property and financial situation and the financial result of the Company in accordance with the International Financial Reporting Standards approved by the European Union, the adopted accounting rules (policy) and the applicable laws and articles; the Management Board is further responsible for internal control that they deem necessary to allow the preparation of financial statements without material misstatements due to fraud or error.

When preparing the financial statements, the Management Board of the Company is responsible for assessing the Company's capacity to continue on a going-concern basis, for disclosing, if applicable, any matters related to going concern and for adopting accounting on a going-concern basis, except when the Management Board intends either to liquidate the Company or to discontinue its operations, or when there is no real alternative to liquidation or discontinuation of operations.

The Management Board of the Company and the members of the Supervisory Board are obliged to ensure that the financial statements meet the requirements provided for in the Accounting Act. The members of the Supervisory Board are responsible for supervising the financial reporting process.

Auditor's responsibility for auditing the financial statements

Our aim is to provide reasonable assurance about whether the financial statements are free from material misstatement due to fraud or error and to issue this report containing our opinion. Reasonable assurance is a high level of certainty, yet it does not guarantee that an audit conducted in accordance with the NCSA will always uncover existing material misstatements. Misstatements can arise as a result of fraud or error and are considered material if it can be reasonably expected that they may have influenced, individually or collectively, users' economic decisions rested on the financial statements.

The scope of the audit does not include assurance of the future profitability of the Company or the effectiveness or efficiency of administration of its affairs by the Company's Management Board today or in the future.

During an NCSA-compliant audit, we apply professional judgement, maintain professional scepticism and:

- identify and assess risks of material misstatement of the financial statements due to fraud or error, we design and conduct audit procedures that address such risks and gather evidence that is adequate and relevant to form a basis of our opinion. Failure to identify material misstatement due to fraud is more serious than that related to error because fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- begin to understand internal control applicable to the audit for the purpose of designing audit procedures, which are appropriate under specific circumstances, but not with a view to expressing an opinion on the effectiveness of the Company's internal control;
- assess the relevance of the accounting rules (policy) used and the validity of accounting estimates and related disclosures made by the Company's Management Board;
- draw a conclusion on the relevance of adoption by the Management Board of the Company of the going concern principle and, based on collected audit evidence, whether there is a significant uncertainty related to events or conditions that could erode the Company's ability to operate on a going-concern basis. If we conclude that there is significant uncertainty, we are required to draw attention in our report to related disclosures in the financial statements; if such disclosures are inadequate, we modify our opinion. Our conclusions are based on audit evidence obtained up to the date of preparing the auditor's report; however, future events or conditions may cause the Company to cease its operations;
- assess the general presentation, structure and content of the financial statements, including disclosures, and assess whether the financial statements present its transactions and events in a manner that ensures fair presentation.

We liaise with the Audit Committee on such matters as, among other things, the planned scope and time of the audit and significant findings of the audit, including any significant deficiencies of internal control that we will identify during the audit.

We declare before the Audit Committee that we have complied with the applicable ethical requirements regarding independence and we communicate all relationships and other matters that could reasonably be regarded as compromising our independence and, where applicable, we report on any protective measures applied.

Among the matters communicated to the Audit Committee, we determined those that were considered most significant during the audit of the financial statements for the current period and therefore considered key to the audit. We describe these matters in our auditor's report unless the relevant laws or regulations prohibit such a disclosure or when, in exceptional circumstances, we determine that the matter should not be reported in our report if it can be reasonably expected that any negative consequences of such a reporting might outweigh the public interest benefits of such disclosure.

Other information, including the Report on Operations

Other information

Other information contains the Report on the Company's Operations in the financial year ended 31 December 2018 ("Report on Operations") along with the corporate governance statement contained in the Corporate Governance Statement, which is a separate part of the Report.

Responsibility of the Management Board and the Supervisory Board

The Management Board of the Company is responsible for preparing the Report on the Company's Operations in accordance with the law.

The Management Board of the Company and members of the Supervisory Board are obliged to ensure that the Report on Operations, along with some isolated parts, meet the requirements provided for in the Accounting Act.

Auditor's responsibility

Our opinion based on the audit of the financial statements does not cover the Report on Operations.

In connection with the audit of the financial statements, it is our responsibility to read the Report on Operations and, having done so, consider whether it is significantly inconsistent with the financial statements and our knowledge gathered during the audit, or appears to be materially misstated otherwise. If, based on the audit, we find material misstatements in the Report on Operations, we are obliged to disclose it in our audit report. Our duty, in accordance with the Act on Statutory Auditors, is also to issue an opinion on whether the Report on Operations has been prepared in accordance with the law and whether it is consistent with the information contained in the annual financial statements.

In addition, we are obliged to give an opinion on whether the Company included the required information in the corporate governance statement.

Opinion on the Report on Operations

Based on the audit, in our opinion, the Report on Operations:

- was drawn up in accordance with Article 49 of the Accounting Act and § 70 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and on the conditions for recognition as equivalent of the information required by the laws of a non-member state ("Regulation on Current Information – Journal of Laws of 2018, item 757);
- is consistent with the information contained in the financial statements.

In addition, we represent that, given the knowledge about the Company and its context of operation obtained during our audit, we did not identify material misstatements in the Report on Company's Operations.

Opinion on corporate governance statement

In our opinion, in its corporate governance statement the Company included the information specified in § 70(6)(5) of the Regulation on Current Information. In addition, in our opinion, the information indicated in § 70(6)(5)(c-f), (h) and (i) of the Regulation contained in the corporate governance statement is consistent with applicable regulations and information contained in the financial statements.

Non-financial information

In accordance with the requirements of the Act on Statutory Auditors, we confirm that the Company as an entity entitled to the exemption referred to in Article 49b(11) of the Accounting Act, discloses in the Report on Operations the name and registered office of its parent that draws up a declaration on non-financial information referring to the Company.

Report on other legal and regulatory requirements

Statement on the provision of non-audit services

To the best of our knowledge and opinion, we represent that services other than the auditing of the financial statements that we provide to the Company are legal and compliant with the regulations in force in Poland and that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation and Article 136 of the Act on Statutory Auditors.

Non-audit services that we provided to the Company during the audited period are listed in Note 5.3 to the financial statements.

Our appointment

We were selected to audit the Company's annual financial statements by a resolution of the Supervisory Board of 27 March 2018. We audit the financial statements of the Company for the first time.

The lead auditor responsible for auditing on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (formerly: PricewaterhouseCoopers sp. z o.o.), entered in the list of audit firms under no. 144, whose result is this independent auditor's report, is Michał Mastalerz.

Signature Not Verified
Document signed by Michał Mastalerz
Date: 2019.02.27 09:46:09 CET

Michał Mastalerz

Lead Auditor

Registry no. 90074

Warsaw, 27 February 2019