Ernst & Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warszawa

+48 (0) 22 557 70 00
+48 (0) 22 557 70 01
warszawa@pl.ey.com
www.ey.com/pl

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

To the General Meeting and Supervisory Board of Asseco Poland S.A.

Audit report on the annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of Asseco Group (the 'Group'), for which the holding company is Asseco Poland S.A. (the 'Company') located in Rzeszów at Olchowa 14 street containing: the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the period from 1 January 2018 to 31 December 2018 and additional information to the consolidated financial statements (the 'consolidated financial statements').

In our opinion, the consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the period from 1 January 2018 to 31 December 2018 in accordance with required applicable rules of International Financial Reporting Standards approved by the European Union and the adopted accounting policies,
- are in respect of the form and content in accordance with legal regulations governing the Group and the Company's Statute.

The opinion is consistent with the additional report to the Audit Committee issued on 25 March 2019.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing in the version adopted as the National Auditing Standards by the National Council of Statutory Auditors ("NAS") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors') and the 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 (the 'Regulation 537/2014'). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the Group in accordance with the Code of ethics for professional accountants, published by the International Federation of Accountants (the 'Code of ethics') adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland.

We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics. While conducting the audit, the key certified auditor and the audit firm remained independent of the Group in accordance with the independence requirements set out in the Act on Statutory Auditors and the Regulation 537/2014.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we have summarized our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key audit matters	**How the matter was addressed in our audit**
Recognition of revenues from contracts with customers	
The Group's revenue from contracts with customers for the year ended as at 31 December 2018 amounted to PLN 9 249,0 m. Starting from 1 January 2018, the Group recognizes revenue resulting from the IT implementation contracts in accordance with the International Financial Reporting Standard No. 15 'Revenue from Contracts with Customers' ('IFRS 15'). As part of IT implementation contracts, the contracts amounting to PLN 7 413,8 m are the contracts for which revenue is estimated based on the measurement of progress in satisfying the performance obligation using performance-based or input-based methods. The Group estimates the overall budgets of such contracts, including the specific costs necessary to complete the order and determining the overall result on the contract, and making the recognition or reversal of the provision for the onerous contracts dependent on the estimated result of the contract.	As part of the audit of the consolidated financial statements of the Asseco Group we have assessed the adopted accounting policies regarding the recognition and presentation of revenue from contracts with customers in terms of compliance with International Financial Reporting Standards ('IFRS'), in particular with IFRS 15. For significant revenue streams: ▸ We have documented the operation of the identified processes and assessed the key control mechanisms of the Group. We performed tests of controls for selected control mechanisms; ▸ for a selected sample of sales agreements that include more than one performance obligation of the Group (i.e., providing more than one service and / or good), we analyzed the contract, revenue and cost budgets, and on this basis we made an assessment of the transaction price allocation transaction to individual performance

Key audit matters	How the matter was addressed in our audit
In addition, a significant part of revenue from contracts with customers is recognized in relation to the contracts, which often include an obligation to provide more than one service or good. Estimation of the revenue value, allocation of transaction price to the performance obligations promised in the contract, determination of the moment of revenue recognition and appropriate presentation of revenue in the consolidated financial statements require a number of significant estimates and judgments from the Company's Management. In case of long-term contracts, the Group estimates the transaction price due to it under the contract and planned costs necessary to be incurred in order to deliver performance obligations and based on these estimates, using one of the above-mentioned methods to measure the progress, recognizes revenue from contracts with customers and related costs. The Group implemented IFRS 15 under retrospective method with the total effect of the first application of this standard being recognized on the day of its first application, i.e. from 1 January, 2018. The method of revenue recognition from the above-mentioned contracts requires a significant degree of the Company's Management's judgment with regard to identification of performance obligations as well as significant Management's estimates in relation to percentage of completion. Due to the fact that improper estimate or judgement of the Company's Management in these areas may cause incorrect determination of revenues from	obligations and assessed the correctness of revenue recognition over time or at a point in time; ▸ for products and services for which revenue is recognized over time, on a selected sample of orders we have performed substantive testing of contract budgets, which formed the basis for progress measurement of contract completion, determination of the transaction price and revenue recognition, as well as setting budgets for contracts that formed the basis for calculation of onerous contract provisions; ▸ we conducted a historical analysis of the realisation of contract budgets for significant contracts completed in a current financial year in order to compare forecasts and budgets of contracts that have not been completed, and to compare existing trends in employees' costs, which significantly determine the estimate of remaining costs to complete the contract, comparing whether analogous trends are reflected in the tested sample of contracts; ▸ we conducted discussions with the Company's Management of the Group's entities and Managers of selected long-term contracts recognized over-time, to discuss assumptions regarding budgets and risks and progress of contracts, probability of changes in contract profitability, and the need to create onerous contracts provisions; ▸ through analytical procedures, transactional tests and analysis of own-made journal reports, we assessed the correctness of recognizing revenue over time and the correctness of the recognized revenue in individual periods.

Key audit matters	How the matter was addressed in our audit
contracts with customers, we consider this issue as a key audit matter. The accounting policy regarding the method of recognition of revenue from contracts with customers is described in the consolidated financial statements in the note V.5.1. 'Structure of operating revenues', including required disclosures, including significant judgments and estimates. In Note VI.6.10 'Receivables and assets from contracts with customers' and in Note VI.6.19 'Liabilities from contracts with customers', the Group disclosed accounting policies and significant elements of estimates and judgments, as well as required disclosures regarding assets and liabilities from contracts with customers and trade receivables. In addition, in note II.2.5.i. the Group disclosed information regarding the impact of the implementation of IFRS 15 on the opening balance presented in the consolidated financial statements.	▸ we analyzed the implementation of IFRS 15 performed by the Group and assessed it as of the date of the initial application of this standard for the first time, i.e. on 1 January 2018. In addition, we assessed the adequacy of the presentation and disclosures in the consolidated financial statements regarding revenue from contracts with customers, including those related to the implementation of IFRS 15.
Goodwill impairment	
The goodwill recognized in the Group's balance sheet as at 31 December 2018 amounts to PLN 4 248,9 m, which is the most significant item of the Group's assets, constituting 34% of the total assets. In accordance with International Accounting Standard No. 36 'Impairment of Assets' ('IAS 36'), the Company's Management of Asseco Poland S.A. is required to perform, at least annually, an impairment test of a cash-generating unit or group of cash-generating units identified not higher than at the level of the operating segment to which goodwill is allocated. The goodwill impairment test is performed by determining the recoverable amount based on the value in	As part of the audit of the consolidated financial statements, we performed in relation to the goodwill impairment test conducted by the Company's Management, the following procedures, among others: ▸ understanding the impairment test process and identifying the cash-generating units to which the goodwill was allocated; ▸ we familiarized ourselves with the method of goodwill allocation to cash-generating units, not larger than operating segments; ▸ we familiarized ourselves with the model used to determine the value in use of cash-generating units to which goodwill is allocated;

Key audit matters	How the matter was addressed in our audit
use determined by discounted cash flows which result from detailed forecasts of the financial results achieved by the cash-generating unit over the five-year period and the residual value of the unit. The impairment test is a key matter of the audit due to the high value of goodwill, and a significant element of the Company's Management's judgment in the allocation of goodwill to cash-generating units, as well as assumptions made to estimate cash flow projections used in the model adopted to determine the value in use of the cash-generating unit or groups of cash-generating units. The areas of estimate and significant judgement of the Company's Management with respect to the applied impairment test model relate, in particular, to the rate of change in revenue and the level of realized margin in the forecast period, that depend on the expected market conditions and the overall macroeconomic situation affecting each of the operating segments, as well as to discount rate used to determine the present value of future cash flows. The Group presented disclosures regarding the identification of cash-generating units, goodwill allocation and impairment tests in notes VI.6.4. 'Goodwill impairment', and VI.6.5. 'Impairment tests' where key assumptions and test results along with their sensitivity analysis were explained and the description of the accounting principles applied to the recognition of goodwill.	‣ we have evaluated the discounted cash flow models in terms of their compliance with the relevant financial reporting standards; ‣ we carried out an assessment of discounted cash flow models in terms of their arithmetical correctness; ‣ we made an assessment of the assumptions adopted by the Company's Management with respect to cash flows in the form of budget assumptions and financial forecasts used in the model and compared them to information obtained during the performance of other testing procedures, market information, and also by comparison to the historical accuracy of the projected financial results; ‣ we assessed the discount rate applied in the model to determine the present value of cash flows by assessing the relevant input data in the calculation of the weighted average cost of capital, with the support of our specialists in the field of valuations; ‣ we obtained detailed statements of the Company's Management regarding the completeness and correctness of the data provided to us and significant assumptions; ‣ we analyzed the sensitivity of test results to changes in key input parameters such as change in the discount rate and changes in revenue and expenses in the forecast years and growth rate for the residual period. In addition, we assessed the adequacy of the presentation and disclosures regarding impairment tests, including sensitivity analyzes, presented in notes VI.6.4 and VI.6.5.

Key audit matters	How the matter was addressed in our audit
Loss and regaining control over the Formula Systems Group	
In August 2017, Asseco Poland sold Formula Systems (1985) Ltd shares ('Formula Systems') representing 20% shares in the Formula Systems share capital and lost control over Formula Systems. The company maintained a significant influence over Formula Systems and recognized the investment in an associate using the equity method. Due to the loss of control over Formula Systems, the Asseco Poland Group recognized a pre-tax result of PLN 324,3m in the consolidated financial statement for 2017. In October 2017, the Company's Management of Asseco Poland entered into an agreement with the CEO of the Formula Systems, under which the Company's Management obtained an irrevocable power of attorney to vote on behalf of CEO of Formula Systems from a 13.39% stake in Formula Systems capital and the same vote in the General Meeting. The contract was concluded for a period of 36 months with the possibility of automatic extension for the next 12-month periods. In the opinion of the Company's Management of Asseco Poland, pursuant to the above agreement, the Group having simultaneously 26.31% of shares in Formula Systems obtained de facto control over Formula Systems, which was described in note II.2.4.i. 'Professional judgment and estimates' and therefore recognized the pre-tax result on this transaction in the amount of PLN 76,2 m. As at June 30, 2018, Asseco Poland Group completed settlement of the acquisition of control over Formula	As part of the audit of the consolidated financial statements, we assessed the transaction of taking control over Formula Systems, in particular: ‣ we have analyzed the circumstances, content and terms of signed agreements and arrangements with respect to transactions related to Formula Systems shares; ‣ we assessed the premises for exercising de facto control based on historical data regarding the presence and representation of shareholders at the general meetings of Formula Systems; ‣ we have agreed calculation of the purchase price allocation of the Formula Systems Group to source documents as well as accounting books and consolidation documentation; ‣ we analyzed the purchase price allocation process in terms of completeness and reasonableness of identified assets and liabilities as well as Company's Management estimates and assumptions used to determine the value of these assets with the support of our valuation experts; ‣ we assessed the accepted method of calculating non-controlling interest and goodwill; ‣ we verified the arithmetic correctness of the calculation of the value of non-controlling interests and goodwill; ‣ we have analyzed the assumptions and objective market values necessary to calculate the value of non-controlling interest and goodwill, including the market value of shares of Formula Systems and its subsidiaries and the amount of equity interest held in

Key audit matters	How the matter was addressed in our audit
Systems. In connection with the completion of the settlement of the acquisition of control over Formula Systems, the Group completed the process of allocating the purchase price, under which it made the final determination of the fair value of identifiable assets and liabilities. At the same time, for the purpose of determining the value of non-controlling interest, the Group adopted a method based on identifiable net assets. The purchase price process carried out and completed, as part of which identification, recognition and measurement of identifiable net assets was made and the value of goodwill arising from the transaction described was determined, and the value of non-controlling interests was determined, has a material and significant impact on the consolidated financial statements. The Group in note II.2.4. 'Professional judgment and estimates' and II.2.9. 'Changes in comparative data' disclosed information on the above transactions, including in respect of its de facto audits and their impact on the consolidated financial statements of the Asseco Poland Group. Additionally, in note VI.6.4. 'Goodwill' the Group presented the results of the completed purchase price allocation of the Formula Systems Group and determination of the value of non-controlling interests and goodwill.	Formula Systems and its subsidiaries as at the date of recovery. In addition, we assessed the adequacy of the presentation and disclosures in the consolidated financial statements related to these transactions included in the notes.
Loans and receivables related to the sale of shares and stocks in subsidiaries	
In 2017 and in previous years, the Company carried out sale transactions of shares in related companies, as a result of which it recognized mostly long-term	As part of the audit of the consolidated financial statements of the Group, we assessed the

Key audit matters	How the matter was addressed in our audit
receivables that were secured on sold shares. Part of those receivables as a result of the Company's Management's judgment was covered by write-offs in the accounting books in previous years. The net value of the above receivables included in the balance sheet as at 31 December 2018 was PLN 177,7 m. In case of those receivables, the repayment of a significant part of those balances may take place only in years 2020-2024 in accordance with the sales contracts. The value of those receivables is a significant component of the Group's assets and is based on the judgment of the Company's Management, therefore we consider this issue as a key audit matter. Group in notes VI.6.8. 'Other financial assets' and VI.6.22. 'Transactions with related entities' disclosed information on the terms of loans granted and receivables from the sale of shares and the value of revaluation write-offs due to impairment.	recoverability of loans and receivables, in particular: ▸ we agreed the value of loans and receivables from the sale of shares and their terms disclosed in the consolidated financial statements to signed contracts, including collateral for repayment of such loans and receivables; ▸ we assessed the appropriateness of the write-offs in respect of loans and receivables from the sale of shares and stocks; ▸ we assessed the results of the companies whose shares constitute collateral for the loans granted and, as a consequence, the repayment of loans and receivables from the sale of these shares. In addition, we assessed the adequacy of the presentation and disclosures in the consolidated financial statements regarding these loans and receivables included in notes VI.6.8. and VI.6.22.

Responsibilities of the Company's Management and members of the Supervisory Board for the financial statements

The Company's Management is responsible for the preparation of the consolidated financial statements that give a true and fair view of the consolidated financial position and the consolidated financial performance in accordance with required applicable rules of International Accounting Standards, International Financial Reporting Standards approved by the European Union, the adopted accounting policies, applicable laws, as well as the Company's Statute, and is also responsible for such internal control as determined is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, The Company's Management is responsible for assessing the Group's (the holding company and significant components') ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Company's

Management either intends to liquidate the Group (the holding company or significant components) or to cease operations, or has no realistic alternative but to do so.

The Company's Management and the members of the Company's Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act dated 29 September 1994 (the 'Accounting Act'). The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

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

In accordance with International Auditing Standard 320, section 5, the concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements if any, on the consolidated financial statements, and in forming the opinion in the auditor's report. Hence all auditor's assertions and statements contained in the auditor's report are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgment.

The scope of the audit does not include assurance on the future profitability of the Group nor effectiveness of conducting business matters now and in the future by the Company's Management.

Throughout the audit in accordance with NAS, we exercise professional judgment and maintain professional skepticism and we also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control,
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control,

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management,
- conclude on the appropriateness of Company's management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however future events or conditions may cause the Group to cease to continue as a going concern,
- evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation,
- we obtain sufficient appropriate audit evidence regarding the financial information of entities and business activities within the Group for the purpose of expressing an opinion on the consolidated financial statements. We are solely responsible for the direction, supervision and performance of the audit of the Group and we remain solely responsible for our audit opinion.

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

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

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the Directors' Report

The other information comprises the Directors' Report for the period from 1 January 2018 to 31 December 2018 , the representation on the corporate governance and the representation on preparation of the statement on non-financial information mentioned in article 55 section 2b of the Accounting Act as a separate element of the Directors' Report (jointly 'Other Information').

Responsibilities of the Company's Management and members of the Supervisory Board

The Company's Management is responsible for the preparation of Other Information in accordance with the law.

The Company's Management and members of the Supervisory Board are required to ensure that the Directors' Report (with separate elements) meets the requirements of the Accounting Act.

Auditor's responsibility

Our opinion on the consolidated financial statements does not include the Other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained in the consolidated financial statements.

In addition, we are required to inform whether the Company has prepared the representation on non-financial information and to issue an opinion on whether the Company has included the required information in the representation on application of corporate governance.

Opinion on the Directors' Report

Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 71 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (the 'Decree on current and periodic information),
- is consistent with the information contained in the consolidated financial statements

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

Opinion on the corporate governance application representation

In our opinion, in the representation on application of corporate governance, the Group has included information stipulated in paragraph 70, section 6, point 5 of the Decree on current and periodic information.

Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Decree included in the representation on application of corporate governance is in accordance with applicable laws and information included in the consolidated financial statements.

Information on non-financial information

In accordance with the Act on Statutory Auditors, we inform, that the Company did not publish a statement on non-financial information mentioned in article 55, section 2c of the Accounting Act as part of its Directors' Report. We inform that the Company has prepared such a separate report.

We have not performed any attestation procedures in respect to the separate reports on non-financial information and do not express any assurance in its respect.

Representation on the provision of non-audit services

To the best of our knowledge and belief, we represent that services other than audits of the financial statements, which have been provided to the Group are compliant with the laws and regulations applicable in Poland, and that we have not provided non-audit services, which are prohibited based on article 5 item 1 of Regulation 537/2014 and article 136 of the Act on Statutory Auditors. The non-audit services, which we have provided to the Group in the audited period, have been disclosed in the Directors' Report.

Appointment of the audit firm

We were appointed for the audit of the Group's consolidated financial statements initially based on the resolution of the Company's Supervisory Board of 11 August 2003 and reappointed based on the resolution of 21 December 2017. The consolidated financial statements of the Group have been audited by us uninterruptedly starting from the financial year ended 31 December 2003; i.e. for the past 16 consecutive years.

Warsaw, 25 March 2019

Key Certified Auditor

Robert Klimacki
certified auditor
no in the register: 90055

On behalf of
Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw Reg.
no on the audit firm list: 130