

INDEPENDENT AUDITOR'S REPORT

To the General Assembly and Supervisory Board of INPRO S.A.

Report on the Audit of the Annual Consolidated Financial Statements

Opinion

We have reviewed the annual consolidated financial statements of the corporate group (the "Group") in which INPRO S.A. is the parent entity (the "Parent"), comprising the consolidated statement of financial position prepared as at 31 December 2018, consolidated statement of total income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and other additional information comprising information on the accepted accounting policies and other explanatory information (the consolidated financial statements").

In our opinion, the consolidated financial statements:

- give a true and fair view of the economic and financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the year then ended, in accordance with the applicable International Financial Reporting Standards, as endorsed by the European Union and the adopted accounting policies;
- comply, as regards their form and content, with the laws applicable to the Group and with the Parent's Statutes.

Our opinion is consistent with the Additional Report to the Audit Committee which we issued on 3 April 2019.

Basis for the Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") in a version adopted by the National Council of Statutory Auditors as the Polish Standards on Auditing ("PSAs") and in compliance with the Act of 11 May 2017 on statutory auditors, audit firms and public supervision (the "Act on Statutory Auditors," Dz. U. [*Journal of Laws*] of 2017, item 1089, as amended) as well as Regulation (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (the "EU Regulation," Official Journal of the European Union L158). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*.



We are independent of the Group companies in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants (the "IFAC Code"), adopted by resolution of the National Council of Statutory Auditors, together with the ethical requirements that are relevant to the audit of the financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC Code. Throughout the audit, both the key statutory auditor and the audit firm remained independent of the Group companies in accordance with the independence requirements set out in the Act on Statutory Auditors and in the EU Regulation.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. They encompass the most significant assessed risks of material misstatement, including 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. We summarized our response to those risks and, where appropriate, we presented the key findings related to those risks. We do not provide a separate opinion on these matters.

Description of the Kind of Risk of Material Misstatement	Statutory Auditor's Procedures in Response to Identified Risk
<i>Recognition of Profits from the Property Development Activity</i>	
<p>According to note 11 of the Consolidated Financial Statements, the revenues from the sale of flats account for 83.5% of the revenues of the Inpro S.A. Corporate Group and generate 86.3 % of the Group's net profit. Sales revenues are recognised upon the handover of control over an asset, which is equivalent to signing an acceptance report by the customer. The assessment of the handover of control and the documentation of the transfer is an individual act concerning each flat, which may result in errors in revenue recognition. In view of the nature of that process which requires the relevant analysis of the various transactions, we conclude that correct revenue recognition is an area of significant risk.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - assessment of the design and implementation of key internal controls for the recognition of the revenues from the sales of flats, - based on the transaction sample, we assessed the correct recognition of transactions in the financial year with special consideration for the turnover at the turn of the year, - we conducted analytical procedures for the assessment of the correlation between the revenues and costs, - we reviewed the correctness of the recognition of unusual transactions and revenue adjustments after the balance sheet date. <p>We evaluated the correctness and completeness of the disclosures in the Group's Consolidated Financial Statements with regard to the disclosure requirements of IFRS 15.</p>

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

The Parent's Management Board is responsible for the preparation of consolidated financial statements which give a true and fair view of the economic and financial position of the Group and of its financial performance in accordance with the applicable International Financial Reporting Standards, as endorsed by the European Union, the adopted accounting policies as well as the laws applicable to the Group and the Statutes of the Parent, and for such internal control as the Management Board of the Parent determines 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 financial statements, the Parent's Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Parent's Management Board either intends to liquidate the Parent or to cease operations, or has no realistic alternative but to do so.

The Parent's Management Board and the members of the Parent's Supervisory Board are obliged to ensure that the consolidated financial statements comply with the requirements of the Accounting Act of 29 September 1994 (the "Accounting Act" – Dz.U. [*Journal of Laws*] of 2019, item 351). The members of the Parent's Supervisory Board are responsible for overseeing the financial reporting process.

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

The scope of an audit does not include an assurance about the future profitability of the Group or the effectiveness or efficiency of the Parent's Management Board in managing the Group's affairs at present or in the future.

As part of the audit in accordance with PSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. 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 Parent' Management Board;
- conclude on the appropriateness of the Parent's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Parent's Supervisory Board, we determined those matters that were of most significance in the audit of the 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 Report on the Activity

Other information includes a report on the Group's activity in the financial year ended on 31 December 2018 (the "Report on the Activity"), together with a statement of compliance with corporate governance principles, which constitute a separate part of the Report.

Responsibilities of the Management Board and the Supervisory Board

The Parent's Management Board is responsible for the preparation of the Report on the Activity in accordance with the applicable laws.

The Parent's Management Board and members of the Supervisory Board of the Parent are obliged to ensure that the Report on the Activity, along with the separate parts, meet the requirements of the Accounting Act.

Auditor's Responsibilities

Our opinion on the consolidated financial statements does not cover the Report on the Activity. In connection with our audit of the consolidated financial statements, our responsibility is to read the Report on the Activity and, in doing so, consider whether the Report on the Activity is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Report on the Activity, we are required to report that fact in our auditor's report. Additionally, under the Act on Statutory Auditors, we are obliged to express an opinion on whether the Report on the Activity has been prepared in accordance with the applicable laws and whether it is consistent with the information contained in the consolidated financial statements. Furthermore, we are obliged to express an opinion on whether the Group has included the necessary information in the statement of compliance with corporate governance principles.

Opinion on the Report on the Activity

Based on our work performed during the audit, we are of the opinion that the Report on the Activity:

- has been prepared in accordance with Article 49 of the Accounting Act and para. 71 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (the "Current Information Regulation" - Dz.U. [*Journal of Laws*] of 2018, item 757),
- is consistent with the information contained in the consolidated financial statements.

Furthermore, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified any material misstatements of the Report on the Activity

Opinion on the Statement of Compliance with Corporate Governance Principles

In our opinion, in the statement of compliance with corporate governance principles, the Group included the information referred to in para. 70.6.5 of the Current Information Regulation. We are also of the opinion that the information referred to in par. 70.6.5(c)-(f), (h) and (i) of the Regulation, as contained in the statement of compliance with corporate governance principles, is in accordance with the applicable laws and consistent with the information included in the consolidated financial statements.

Report on Other Legal Requirements

Statement on Non-Audit Services

We declare to the best of our knowledge and belief that the non-audit services provided by us to the Parent and its subsidiaries comply with the Polish laws and regulations. We did not provide non-audit services prohibited by Article 5(1) of the EU Regulation and by Article 136 of the Act on Statutory Auditors. The non-audit services provided by us to the Parent and its subsidiaries in the audited period were listed in item 36 of the Report on the Activity.



Selection of the Auditor

We were appointed as the auditor of the Group's consolidated financial statements by resolution No. 28/2017 of the Parent's Supervisory Board of 21 December 2017. We have continuously audited the Group's consolidated financial statements since the financial year ended on 31 December 2015, that is for 4 consecutive financial years.

The key statutory auditor on the audit resulting in this independent auditor's report is Robert Wolszon.

Acting on behalf of Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered office in Warsaw, registered on the list of audit firms under No. 73, on behalf of which firm the key statutory auditor audited the consolidated financial statements:

Robert Wolszon
Key Statutory Auditor
No. 10785

Warsaw, 3 April 2019