

**Medicalgorithmics S.A.**

Report of the Independent Auditor  
on Annual Financial Statements

Financial Year ended

31 December 2018

## **REPORT OF THE INDEPENDENT AUDITOR ON ANNUAL FINANCIAL STATEMENTS**

To the Shareholders and Supervisory Board of Medicalgorithmics S.A.

### **Report on Annual Financial Statements**

#### *Opinion*

We have audited the attached financial statements of Medicalgorithmics S.A. with its registered office in Warsaw, Al. Jerozolimskie 81 Street (“the Company”), including statement of financial position prepared as of 31 December 2018, statement of comprehensive income, statement of changes in equity, cash flow statement for the year from 1 January 2018 to 31 December 2018 and explanatory information (“the financial statements”).

In our opinion, the attached annual financial statements:

- a) give a true and fair view of the financial position of the Company as of 31 December 2018 and its financial result and cash flows for the year from 1 January 2018 to 31 December 2018 in accordance with applicable International Financial Reporting Standards approved by the European Union, and adopted accounting principles,
- b) were prepared in form and content complying with the applicable law requirements and the articles of association of the Company, and
- c) were prepared based on accounting records maintained properly, i.e. in compliance with chapter 2 of the Accounting Act dated 29 September 1994 (Official Journal from 2019, item 351 with later amendments) (“the Accounting Act”).

Our opinion is consistent with the additional report to the Audit Committee issued on 26 March 2019.

#### *Basis for Opinion*

Our audit was performed in accordance with International Standards on Auditing in the version accepted as National Standards on Auditing by the National Council of Statutory Auditors (“NSA”), and the Act on Statutory Auditors, Audit Firms and on Public Oversight dated 11 May 2017 (Official Journal from 2017, item 1089 with later amendments) (“the Act on Statutory Auditors”), and 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 (Official Journal EU L 158 from 27 May 2014) (“the Regulation 537/2014”). Our responsibility according to those standards is further described in the report in section *Auditor’s Responsibility for the Audit of Financial Statements*.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants issued by the International Federation of Accountants (“IFAC Code”), adopted resolutions of the National Council of Statutory Auditors and other ethical requirements, which are applicable to the audit of financial statements in Poland. We have met our other ethical obligations in accordance with those requirements and IFAC Code. In the process of audit of the financial statements the key auditor and the audit firm remained independent of the Company according to independence regulations determined in the Act on Statutory Auditors and Regulation 537/2014.

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 the auditors’ professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We summarised our response to those risks, and in cases we considered relevant, we also included important remarks relating to such risks. We do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Impairment of financial assets in subsidiaries (loans granted and shares)</b></p> <p>As of 31 December 2018, the Company presented in the statement of financial position: shares in the amount of PLN 96,038 thousand and loans granted in the amount of PLN 72,075 thousand. Both balances related to subsidiaries.</p> <p>The Company carried out impairment tests of these assets on the level of subsidiaries and the Capital Group. The impairment tests haven’t identified impairment of above assets.</p> <p>In particular, in the light of the current report published on March 1, 2019 related to the termination of refund rates to the subsidiary in the USA by MultiPlan, Inc. and planned changes in the Group’s business model as a key audit matter we have identified judgements and estimates related to</p>	<p><b>Our audit procedures included in particular:</b></p> <ul style="list-style-type: none"> <li>• an understanding of a process of identification of impairment,</li> <li>• a verification of impairment tests prepared by the Management Board,</li> <li>• the analysis of key budget assumptions for the next years, particularly in the context of changes in the subsidiary’s business model and market environment,</li> <li>• a comparison of key assumptions of impairment tests with historical data,</li> <li>• an interview with the Management Board regarding the industry situation on the markets where subsidiaries operate, market growth perspectives and legal regulations,</li> <li>• an assessment of the adequacy of disclosures in the financial statements.</li> </ul>

<p>assumptions concerning future cash flows.</p> <p><i>A reference to disclosure in the financial statements</i></p> <p>Disclosures related to financial assets in subsidiaries were presented in notes 3, 14 and 15 of explanatory information to the financial statements.</p>	
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### *Management's and Supervisory Board's Responsibility for the Financial Statements*

Management of the Company is responsible for preparation of the financial statements based on properly maintained accounting records, which gives true and fair view of the Company's financial situation and its financial results, in accordance with the International Financial Reporting Standards approved by the European Union, the accounting policies adopted by the Company, applicable regulations, and the articles of association of the Company, as well as for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, the Management of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosure, if applicable, any issues concerning going concern and applying the going concern basis of accounting, unless the Management of the Company either intends to liquidate the company, or to cease operations, or has no realistic alternative but to do so.

According to the Accounting Act the Management of the Company and members of the Supervisory Board are obliged to ensure that the financial statements comply with requirements set forth in the Accounting Act. Members of the Supervisory Board are responsible for supervision of the process of financial reporting of the Company.

### *Auditor's Responsibility for the Audit of the Financial Statements*

Our objective was to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue the auditor's report on the financial statements including our opinion. Reasonable assurance constitutes high level of assurance, however, it does not guarantee that the audit performed in accordance with NSA will always detect existing material misstatements. Misstatements may occur due to fraud or error and they are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The scope of audit does not include assurance as to future profitability of the Company, nor efficiency and effectiveness of managing the Company by its Management either now or in the future.

In the process of audit performed in accordance with NSA we apply professional judgement and maintain professional scepticism, as well as:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures addressing 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 misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or override of internal control;
- obtain understanding of internal control relevant to the audit in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls;
- evaluate appropriateness of the accounting policies used and reasonableness of the accounting estimates and related disclosures made by the Company's Management;
- conclude on the appropriateness of the Management's application of the going concern assumption as the accounting basis, and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board of the Company regarding, among other matters, planned scope and timing of the audit, as well as significant matters arising during the audit, including any significant weaknesses of the internal controls that we identified during our audit.

We confirm to the Supervisory Board of the Company that we have complied with the ethical requirements regarding independence and that we will inform them about all relationships and other matters that could be rationally recognised as being a threat to our independence, and, where applicable, we inform about the preventions applied.

Among the matters communicated to the Supervisory Board of the Company, we determined those matters that were of most significance in the audit of the financial statements of the current period, and therefore considered as key audit matters. We describe those matters in our auditor's report, unless the laws and regulations do not allow to disclose them, or, in unusual circumstances, we determine that the matter should not be described in our report, because it would be rationally expected that the negative consequences of such disclosure would prevail benefits resulting from such disclosure to the public interests.

#### **Other Information, including Report on the Capital Group's and Company's Activities**

Other information includes the report on the Capital Group's and Company's activities for the financial year ended 31 December 2018 ("report on the Capital Group's and

Company's activities") as well as a statement of corporate governance specified in Article 49 point 2a of the Accounting Act, which is a separate part of this Report ("annual report") (together: "other information").

#### *Management's and Supervisory Board's Responsibility*

The Management of the Company is responsible for preparation of other information in compliance with applicable laws and regulations.

The Management of the Company and members of the Supervisory Board are responsible for ensuring that the report on the Company's activities, including the separate parts, meets the requirements of the Accounting Act.

#### *Auditor's Responsibility*

Our opinion on the financial statements does not cover other information. In relation to our audit of the financial statements, our responsibility is to read the other information and consider whether it is not materially inconsistent with the underlying financial statements or our knowledge gained during the audit, or in any other matter seems to be materially misstated. If, based on the work performed, we conclude on the material misstatement in the other information, we are obliged to disclose that fact in our auditor's report. It is our responsibility, in accordance with the requirements of the Act on Statutory Auditors, to issue an opinion whether the report on the Company's activities comply with applicable laws and regulations, and is consistent with the underlying information disclosed in the audited financial statements. Furthermore, we are obliged to express an opinion on whether the statement of corporate governance includes information required based on applicable laws and regulations.

#### *Auditor's Opinion on the Report on the Capital Group's and Company's Activities*

Based on the work performed during the audit of financial statements, in our opinion the report on the Company's activities:

- has been prepared in accordance with article 49 of the Accounting Act and paragraph 70 of the Decree of the Ministry of Finance dated 29 March 2018 on current and periodic information provided by public-interest entities and conditions for recognising as equivalent information required by the laws of a non-member state (Official Journal from 2018, item 757) ("the Decree");
- is consistent with the information disclosed in the financial statements.

Furthermore, we confirm that based on our knowledge about the Company and its environment gained during our audit we have not identified material misstatements in the report on the Capital Group's and Company's activities.

#### *Opinion on Statement of Corporate Governance*

In our opinion the statement of corporate governance includes information required based on Article 70 par. 6 point 5 of the Decree. Furthermore, in our opinion, information as set out in Article 70 par. 6 point 5 letter c-f, h and i of the Decree included in the statement of corporate governance are in compliance with the applicable regulations and information included in the financial statements.

## Report on Other Legal and Regulatory Requirements

### *Statement regarding non-audit services*

In accordance with our best knowledge and belief we confirm that non-audit services provided to the Company and its subsidiaries are in accordance with laws and regulations in Poland and that we did not provide non-audit services, which are specified as prohibited based on Article 5 point 1 of the Regulation 537/2014 and Article 136 of the Act on Statutory Auditors. Non-audit services provided for the Company and its subsidiaries have been disclosed in the note VII.7 of the report on the Capital Group's and Company's activities.

### *Appointment of audit firm*

CSWP Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. was approved as the auditor based on resolution No 1 of Supervisory Board dated 11 June 2018. We have continuously audited the Company's financial statements since the financial year ended 31 December 2018, i.e. for the period of three subsequent financial years.

### *Signed on the Polish original*

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Certified auditor 11505  
Jędrzej Szalacha  
Key Auditor on behalf of

CSWP Audyt Spółka z ograniczoną  
odpowiedzialnością Sp. k.

Entity entered under number 3767  
on the list of audit firms kept by the  
National Board of Statutory Auditors

Warsaw, 26 March 2019