**Independent auditor’s report**

To the Participant of Globallogic Ukraine Limited Liability Company

**Report on the audit of the financial statements**

***Opinion***

We have audited the financial statements of Globallogic Ukraine Limited Liability Company (the Company), which are presented on pages 1 to 25 and comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and comply with the requirements for the preparation of financial statements established by Law of Ukraine “On accounting and financial statements in Ukraine” No. 996-XIV.

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (including International Independence standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Material Uncertainty Related to Going Concern***

We draw attention to Notes 2 and 3 in the financial statements, which indicate that the Company's operations have been negatively affected by the Russian Federation’s military invasion of Ukraine, with the magnitude of further developments or the timing of their cessation being uncertain. These events, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

***Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

|  |  |
| --- | --- |
| Key audit matter | How our audit addressed the key audit matter |
| Allowance for expected credit loss | |
| The total carrying value of the Company’s trade accounts receivable for goods and services as at 31 December 2022 was UAH 2,961,084 thousand, which constitutes 84% of the total assets.  Allowance for expected credit losses is subject to significant management judgement.  The estimation of an allowance for expected credit losses requires making certain assumptions and analysis of different factors, including financial condition of the counterparty and expected future cash flows.  As a result, we considered the allowance for expected credit losses to be one of the matters of most significance in the audit.  Information on trade accounts receivable is disclosed in Note 8 to the financial statements.. | Our audit procedures included consideration of the methodology used by the Company in estimation of allowance for expected credit losses as at 31 December 2022.  We compared the input data used by the Company for trade accounts receivable in the provision matrix with:   * the Company’s historical credit loss experience, and * available forward-looking information.   We have analysed the ageing structure of trade accounts receivable and subsequent cash receipts from the counterparties.  We have also analysed the information on allowance for expected credit losses disclosed in the notes to the financial statements. |
| Procurement of services from IT engineers | |
| Total cost of services procured by the Company from IT engineers amounted to UAH 8,889,867 thousand in 2022, which represents 88% of the reported cost of sales.  Because of the significance of the amounts involved and possible impact on revenues recognized under cost-plus arrangements, timely and accurate recognition of services rendered by IT engineers was determined to be one of the matters of most significance in the audit.  Information on services procured from IT engineers is disclosed in Note 16 to the financial statements. | Our audit procedures with respect to procurement of services from IT engineers included, among others, the following:   * we assessed the process of recognition of cost of services purchased from IT engineers and tested controls relevant to purchases and cost of sales recognition including such under cost-plus arrangements; * we tested the purchases recorded near the year-end and compared the date in supporting documents to the date when related cost was recorded;   we analysed average payments per IT engineer throughout the year and correlation of total payments and number of engaged IT engineers. |

***Other information included in the Company’s Management Report for 2022***

Other information comprises the information included in the Company’s Management Report for 2022, but does not include the financial statements and our auditor’s report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in 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. We have nothing to report in this regard.

***Responsibilities of management and Revision Commission for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Revision Commission is responsible for overseeing the Company’s financial reporting process.

***Auditor’s responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the 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 Company’s internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
* Conclude on the appropriateness of management’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 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 Revision Commission 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 Revision Commission with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with 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 with the Revision Commission, we determine 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.

**Report on other legal and regulatory requirements**

Pursuant to the requirements of Article 14 paragraph 4 of Law of Ukraine “On audit of financial statements and auditing activity” No. 2258-VIII (the “Law No. 2258-VIII”) we provide the following information in our Independent Auditor’s Report, which is required in addition to the requirements of International Standards on Auditing.

*Appointment of the auditor and period of engagement*

We were first appointed as independent auditors to perform a statutory audit of the Company’s financial statements on 27 September 2018. Our appointment has been renewed annually by the decisions of Participant. The period of total uninterrupted engagement for performing the statutory audit of the Company is five years.

*Consistency of the independent auditor’s report with the additional report to the Revision Commission*

We confirm that our independent auditor’s report is consistent with the additional report to the Revision Commission of the Company, which we issued on 30 March 2023 in accordance with Article 35 of Law No. 2258-VIII.

*Provision of non-audit services*

We declare that no prohibited non-audit services referred to in Article 6 paragraph 4 of Law No. 2258-VIII were provided. In addition, there are no non-audit services which were provided by us to the Company.

The partner in charge of the audit resulting in this independent auditor’s report is Alexander Svistich.

Alexander Svistich

Partner

for and on behalf of Ernst & Young Audit Services LLC

Kyiv, Ukraine

6 April 2023

Ernst & Young Audit Services LLC is included in

the Register of auditors and audit firms, that is maintained by Audit Public Oversight Body of Ukraine.

Registration number: 3516.