

Asseco Business Solutions S.A.

Interim Report of the Management
Board on the Company's Operations for
the Six Months Ended 30 June 2022

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1. Selected financial data of Asseco Business Solutions S.A.

	6 months to 30 June 2022 <i>PLN thou.</i>	6 months to 30 June 2021 <i>PLN thou.</i>	6 months to 30 June 2022 <i>EUR thou.</i>	6 months to 30 June 2021 <i>EUR thou.</i>
Operating income	155,130	142,804	33,414	31,405
Operating profit	41,540	40,213	8,947	8,844
Profit before tax	41,050	40,328	8,842	8,869
Net profit	34,786	32,960	7,493	7,249
Net cash from operating activities	54,716	38,384	11,785	8,441
Net cash generated (used) in investing activities	(16,046)	28,456	(3,456)	6,258
Net cash from financing activities	(80,086)	(71,021)	(17,250)	(15,619)
Cash and cash equivalents at end of period (comparable period: 31/12/2021)	1,416	42,832	303	9,313
Net income per ordinary share (in PLN/EUR)	1.04	0.99	0.22	0.21

Selected financial data presented in these interim condensed financial statements has been converted into the EURO as follows:

- the Company's cash position at the end of the current reporting period and in the corresponding period of the previous year is translated at the average exchange rate announced by the National Bank of Poland on the balance sheet date.
 - On 30 June 2022, 1 EUR = 4.6806 PLN.
 - On 31 December 2021, 1 EUR = 4.5994 PLN.
- selected items from the interim condensed statements of comprehensive income and the interim condensed statements of cash flows are translated at the exchange rate being the arithmetic average of the average exchange rates announced by the National Bank of Poland on the last day of each month.
 - In the period from 1 January to 30 June 2022: EUR 1 = PLN 4,6427.
 - In the period from 1 January to 30 June 2021: EUR 1 = PLN 4,5472.

All amounts given in the financial statements are expressed in thousands of Polish zlotys (PLN), unless stated otherwise.

2. The Management

On 30 June 2022, the Management Board of Asseco Business Solution S.A. was made up of:

Wojciech Barcentewicz	President of the Board
Piotr Maślowski	Vice-President of the Management Board
Mariusz Lizon	Member of the Management Board

On 30 June 2022, the Supervisory Board of Asseco Business Solution S.A. was made up of:

Rafał Kozłowski	Chairman of the Supervisory Board
Adam Góral	Vice-Chairman of the Supervisory Board
Romuald Rutkowski	Member of the Supervisory Board
Zbigniew Pomianek	Member of the Supervisory Board
Marcin Murawski	Member of the Supervisory Board
Artur Osuchowski	Member of the Supervisory Board

On 12 July 2022, the Extraordinary General Meeting of Asseco Business Solutions S.A. appointed Mr Artur Osuchowski as Member of the Supervisory Board.

The Supervisory Board has a three-member audit committee composed of Marcin Murawski (chairman), and Rafał Kozłowski and Romuald Rutkowski as members.

3. About Asseco Business Solutions

3.1. Business profile

The core business of Asseco Business Solutions S.A. is the design and development of enterprise software solutions. Companies that need modern management systems can benefit from the offering of Asseco Business Solutions as a complete and dedicated set of solutions dovetailed with the specific qualities, size, and needs of almost any business in any industry.

“The goal of Asseco Business Solutions is to provide innovative IT solutions that enhance the enterprise management capacity and help develop and strengthen a competitive advantage in the market. When designing its systems, Asseco Business Solutions is always open and responsive to companies' needs and does its utmost to provide the most practical and effective tools that help grow the business.”

Mission Statement

The rich portfolio of Asseco Business Solutions includes the following software:

- ERP solutions supporting business processes in medium and large enterprises;
- a suite of application for small business management (SMEs);
- programs supporting HR operations;
- e-Commerce (online) sales platforms;
- systems handling factoring transactions;

- sales support software intended for the FMCG industry; it aids manufacturers to deliver, sell, and cooperate with distribution networks, chain stores, retail outlets, as well as consumers effectively.

On top of this, by harnessing the potential of AI, the Company designs tools enabling enterprise digitization processes and facilitating the use of corporate data.

Asseco Business Solutions S.A. operates two own Data Centres whose capacity parameters meet the highest standards of security, reliability, and effectiveness of systems operation. All products designed by Asseco BS are based on the knowledge and expertise of experienced professionals, proven project methodology and the use of tomorrow's information technology tools. Owing to high quality products and related services, the software from Asseco BS has been successful in supporting the operations of tens of thousands of companies for many years. Asseco BS's track record covers dozens of completed software deployments in Poland and in several geographies worldwide.



Asseco Business Solutions is part of the international Asseco Group, a Europe-leading vendor of proprietary software. The Group is a constellation of enterprises engaged in the advancement of information technology and is present in over 60 countries around the world, including most European countries and the USA, Canada, Israel, and Japan.

3.2. Product offering

Asseco Business Solutions S.A. designs and markets modern IT solutions for enterprises, irrespective of their size, character, and industry. Within the Asseco Group, the Company is a competence centre responsible for the development of ERP systems, sales support software, including SFA and data exchange solutions, as well tools enabling remote cooperation with retailers, e-Commerce (online) sales platforms, factoring systems, and software for SMEs.

In the ERP segment, Asseco Business Solutions S.A. offers modern and integrated software (Softlab ERP by Asseco and Macrologic ERP by Asseco) handling the management of medium and large enterprises. These products feature a wealth of functions. Softlab ERP by Asseco streamlines the management of the vast area of any company's business: production, finance and accounting, HR and payroll, logistics as well as sales and inventory management. It also provides an array of managerial tools offering management and analytical capabilities. The Macrologic ERP by Asseco suite is a package of IT solutions and consulting knowledge supporting corporate resource planning and management, efficient information and knowledge management and business analysis. In addition, the Macrologic-branded system, Merit ERP by Asseco, is Poland-first process-oriented ERP solution that supports the implementation of business processes in enterprises.

ERP software for SMEs is WAPRO ERP by Asseco. It is a family of management applications intended for small and medium-sized enterprises to support the operations of internal departments: sales, finance and accounting, human resources and mobile personnel. WAPRO ERP by Asseco can be implemented in virtually any industry. They offer trouble-free installation, easy configuration and intuitive operation.

Modern sales support systems have been in the Company's focus for years, among them:

- mobile Sales Force Automation systems (Mobile Touch by Asseco) which enable the planning and execution of commercial activities in retail outlets and manage the operations of mobile workforce;

- a platform enabling the exchange of data and documents between business partners and their processing (Connector by Asseco);
- a web service of direct, remote cooperation between manufacturers and retailers (Direct Portal by Asseco);
- a system automatically collecting shelf data based on images taken in-store (Image Recognition by Asseco);
- Artificial Intelligence components enabling the transition of collected data into valuable business insights to improve Route-to-Market processes and reach the best customers (Recommendations by Asseco).

Besides, the Company is working on tools supporting digitization in enterprises, among them personnel portals, electronic workflow systems, online sales platforms.

Asseco Business Solutions S.A. has also designed the Faktor system: a novel application tailored to the needs of the financial market. It handles full factoring transactions.

An increasing number of products and services marketed by Asseco Business Solutions (both in the ERP and SFA areas) is made available in the cloud model. There is a rapid growth of projects completed in the full outsourcing model. It means that the Company assumes the full responsibility not only for the programs but also for the most sensitive components of the solutions: the system infrastructure, communications, or supervision over integration processes. Such an implementation approach is possible thanks to Asseco BS's own Data Processing Centres.

In addition, the Company generates the so-called unallocated revenue which falls outside the main segment. This category includes revenues from sales and deployments of Central Data Processing systems (including deployments of terminal solutions), based on third-party technologies, e.g. Citrix.

3.3. User support during the COVID-19 pandemic

In the second year of the pandemic, we proposed our clients to transfer some of the sales processes to virtual reality. The idea was to enable them to begin effective digital cooperation with retail chains and stores (including those that they had not served before) using the Direct Portal by Asseco online platform.

Direct Portal by Asseco allows producers to alternate traditional sales visits in stores (offline channel) with remote contacts and direct communication with retail chains and outlets (online channel). The system keeps producers in touch with their business partners and supports their mobile workforce in chasing their targets. Currently, it has proven to be an excellent support in solving current business issues caused by the pandemic and limited mobility of sales representatives.

The Company has also broadened its offering of products and services for e-commerce channels (B2C, B2B, D2C). In 2021 a number of new functional enhancements were introduced for this sales channel, as well as increasing their scope of integration with external systems.

As for ERP solutions, a number of functionalities was added to enable users to go paperless, i.e. to digitize key business processes. Softlab ERP, Macrologic ERP, and Wapro ERP (Portal HR and Businesslink by Asseco) support electronic exchange of documents with suppliers and recipients and, through the manager and employee portal, with employees (also with the e-signature supported).

3.4. The markets

The primary market for Asseco Business Solutions S.A. is Poland. The Company is also increasing its exports. Its products have been implemented in more than 50 countries in Europe, the Middle East, Asia, Australia, or Latin America.

Asseco Business Solutions has offices in 13 Polish cities (HQ in Lublin, a trade office in Warsaw), operates a network of several hundred business partners (distributing WAPRO ERP by Asseco) throughout the country and its own Data Centre in two sites in Lublin. The Company also offers access to Data Centres for solutions deployed outside Poland, e.g. in China, India, the USA, and Brazil. The technological and business partners of Asseco Business Solutions are the largest global software and hardware vendors, such as Oracle, Microsoft, HP, IBM, Citrix.

The Company's IT solutions are deployed at tens of thousands of companies in Poland and abroad. Among them, there are many market global leaders but also smaller organisations aspiring to gain a competitive edge in their home markets. Some of the users of Asseco BS's solutions: Atlas, Bacardi, Dr Oetker, Dr Zdrowie, Ekoinstal Holding, EURO RTV-AGD, Fakro, Ferrero, Grupa Topex, Handlopex, Herbapol, Igapa Polska, Intercars, Lorenz Bahlsen Snack-World, Lotte Wedel, Kamoka, Kuchnie Świata, McCormick, Mokate, Mondelez International, Nestlé, P4 (Play), Perfetti Van Melle, Pernod Ricard, Reckit Benckiser, Tchibo, Tikkurila, Topsil, USP Zdrowie, Wyborowa, Wydawnictwo Naukowe PWN, USP Zdrowie, Żywiec Zdrój and many more.

3.5. Company's Position in the IT Sector

For several years, Asseco Business Solutions has been leading many industry rankings related to the Polish and foreign IT markets (SFA solutions).

The most wanted ERP systems in Poland

The Company is ranked among the leading Polish vendors of ERP systems for both large and medium-sized enterprises (Softlab ERP by Asseco and Macrologic ERP by Asseco) and for SMEs (WAPRO ERP by Asseco). The Company came first in the 2022 edition of the prestigious ranking of ERP solution providers in Poland, Computerworld TOP 200 (2020 edition), a showcase of the Polish ICT sector.

Asseco Business Solutions leading the SFA market

Asseco Business Solutions has received a positive evaluation in the latest report, Vendor Panorama for Retail Execution and Monitoring in Consumer Goods 2022, prepared by the Promotion Optimization Institute (POI). The Company and its Mobile Touch by Asseco system were ranked high in the majority of categories. Asseco Business Solutions has also won the prestigious POI Best-in-Class award for innovative SFA solutions and has been described as a global SFA supplier and leader for the FMCG industry.

3.6. Asseco Business Solutions in the capital market

Asseco Business Solutions S.A. made its début on the Warsaw Stock Exchange on 19 November 2007. The total number of Company's shares is 33,418,193. The Company is listed in the sWIG80 and the WIG-Informatyka and WIGDIV.



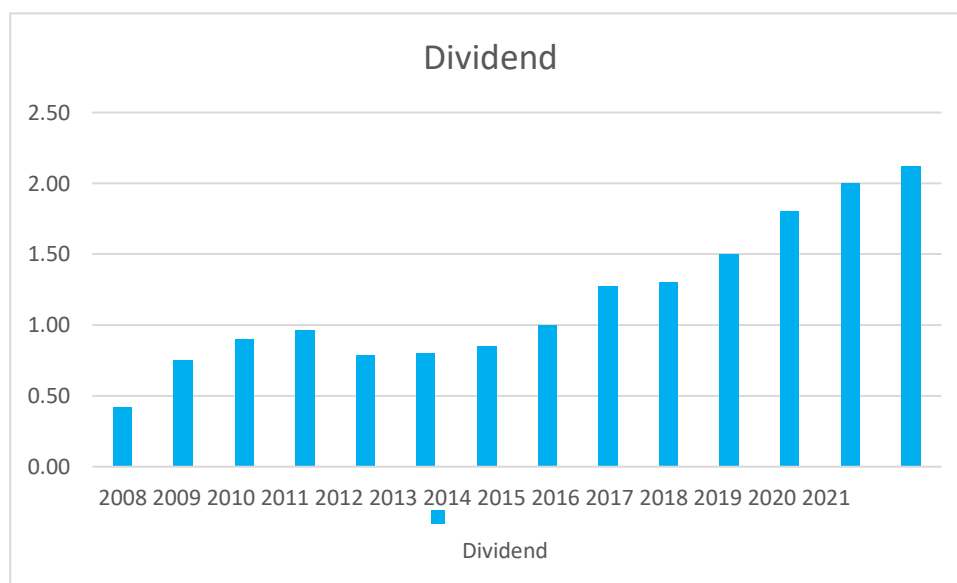
In the period from 01/01/2022 to 30/06/2022, the price of Asseco BS's shares and its position in the WIG-20 index were as follows:



<https://www.inwestinfo.pl/>

In the period from 01/01/2022 to 30/06/2022, the price of Asseco BS's shares ranged between PLN 37.0 and 43.8. The top listing was recorded on 28 March 2022. At the close of the market session on 30 June 2022, the price of shares of Asseco Business Solutions amounted to PLN 40.2 and was 7.6 % lower than at the close of the first market session of 2022 when it was reported at PLN 43.5.

For investors of Asseco Business Solutions, an important event in 2022 was the payment of dividend of PLN 2.12 per share. The chart below shows the dividends paid in the years 2008-2021:



3.7. Asseco Business Solutions: development outlook

The strategy of Asseco Business Solutions aims to build value for shareholders in the long term through organic growth and acquisitions. The Company focuses on improving its operating results and increasing its net profit, which is reflected in the long-term dividend policy.

The expected further profit surge and improved performance should increase the capitalization of the Issuer, which, in turn, should boost the liquidity of the Issuer's shares and encourage investment in the shares of Asseco Business Solutions S.A.

4. Overview of the basic economic and financial figures and factors and events having a significant impact on the Company's operations and achieved results

The financial results of Asseco Business Solutions for the first six months of 2022 and for a comparable period:

	6 months to 30 June 2022	6 months to 30 June 2021	Growth rate 6 mths 2022/ 6 mts 2021
Operating income	155,130	142,804	8.6%
Gross profit on sales	59,529	56,273	5.8%
EBIT	41,540	40,213	3.3%
EBITDA	56,402	53,627	5.2%
Net profit	34,786	32,960	5.5%

EBITDA = EBIT + amortisation/depreciation

In the first six months of 2022 the operating income of Asseco Business Solutions S.A. amounted to PLN 155,130 thousand and were 8.6 % higher than in the comparable period. The increase in receipts is attributable to the higher sales volume of the Company's products both on foreign and domestic markets.

The increase in sales eventuated in the growing level of operating expenses. The basic operating expenses (excluding COGS) were higher than in the comparable period by 14.5 %. The largest share in the Company's operating expenses (71.6%) was allocated to employee benefits (primarily salaries). Compared with the first six months of 2021, these expenses grew by 14.7%. Another important cost item was the external services which grew by 10.2%.

The net profit of Asseco Business Solutions earned in the first six months of 2022 amounted to PLN 34,786 thousand against PLN 32,960 thousand in the comparable period (an increase of 5.5%).

EBITDA rose by 5.2% from PLN 53,627 thousand to PLN 56,402 thousand.

Segment-by-segment analysis

The Company classifies its revenues by segments: ERP systems and unallocated revenue. In the first six months of 2022, the ERP segment revenues were 11.2% higher than in the comparable period while the overall segment gains on sales increased by 5.4%.

Receipts from sales by segment	6 months to 30 June 2022	6 months to 30 June 2021	Growth rate 6 mths 2022/ 6 mts 2021
ERP systems	146,480	131,683	11.2%
Unallocated	8,650	11,121	-22.2%
	155,130	142,804	8.6%

Profitability ratios

	6 months to 30 June 2022	6 months to 30 June 2021
Gross margin on sales	38.4%	39.4%
EBITDA profit margin	36.4%	37.6%
Operating margin	26.8%	28.2%
Net margin	22.4%	23.1%
Return on equity (ROE)	11.2%	11.1%
Return on assets (ROA)	8.2%	7.9%

These ratios have been calculated using the following formulas:

Return on equity (ROE) = net profit/equity

Return on assets (ROA) = net profit/total assets

Liquidity ratios

Working capital is defined as the difference between current assets and current liabilities and represents the volume of fixed capital (equity and long-term foreign capital) that finance current assets. As the most liquid part of capital, it secures the liabilities arising from the current cash cycle in the company. Working capital in the Company as at 30 June 2022 was PLN 8,768 thousand and was higher by PLN 45,422 thousand compared with 31 December 2020. The decrease in working capital is attributed to a drop in current assets by PLN 37,102 thousand. The decrease in current assets is mainly due to lower cash levels in bank accounts and bank deposits. This is related to the payment of the dividend for 2021 in the second quarter of 2020.

Liquidity ratios	6 months to 30 June 2022	12 months to 31 December 2021
Working capital (in PLN thou.)	(8,768)	36,654
Current ratio	0.86	1.69
Quick ratio	0.80	1.66
Super quick ratio	0.02	0.80

These ratios have been calculated using the following formulas:

Working capital = current assets (short-term) - current liabilities

Current ratio = current assets (short-term) / current liabilities

Quick ratio = (current assets - inventories - accruals and prepayments) / current liabilities

Super quick ratio = (bonds and securities held to maturity + cash and short-term deposits) / current liabilities

Company's assets and liabilities

ASSETS	30 June 2022	share in balance sheet total	31 December 2021	share in balance sheet total
Non-current assets	371,023	88%	365,986	80%
Current assets	52,877	12%	89,979	20%
TOTAL ASSETS	423,900	100%	455,965	100%

LIABILITIES	30 June 2022	share in balance sheet total	31 December 2021	share in balance sheet total
Total equity	311,311	73%	346,493	76%
Long-term liabilities	50,944	12%	56,147	12%
Short-term liabilities	61,645	15%	53,325	12%
TOTAL EQUITY AND LIABILITIES	423,900	100%	455,965	100%

As at 30 June 2022, the total assets of the Company amounted to PLN 423,900 thousand, which is a decrease by 7.0% compared with 31 December 2021.

The Company's main asset component is non-current assets, which account for 87.5% of the balance sheet total. Among them, intangible assets are the key item (mainly goodwill) amounting to PLN 283,157 thousand. The share of this item in total assets is 66.8%. This is a rather standard situation among tech companies whose greatest asset is knowledge and intangible assets.

As at 30 June 2022, the Company's equity amounted to PLN 311,311 thousand (73.4 % of liabilities).

As at 30 June 2022, the Company had a long-term lease liability in the amount of PLN 49,226 thousand (mainly a real property lease in the amount of PLN 45,712 thousand) and short-term lease liabilities in the amount of PLN 10,284 thousand (14.0% of liabilities in total) (including a real property lease in the amount of PLN 8,971 thousand).

5. Risk factors related to the Company's business

The Company is exposed to a number of risks that may have an adverse effect on its operations, financial standing and operating conditions as well as on its brands and corporate image. The Issuer's Management Board analyses the market setting and risk factors to which the Company is exposed on a regular basis. New projects and major transactions are subject to a thorough analysis. Detailed objectives and principles of financial risk management are presented in Note VII to the Financial Statements for the Year Ended 31 December 2021.

Discussed below are some basic risks that, if occurred, may have a significant impact on the Company's operations.

Risks associated with the economic situation in the country and abroad

The IT services sector development is inextricably intertwined with the overall domestic and global economic situation. The financial results achieved by the capital company Asseco Business Solutions are definitely driven by the growing GDP and the level of investment in enterprises. Poland is struggling with high inflation, surges in electrical energy and fuel prices, and the overall economic situation is likely to deteriorate. Another crucial factor is F/X rates fluctuations and rising market interest rates. Aware of the scale of threats related to the current economic situation in the country and globally, the Company is constantly monitoring their impact on its possible future financial performance.

Risks involved in execution of IT projects

The Company raises most of its income from the sales of IT solutions to enterprises. Systems vended by the Company have a material impact on the key operations of our clients. Error-laden operation of the system can lead to significant financial losses at the customer's, resulting in legal claims that may dent the reputation of the Company, as well as its financial position and development outlooks. In extreme cases, clients may, even in the absence of explicit Company's fault, terminate the concluded agreements or demand contractual penalties applicable in the event of a delayed project implementation. Such circumstances might have an adverse impact on the operations, financial position and financial performance of the Company, as well as affecting its prospective development.

Risks related to a more intense competition in the domestic market

The Company operates in the IT services market. This economy segment is marked by rapid development, on the one hand, and, on the other, by strong competition. The Company's operations are under pressure from ever stronger competition, both from the local players and international IT corporations, and may have an adverse impact on the Company's operations, financial position, financial results, and future development outlook. Consolidation of the IT segment, the saturation of the domestic market and an increased use of in-house IT specialists by institutions and enterprises may also affect the Company's financial results.

Risk of customer lock-in

ERP and HR software, mobile systems, Connector Platform and factoring systems comprise the core product portfolio and offering of the Company. The ERP software is the core sales revenue generator, still there is no single client that brings in revenues in excess of 10% of the total revenue. Revenues earned in cooperation with Asseco Poland S.A. account for approx. 1.4% of revenues on sale of Asseco BS. The loss of agreements with key customers will mean a change in the Company's financial results, which will also affect its financial position.

Risks of losing customers' trust

The implementation of IT systems in most cases involves long-term agreements with the system users and is based on users' trust. Customers' trust is built up on the quality of our solutions and quality of implementation services rendered by the Company. Should the level of quality in both the provided services and customer service be reduced, it may lead to undermined trust in the Company. This may tarnish the Company's image and reputation, which can affect both the current market activity and the prospecting for new contracts, as testimonials play a vital role in the entire sales process. Losing customers' trust would therefore have a substantial negative impact on the operations, financial position and results of the Company, as well as on its future development outlook.

Cybersecurity risk

Through intentional action of third parties as well as errors or carelessness of employees or subcontractors, Company's, or its customers', confidential data may be disclosed to unauthorized persons. In the event of such a situation, the image and perception of the Company by its clients is likely to undermine its operations as well as translating into less advantageous financial condition, results, or development outlook.

Additionally, the CHARLIE-CRP third alert level introduced in Poland shows an increased risk of possible terrorist activity.

Risk of vendor lock-in

As part of its business, the capital company Asseco Business Solutions collaborates with global corporations that develop IT solutions and provide software and hardware. In the event that the key suppliers modify their strategy of cooperation with local partners, e.g. begin favouring one partner over another, market their own services or products without intermediaries or revise the pricing policy, this may have a negative impact on the Company's operations and financial position, financial results and development prospects. Particular risks exist in the cooperation with Microsoft and Oracle because they are the only providers of database technology to the major ERP systems.

Risk involved in concluding contracts with the related parties

In the course of its business, the capital company Asseco Business Solutions enters into transactions with related parties within the Asseco Group. Such transactions ensure the effective operation of Asseco BS and include the exchange of services, supply of goods as well as other transactions. With regard to the tax regulations pertaining to dealings with related parties and especially to transfer pricing applied in such transactions, and the documentation required to be completed for such transactions, as well as due to the increasing interest of the tax authorities in the transfer prices and terms in related party transactions, it cannot be precluded that Asseco Business Solutions S.A. will be subject to tax audits or other controlling activities undertaken by the tax authorities in this respect. Furthermore, judging by the past taxation practices, when taxpayers engaged in transactions which were non-standard for their type of business and which helped decrease their tax charges, they were exposed to the accusations of tax evasion, which may have a negative impact on the Company's operations and financial result.

Risk related to the influence of the majority shareholder on the Issuer

On the date of this report, the majority shareholder – Asseco Enterprise Solutions a.s. – holds 46.47% of shares of Asseco Business Solutions S.A., which represents the same percentage of votes at the General Meeting.

The scope of powers related to the share held by Asseco Enterprise Solutions a.s. in the share capital of Asseco Business Solutions S.A. can lead to a situation in which the remaining shareholders will have limited impact on the management and operations of the Company. In addition, the exercise of those powers may not be coinciding with the intentions of the other shareholders of Asseco Business Solutions S.A. Moreover, there is no guarantee that other shareholder will not acquire a block of shares to allow him, through his shares in the share capital and appointed representatives on the Supervisory Board, to have a significant impact on the Company's activities.

Risks of changes in legislation

Amendments, lack of cohesion and uniform interpretation of the provisions of law, in particular the tax regulations, the Act on Trading in Financial Instruments, the Act on Public Offering as well as the Polish Code of Commercial Companies and Partnerships give rise to the regulatory risk occurring in the environment in which the Company operates. Particularly frequent are changes to tax laws and their interpretation. In the event the tax authorities take a position that is different from the Asseco BS's interpretation of relevant fiscal regulations, the Company's operations, economic situation, and financial results may be affected. The growth of the Company's operations on the IT market depends, to a large degree, on the ownership of intellectual property rights, especially copyright to computer programs. Potential (even illegitimate) claims of copyrights, that may be raised by third parties, will have a negative bearing on the Company's operations, financial position and results.

Risk related to the losing of key personnel

Successful fulfilment of the Company's contractual obligations depends to a large extent on highly skilled personnel. Also, the executives exert a material influence on the overall shape of the Company. Any loss of personnel, both experts and managers, may entail the risk of compromising the quality of rendered services and lead to delays in performing under valid agreements. The growing demand for IT professionals and competitors' activities may lead to the loss of key personnel, as well as disrupting the recruitment of new talents with the desired competence, experience, and qualification. It may also lead to wage pressures by specialists. In the case of a dynamic development of the Company, this may cause a substantial shortage of key IT and managerial personnel, which would seriously impact the Company's results. Similar effects could be seen in the case of unlawful conduct of employees (e.g. damage to third parties, disloyalty manifested in, for example, undertaking competitive activity, or disclosure of confidential corporate and professional information).

Risks associated with the COVID-19 pandemic in the country and abroad

All markets in which Asseco Business Solutions operates have been affected by the COVID-19 pandemic. By extension, the Company is exposed to its social and economic consequences, the scale of which depends on the development of the pandemic and implemented measures. The level of impact of the pandemic on the business of Asseco Business Solutions is therefore difficult to estimate today. Other information related to the pandemic is described in item 16 of this report.

Risks related to the war in Ukraine

The war in Ukraine began in early 2022. Russia's aggression against Ukraine is causing major geopolitical tensions across Europe and in the world. The Company is exposed to the social and economic consequences of this conflict. At present, the situation in Ukraine is highly volatile and its future effects are hardly predictable and depend on the scale and duration of warfare. Now, the war in Ukraine has no significant direct impact on the Company's business performance.

Dividend risk and share impairment

The payment of dividends by the Company depends on many factors, among them the results of the operating activities, financial standing, as well as cash demand in the future. The intention of the Management Board is to allocate an appropriate part of the profit to the payment of dividends in the future; however, the Company cannot guarantee the amount of payments, and whether the plans will be carried out each consecutive year. The value of shares depends on market liquidity; therefore, the possible purchase or disposal of shares may not be carried out within the assumed period of time. The value of shares may fluctuate in the future, and investors may not be able to recover all of their investment.

6. Proceedings pending before the court

The Company is a party to several lawsuits and enforcement proceedings to recover payments for delivered products and services. Allowances have been made to the receivables covered by the above-mentioned proceedings.

7. Major Company's agreements

Selected important agreements concluded by Asseco Business Solutions S.A. in the first six months of 2022:

- British American Tobacco Polska Trading Sp. z o.o. - implementation of Connector Enterprise;
- Maspex Romania S.R.L. - implementation of Connector Enterprise;
- Margo spółka z ograniczoną odpowiedzialnością sp.k. - implementation of Asseco Safo WMS;
- Enxoo Sp. z o.o. - implementation of Asseco Softlab ERP.

8. Organisational relations with other parties

Asseco Business Solutions S.A. is owned by the Asseco Group through Asseco Enterprise Solutions (AES) which holds 46.47% of the shares of Asseco Business Solutions S.A. and exercises its mandate to the corresponding number of votes at the General Meeting. Asseco Enterprise Solutions is 100% owned by Asseco Poland. AES is the ERP competence centre of the capital company of Asseco, and Asseco Business Solutions S.A. is its mainstay. Through the membership in the Asseco Group, Asseco BS is implicitly organizationally linked with the other companies making up the Group.

9. Related party transactions on non-market terms

The Issuer did not enter into transactions with related parties other than based on the arm's length principle. Details of related party transactions are presented in Note 2.14 to the Interim Condensed Financial Statements for the Six Months Ended 30 June 2022.

10. Concluded or terminated loan agreements

In the reporting period, the Issuer did not enter into or terminate any credit or loan facility.

11. Originated loans

During the reporting period, the Issuer did not grant any loans, especially to parties related to the Issuer.

12. Granted and obtained sureties and guarantees

During the reporting period, the Issuer did not grant any sureties for credits or loans or guarantees, especially to parties related to the Issuer.

13. Description of off-balance sheet commitments

A description of significant off-balance sheet commitments in terms of the subject, object and value was presented in item 3.2 of the Notes to the Interim Condensed Financial Statements of Asseco Business Solutions for the Six Months Ended 30 June 2022.

14. Proceeds from the issuance of shares

During the reporting period, the Issuer did not issue any shares.

15. Explanation of differences between the financial results and financial forecasts for the year

The Management Board of Asseco Business Solutions S.A. did not publish performance forecasts for 2022.

16. Evaluation of factors and single-time events affecting the financial results

The occurrence of the COVID-19 pandemic and the war in Ukraine during the reporting period ended 30 June 2022 did not materially affect the Company's financial result for that period. In view of the general economic slowdown resulting from the war in Ukraine and the pandemic, the Management Board is aware of delays in settlements with clients, especially those operating in industries most affected by the two events. To the best knowledge of the Management Board, at the time of publication of these financial statements, there are no grounds to reasonably expect that payment backlogs could have a significant impact on the Company's position. During the 6 months ended 30 June 2022, there were no items materially affecting assets, liabilities, equity, net result or cash flows that were extraordinary in terms of type, value, or frequency.

Other information related to the assessment of the impact of COVID-19 and the war in Ukraine on the results achieved in the period covered by these statements and on the forecast results in subsequent periods is presented in item II.2 of the Interim Condensed Financial Statements of Asseco Business Solutions for the Six Months Ended 30 June 2022.

17. Important factors for the Company's development and an outline of business development prospects

The condition of the Polish IT industry largely depends on the overall fitness of the country's economy. This is particularly evident in the case of IT solutions for business, which is closely associated with the private sector and depends on the prevailing economic conditions. Today, however, many analytical firms believe that the outlook for the IT industry in Poland is very promising, and Poland is leading the region in terms of the scale of expected IT investment, particularly in cloud computing and mobile technologies. A profound impact on the development of the IT market is also exerted by the use of ERP systems by Polish enterprises. It is still significantly lower than in the developed EU markets. It is expected that in the next few years the demand for management support systems in Polish enterprises is to grow steadily.

In the opinion of the Management Board of Asseco Business Solutions S.A., the current financial situation of the Company is stable, and its production potential and market position are sound. The Management Board is constantly monitoring the developments related to the COVID-19 pandemic and the war in Ukraine. If the Management Board find that the Company's operations need to be adapted to new market conditions, it will take appropriate action.

In the opinion of the Management Board, the most important external and internal factors that may affect the operations of the Company and its prospective results in the following year are:

External factors:

- impact of the war in Ukraine on the macroeconomic situation,
- impact of the COVID-19 pandemic on the macroeconomic situation,
- a major increase in inflation,
- mounting interest rates,
- currency risk,
- the economic and political position of Poland, the European Union and other geographies where the Company has its operations,
- the attitude of potential clients to investment in IT against the backdrop of the general economic situation,
- risk of time-shifting of potential clients' investment decisions,
- intense direct and indirect competition from both Polish and foreign IT companies,
- risk related to technological saturation,
- the level of capital earmarked for IT investment in companies and the volume of used EU funds,
- the prospects for expanding markets outside the existing Company's areas of operation,
- opportunities and risks associated with frequent technological changes and innovation in the IT market,
- changes in the credit situation, financial liquidity, financing by customers,
- market openness and absorption capacity for new product solutions.

In addition, the Management Board does not rule out a scenario that the operations of the Company and its results may be affected by the adverse circumstances in the domestic and global economy related to the COVID-19 pandemic and the war in Ukraine, yet, at this point, it is not possible to determine to what extent or on what scale.

Internal factors:

- the quality and comprehensive nature of Company's offering,
- the results of intense and ongoing trade activities both domestically and abroad,
- activities run under currently valid agreements,
- the need to attract and keep the most qualified and key employees,
- effects of work on new products.

18. Information on other important factors that could have affected the assessment of the financial position, assets and personnel

The Company is constantly monitoring the impact of the COVID-19 pandemic and the war in Ukraine on the Company's operations, including its future financial position and financial results. At the time of publication of these financial statements, the Company did not report any significant impact of the pandemic crisis on its financial position and economic results, besides some organizational aspects of the Company's operations. At the time of publication of these financial statements, all Company's departments operate unperturbed, and the Company performs its contractual obligations as provided for in relevant agreements.

Globally, the conflict in Ukraine and the pandemic has caused a less stable economic situation, inflation, and higher interest rates. These changes do not affect the Company's results, and higher interest rates do not result in significantly higher interest costs.

Asseco Business Solutions S.A. has sufficient financial resources to continue its operations, including regular settlement of current liabilities. However, the Company cannot rule out a scenario that in the event of the prolonged pandemic and war in Ukraine their negative impact on the domestic and global economy, it may have an adverse effect on the Company's operations or financial performance; yet, at this point, it is not possible to determine to what extent or on what scale. At the time of publication of these financial statements, there are no grounds to reasonably expect that the situation caused by COVID-19 and the war in Ukraine are likely to have a significant influence on the Company.

If the Management Board find that the Company's operations need to be adapted to new market conditions, it will take appropriate action.

19. Changes in the basic principles of the Company management

In the reporting period, there were no changes to the basic principles of management of Asseco Business Solutions S.A.

20. Agreements concluded between the Issuer and its executives

In the reporting period, no agreements were concluded between Asseco Business Solutions S.A. and its management that would provide for compensation in case of their resignation or dismissal.

There are no service agreements entered into between Asseco Business Solutions S.A. and the members of the Supervisory Board, setting out the benefits paid upon termination of such agreements.

21. Shareholding structure

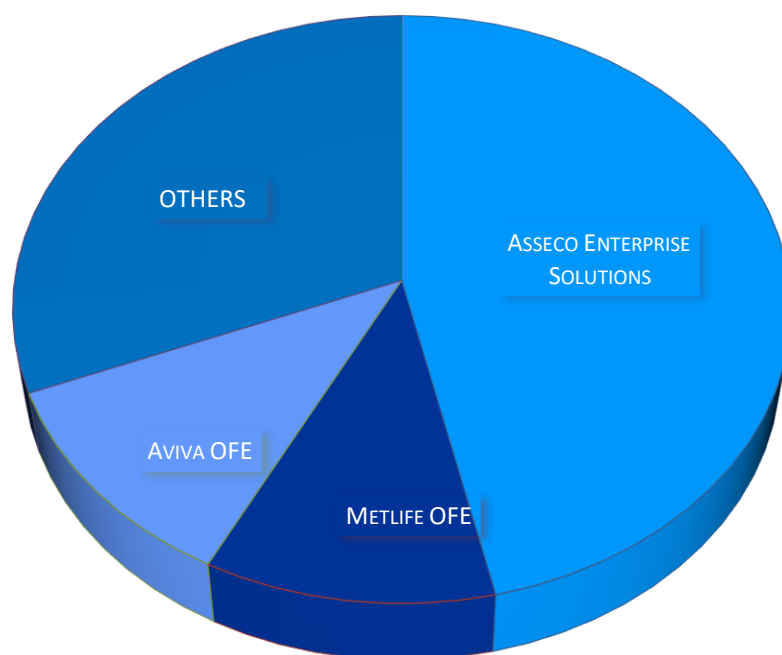
According to the best knowledge of the Issuer's Management Board, on the date of publication of these financial statements, i.e. 3 August 2022, the number of shareholders of Asseco Business Solutions S.A. Holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting, according to

the votes executed at the Extraordinary General Meeting on 12 July 2022 and on the basis of notifications of changes to shareholding received at later dates, is as follows:

Shareholder	Number of shares held	Shareholding in %	Number of votes	% share in total votes at GM
Asseco Enterprise Solutions	15,528,570	46.47%	15,528,570	46.47%
Metlife Otworthy Fundusz Emerytalny	3,400,000	10.17%	3,400,000	10.17%
Aviva Otworthy Fundusz Emerytalny Aviva BZ WBK	4,062,000	12.16%	4,062,000	12.16%
Other shareholders	10,427,623	31.20%	10,427,623	31.20%
	33,418,193	100.00%	33,418,193	100.00%

As at 30 June 2022, the shareholding structure was:

Shareholder	Number of shares held	Shareholding in %	Number of votes	% share in total votes at GM
Asseco Enterprise Solutions	15,528,570	46.47%	15,528,570	46.47%
Metlife Otworthy Fundusz Emerytalny	3,400,000	10.17%	3,400,000	10.17%
Aviva Otworthy Fundusz Emerytalny Aviva BZ WBK	3,913,000	11.71%	3,913,000	11.71%
Other shareholders	10,576,623	31.65%	10,576,623	31.65%
	33,418,193	100.00%	33,418,193	100.00%



The number of shares attributable to the critical shareholders corresponds to the number of votes at the General Meeting.

Overview of the Issuer's shares or rights to them held by the executive and supervising persons:

	30 June 2022		31 December 2021	
	number of shares held	% share in shareholding	number of shares held	% share in shareholding
Executive persons				
Wojciech Barcentewicz	500,000	1.50%	500,000	1.50%
Piotr Masłowski	745,063	2.23%	745,063	2.23%
Mariusz Lizon	183,000	0.55%	183,000	0.55%
Supervising persons				
Romuald Rutkowski	426,828	1.28%	426,828	1.28%
Rafał Kozłowski	4,407	0.01%	4,407	0.01%
TOTAL	1,859,298	5.56%	1,859,298	5.56%

Statement of the Management Board of Asseco Business Solutions S.A. prepared in accordance with Article 70(1)(6) of the Regulation of the Minister of Finance 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”)

The Management Board of Asseco Business Solutions S.A. declares that, to the best of its knowledge, the interim condensed financial statements of Asseco Business Solutions S.A. for the period of six months ended 30 June 2022, and the corresponding figures for the six months ended 30 June 2021 have been prepared in accordance with the Group’s accounting policy and the International Financial Reporting Standards adopted by the EU, and reflects a reliable, accurate, clear and fair the financial position and financial performance of Asseco Business Solutions S.A. This Report of the Management Board on the Company’s Operations provides a true picture of the development and achievements of the Company, including an overview of major risks and uncertainties.

Management Board of Asseco Business Solutions S.A.:

Wojciech Barczentewicz

President of the Management Board

Piotr Maślowski

Vice-President of the Management Board

Mariusz Lizon

Member of the Management Board

Asseco Business Solutions S.A.

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The logo for Asseco, featuring the word "asseco" in a stylized, bold, black font. The letters are thick and blocky, with a modern, geometric feel. The "a" and "s" are particularly prominent, with the "s" having a unique, angular shape. The "e" and "c" are also stylized, and the "o" is a simple circle. The overall impression is one of strength and reliability.