



# Asseco Business Solutions S.A.

Interim Report of the Management Board on the Company's Operations for the Six Months Ended 30 June 2021

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

	6 months to 30 June 2021 <i>PLN thou.</i>	6 months to 30 June 2020 <i>PLN thou.</i>	6 months to 30 June 2021 <i>EUR thou.</i>	6 months to 30 June 2020 <i>EUR thou.</i>
Operating revenues	142,804	131,266	31,405	29,556
Operating profit	40,213	38,670	8,844	8,707
Profit before tax	40,328	37,316	8,869	8,402
Net profit	32,960	31,226	7,249	7,031
Net cash from operating activities	38,384	43,398	8,441	9,772
Net cash generated (used) in investing activities	28,456	5,438	6,258	1,224
Net cash from financing activities	(71,021)	(63,700)	(15,619)	(14,343)
Cash and cash equivalents at end of period (comparable period: 31/12/2020)	2,433	6,614	538	1,433
Net income per ordinary share (in PLN/EUR)	0.99	0.93	0.21	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 2021, 1 EUR = 4.5208 PLN.
  - On 31 December 2020, 1 EUR = 4.6148 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 2021: EUR 1 = PLN 4,5472.
  - In the period from 1 January to 30 June 2020: EUR 1 = PLN 4,4413.

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

## 2. The Management

On 30 June 2021, the Management Board of Asseco Business Solution S.A. was made up of:

Wojciech Barczentewicz	President of the Board
Piotr Masłowski	Vice-President of the Management Board
Mariusz Lizon	Member of the Management Board

On 30 June 2021, 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

On 16 April 2021, Mr Piotr Stępnik informed the Management Board of Asseco Business Solutions S.A. about his resignation as Member of the Supervisory Board of the Company.

On 11 May 2021, Mr Jozef Klein informed the Management Board of Asseco Business Solutions S.A. about his resignation as Chairman of the Supervisory Board of the Company.

On 9 June 2021, the General Meeting of Asseco Business Solutions S.A. appointed Messrs Marcin Murawski and Rafał Kozłowski as Members of the Supervisory Board of the Company.

On 16 June 2021, the Supervisory Board elected Mr Rafał Kozłowski Chairman of the Supervisory Board.

On 16 June 2021, Mr Adam Góral resigned as member of the Audit Committee. In connection with the resignation of Mr Piotr Stępnik as Member of the Supervisory Board and, by extension, as Chairman of the Audit Committee, on 16 June 2021, the Supervisory Board of Asseco Business Solutions S.A. appointed two new members of the Audit Committee of the Company: Messrs Marcin Murawski and Rafał Kozłowski. At the same time, the Supervisory Board nominated Mr Marcin Murawski Chairman of the Audit Committee.

As a result of these changes, part of the Supervisory Board is a three-person Audit Committee composed of Marcin Murawski (chairman) and Rafał Kozłowski and Romuald Rutkowski (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 comprehensive offering of Asseco Business Solutions includes ERP systems that support business processes in SMEs, a suite of applications for small-company management, programs optimizing the HR area, mobile SFA applications for the mobile workforce marketed Europe-wide, data exchange platforms, and programs handling factoring transactions.

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. With 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 more than fifteen years.

Asseco BS's track record covers dozens of completed software deployments in Poland and in most European countries.



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 50 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 Capital Group, Asseco Business Solutions S.A. is as a Competence Centre responsible for the development of ERP software, mobile reporting systems (SFA), 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.

The offering of Asseco Business Solutions also features mature sales support systems (Mobile Touch by Asseco), including the mobile SFA and FFA solutions, and services of electronic exchange of commercial data between the different links in a distribution chain (mainly between manufacturers and their wholesale partners (Connector Platform by Asseco). The mobile systems by Asseco BS are among the leading SFA solutions in the world. They have been implemented in 50 countries worldwide and boast dozens of thousands of active users.

Additionally, Asseco Business Solutions, through Direct Portal by Asseco, supports commercial chains in streamlining their own processes and those carried out with POSs. On top of that, it offers retailers knowledge regarding sales visits, order history, producer's offer, promotions, discounts, targets,

POS environment, etc. It also allows store personnel to place orders on their own and submit them to selected distributors. They can also participate and support producer's marketing, promotional, or merchandising campaigns. The platform also automates the billing process.

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 Centre.

Asseco Business Solutions SA has also designed the Faktor system: a novel application tailored to the needs of the financial market, enabling a comprehensive handling of factoring transactions.

In 2020 we launched our new sales concept and offered users an entire ecosystem of solutions supporting commercial processes across multiple channels and by various groups of users, with many tools, both traditional and online, based on valuable insights, and unlimited in terms of time, space, or resources. All this is intended to expedite, accelerate, and grow sales. Our new ecosystem contains such solutions and tools as: Sales Force Automation, Data Exchange and Integration Platform, Online Stores (B2B, B2C, D2C and Click&Collect), Manufacturer and Retailer Cooperation Platform, or AI components.

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. 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 12 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 Lublin. The Company also offers access to its Data Centre for solutions implemented outside Poland, e.g. in Russia, 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, Igepa 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.

### 3.4. Company's Position in the IT Sector

For several years, Asseco Business Solutions has been leading many industry rankings related to the Polish IT marketplace.

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 2020 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 received a positive evaluation in the latest report, Vendor Panorama for Retail Execution and Monitoring in Consumer Goods 2021, 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.

Our Mobile Touch by Asseco was also ranked as one of the leading global SFA solutions. It also scored high in the recently published SPARK Matrix™ report published by the international research and consulting company Quadrant Knowledge Solutions.

**Golden Retail Innovation 2020 award for Direct Portal by Asseco**

Our Direct Portal by Asseco platform facilitating cooperation between FMCG market players won the first prize in the 3rd edition of the consumer contest, Golden Innovations FMCG & Retail 2020. The winning category was the most innovative solution for commerce.

**3.5. 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 01/01/2021 to 30/06/2021, 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 01/01/2021 to 30/06/2021, the price of Asseco BS's shares ranged between PLN 33.6 and 39.4. The top listing was recorded on 08 January 2021. At the close of the market session on 30 June 2021, the price of shares of Asseco Business Solutions amounted to PLN 34.9 and was 8.2 % lower than at the close of the first market session of 2021 when it was reported at PLN 38.0.

For investors of Asseco Business Solutions, an important event in 2021 was the payment of dividend of PLN 2.0 per share. The chart below shows the dividends paid in the years 2008-2020:



### 3.6. 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 2021 and for a comparable period:

	6 months to 30 June 2021	6 months to 30 June 2020	Growth rate 6 mths 2021/ 6 mts 2020
Operating revenues	142,804	131,266	8.8%
Gross profit on sales	56,273	54,128	4.0%
EBIT	40,213	38,670	4.0%
EBITDA	53,627	51,722	3.7%
Net profit	32,960	31,226	5.6%

EBITDA = EBIT + amortisation/depreciation

In the first six months of 2021 the operating income of Asseco Business Solutions S.A. amounted to PLN 142,804 thousand and were 8.8 % 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 6.9 %. The largest share in the Company's operating expenses (71.5%) was allocated to employee benefits (primarily salaries). Compared with the first six months of 2020, these expenses grew by 7.8%. Another important cost item was the external services which grew by 10.4%.

The net profit of Asseco Business Solutions earned in the first six months of 2021 amounted to PLN 32,960 thousand against PLN 31,226 thousand in the comparable period (an increase of 5.6%).

EBITDA rose by 3.7% from PLN 51,722 thousand to PLN 53,627 thousand.

#### Segment-by-segment analysis

The Company classifies its revenues by segments: ERP systems and unallocated revenue. In the first six months of 2021, the ERP segment revenues were 5.0 % higher than in the comparable period while the overall segment gains on sales increased by 2.4%.

Receipts from sales by segment	6 months to 30 June 2021	6 months to 30 June 2020	Growth rate 6 mths 2021/ 6 mts 2020
ERP systems	131,683	125,363	5.0 %
Unallocated	11,121	5,903	88.4 %
	142,804	131,266	8.8 %

## Profitability ratios

	6 months to 30 June 2021	6 months to 30 June 2020
Gross margin on sales	39.4%	41.2%
EBITDA profit margin	37.6%	39.4%
Operating margin	28.2%	29.5%
Net margin	23.1%	23.8%
Return on equity (ROE)	11.1%	9.4%
Return on assets (ROA)	7.9%	7.1%

*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 2021 was PLN 9,003 thousand and was higher by PLN 39,099 thousand compared with 31 December 2020. The drop in the working capital results from: a decrease in current assets by PLN 44,796 thousand and a decrease in short-term liabilities by PLN 5,697 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 2020 in the second quarter of 2020.

Liquidity ratios	6 months to 30 June 2021	12 months to 31 December 2020
Working capital (in PLN thou.)	(9,003)	30,096
Current ratio	0.84	1.49
Quick ratio	0.79	1.44
Super quick ratio	0.04	0.11

*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*

## The structure of Company's assets and liabilities

ASSETS	30 June 2021	share in balance sheet total	31 December 2020	share in balance sheet total
Non-current assets	368,432	89%	348,832	79%
Current assets	46,800	11%	91,596	21%
<b>TOTAL ASSETS</b>	<b>415,232</b>	<b>100%</b>	<b>440,428</b>	<b>100%</b>

LIABILITIES	30 June 2021	share in balance sheet total	31 December 2020	share in balance sheet total
Total equity	298,076	72%	331,952	75%
Long-term liabilities	61,353	15%	46,976	11%
Short-term liabilities	55,803	13%	61,500	14%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>415,232</b>	<b>100%</b>	<b>440,428</b>	<b>100%</b>

As at 30 June 2021, the total assets of the Company amounted to PLN 415,232 thousand, which is a decrease by 5.7% compared with 31 December 2020.

The Company's main asset component is non-current assets, which account for 88.7 % of the balance sheet total. Among them, intangible assets are the key item (mainly goodwill) amounting to PLN 278,957 thousand. The share of this item in total assets is 67.2%. This is a rather standard situation among tech companies whose greatest asset is knowledge and intangible assets.

As at 30 June 2021, the Company's equity amounted to PLN 298,076 thousand (71.8 % of liabilities).

As at 30 June 2021, the Company held long-term lease liabilities in the amount of PLN 58,105 thousand and short-term lease liabilities in the amount of PLN 10,023 thousand (16.4% of total liabilities).

## 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 2020.

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 linked to 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. A relatively good situation in the domestic market encourages businesses to new investment, including in the IT infrastructure. This should result in a greater number of new IT projects.

**Risks involved in the 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. Revenue earned in cooperation with Asseco Poland S.A. account for approx. 1% of Company's receipts on sales. 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.

**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 the 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, whose scale depends on further developments and measures implemented globally. 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.

### 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.

In addition to the recovery of receivables, the Company is a party to a case connected with the decision of the Office of Competition and Consumer Protection of December 2013 imposing a fine on Asseco Business Solutions. The fine was associated with investigations by the OCCP related to the use of abusive clauses in agreements concluded by the Company (and its legal predecessors) with the distributors of the WAPRO-branded software. In November 2016, the Court of Appeal in Warsaw changed the contested decision of the District Court and revoked the decision of the President of the Office of Competition and Consumer Protection. The Office of Competition and Consumer Protection appealed to the highest instance against the decision of the Court of Appeal. The appeal contained, inter alia, a request for the cancellation of the contested decision of that court. In March 2017, the Company responded to the appeal. In accordance with the precautionary principle, the entire amount of the fine was secured by a provision created within the 2013 expenses. On 16 October 2019, the Court of Appeals issued a decision in the case referred by the Regional Court in Warsaw. The original judgement was set aside. On 2 July 2020, the District Court in Warsaw reduced the fine imposed on Asseco Business Solutions. The judgement is not final, and the Company applied for justification. On 17 August 2020, the Company filed appeals against the judgement to the District Court. On 28 June 2021, the Court of Appeals in Warsaw dismissed the entire appeal. Asseco Business Solutions may appeal from the above-mentioned decision to the highest instance (the Supreme Court) within two months of receipt of the judgement with justification. The relevant decision appeal has not been made yet.

## 7. Major Company's agreements

Selected important agreements concluded by Asseco Business Solutions S.A. in the first six months of 2021:

- PROFI Sp. z o.o. – licensing and implementation of Asseco Softlab ERP and the provision of maintenance services,
- COLUMBUS ENERGY S.A. – licensing and implementation of Asseco Softlab LS and WMS in cloud and the provision of maintenance services,
- MFO S.A. – licensing and implementation of Asseco Softlab ERP and Softlab Analytics and maintenance services,

- Asseco Poland S.A. - licensing and implementation of Asseco Softlab ERP,
- Asseco Poland S.A. - implementation of Asseco Softlab ERP HR,
- BLOWET DRWALEW Sp. z o.o. – licensing and implementation of Asseco Softlab ERP in cloud and the provision of maintenance services.

## 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 other companies making up the capital company Asseco.

## 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 2021.

## 10. Concluded or terminated loan agreements

In January 2021, the Company annexed the agreement of 30 May 2017 concluded with BNP Paribas Bank Polska S.A. The annex covered:

- extension of the overdraft facility repayment deadline to 30 October 2022, and
- revolving loan for bank guarantees up to the amount of PLN 1,500 thousand PLN with the repayment date of 30 September 2022.

## 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 2021.

## 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 2021.



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

The occurrence of the COVID-19 pandemic during the reporting period ended 30 June 2021 did not materially affect the Company's financial result for that period. In view of the general economic slowdown resulting from the pandemic, the Management Board is aware of delays in settlements with customers, especially those operating in industries most affected by the pandemic. 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 six months ended 30 June 2021, 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 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 2021.

## 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. 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:

- 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, 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 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. As a consequence of entry into force of the Act of 2 March 2020 on special solutions related to the prevention, combating and eradication of COVID-19, other infectious diseases and crisis situations caused by them (Journal of Laws of 2020, item 1842) and as a result of measures pursued by the Polish authorities, as well as out of concern for the Company's personnel and clients, the Company has taken steps to enable most of its employees to perform the so-called remote work so as to ensure business continuity and continuity of provision of IT services to the Company's clients. 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.

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 a prolonged pandemic and its negative impact on the domestic and global economy, this may have an adverse effect on the Company's operations or financial results, 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 is likely to have a significant impact 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.

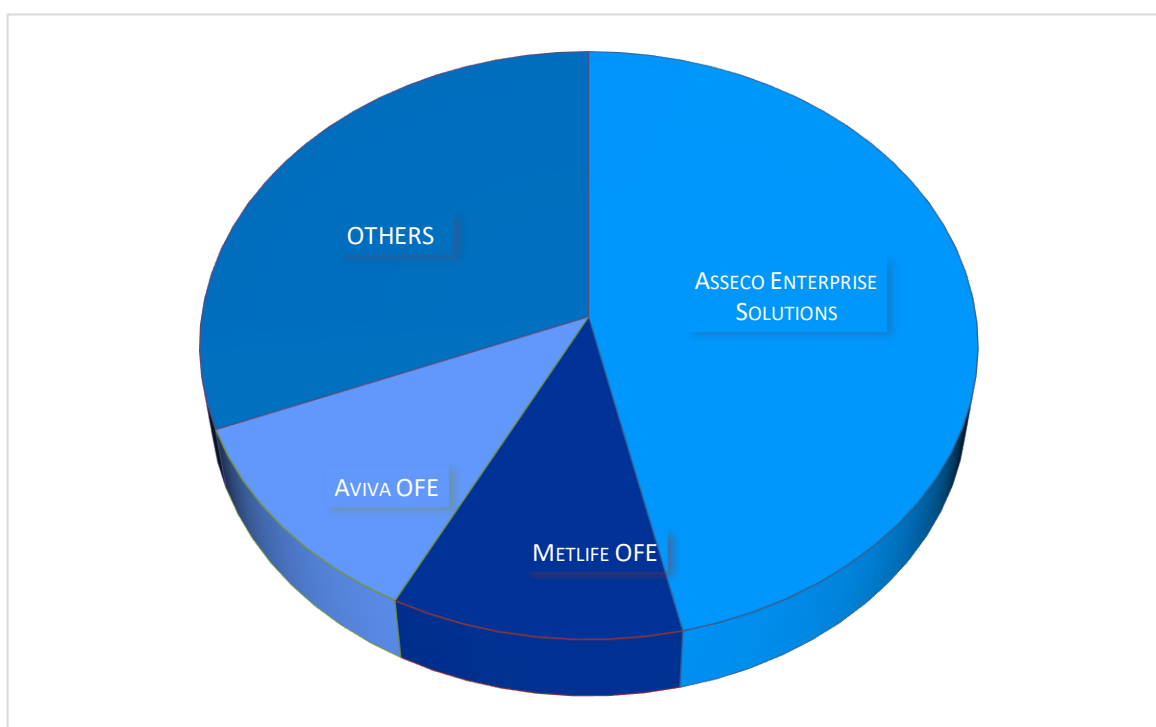
## 20. Agreements concluded between the Issuer and its executives

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

To the best knowledge of the Management Board of the Issuer, that is, on 29 July 2021, and based on the notification of changes in the shareholding received later, the 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 on the day of 9 June 2021 are 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	3,700,000	11.07%	3,700,000	11.07%
Aviva Otworthy Fundusz Emerytalny Aviva BZ WBK	3,798,000	11.36%	3,798,000	11.36%
Other shareholders	10,391,623	31.10%	10,391,623	31.10%
	<b>33,418,193</b>	<b>100.00%</b>	<b>33,418,193</b>	<b>100.00%</b>

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 2021		31 December 2020	
	number of shares held	% share in shareholding	number of shares held	% share in shareholding
Executive persons				
Wojciech Barcentewicz	491,267	1.47%	491,267	1.47%
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%
<b>TOTAL</b>	<b>1,846,158</b>	<b>5.52%</b>	<b>1,846,158</b>	<b>5.52%</b>

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 2021, and the corresponding figures for the six months ended 30 June 2020 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 Masłowski              Vice-President of the Management Board

Mariusz Lizon                 Member of the Management Board

**Asseco Business Solutions S.A.**

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