



# Interim Financial Statements of Asseco Business Solutions S.A.

for the Six Months

Ended

30 June 2020

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

The following table contains selected financial data of Asseco Business Solutions S.A.

	6 months to 30 June 2020 (unaudited) PLN thou.	6 months to 30 June 2019 (unaudited) PLN thou.	6 months to 30 June 2020 (unaudited) EUR thou.	6 months to 30 June 2019 (unaudited) EUR thou.
Operating income	131,266	125,568	29,556	29,284
Operating profit	38,670	36,330	8,707	8,472
Profit before tax	37,316	35,729	8,402	8,332
Net profit for reporting period	31,226	29,489	7,031	6,877
Net cash from operating activities	43,398	46,276	9,772	10,792
Net cash generated (used) in investing activities	5,438	(8,550)	1,224	(1,994)
Net cash from financing activities	(63,700)	(46,149)	(14,343)	(10,762)
Cash and cash equivalents at end of period (comparable period: 31/12/2019)	1,086	4,377	243	1,029
Net income per ordinary share (in PLN/EUR)	0.93	0.88	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 2020, 1 EUR = 4.4660 PLN.
  - On 31 December 2019, 1 EUR = 4.2585 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 2020: EUR 1 = PLN 4,4413.
  - In the period from 1 January to 30 June 2019: EUR 1 = PLN 4,2880.

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





## Interim condensed financial statements

for the six months ended 30 June 2020 drawn up in  
accordance with International Accounting Standard 34  
Interim Financial Reporting  
approved by the EU

# Interim condensed profit and loss account and interim condensed statement of comprehensive income of Asseco Business Solutions S.A.

PROFIT AND LOSS ACCOUNT	Note	3 months to 30 June 2020 (unaudited) PLN thou.	6 months to 30 June 2020 (unaudited) PLN thou.	3 months to 30 June 2019 (unaudited) PLN thou.	6 months to 30 June 2019 (unaudited) PLN thou.
Operating income	<u>1.1</u>	64,372	131,266	61,687	125,568
Own cost of sales	<u>1.2</u>	(37,593)	(77,138)	(36,634)	(74,227)
<b>Gross profit on sales</b>		<b>26,779</b>	<b>54,128</b>	<b>25,053</b>	<b>51,341</b>
Cost of sales	<u>1.2</u>	(3,027)	(6,404)	(2,970)	(6,142)
Administrative expenses	<u>1.2</u>	(4,695)	(9,275)	(4,770)	(9,167)
<b>Net profit on sales</b>		<b>19,057</b>	<b>38,449</b>	<b>17,313</b>	<b>36,032</b>
Other operating income		450	596	150	392
Other operating expenses		(339)	(375)	(67)	(94)
<b>Operating profit</b>		<b>19,168</b>	<b>38,670</b>	<b>17,396</b>	<b>36,330</b>
Financial income	<u>1.3</u>	(12)	191	119	265
Financial expenses	<u>1.3</u>	(226)	(1,545)	(457)	(866)
<b>Profit before tax</b>		<b>18,930</b>	<b>37,316</b>	<b>17,058</b>	<b>35,729</b>
Tax on profit or loss	<u>1.4</u>	(3,216)	(6,090)	(2,994)	(6,240)
<b>Net profit</b>		<b>15,714</b>	<b>31,226</b>	<b>14,064</b>	<b>29,489</b>
<b>Net income per ordinary share (in PLN):</b>					
basic from net profit	<u>1.5</u>	0.47	0.93	0.42	0.88
diluted from net profit	<u>1.5</u>	0.47	0.93	0.42	0.88

  

TOTAL INCOME:	Notes	3 months to 30 June 2020 (unaudited) PLN thou.	6 months to 30 June 2020 (unaudited) PLN thou.	3 months to 30 June 2019 (unaudited) PLN thou.	6 months to 30 June 2019 (unaudited) PLN thou.
<b>Net profit</b>		<b>15,714</b>	<b>31,226</b>	<b>14,064</b>	<b>29,489</b>
Items that may be reclassified to profit and loss account:		-	-	-	-
Items not subject to reclassification to profit and loss:		-	-	-	-
Actuarial gains/loss		-	-	-	-
Income tax on remaining comprehensive income		-	-	-	-
<b>Other comprehensive income total:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR PERIOD</b>		<b>15,714</b>	<b>31,226</b>	<b>14,064</b>	<b>29,489</b>



## Interim condensed balance sheet of **Asseco Business**

ASSETS	Notes	30 June 2019 (unaudited) PLN thou.	31 December 2019 (audited) PLN thou.
<b>Non-current assets</b>			
Property, plant and equipment	<u>2.1</u>	11,479	12,172
Intangible assets	<u>2.2</u>	276,470	276,091
<i>including goodwill from merger</i>	<u>2.2</u>	252,879	252,879
Right-of-use assets	<u>2.3</u>	48,026	51,313
Assets from contracts with customers and long-term receivables	<u>2.7</u>	859	881
Deferred tax assets		3,123	3,055
Prepaid expenses and accrued income	<u>2.6</u>	43	36
		<b>340,000</b>	<b>343,548</b>
<b>Current assets</b>			
Inventories	<u>2.4</u>	376	726
Assets from contracts with customers	<u>2.7</u>	1,540	1,528
Trade receivables	<u>2.7</u>	39,635	45,290
Other receivables	<u>2.7</u>	692	651
Prepaid expenses and accrued income	<u>2.6</u>	1,719	574
Other assets	<u>2.5</u>	138	14,374
Cash and short-term deposits	<u>2.8</u>	1,086	15,950
		<b>45,186</b>	<b>79,093</b>
<b>TOTAL ASSETS</b>		<b>385,186</b>	<b>422,641</b>

## Interim condensed balance sheet of Asseco Business

LIABILITIES	Notes	30 June 2020 (unaudited) PLN thou.	31 December 2019 (audited) PLN thou.
<b>TOTAL EQUITY</b>			
Subscribed capital		167,091	167,091
Premium		62,543	62,543
Retained earnings		57,544	86,471
		<b>287,178</b>	<b>316,105</b>
<b>Long-term liabilities</b>			
Lease liabilities	<u>2.10</u>	41,962	46,863
Provisions	<u>2.12</u>	2,499	2,499
		<b>44,461</b>	<b>49,362</b>
<b>Short-term liabilities</b>			
Bank loans, debt securities	<u>2.9</u>	2,186	-
Lease liabilities	<u>2.10</u>	9,434	8,423
Accounts payable	<u>2.11</u>	4,010	6,083
Liabilities from contracts with customers	<u>2.11</u>	11,809	12,678
Tax liabilities under corporate income tax	2.11	1,511	2,384
Budgetary commitments and other liabilities	<u>2.11</u>	10,980	13,350
Provisions	<u>2.12</u>	421	421
Accruals and deferred income	<u>2.13</u>	13,196	13,835
		<b>53,547</b>	<b>57,174</b>
<b>TOTAL LIABILITIES</b>		<b>98,008</b>	<b>106,536</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>385,186</b>	<b>422,641</b>

## Interim condensed statement of changes in equity of Asseco Business Solutions S.A.

	Notes	Share capital	Surplus from the sale of shares above their nominal value	Retained earnings	Equity total
		PLN thou.	PLN thou.	PLN thou.	PLN thou.
<b>As at 1 January 2020</b>		<b>167,091</b>	<b>62,543</b>	<b>86,471</b>	<b>316,105</b>
Profit in reporting period		-	-	31,226	<b>31,226</b>
Dividend for 2019	<u>1.6</u>	-	-	(60,153)	<b>(60,153)</b>
<b>As at 30 June 2020 (unaudited)</b>		<b>167,091</b>	<b>62,543</b>	<b>57,544</b>	<b>287,178</b>
<b>As at 1 January 2019 (after recognition of IFRS impact on opening balance)</b>		<b>167,091</b>	<b>62,543</b>	<b>63,747</b>	<b>293,381</b>
Profit in reporting period		-	-	29,489	<b>29,489</b>
Dividend for 2018	<u>1.6</u>	-	-	(50,127)	<b>(50,127)</b>
<b>As at 30 June 2019 (unaudited)</b>		<b>167,091</b>	<b>62,543</b>	<b>43,109</b>	<b>272,743</b>



## Interim condensed statement of cash flow of Asseco Business Solutions S.A.

	Notes	6 months to 30 June 2020 (unaudited) PLN thou.	6 months to 30 June 2019 (unaudited) PLN thou.
<b>Cash flow from operating activities</b>			
Profit before tax		37,316	35,729
<b>Adjustments:</b>		<b>13,113</b>	<b>17,085</b>
Amortisation/Depreciation		13,052	12,152
Changes in working capital	<u>3.1</u>	(1,376)	4,345
Interest income/expenses		933	803
FX gains(losses)		306	-
Other financial income/expenses		517	(234)
Investment gain/(loss)		(319)	14
Other adjustments		-	5
<b>Cash generated from operating activities</b>		<b>50,429</b>	<b>52,814</b>
(Income tax paid)		(7,031)	(6,538)
<b>Net cash from operating activities</b>		<b>43,398</b>	<b>46,276</b>
<b>Cash flow from investing activities</b>			
<b>Receipts:</b>			
Receipts from the sale of fixed assets and intangible assets	<u>3.1</u>	154	107
Bank deposits		24,000	-
Interest received		88	-
Other receipts		-	87
<b>Outflows:</b>			
Purchase of fixed assets and intangible assets	<u>3.1</u>	(1,762)	(3,111)
Expenses related to ongoing development projects	<u>3.1</u>	(7,042)	(5,633)
Bank deposits		(10,000)	-
<b>Net cash used in investing activities</b>		<b>5,438</b>	<b>(8,550)</b>
<b>Cash flow from financing activities</b>			
<b>Receipts:</b>			
Receipts from obtained loans		2,186	21,593
<b>Outflows:</b>			
Expenses related to loans		-	(13,351)
Repayment of lease liabilities		(4,727)	(3,457)
Interest paid		(1,006)	(807)
Dividend paid		(60,153)	(50,127)

Net cash from financing activities	(63,700)	(46,149)
Change in net cash and cash equivalents	(14,864)	(8,423)
Cash and cash equivalents as at 1 January	15,950	12,800
Revolving credits as part of cash management as at 1 January	-	-
Cash and cash equivalents as at 30 June	<u>2.8</u> 1,086	4,377

# Explanatory notes to the interim condensed financial statements

## I. Basic information

Basic information about the Company	
<b>Name</b>	<b>Asseco Business Solutions S.A.</b>
<b>Registered office</b>	<b>ul. Konrada Wallenroda 4c, 20-607 Lublin</b>
<b>Registration no. KRS:</b>	<b>0000028257</b>
<b>Business ID REGON:</b>	<b>017293003</b>
<b>Tax ID NIP:</b>	<b>522-26-12-717</b>
<b>Basic activity</b>	<b>Information technology</b>

Asseco Business Solutions S.A. ("the Company," "Issuer," "Asseco BS") was established under a Notarial Deed dated 18 May 2001. The Company was established for an indefinite period of time.

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.

The comprehensive offering of Asseco Business Solutions S.A. 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.

Asseco Business Solutions S.A. operates a Data Centre 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. With the high-quality products and related services, the software from Asseco BS has been successful in supporting the operations of tens of thousands of companies. Asseco BS's track record covers dozens of completed software deployments in Poland and in most European countries.

The direct parent of Asseco Business Solutions S.A. is Asseco Enterprise Solutions a.s., headquartered in Bratislava, Slovakia, which holds 46.47% of the Company's shares. The parent of the entire Group is Asseco Poland S.A. which holds indirectly through subsidiaries 96.42% of shares in Asseco Enterprise Solutions a.s.

As regards Asseco Business Solutions S.A., the decision of maintaining control over the six months ended 30 June 2020 in accordance with IFRS 10 was based on the following factors:

- decisions are taken by a simple majority of votes present at the General Meeting;
- the Company's shareholding is dispersed and, apart from Asseco Enterprise Solutions a.s. (a subsidiary of Asseco Poland S.A.), there are only two shareholders holding more than 5% of votes at the General Meeting; the larger of them holds approx. 12.9% of votes;

- there is no evidence that there is or was any agreement by or among any of the shareholders as to the joint voting at the General Meeting;
- within the last five years, i.e. from 2014 to 2020, the percentage of shareholders present at the General Meetings ranged from 50.83% to 76.2%. This means that shareholders' activity is relatively low or moderate. Considering that Asseco Enterprise Solutions a.s. currently holds 46.47% of the total number of votes at the General Meeting, the attendance would have to exceed 92.93% for Asseco Enterprise Solutions a.s. not to have the absolute majority of vote at the General Meeting. In the opinion of the Management Board, such a level of attendance is highly unlikely.

Given the above, in the opinion of Asseco Business Solutions S.A., despite the lack of an absolute majority in the share capital of the Company, Asseco Enterprise Solutions a.s. controls the Company within the meaning of IFRS 10.

## 1. Composition of the Issuer's governing bodies

During the six months ended 30 June 2020, there were no changes in the Company's governing bodies.

On the date of publication of these financial statements, i.e. on 30 July 2020, 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
Andreas Enders	Vice-President of the Management Board
Mariusz Lizon	Member of the Management Board

On the date of publication of these financial statements, i.e. 30 July 2020, the Supervisory Board of the Company consisted of:

Jozef Klein	President 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
Piotr Stępiak	Member of the Supervisory Board

The Supervisory Board has an audit committee composed of Piotr Stępiak (chairman), Romuald Rutkowski and Adam Góral (members).



## II. Basis for the preparation of these interim condensed financial statements and the accounting rules (policies)

### 1. Basis for the preparation

These interim condensed financial statements have been prepared in accordance with the historical cost accounting model, except for financial assets measured at fair value through profit or loss or through other comprehensive income, financial liabilities measured at fair value through profit or loss.

The interim condensed financial statements have been prepared on a going concern basis for a period of not less than 12 months as from 30 June 2020.

These interim condensed financial statements do not include all information and disclosures required in annual financial statements and should be read in conjunction with the financial statements of Asseco Business Solutions S.A. for the year ended 31 December 2019 published on 27 February 2020.

### 2. Impact of the COVID19 pandemic on operations

On the date of publication of these interim condensed financial statements, the Management Board, based on the current analysis of risks, including in particular risks caused by the virus pandemic in Poland and in the world, concluded that the Company's operation as a going concern is not at risk for a period of at least 12 months as from 30 June 2020.

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 374 as amended) 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. The Company has not reported any adverse impact of the pandemic on its liquidity and meets its obligations under loan agreements on time. In addition, on 1 June 2020, the Company annexed its credit facility agreement to increase the maximum value of overdraft. This is described in detail in Note 2.9 of these interim condensed financial statements.

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.

As at 30 June 2020, the Company reported negative working capital of PLN 8,361 thousand due to the payment of dividend for 2019. The Management Board sees no threat to the Company's liquidity because it shows positive financial results.

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

### 3. Statement of conformity

The scope of these interim condensed financial statements is in accordance with the requirements of the International Accounting Standard 34 Interim Financial Reporting approved by the EU ("IAS 34").

The scope of these interim condensed financial statements as part of the interim report is in line with the Regulation of the Minister of Finance of 29 March 2018 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 (consolidated text: Journal of Laws of 2018, No. 33, item 757) ("Regulation") and covers a reporting period of six months from 1 January to 30 June 2020 and the comparable period from 1 January to 30 June 2019 for the income statement and cash flow statement, respectively, as well as the balance sheet as at 30 June 2020 and the comparable data as at 31 December 2019.

The interim financial results may not reflect the full realizable financial result for the financial year.

### 4. Functional currency and presentation currency

These separate and condensed financial statements are presented in zloty ("PLN") and all values, unless specified otherwise, are expressed in thousands of PLN. The functional currency of Asseco Business Solution S.A. is also the Polish zloty.

Transactions denominated in currencies other than the Polish zloty are translated upon initial recognition into Polish zlotys at the rate applicable on the date of transaction.

As at the balance sheet date:

- monetary items are translated using the closing rate, i.e. the average exchange rate for the currency announced by the National Bank of Poland on this day,
- non-cash items measured at historical cost in a foreign currency are translated using the exchange rate on the date of the original transaction,
- non-cash items measured at fair value in a foreign currency are translated using the exchange rate on the date of determining the fair value.

For the purpose of the balance sheet valuation, the following EUR and USD rates were adopted (and parallel rates for other currencies quoted by the National Bank of Poland):

- ✓ the exchange rate effective on 30 June 2020: 1 EUR = 4.4660 PLN
- ✓ the exchange rate effective on 30 June 2019: 1 EUR = 4.2520 PLN
- ✓ the exchange rate effective on 30 June 2020: 1 USD = 3.9806 PLN
- ✓ the exchange rate effective on 30 June 2019: 1 USD = 3.7336 PLN

## 5. Estimates and professional judgement

The preparation of financial statements in concert with the International Financial Reporting Standards (“IFRS”) requires estimates and assumptions that affect the amounts indicated in the financial statements. Although the estimates and assumptions are based on the Management’s best knowledge of the current activities and events, the actual results may differ materially from those projected.

In the six months ended 30 June 2020, there were no major changes to the method of making estimates compared with the standards described in the Company’s financial statements for the year ended 31 December 2019.

## 6. Changes in accounting rules used

A description of significant accounting rules applied by the Issuer is included in the financial statements for the year ended 31 December 2019 – published on 27 February 2020.

The accounting rules (policies) used to prepare these interim condensed financial statements are consistent with those applied in preparing the Issuer’s consolidated financial statements for the year ended day 31 December 2019. The amended standards and interpretations applicable for the first time in 2020 do not have a significant impact on the Company’s interim condensed financial statements.

- ✓ Amendments to IFRS 3: *Definition of a Business*. As a result of the amendment to IFRS 3, the definition of “business” has been modified. The currently binding definition is narrowed and is likely to result in more acquisitions to be qualified as a purchase of assets.
- ✓ Amendments to IFRS 7, IFRS 9, and IAS 39: *Interest Rate Benchmarks Reform*. The published amendments modify some specific requirements concerning hedge accounting, mainly so that the expected reform of reference rates (IBOR reform) does not lead to the termination of hedge accounting.
- ✓ Amendments to IAS 1 and IAS 8: *Definition of Material*. The amendments clarify the definition of materiality and increase consistency between the standards.
- ✓ The Conceptual Framework of financial reporting dated 29 March 2018. The revised Conceptual Framework is used by the International Accounting Standards Board and the Interpretation Committee when working on new standards. Still, entities preparing financial statements may use the Conceptual Framework to develop accounting policies for transactions that are not regulated under the current IFRS.

## 7. New standards and interpretations that have been published and not yet in force

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee and are not yet in force:

- IFRS 14 *Regulatory Deferral Accounts* (published on 30 January 2014) – as decided by the European Commission, the process of approving the standard in its preliminary version will not be initiated before the final version of the standard is ready; not approved by the EU until the date of approval of these financial statements; applicable to annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28: *Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture* (published on 11 September 2014); the work intended to approve these amendments have been postponed by the EU for an unlimited period of time. The date of entry into force has been postponed by the IASB for an indefinite period of time;
- IFRS 17 *Insurance Contracts* (published on 18 May 2017) including Amendments to IFRS 17 (published on 25 June 2020) – not approved by the EU until the date of approval of these financial statements;

applicable to annual periods beginning on or after 1 January 2023;

- Amendments to IAS 1: *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current (published on 23 January 2020) – not approved by the EU until the date of approval of these financial statements; applicable to annual periods beginning on or after 1 January 2023;
- Amendment to IFRS 3 *References to the Conceptual Framework* (published on 14 May 2020) – not approved by the EU until the date of approval of these financial statements; applicable to annual periods beginning on or after 1 January 2022;
- Amendments to IAS 16 *Property, plant and equipment: Proceeds before Intended Use* (published on 14 May 2020) – not approved by the EU until the date of approval of these financial statements; applicable to annual periods beginning on or after 1 January 2022;
- Amendments to IAS 37 *Onerous Contracts - Costs of Fulfilling a Contract* (published on 14 May 2020) – not approved by the EU until the date of approval of these financial statements; applicable to annual periods beginning on or after 1 January 2022;
- Amendments resulting from the review of IFRS 3 2010-2012 (published on 14 May 2020) – not approved by the EU until the date of approval of these financial statements; applicable to annual periods beginning on or after 1 January 2022;
- Amendments to IFRS 16 *Leases: Covid-19-Related Rent Concessions* (published on 28 May 2020) – not approved by the EU until the date of approval of these financial statements; applicable to annual periods beginning on or after 1 June 2020. Earlier application is permitted, including for financial statements not approved for publication as of 28 May 2020;
- Amendments to IFRS 4 *Insurance Contracts - Deferral of IFRS 9* (published on 25 June 2020) – not approved by the EU until the date of approval of these financial statements; applicable to annual periods beginning on or after 1 January 2021.

Effective dates are based on the standards published by the Financial Reporting Council. The dates of application in the European Union may differ from the dates of application resulting from the content of the standards and are announced at the time of EU's approval for application.

The Company is currently analysing how the introduction of the above standards and interpretations may affect the Company's financial statements and applicable accounting rules (policy).



### III. Information on operating segments

In accordance with IFRS 8, an operating segment is a distinguishable component of the Company, for which separate financial information is available that is reviewed regularly by the operations management responsible for the resource allocation and assessment of performance.

For the management purposes, the Company has been divided into segments reflecting its manufactured products and rendered services. Based on that, the Management Board have identified the ERP systems segment which accounts for more than 95% of total Company's revenues. Other activities do not meet the quantitative thresholds imposed by IFRS 8 and are not isolated as segments. Changes in the size and significance of developed products and provided services may result in a change of composition of operating segments.

**The ERP Systems** segment includes ERP solutions for enterprise management, in-house SFA and FFA mobile solutions intended for companies operating through mobile workforce, and sales support systems for the retail industry. The solutions are based on the Oracle and Microsoft technology, and in the case of Macrologic S.A., on the original MacroBASE database system. The IT applications support business processes and information flow and are able to handle most areas of the business, including: finance and accounting, personnel management, HR and payroll, logistics and WMS, mobile and retail sales in chains of stores, production and Internet applications. The systems provide a number of management tools: advanced reporting instruments and Business Intelligence solutions. The technological capacity of the systems enable their deployment in various network architectures (including WAN) and combination with specialized software and hardware.

The "Unallocated" item shows sales that cannot be allocated to the Company's main business segment, the cost of goods sold (COGS) related to unallocated sales and the operating costs of the organisational unit responsible for unallocated sales.

The Management Board monitors the operating results in separate segments in order to make decisions about allocating resources, assessing the impact of this allocation, and performance. The basis for the assessment of performance is profit or loss on operating activities, which to some extent, as explained in the table below, are measured differently than the profit or loss from operations in the financial statements. The financing of the Company (including costs and financial income) and income tax are monitored at the levels of the Company and they are not allocated to the segments.

Transaction prices used for intra-segment transactions are determined at arm's length as in the case of transactions with unrelated parties.

6 months to 30 June 2020	ERP segment	Unallocated	Total
	PLN thou.	PLN thou.	PLN thou.
Sales to external customers	125,363	5,903	131,266
Settlements between segments	-	-	-
<b>Gains on reported segment sales</b>	<b>38,083</b>	<b>366</b>	<b>38,449</b>
Amortisation/Depreciation	(12,901)	(110)	(13,011)
Intangible assets recognised during the settlement of combination assigned to segment	1,824	-	1,824
Goodwill from combinations assigned to segment	252,879	-	252,879

6 months to 30 June 2019	ERP segment	Unallocated	Total
	PLN thou.	PLN thou.	PLN thou.
Sales to external customers	118,920	6,648	125,568
Settlements between segments	-	-	-
<b>Gains on reported segment sales</b>	<b>35,712</b>	<b>320</b>	<b>36,032</b>
Amortisation/Depreciation	(12,047)	(105)	(12,152)
Intangible assets recognised during the settlement of combination assigned to segment	2,137	-	2,137
Goodwill from combinations assigned to segment	252,879	-	252,879

## IV. Explanatory notes to the interim condensed financial statements

### 1. Explanatory notes to the profit and loss account and statement of comprehensive income

#### 1.1. Structure of operating income

Operating income after the three and six months ended 30 June 2020 and in the comparable period was as follows:

	3 months to 30 June 2020	6 months to 30 June 2020	3 months to 30 June 2019	6 months to 30 June 2019
	PLN thou.	PLN thou.	PLN thou.	PLN thou.
<i>Operating income</i>				
Licences and own services	60,884	124,199	58,098	118,600
Licences and external services	2,705	4,792	2,299	4,583
Equipment and infrastructure	783	2,275	1,290	2,385
<b>Total</b>	<b>64,372</b>	<b>131,266</b>	<b>61,687</b>	<b>125,568</b>

#### i. Revenues from contracts with customers in total operating income according to the method of recognition in profit and loss account

	3 months to 30 June 2020	6 months to 30 June 2020	3 months to 30 June 2019	6 months to 30 June 2019
	PLN thou.	PLN thou.	PLN thou.	PLN thou.
<b>Operating revenues recognised in accordance with IFRS 15</b>				
From goods or services provided at a specified time, including:	6,232	15,823	6,774	16,486
<i>ERP segment</i>	3,559	10,311	3,497	10,280
<i>Unallocated</i>	2,673	5,512	3,277	6,206
From goods or services provided over time, including:	58,140	115,443	54,913	109,082
<i>ERP segment</i>	57,934	115,052	54,643	108,640
<i>Unallocated</i>	206	391	270	442
<b>Operating income total</b>	<b>64,372</b>	<b>131,266</b>	<b>61,687</b>	<b>125,568</b>

**ii. Geographic information**

	6 months to 30 June 2020 <i>PLN thou.</i>	6 months to 30 June 2019 <i>PLN thou.</i>
Poland	113,399	109,460
ROW, including:	17,867	16,108
– France	4,328	5,434
– The Netherlands	3,486	3,836
- Germany	3,275	2,386
- United Kingdom	2,556	691
- Romania	1,910	1,893
- Italy	399	329
- Austria	335	-
- Croatia	280	-
- Czech Republic	247	252
- Luxembourg	199	12
– Spain	137	399
- Turkey	92	102
- the Baltics (Lithuania, Latvia, Estonia) and Russia	10	42
- others	613	732
	<b>131,266</b>	<b>125,568</b>

This information on revenue is based on data on customers' headquarters.

**1.2. Structure of operating expenses**

	3 months to 30 June 2020 <i>PLN thou.</i>	6 months to 30 June 2020 <i>PLN thou.</i>	3 months to 30 June 2019 <i>PLN thou.</i>	6 months to 30 June 2019 <i>PLN thou.</i>
<b>Operating expenses</b>				
Value of goods and external services sold	(3,338)	(6,515)	(3,325)	(6,209)
Employee benefits	(29,973)	(61,264)	(29,096)	(57,915)
Amortisation/Depreciation	(6,217)	(13,011)	(6,023)	(12,152)
External services	(4,394)	(8,990)	(4,018)	(9,702)
Other	(1,393)	(3,037)	(1,912)	(3,558)
<b>Total</b>	<b>(45,315)</b>	<b>(92,817)</b>	<b>(44,374)</b>	<b>(89,536)</b>
Own cost of sales	(37,486)	(76,981)	(36,618)	(73,974)
Cost of sales	(3,027)	(6,404)	(2,970)	(6,142)
Administrative expenses	(4,695)	(9,275)	(4,770)	(9,167)
Trade receivables impairment loss	(107)	(157)	(16)	(253)
<b>Total</b>	<b>(45,315)</b>	<b>(92,817)</b>	<b>(44,374)</b>	<b>(89,536)</b>



### 1.3. Financial income and expenses

The structure of financial income after the three and six months ended 30 June 2020 and in the comparable period was as follows:

Financial income	3 months to 30 June 2020 PLN thou.	6 months to 30 June 2020 PLN thou.	3 months to 30 June 2019 PLN thou.	6 months to 30 June 2019 PLN thou.
Interest income from bank deposits measured at effective interest rate	76	191	(4)	31
Positive exchange differences	(88)	-	(8)	-
Gains from realisation and/or valuation of derivative instruments	-	-	131	234
<b>Total</b>	<b>(12)</b>	<b>191</b>	<b>119</b>	<b>265</b>

Financial expenses in the three and six months ended 30 June 2020 and in the comparable period were as follows:

Financial expenses	3 months to 30 June 2020 PLN thou.	6 months to 30 June 2020 PLN thou.	3 months to 30 June 2019 PLN thou.	6 months to 30 June 2019 PLN thou.
Interest cost on bank loans, debt securities and trade liabilities	(3)	(3)	20	-
Interest cost on lease	(518)	(1,003)	(418)	(807)
Other interest expense	(2)	(2)	(12)	(12)
Negative exchange rates	(20)	(20)	(47)	(47)
Losses from realisation and/or valuation of derivative instruments	317	(517)	-	-
<b>Total</b>	<b>(226)</b>	<b>(1,545)</b>	<b>(457)</b>	<b>(866)</b>

Exchange gains and losses are presented net (as a surplus of positive over negative or vice versa).

### 1.4. Tax on profit or loss

The main components of the corporate income tax burden (current and deferred):

	3 months to 30 June 2020 PLN thou.	6 months to 30 June 2020 PLN thou.	3 months to 30 June 2019 PLN thou.	6 months to 30 June 2019 PLN thou.
Current income tax	(3,525)	(6,158)	(3,362)	(6,489)
Deferred income tax	309	68	368	249
<b>Tax expense reported in the profit and loss account</b>	<b>(3,216)</b>	<b>(6,090)</b>	<b>(2,994)</b>	<b>(6,240)</b>

Presented below is the reconciliation of income tax to pre-tax accounting income at the statutory tax rate, with the income tax calculated according to the effective tax rate.

	6 months to 30 June 2020 PLN thou.	6 months to 30 June 2019 PLN thou.
<b>Accounting income from continuing operations</b>	<b>37,316</b>	<b>35,729</b>
Applicable corporate income tax rate	19%	19%
<b>Income tax at applicable statutory tax rate</b>	<b>7,090</b>	<b>6,789</b>
Use of tax-deductible tax allowances (R&D relief)	(979)	(754)
SFRD	92	78
Representation expenses	-	18
Difference due to different income tax rate (IP BOX relief)	(150)	-
Other fixed differences	37	109

The effective tax rate in the six months ended 30 June 2020 was 16.3 % compared to 17.5 % in the comparable period. The relatively lower effective tax rate results from the Company's use of tax reliefs regarding, among others, IP BOX and R&D reliefs.

The Company carried out R&D, including in the WAPRO Software Division. As a result, an intellectual property right was created, i.e. the author's economic right to a computer program, which was recognized as a qualified IP right within the meaning of corporate income tax law.

### 1.5. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Issuer by the weighted average number of issued ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the net profit for the period attributable to Issuer's ordinary shareholders by the weighted average number of issued ordinary shares outstanding during the period, adjusted by the weighted average of ordinary shares, which would be issued on conversion of all potentially dilutive equity instruments into ordinary shares.

The data below covers earnings and shares that were used in calculating the basic and diluted earnings per share:

	3 months to 30 June 2020	6 months to 30 June 2020	3 months to 30 June 2019	6 months to 30 June 2019
Weighted average number of issued ordinary shares used to calculate basic earnings per share (in pcs)	33,418,193	33,418,193	33,418,193	33,418,193
Net profit for the reporting period (in PLN thou.)	15,714	31,226	14,064	29,489
<b>Net profit per share (in PLN)</b>	<b>0.47</b>	<b>0.93</b>	<b>0.42</b>	<b>0.88</b>

During the reporting period as well as in the comparable period, there were no elements diluting the basic earnings per share.

**1.6. Information on dividends paid**

Pursuant to the decision of the Ordinary General Meeting of Shareholders of Asseco Business Solutions S.A. on 28 April 2020, the net profit for the financial year 2019 in the amount of PLN 73,439 thousand was divided as follows:

- part of the net profit for the year 2019 in the amount of PLN 60,153 thousand was earmarked for distribution among the shareholders, i.e. for the payment of dividend in the amount of PLN 1.8 per share;
- the reminder of the net profit for 2019 in the amount of PLN 13,286 thousand was transferred to retained earnings.

The dividend date was set on 19 May 2020 and the dividend payment date on 05 June 2020.

The company did not pay interim dividend for the year 2019.

Pursuant to the decision of the General Meeting of Shareholders of Asseco Business Solutions S.A. of 13 May 2019, the net profit for the financial year 2018 in the amount of PLN 62,569 thousand was divided as follows:

- part of the net profit for 2018 in the amount of PLN 50,127 thousand was transferred for distribution among the shareholders, i.e. payment of dividend in the amount of PLN 1.5 per share;
- the reminder of the net profit for 2018 in the amount of PLN 12,441 thousand was transferred to retained earnings.

The dividend date was set on 31 May 2019 and the dividend payment date on 13 June 2019.

The company did not pay interim dividend for the year 2018.

## 2. Explanatory notes to the balance sheet

### 2.1. Property, plant and equipment

Changes in net worth of property, plant and equipment in the period of the six months ended 30 June 2020 and in the comparable period were attributed to the following:

	6 months to 30 June 2020 PLN thou.	6 months to 30 June 2019 PLN thou.
<b>Net value of fixed assets as at 1 January (after considering the impact of IFRS 16)</b>	<b>12,172</b>	<b>13,159</b>
<b>Increase through:</b>	<b>1,646</b>	<b>3,012</b>
Purchase and upgrade	1,646	3,012
<b>Decrease through:</b>	<b>(2,339)</b>	<b>(2,658)</b>
Depreciation allowance for reporting period	(2,223)	(2,537)
Sales and liquidation	(116)	(121)
<b>Net value of fixed assets as at 30 June</b>	<b>11,479</b>	<b>13,513</b>

### 2.2. Intangible assets

Change in the net value of intangible assets during the six months ended 30 June 2020 and in the comparable period was due to the following events:

	6 months to 30 June 2020 PLN thou.	6 months to 30 June 2019 PLN thou.
<b>Net value of intangible assets as at 1 January</b>	<b>23,212</b>	<b>24,550</b>
<b>Increase through:</b>	<b>7,158</b>	<b>5,733</b>
Purchase	116	99
Capitalized costs of ongoing R&D projects	7,042	5,633
<b>Decrease through:</b>	<b>(6,779)</b>	<b>(6,579)</b>
Depreciation allowance for reporting period	(6,779)	(6,579)
<b>Net value of intangible assets as at 30 June</b>	<b>23,591</b>	<b>23,703</b>

### Goodwill

Goodwill shown in the interim condensed financial statements includes goodwill created from the merger of Asseco Business Solutions S.A., Safo Sp. z o.o., Softlab Sp. z o.o., Softlab Trade Sp. z o.o. and WA-PRO Sp. z o.o., goodwill on consolidation resulting from the merger of Asseco Business Solutions S.A. with Anica System S.A. and goodwill created upon the acquisition of Macrologic S.A.

	30 June 2020 PLN thou.	31 December 2019 PLN thou.
Carrying value of goodwill	252,879	252,879
<b>Goodwill presented in intangible assets</b>	<b>252,879</b>	<b>252,879</b>



Goodwill is allocated to the cash-generating unit, which was also a separate operating segment – ERP Systems.

The Management Board is of the opinion that the existing pandemic is not an indicator of impairment of goodwill. As at 30 June 2020, the Management Board reviewed the assumptions for the impairment test carried out and disclosed in the financial statements for the year ended 31 December 2019 in Note 5.4. In the opinion of the Management Board, the assumptions adopted in the test remain valid as at 30 June 2020. On the basis of the foregoing, the Management Board decided that there is no need to apply impairment to goodwill.

### 2.3. Right-of-use assets

During the six months ended 30 June 2020 and in the comparable period, changes in the net worth of right-of-use assets resulted from the following events:

	6 months to 30 June 2020 PLN thou.	6 months to 30 June 2019 PLN thou.
<b>Net value of right-of-use assets as at 1 January (after considering the impact of IFRS 16)</b>	<b>51,313</b>	<b>45,092</b>
<b>Increase through:</b>	<b>7,119</b>	<b>365</b>
New lease agreements	3,629	70
Modifications of existing agreements	3,490	295
<b>Decrease through:</b>	<b>(10,406)</b>	<b>(3,036)</b>
Depreciation allowance for reporting period	(4,050)	(3,036)
Change in judgement for lease term	(6,356)	-
<b>Net value of assets from right of use under economic activity as at 30 January</b>	<b>48,026</b>	<b>42,421</b>

In connection with the conclusion of a new office space lease agreement, described in detail in item 2.10, the Company changed its judgement regarding the lease term of two lease agreements.

### 2.4. Inventories

Inventory write-down as at 30 June 2020 amounted to PLN 158 thousand and to PLN 170 thousand as at 31 December 2019.

## 2.5. Other assets

As at 30 June 2020 and as at 31 December 2019, the balance of financial assets comprised the following items:

	30 June 2020		31 December 2019	
	Long-term PLN thou.	Short-term PLN thou.	Long-term PLN thou.	Short-term PLN thou.
<b>Financial assets valued at amortized cost, including:</b>	-	-	-	<b>14,015</b>
Deposits with the original maturity of less than 12 months	-	-	-	14,015
<b>Financial assets valued at through profit or loss, incl.</b>	-	-	-	<b>276</b>
Forward currency contracts	-	-	-	276
<b>Total</b>	-	-	-	<b>14,291</b>

Financial assets measured at fair value through profit or loss included forward transactions concluded to hedge currency risk arising from foreign currency agreements.

In the six months ended 30 June 2020, the Company did not change the method of determining the fair value of financial instruments measured at fair value, and there were no transfers of instruments between levels of the fair value hierarchy.

According to the Company's assessment, the fair value of cash, short-term deposits, trade receivables, trade liabilities and other short-term liabilities does not differ from the carrying amounts largely due to the short period of maturity. The fair value of financial assets held by the Company as at 30 June 2020 and as at 31 December 2019 does not differ significantly from their carrying value.

As at 31 December 2019, the Company had the following financial instruments measured at fair value:

31 December 2019	Carrying value	Level 1 <sub>i</sub> )	Level 2 <sub>ii</sub> )	Level 3 <sub>iii</sub> )
<b>Financial assets measured at fair value through profit or loss</b>				
Concluded forward contracts	276	-	276	-
<b>Total</b>	<b>276</b>	-	<b>276</b>	-

i. fair value is determined based on quoted prices offered for identical assets in active markets;

ii. fair value determined by using models for which the input data is observable either directly or indirectly in active markets;

iii. fair value determined by using models for which the input data is not observable either directly or indirectly in active markets;

As at 30 June 2020 and as at 31 December 2019, the Company held the following non-financial assets:

	30 June 2020 PLN thou.	31 December 2019 PLN thou.
Prepayments for deliveries	138	83

## 2.6. Prepaid expenses and accrued income

As at 30 June 2020 and as at 31 December 2019, the balance of prepayments and accruals consisted of the following items:

	30 June 2020		31 December 2019	
	Non-current	Current	Non-current	Current
	PLN thou.	PLN thou.	PLN thou.	PLN thou.
Prepaid services, including:	43	1,719	36	574
<i>maintenance services and licence fees</i>	31	640	27	278
<i>insurances</i>	8	585	-	62
<i>prepaid training</i>	-	127	-	87
<i>other services</i>	4	367	9	147
<b>Total</b>	<b>43</b>	<b>1,719</b>	<b>36</b>	<b>574</b>

## 2.7. Receivables and assets from contracts with customers

The table below presents balances of receivables and balances of assets under contracts with customers as at 30 June 2019 and as at 31 December 2019.

	30 June 2020		31 December 2019	
	Long-term	Short-term	Long-term	Short-term
	PLN thou.	PLN thou.	PLN thou.	PLN thou.
<b>Trade receivables</b>	-	41,509	-	47,165
<b>From related parties, including:</b>	-	344	-	512
Invoiced receivables	-	344	-	512
Not invoiced receivables	-	-	-	-
<b>From other parties, including:</b>	-	41,165	-	46,653
Invoiced receivables	-	41,095	-	46,611
Not invoiced receivables	-	70	-	42
<b>Allowance on doubtful accounts (-)</b>	-	(1,874)	-	(1,875)
<b>Total trade receivables</b>	-	39,635	-	45,290

The Company has appropriate policies in place for making sales only to verified customers. In the opinion of the Management Board, there is no need to create an additional allowance for expected credit losses. In connection with the pandemic situation in Poland and in the world, the Company implemented a process of more careful monitoring of its receivables. On the date of publication of this report, the Company is of the opinion that the occurrence of the Covid-19 pandemic does not need an adjustment to the expected credit losses valuation model.

Related party transactions are shown in item 2.14 of these interim condensed financial statements.

The following table presents the balances of contract assets as at 30 June 2020 and 31 December 2019.

	30 June 2020		31 December 2019	
	Long-term PLN thou.	Short-term PLN thou.	Long-term PLN thou.	Short-term PLN thou.
<b>Assets from contracts with customers</b>				
Assets under contracts with customers	-	1,540	-	1,528
<b>Total receivables from contracts with</b>	<b>-</b>	<b>1,540</b>	<b>-</b>	<b>1,528</b>

The fair value of receivables and assets from contracts with customers does not differ from the value at which they are presented in these financial statements.

Other receivables	30 June 2020		31 December 2019	
	Non-current PLN thou.	Current PLN thou.	Non-current PLN thou.	Current PLN thou.
Receivables from paid deposits	859	176	881	178
Other receivables	-	516	-	473
<b>Other receivables total</b>	<b>859</b>	<b>692</b>	<b>881</b>	<b>651</b>

Deposit receivables consist of deposits on the ESCROW account securing the payment of rent, tendering securities and securities of contracts as well as deposits for office rental.

## 2.8. Cash

Cash at bank bears interest at variable interest rates, the amount of which depends on the interest rate on bank deposits.

The fair value of cash and short-term deposits at 30 June 2020 amounted to PLN 1,086 thousand (31 December 2019: PLN 15,950 thousand).

The balance of cash and short-term deposits shown in the balance sheet and in the statement of cash flows consisted of the following items:

	30 June 2020 PLN thou.	31 December 2019 PLN thou.
Cash at bank in current accounts	737	2,267
Cash at bank in split payment accounts	278	214
Short-term deposits (overnight)	-	13,323
Cash in hand	55	52
Cash in transit	16	94
<b>Total cash balance shown in balance sheet</b>	<b>1,086</b>	<b>15,950</b>
Overdraft facilities used for current liquidity management	-	-
<b>Total cash balance shown in cash flow statement</b>	<b>1,086</b>	<b>15,950</b>

## 2.9. Bank loans

On 1 June 2020, Asseco Business Solutions S.A. annexed the agreement of 30 May 2017 concluded with the legal predecessor of BNP Paribas Bank Polska S.A. The annex covered:

- increasing the maximum amount of debt to PLN 70,000,000 with the overdraft repayment date on 30 June 2021;
- revolving loan for bank guarantees up to the amount of PLN 1,500 thousand PLN with the repayment date of 30 September 2021.

In the reporting period, the Company did not grant any credit or loan sureties or guarantees – collectively to a single entity or its subsidiary.

	Maximum amount of debt	Effective interest rate %	Repayment date	30 June 2020		31 December 2019	
				Long-term	Short-term	Long-term	Short-term
<b>Overdrafts in current accounts</b>				-	-	-	-
Credit on running account	70,000	WIBOR 1 mth+margin	30-06-2021	-	2,186	-	-
<b>Total</b>				-	<b>2,186</b>	-	-

## 2.10. Lease liabilities

As at 30 June 2020, the subject of finance lease agreements with the Company as the lessee were vehicles and real property.

The table below presents the balance of liabilities under finance lease as at 30 June 2020 and as at 31 December 2019:

	30 June 2020		31 December 2019	
	Non-current PLN thou.	Current PLN thou.	Non-current PLN thou.	Current PLN thou.
Real property lease	32,607	6,279	39,193	5,704
Vehicle lease	9,355	3,155	7,670	2,719
<b>Total</b>	<b>41,962</b>	<b>9,434</b>	<b>46,863</b>	<b>8,423</b>

### Real property lease

As at 30 June 2020, the net value of real property leased under finance lease agreements was PLN 33,253 thousand and as at 31 December 2019 PLN 39,198 thousand. The decreased balance is attributed to the decision made in the first half of 2020 to shorten the term of two property lease agreements. In June 2020, an office space lease agreement was concluded to enter into force from March 2021. The value of future cash flows is PLN 25,672 thousand. The agreement was concluded for a period of 10 years. The premises will be handed over to the Company on 28 February 2021, therefore no assets or liabilities were recognized in the Company's balance sheet.

The total future cash flows and liabilities under real property lease agreements are as follows:

	30 June 2020 PLN thou.	31 December 2019 PLN thou.
<b>Future undiscounted lease fees</b>		
in less than 1 year	7,580	7,116
from 1 to 5 years	29,767	34,115
more than 5 years	6,887	9,468
<b>Future undiscounted lease payments</b>	<b>44,234</b>	<b>50,699</b>
<b>Future interest expense</b>	<b>(5,348)</b>	<b>(5,802)</b>
<b>Current value of lease liabilities</b>		
in less than 1 year	6,279	5,704
from 1 to 5 years	26,049	30,097
more than 5 years	6,558	9,096
<b>Lease liability</b>	<b>38,886</b>	<b>44,897</b>

#### Vehicle lease

As at 30 June 2020, the net value of motor vehicles leased under finance lease agreements was PLN 14,773 thousand and as at 31 December 2019 PLN 12,115 thousand. In the second quarter of 2020, the Company concluded new lease agreements with a liability value of PLN 3,634 thousand.

The total future cash flows and liabilities under vehicle lease agreements are as follows:

	30 June 2020 PLN thou.	31 December 2019 PLN thou.
<b>Future undiscounted lease fees</b>		
in less than 1 year	3,430	2,966
from 1 to 5 years	9,693	7,977
more than 5 years	-	-
<b>Future undiscounted lease payments</b>	<b>13,123</b>	<b>10,943</b>
<b>Future interest expense</b>	<b>(613)</b>	<b>(554)</b>
<b>Current value of lease liabilities</b>		
in less than 1 year	3,155	2,719
from 1 to 5 years	9,355	7,670
more than 5 years	-	-
<b>Lease liability</b>	<b>12,510</b>	<b>10,389</b>

## 2.11. Liabilities from contracts with customers; current and non-current trade and other liabilities

As at 30 June 2020 and as at 31 December 2019, the Company's trade liabilities were as follows:

	30 June 2020		31 December 2019	
	Long-term	Short-term	Long-term	Short-term
	PLN thou.	PLN thou.	PLN thou.	PLN thou.
<b>Accounts payable</b>				
<b>To related parties, including:</b>	-	83	-	56
Invoiced liabilities	-	44	-	13
Liabilities not invoiced	-	39	-	43
<b>To other parties, including:</b>	-	3,927	-	6,027
Invoiced liabilities	-	2,867	-	4,788
Liabilities not invoiced	-	717	-	896
Liabilities from contractual penalties	-	343	-	343
<b>Total trade</b>				
<b>liabilit</b>	-	4,010	-	6,083

Trade liabilities are not interest-bearing. Related party transactions are shown in item 2.14 of the explanatory notes to these interim condensed financial statements.

As at 30 June 2020 and as at 31 December 2019, liabilities under contracts with customers were as follows:

	30 June 2020		31 December 2019	
	Long-term	Short-term	Long-term	Short-term
	PLN thou.	PLN thou.	PLN thou.	PLN thou.
<b>Liabilities from contracts with customers</b>				
Prepaid expenses and accrued income from contracts with customers, including:		11,658	-	11,939
- <i>pre-paid maintenance services</i>	-	3,132	-	3,235
- <i>licence fees</i>	-	8,526	-	8,704
Liabilities from valuation of IT contracts	-	151	-	739
<b>Total liabilities under contracts with customers</b>	-	11,809	-	12,678



As at 30 June 2020 and as at 31 December 2019, other Company's liabilities arise from the following:

	30 June 2020		31 December 2019	
	Long-term PLN thou.	Short-term PLN thou.	Long-term PLN thou.	Short-term PLN thou.
<b>Corporate income tax liabilities</b>	-	1,511	-	2,384
<b>Budgetary commitments</b>				
VAT	-	4,026	-	5,306
Personal income tax (PIT)	-	737	-	1,896
Social Insurance Institution	-	3,874	-	3,784
Other	-	81	-	70
<b>Total budgetary commitments</b>	-	8,718	-	11,056
<b>Other liabilities</b>				
Liabilities to employees	-	1,825	-	1,795
Forward contract liabilities	-	167	-	-
Other liabilities	-	270	-	499
<b>Total other liabilities</b>	-	2,262	-	2,294
<b>Total budgetary commitments and other liabilities</b>	-	10,980	-	13,350

## 2.12. Provisions

Changes in provisions in the six months ended 30 June 2020 and in the comparable period were attributed to the following:

	Provision for contractual penalties  PLN thou.	Post-employment benefits  PLN thou.	Other provisions  PLN thou.	In total  PLN thou.
<b>As at 1 January 2020</b>	-	2,547	373	2,920
Establishment (+)	-	-	-	-
Use (-)/Reversal (-)	-	-	-	-
<b>As at 30 June 2020, including:</b>	-	2,547	373	2,920
Current	-	48	373	421
Non-current	-	2,499	-	2,499
<b>As at 01 January 2019</b>	450	1,868	373	2,691
Establishment (+)	113	-	-	113
Use (-)/Reversal (-)	(270)	-	-	(270)
<b>As at 30 June 2019, including:</b>	293	1,868	373	2,534
Current	293	59	373	725
Non-current	-	1,809	-	1,809

Post-employment benefits are updated on a yearly basis.

### 2.13. Accruals

As at 30 June 2020 and as at 31 December 2019, the Company's accruals and deferred income were as follows:

	30 June 2020		31 December 2019	
	Long-term PLN thou.	Short-term PLN thou.	Long-term PLN thou.	Short-term PLN thou.
<b>Expenses due and unpaid, including:</b>				
Provision for unused leaves	-	5,012	-	4,082
Provision for bonuses for employees and Management Board	-	8,184	-	9,753
<b>Total</b>	<b>-</b>	<b>13,196</b>	<b>-</b>	<b>13,835</b>

The balance of accrued expenses consists of: provisions for unused leaves, provisions for salaries in the period to be paid in future periods and resulting from the bonus scheme effective at Asseco Business Solutions S.A.

### 2.14. Related party transactions

Transactions with related parties are held at arm's length.

	Revenues		Purchases	
	6 months to 30 June 2020 PLN thou.	6 months to 30 June 2019 PLN thou.	6 months to 30 June 2020 PLN thou.	6 months to 30 June 2019 PLN thou.
Transactions with Asseco Poland S.A.	966	813	1,941	423
Transactions with other related parties	249	188	-	23
<b>Total transactions with related parties</b>	<b>1,215</b>	<b>1,001</b>	<b>1,941</b>	<b>446</b>

	Trade receivables from related parties		Trade liabilities, lease liabilities and other liabilities from related parties	
	30 June 2020 PLN thou.	31 December 2019 PLN thou.	30 June 2020 PLN thou.	31 December 2019 PLN thou.
<b>Transactions with related parties</b>				
Asseco Poland S.A.	261	202	16,035	13,616
Other related parties	73	306	14	-
<b>TRANSACTIONS TOTAL</b>	<b>334</b>	<b>508</b>	<b>16,049</b>	<b>13,616</b>

As at 30 June 2020, the balance of lease liabilities with related entities committed by the Company Executives was PLN 9,331 thousand, and as at 31 December 2019 it amounted to PLN 9,812 thousand. As at 30 June 2020, the outstanding balance arising from transactions with related parties concluded by the Company Executives and with the Company Executives amounted to PLN 10 thousand. As at 31 December 2019, the outstanding balance with related parties through the Company Executives and with the Company Executives amounted to PLN 4 thousand.

In the first six months of 2020, the cost of interest arising from lease with related parties committed by the Company Executives was PLN 188 thousand.

As at 31 December 2019, there was no outstanding balance of liabilities arising from transactions with related parties committed by the Company Executives and with the Company Executives.

According to the records of Asseco Business Solutions, in the six months ended 30 June 2020, the value (net) of purchases transactions of goods and services (including rental) from related parties by the Company Executives and directly with the Company Executives amounted to PLN 994 thousand.

### 3. Other explanatory notes

#### 3.1. Additional explanations to cash flow statement

The table below shows items that were included in the row, "Changes in working capital:"

	6 months to 30 June 2020 <i>PLN thou.</i>	6 months to 30 June 2019 <i>PLN thou.</i>
Change in inventories	350	205
Change in receivables	5,550	6,498
Change in non-financial fixed assets	(55)	(170)
Change in the balance of liabilities and accruals and prepayments	(7,221)	(2,031)
Change in provisions	-	(157)
<b>Total</b>	<b>(1,376)</b>	<b>4,345</b>

The following table lists items concerning investing activities:

	6 months to 30 June 2020 <i>PLN thou.</i>	6 months to 30 June 2019 <i>PLN thou.</i>
Sale of property, plant and equipment	154	107
Acquisitions of new tangible assets	(1,646)	(3,012)
Acquisition of intangible assets	(116)	(99)
Expenses for development work	(7,042)	(5,633)

#### 3.2. Contingent liabilities

At 30 June 2020 (and at 31 December 2019), the Company did not have any contingent liabilities.

#### 3.3. Headcount

Average employment during the reporting period	6 months to 30 June 2020	6 months to 30 June 2019
Management Board	4	4
Developers	792	776
Sales personnel	54	44
Administration	47	43
<b>Total</b>	<b>897</b>	<b>867</b>

Employment as at:	30 June 2020	31 December 2019
Management Board	4*	4*
Developers	831	817
Sales personnel	53	49
Administration	40	47
<b>Total</b>	<b>928</b>	<b>917</b>

\*One of the Management Board members is employed under a civil-law contract.

### 3.4. Seasonality and cyclicity

The operations of Asseco Business Solutions are subject to moderate seasonal fluctuations. As regards ERP systems, the highest sales figures are reported in the first and fourth quarter of the year. This can be explained by the choice of the calendar year as fiscal year by most Company's customers, which translates into a tendency to launch information systems and modify the IT infrastructure of enterprises on the turn-of-the-year basis or beginning-of-the-year basis.

### 3.5. Significant events after the balance sheet date

To the date of these interim condensed financial statements for the six months ended 30 June 2020, i.e. until 30 July 2020, there had been no significant events after the balance sheet date that should be included in these financial statements.

### 3.6. Significant events concerning previous years

To the date of these interim condensed financial statements for the six months ended 30 June 2020, that is, until 30 July 2020, there had been no events concerning previous years that are not, and should be, included in these financial statements.

### 3.7. Signatures of Board Members

Full name	Position/Function	Signature
Wojciech Barczentewicz	President of the Management Board	
Piotr Maślowski	Vice-President of the Management Board	
Andreas Enders	Vice-President of the Management Board	
Mariusz Lizon	Member of the Management Board	
Artur Czabaj	The person responsible for bookkeeping	

Asseco Business Solutions S.A.

ul. Konrada Wallenroda  
4c, 20-607 Lublin, Poland

Phone +48 81 535 30 00

Fax +48 81 535 30 05

[info@assecobs.pl](mailto:info@assecobs.pl)

assecobs

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 distinctive, with the "a" having a square-like shape and the "s" being composed of straight lines.