# Asseco Business Solutions Capital Group

Quarterly financial statements
for the 9 months ended 30 September 2017

26 October 2017

# CONTENTS

(in PLN thousand)

# Selected financial data of the Asseco Business Solutions Group

The table below contains selected financial data of the Asseco Business Solutions Group

| | in PLN thou. | | in PLN thou. | |
|---|---|---|---|---|
| | 9 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2016 (unaudited) | 9 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
| Revenues on sale | 144,106 | 122,527 | 33,854 | 28,046 |
| Gross profit on sales | 61,861 | 52,362 | 14,533 | 11,986 |
| **Profit on operating activities** | 41,314 | 37,097 | 9,706 | 8,491 |
| Gross profit | 41,110 | 37,840 | 9,658 | 8,661 |
| Net profit | 33,117 | 30,484 | 7,780 | 6,978 |
| Net cash from financing activities | 36,321 | 32,660 | 8,533 | 7,476 |
| Net cash from financing activities | (106,949) | 16,700 | (25,125) | 3,823 |
| Net cash from financing activities | 6,144 | (33,418) | 1,443 | (7,649) |
| Cash and short-term deposits | 5,886 | 56,609 | 1,366 | 13,128 |
| Weighted average number of shares | 33,418,193 | 33,418,193 | 33,418,193 | 33,418,193 |
| Earnings per ordinary share | 0.99 | 0.91 | 0.23 | 0.21 |

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

- - the Group's carrying balance of cash at the end of the current reporting period and the end of the previous reporting period is translated at the average exchange rate announced by the National Bank of Poland on the balance sheet date.

On 30 September 2017, 1 EUR = PLN 4.3091.

On 30 September 2016, 1 EUR = PLN 4.3120.

- selected items from the interim condensed consolidated statements of comprehensive income and the interim condensed consolidated statements of cash flows are translated at the exchange rate being the arithmetic mean of the average exchange rates announced by the National Bank of Poland on the last day of each month.

Between 1 January and 30 September 2017, 1 EUR = PLN 4.2566.

Between 1 January and 30 September 2016, 1 EUR = PLN 4.3688.

# Interim condensed consolidated financial statements for the 9 months ended 30 September 2017 prepared in accordance with the International Financial Reporting Standard 34 – Interim Financial Reporting – approved by the EU

(in PLN thousand)

# Interim condensed consolidated statement of comprehensive income

For the 9 months ended 30 September 2017

| | *Note* | *3 months ended 30 September 2017 (unaudited)* | *9 months ended 30 September 2017 (unaudited)* | *3 months ended 30 September 2016 (unaudited)* | *9 months ended 30 September 2016* |
|---|---|---|---|---|---|
| Revenues on sale | | 54,464 | 144,106 | 41,736 | 122,527 |
| Own cost of sales | 4.2 | (32,237) | (82,245) | (23,022) | (70,165) |
| **Gross profit on sales** | | **22,227** | **61,861** | **18,714** | **52,362** |
| Cost of sale | 4.2 | (3,456) | (7,512) | (1,698) | (5,364) |
| General and administrative expenses | 4.2 | (5,433) | (13,221) | (3,465) | (10,071) |
| **Net profit on sales** | | **13,338** | **41,128** | **13,551** | **36,927** |
| Other operating income | 4.3 | 117 | 435 | 127 | 398 |
| Other operating expenses | 4.3 | (108) | (249) | (75) | (228) |
| **Profit on operating activities** | | **13,347** | **41,314** | **13,603** | **37,097** |
| Financial income | 4.4 | 254 | 902 | 370 | 785 |
| Financial expenses | 4.4 | (865) | (1,106) | (89) | (42) |
| **Gross profit** | | **12,736** | **41,110** | **13,884** | **37,840** |
| Income tax | 4.5 | (2,524) | (7,993) | (2,705) | (7,356) |
| **Net profit on continued operations** | | **10,212** | **33,117** | **11,179** | **30,484** |
| Discontinued operations | | | | | |
| **Net profit for reference period falling to:** | | **10,212** | **33,117** | **11,179** | **30,484** |
| Shareholders of the Parent | | 10,212 | 33,117 | 11,179 | 30,484 |
| Non-controlling interest | | – | – | – | – |
| **Other total income** | | | | | |
| **- Items converted to profit/loss in subsequent reporting periods** | | – | – | – | – |
| **- Items not to be converted to profit/loss in subsequent reporting periods** | | – | – | – | – |
| **Other total net income** | | – | – | – | – |
| **Total income for period attributable to:** | | **10,212** | **33,117** | **11,179** | **30,484** |
| Shareholders of the Parent | | 10,212 | 33,117 | 11,179 | 30,484 |
| Non-controlling interest | | – | – | – | – |
| **Earnings per share attributable to shareholders of the parent:** | 4.6 | | | | |
| *- basic/diluted profit for the reporting period* | | 0.31 | 0.99 | 0.33 | 0.91 |
| *- basic/diluted profit for continuing operations in the reporting period* | | 0.31 | 0.99 | 0.33 | 0.91 |

(in PLN thousand)

# Interim condensed consolidated balance sheet

as at 30 September 2017

| ASSETS | Note | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|---|
| **Non-current assets** | | **293,548** | **195,877** | **194,946** |
| Property, plant and equipment | 4.7 | 19,011 | 11,721 | 11,644 |
| Intangible assets | 4.8 | 29,174 | 10,528 | 10,485 |
| Goodwill | 4.9 | 243,202 | 170,938 | 170,938 |
| Long-term receivables | | 836 | 599 | 599 |
| Deferred tax assets | | 1,254 | 1,995 | 1,220 |
| Long-term accruals and deferred income | 4.13 | 71 | 96 | 60 |
| **Current assets** | | **50,447** | **105,805** | **87,939** |
| Inventories | 4.11 | 454 | 194 | 217 |
| Prepayments and accrued income | 4.13 | 1,297 | 1,053 | 752 |
| Trade receivables | 4.14 | 36,733 | 31,302 | 26,409 |
| Other receivables | 4.14 | 5,962 | 2,800 | 3,952 |
| Financial instruments valued at fair value through profit or loss | 4.12 | 115 | – | – |
| Cash and short-term deposits | 4.15 | 5,886 | 70,456 | 56,609 |
| **TOTAL ASSETS** | | **343,995** | **301,682** | **282,885** |

| | | | | |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| **Equity (attributable to the shareholders of the Parent)** | | **262,858** | **275,008** | **262,961** |
| Share capital | | 167,091 | 167,091 | 167,091 |
| Surplus from the sale of shares above their nominal value | | 62,543 | 62,543 | 62,543 |
| Transactions in non-controlling interests | | (2,671) | – | – |
| Retained earnings | | 35,895 | 45,374 | 33,327 |
| **Non-controlling interest** | | **–** | **–** | **–** |
| **Total equity** | | **262,858** | **275,008** | **262,961** |
| **Non-current liabilities** | | **22,407** | **888** | **781** |
| Provisions | | 1,302 | 888 | 781 |
| Interest-bearing bank loans and borrowings | 4.16 | 20,002 | – | – |
| Long-term finance lease obligations | | 1,054 | – | – |
| Long-term accruals and deferred income | 4.18 | 49 | – | – |
| **Current liabilities** | | **58,730** | **25,786** | **19,143** |
| Interest-bearing bank loans and borrowings | 4.16 | 32,585 | – | – |
| Trade liabilities | 4.17 | 5,084 | 3,005 | 2,190 |
| Other liabilities | 4.17 | 7,397 | 6,166 | 5,084 |
| Income tax liabilities | 4.17 | 1,447 | 3,738 | 2,065 |
| Short-term finance lease obligations | | 555 | – | – |
| Financial liabilities | | – | 164 | 5 |
| Provisions | | 348 | 378 | 382 |
| Accruals and deferred income | 4.18 | 11,314 | 12,335 | 9,417 |
| **Total liabilities** | | **81,137** | **26,674** | **19,924** |
| **TOTAL EQUITY AND LIABILITIES** | | **343,995** | **301,682** | **282,885** |

(in PLN thousand)

# Interim condensed consolidated statement of cash flows

For the 9 months ended 30 September 2017

| | Note | 9 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2016 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Gross profit | | 41,110 | 37,840 |
| **Adjustments:** | | **(4,789)** | **(5,180)** |
| Amortization/Depreciation | 4.2 | 9,637 | 8,240 |
| Change in inventories | | (124) | 148 |
| Change in receivables | | (1,080) | (1,536) |
| Change in liabilities, excluding credits and loans | | (1,119) | (2,968) |
| Change in prepayments and accruals | | (1,785) | (1,413) |
| Change in provisions | | (30) | – |
| Revenue on interest | | (224) | (748) |
| Investment gain/(loss) | | (533) | (70) |
| Income tax paid | | (9,531) | (6,833) |
| **Net cash from operating activities** | | **36,321** | **32,660** |
| **Cash flows from investing activities** | | | |
| Proceeds from the sale of non-financial assets | | 483 | 151 |
| Acquisition of property, plant and equipment | | (2,956) | (4,560) |
| Acquisition of intangible assets | | (6,106) | (4,857) |
| Acquisition of a subsidiary net of acquired cash | | (98,997) | – |
| Acquisition/settlement of financial assets at fair value through profit and loss | | 121 | (33) |
| Established bank deposits | | – | (3,019) |
| Cash returned from bank deposits | | – | 28,207 |
| Repaid loans | | 5 | |
| Interest received | | 501 | 811 |
| **Net cash from investing activities** | | **(106,949)** | **16,700** |
| **Cash flows from financing activities** | | | |
| Proceeds from obtained loans | | 52,585 | – |
| Repayment of liabilities under lease agreements | | (172) | – |
| Interest paid | | (189) | – |
| Expenses for the acquisition of non-controlling interests | | (3,639) | – |
| Dividend paid | | (42,441) | (33,418) |
| **Net cash from financing activities** | | **6,144** | **(33,418)** |
| Change in net cash and cash equivalents | | (64,484) | 15,942 |
| Net differences in exchange rates | | – | – |
| **Opening cash** | **4.15** | **70,370** | **40,573** |
| **Closing cash** | **4.15** | **5,886** | **56,515** |

(in PLN thousand)

# Interim condensed consolidated statement of changes in equity

For the 9 months ended 30 September 2017

| | Share capital | Surplus from the sale of shares above their nominal value | Retained earnings | **Equity of the Parent** | Non-controlling interest | **Total equity** |
|---|---|---|---|---|---|---|
| | 9 months ended 30 September 2017 (unaudited) | | | | | |
| **As at 1 January 2017** | **167,091** | **62,543** | **45,374** | **275,008** | **–** | **275,008** |
| Total income for period | – | – | 33,117 | **33,117** | **–** | **33,117** |
| Payment of the Dividend | – | – | (42,441) | **(42,441)** | **–** | **(42,441)** |
| Taking control of subsidiaries | – | – | – | **–** | | **–** |
| Buyout of non-controlling | – | – | – | **–** | (2,671) | **(2,671)** |
| Other transactions | – | – | (155) | **(155)** | **–** | **(155)** |
| **As at 30 September 2017** | **167,091** | **62,543** | **35,895** | **265,529** | **(2,671)** | **262,858** |
| | 9 months ended 30 September 2016 (unaudited) | | | | | |
| **As at 1 January 2016 2014** | **167,091** | **62,543** | **36,261** | **265,895** | **–** | **265,895** |
| Total income for period | – | – | 30,484 | **30,484** | **–** | **30,484** |
| Dividends | – | – | (33,418) | **(33,418)** | **–** | **(33,418)** |
| **As at 30 September 2016** | **167,091** | **62,543** | **33,327** | **262,961** | **–** | **262,961** |
| | 12 months ended 31 December 2016 | | | | | |
| **As at 1 January 2016 2014** | **167,091** | **62,543** | **36,261** | **265,895** | **–** | **265,895** |
| Total income for period | – | – | 42,531 | **42,531** | **–** | **42,531** |
| Payment of the Dividend | – | – | (33,418) | **(33,418)** | **–** | **(33,418)** |
| **As at 31 December 2016 2014** | **167,091** | **62,543** | **45,374** | **275,008** | **–** | **275,008** |

# Additional notes

## 1. Basic information

### 1.1 General Information

The Asseco Business Solutions Group ("the Group") consists of Asseco Business Solutions S.A. ("the Company," "the Issuer," "the Parent") and its subsidiaries (see Note 1.2).

Asseco Business Solutions S.A. ("the Company") was established under a Notarial Deed dated 18 May 2001. The Company is headquartered in Lublin at ul. Konrada Wallenroda 4c, 20-607.

The Company is registered in the Companies' Register of the National Court Register maintained by the District Court in Lublin, VI Economic Department of the National Court Register, under KRS: 0000028257. The Company has a business statistical number REGON 017293003.

The duration of operation the Parent and the entities of the Group is indefinite.

The primary activity of Asseco Business Solutions S.A., according to the classification adopted by the Warsaw Stock Exchange, is "information technology."

The Asseco Business Solutions Group is part of the international Asseco Group, the leading vendor of modern IT solutions in Central and Eastern Europe. The Group operates in over 50 geographies, e.g. in most European countries, and in the USA, Canada, Israel, or Japan. The Asseco Business Solutions Group serves as a Competence Centre handling the development of ERP software, mobile reporting systems (SFA), factoring systems, and softwares for SMEs. This comprehensive offering of the Group also includes the provision, adaptation and configuration of business applications for enterprises, design and construction of infrastructure at the client or in the outsourcing model, providing equipment and system software of renowned partners, training for client's personnel, service and remote support for users. Asseco Business Solutions S.A. operates a Data Centre whose capacity meets 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 original high-quality products and related services, the software from Asseco Business Solutions 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.

The parent of Asseco Business Solutions S.A. is Asseco Enterprise Solutions a.s., seated in Bratislava, which holds 46.47% of the Company's shares. The parent of the Group is Asseco Poland S.A.

These interim condensed consolidated financial statements for the 9 months ended 30 September 2017 was approved by the Management Board for publication on 26 October 2017.

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

(in PLN thousand)

## 1.2 Group’s organisation and composition

The Group is made up of Asseco Business Solutions S.A. and the following subsidiaries:

| Subsidiary | Seat | Basic activity | Company’s percentage share in equity | | |
|---|---|---|---|---|---|
| | | | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
| Macrologic S.A. | Warsaw | Information | 91.56% | – | – |
| Retilia S.A. | Warsaw | Information | 91.56% | – | – |

As at 30 September 2017, the share in the total number of votes held by the Group in the subsidiaries was equal to the Groups’ equity share in these entities.

In turn, Macrologic S.A. holds 100% of shares in Retilia Sp. z o.o. and the corresponding vote.

Macrologic S.A. also holds 40% of shares of MIS S.A. and the corresponding vote at the General Meeting of MIS S.A. However, since Macrologic S.A. is not involved in the modelling of the MIS S.A.’s operating and financial policies, the Management Board of Macrologic S.A. have concluded that despite holding 40% of the affiliated company it does not have any major influence on it, and, as from 30 June 2010, it has ceased to recognize it as an affiliated company.

## 1.3 Composition of the Parent

On the date of publication of these financial statements, i.e. 26 October 2017, the Management Board of the Company consisted of:

| | |
|---|---|
| Wojciech Barczentewicz | President of the Management 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. 26 October 2017, 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 Stępniak | Member of the Supervisory Board |

On 2 October 2017, an audit committee was established composed of Piotr Stępniak (chairman), Romuald Rutkowski and Adam Góral (members).

(in PLN thousand)

## 1.4 Stocks and shares held by the persons in the executive and supervisory capacity in Asseco Business Solutions S.A.

Overview of the shares of Asseco Business Solutions S.A. held by the persons in the executive and supervisory capacity:

| | **number of shares held** (corresponds to % in the total number of votes at GM) - **as at** | change from the previous report | **number of shares held** (corresponds to % in the total number of votes at GM) - **as at** | change from the previous report |
|---|---|---|---|---|
| **Executive persons** | | | | |
| Wojciech Barczentewicz | 461,267 | – | 1.4% | – |
| Piotr Masłowski | 715,063 | – | 2.1% | – |
| Mariusz Lizon | 183,000 | – | 0.5% | – |
| **Supervising persons** | | | | |
| Romuald Rutkowski | 426,828 | – | 1.3% | – |
| **TOTAL** | **1,786,158** | | **5.3%** | |

## 1.5 The shareholding structure of Asseco Business Solutions S.A.

According to the best knowledge of the Issuer's Management Board, on the date of publication of these financial statements, i.e. 26 October 2017, the shareholders of Asseco Business Solutions S.A. holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes and submitted notifications at the General Meeting on the 20th day of April 2017 were as follows:

| **Shareholder** | **Number of shares held** | **Shareholding in %** | **Number of votes** | **% in the total number of votes at GM** |
|---|---|---|---|---|
| Asseco Enterprise Solutions | 15,528,570 | 46.47% | 15,528,570 | 46.47% |
| Metlife Otwarty Fundusz Emerytalny | 4,500,000 | 13.47% | 4,500,000 | 13.47% |
| Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK | 3,468,455 | 10.38% | 3,468,455 | 10.38% |
| Other shareholders | 9,921,168 | 29.69% | 9,921,168 | 29.69% |
| | **33,418,193** | **100.00%** | **33,418,193** | **100.00%** |

At 3 August 2017, i.e. the date of publication of the previous interim financial statements, the shareholders of Asseco Business Solutions S.A., exercising directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting, were as follows:

| Shareholder | Number of shares held | Shareholding in % | Number of votes | % in the total number of votes at GM |
|---|---|---|---|---|
| Asseco Enterprise Solutions | 15,528,570 | 46.47% | 15,528,570 | 46.47% |
| Metlife Otwarty Fundusz Emerytalny | 4,500,000 | 13.47% | 4,500,000 | 13.47% |
| Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK | 3,337,000 | 9.99% | 3,337,000 | 9.99% |
| Other shareholders | 10,052,623 | 30.08% | 10,052,623 | 30.08% |
| | **33,418,193** | **100.00%** | **33,418,193** | **100.00%** |

At 30 September 2017, the share capital of Asseco Business Solutions S.A. totalled PLN 167,091 thousand and was divided into 33,418,193 ordinary shares with a nominal value of PLN 5 each, giving a total of 33,418,193 votes at the General Meeting of Asseco Business Solutions S.A.

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

## Basis for the preparation

These interim condensed consolidated 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.

The functional and presentation currency is Polish złoty (PLN). All values, unless stated otherwise, are given in PLN thousand (PLN thou.).

These interim condensed consolidated financial statements have been prepared on the going concern basis for the period of no less than 12 months as of 30 September 2017. At the date of approval of these financial statements, no circumstances were identified that might pose a threat to the Group in continuing its business.

These interim condensed consolidated 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 2016, approved for publication on 3 March 2017.

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

## Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 approved by the EU (“IAS 34”).

On the day of approval of these financial statements for publication, taking into consideration the EU’s ongoing process of introducing the IFRS and activities conducted by the Company, there is no difference in the accounting rules applied by the Company between the IFRS, which entered into force, and the IFRS approved by the EU.

The International Financial Reporting Standards comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

## Estimates

In the first 9 months ended 30 September 2017, there were no major changes to the method of making estimates.

## Professional judgement

The preparation of interim condensed consolidated financial statements in concert with IFRS requires estimates and assumptions that affect the amounts indicated in the financial statements. Although the estimates and assumptions are based on the best knowledge of the Group's companies' Management of the current activities and events, the actual results may differ materially from those projected.

As regards the application of the accounting rules (policies), in addition to the accounting estimates, the areas shown below have been of crucial importance in terms of the professional judgement of the management; thus, any change in estimates in these areas could have a significant impact on the Group's results in the future.

### *i* *Valuation of IT contracts and the measurement of the degree of progress*

The Group is performing under a number of contracts for the development and implementation of information systems. The valuation of IT contracts requires the establishment of future operating cash flows in order to determine the fair value of revenues and expenses, and to measure the degree of progress of the project work. The Group determines the degree of progress as the ratio of costs incurred (to increase the progress) to the planned cost, or as the ratio of man-days worked in relation to the total working time.

The adopted future operating cash flows are not always consistent with agreements with clients or suppliers due to the changes in implementation schedules of IT projects.

### *ii* *Amortization/depreciation rates*

The amount of amortization/depreciation rates is determined on the basis of the expected economic lifetime of tangible fixed assets and intangible assets. The Group reviews the adopted periods of economic useful life based on current estimates annually. In 2017, there were no significant changes to the amortization/depreciation rates applied by the Group.

### *iii* *Goodwill and intangible assets of indefinite useful life – impairment test*

On 31 December, the Group performs an annual impairment test of cash flow generating units, to which the goodwill is allocated, this goodwill arising from the acquisition of a subsidiary and from mergers. At each interim balance sheet date, the Parent's Management Board reviews the evidence indicating a possibility of impairment of cash flow generating units to which goodwill is allocated. If such evidence is identified, an impairment test is also carried out at an interim balance sheet date.

Each time, an impairment test requires the estimation of value in use of cash-generating units to which goodwill is allocated. Estimating the value in use consists in determining future cash flows generated by the cash-generating unit and the discount rate that is subsequently used to calculate the current value of those cash flows.

***iv*** *Deferred tax asset*

The Group recognizes deferred tax asset based on the assumption that the future tax profits will be achieved allowing for its use. Deterioration of the tax results in the future could make the assumption unjustified.

## Changes in accounting rules used

A description of the significant accounting rules applied by the Parent is included in the financial statements for the year ended 31 December 2016 – published on 3 March 2017.

The accounting rules (policies) underlying the preparation of these interim condensed consolidated financial statements are consistent with those applied in preparing the Parent's financial statements for the year ended 31 December 2016. After 1 January 2016, no new or revised standards and interpretations were published for the annual periods beginning on or after 1 January 2016.

The Group has not opted for the early application of any other standard, interpretation or amendment that was published but has not yet entered into force under EU law.

## 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 9 *Financial Instruments* – applicable to annual periods beginning on or after 1 January 2018,
- IFRS 15 *Revenues from Contracts with Customers* (published on 28 May 2014) covering amendments to IFRS 15 *Effective Date of IFRS 15* (published on 11 September 2015) – applicable to annual periods beginning on or after 1 January 2018,
- Amendments to IAS 12 *Recognition and Measurement of Deferred Tax Assets Arising from Unrelieved Losses* (published on 19 January 2016) – applicable to annual periods beginning on or after 1 January 2017; not approved by the EU until the date of approval of these financial statements,
- Amendments to IAS 7 *Disclosure Initiative* (published on 29 January 2016)
  – applicable to annual periods beginning on or after 1 January 2017 – not approved by the EU until the date of approval of these financial statements,

- Clarification to IFRS 15 *Revenue from Contracts with Customers* (published on 12 April 2016) – applicable to annual periods beginning on or after 1 January 2018 – not approved by the EU until the date of approval of these financial statements,
- Amendments to IFRS 2 *Classification and Measurement of Share-Based Payment Transactions* (published on 20 June 2016) – applicable to annual periods beginning on or after 1 January 2018; not approved by the EU until the date of approval of these financial statements,
- Amendments to IFRS 4: Application of IFRIC 9 *Financial Instruments* with IFRIC 4 *Insurance Contracts* (published on 12 September 2016) – applicable to annual periods beginning on or after 1 January 2018; not approved by the EU until the date of approval of these financial statements.
- Amendments resulting from the review of IFRS 2014-2016 (published on 8 December 2016) – Amendments to IFRS 12 apply to annual periods beginning on or after 1 January 2017, while Amendments to IFRS 1 and IAS 28 apply to annual periods beginning on or after 1 January 2018 – not approved by the EU until the date of approval of these financial statements,
- Interpretation of IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (published on 8 December 2016) – applicable to annual periods beginning on or after 1 January 2018; not approved by the EU until the date of approval of these financial statements,
- Amendments to IAS 40 *Investment Property* (published on 8 December 2016) – applicable to annual periods beginning on or after 1 January 2018 – not approved by the EU until the date of approval of these financial statements,
- IFRS 16 *Leasing* (published on 13 January 2016) – applicable to annual periods beginning on or after 1 January 2019; not approved by the EU until the date of approval of these financial statements,
- IFRS 17 *Insurance Contracts* (published on 18 May 2017) – applicable to annual periods beginning on or after 1 January 2021; not approved by the EU until the date of approval of these financial statements,
- Interpretation of IFRIC 23 *Uncertainty over Income Tax Treatment* (published on 7 June 2017) – the interpretation is applicable to annual periods beginning on or after 1 January 2019; not approved by the EU until the date of approval of these financial statements,
- Amendments to IFRS 9 Prepayments (published on 12 October 2017) – applicable to annual periods beginning on or after 1 January 2019; not approved by the EU until the date of approval of these financial statements,
- Amendments to IFRS 20 *Investments in Associates and Joint Ventures* (published on 12 October 2017) – applicable to annual periods beginning on or after 1 January 2019; not approved by the EU until the date of approval of these financial statements.

Effective dates are based on the standards published by the Financial Reporting Council. The dates of application of the standards 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 Group is currently analysing how the introduction of these standards and interpretations may influence the financial statements and on the Group's accounting rules (policy).

The Management Board's analysis and preliminary impact assessment of the new or amended standards on the Group's accounting rules (policies) and future financial statements covered, in particular, the impact of new IFRS 9, 15 and 16 which may affect or cause changes to the accounting and reporting practice of the Company in the years 2018-2019.

*IFRS 15 Revenues from Contracts with Customers*

The standard was published on 28 May 2014 and will apply to annual periods beginning on or after 1 January 2018. The standard was adopted by the European Union on 22 September 2016.

According to the standard, revenues should be recognized in the amount reflecting the value of remuneration that the company expects to be entitled to in exchange for goods or services supplied to the customer; on the other hand, the moment of recognizing the revenue should best reflect the transfer of the contracted goods or services to the customer.

The new standard will replace all the current requirements for revenue recognition in accordance with the IFRS, primarily IAS 18 Revenue and Construction Contracts. The application of this standard is required for all companies preparing financial statements in accordance with the International Financial Reporting Standards for annual periods beginning on or after 1 January 2018. Earlier application is allowed.

The Asseco Business Solutions Group plans to apply the new standard as required by the effective date; therefore, fist-time application of the standard will be in the consolidated financial statements for the reporting period beginning on 1 January 2018.

The Group is currently analysing the impact of the new rules set out in IFRS 15 on its consolidated financial statements.

In accordance with the transitional provisions included in the standard, two methods of presentation of comparable data are permissible:

a) a retrospective approach to each earlier reporting period presented in accordance with IAS 8, or

b) a retrospective approach with the combined effect of the first application of the new standard used on the day of first application.

The approach described above in a) and b) will result in the recognition in the financial statements for the reporting periods beginning after 1 January 2018 of the adjustment of the initial balance of retained earnings.

At this stage, the Group has not yet decided which of the two approaches will be applied.

## Error correction

In the reporting period, there were no events resulting in the need to correct the fundamental error.

# 3. Information of operation segments

In accordance with IFRS 8, an operating segment is a distinguishable component of the Group, 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 optimization purposes, the Group was divided into segments reflecting its manufactured products and rendered services. Consequently, the Management Board has identified the segment: ERP systems, which covers also the operation of the subsidiaries. The segment accounts for 94% of the Group's revenues. Other activities do not meet the quantitative thresholds of IFRS 8 and are not separated. 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, especially in the apparel segment. The solutions are based on the Oracle and Microsoft technology, and in the case of Macrologic S.A., on the original MacroBASE database system. These applications support business processes and information flow processes, covering 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 Group's main business segments, the cost of goods sold (COGS) related to unallocated sales and the operating costs of the organizational unit responsible for unallocated sales.

The corporate expenses and income not allocated to segments have to do with those Group's operations that are not related to IT. They are financial expenses and income and other operating expenses and income.

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 Group (including costs and financial income) and income tax are monitored at the levels of the Group and they are not allocated to the segments.

Transaction prices used in transactions between operating segments are determined on the arm's length basis as in transactions with unrelated parties.

| 3 months ended 30 September 2017 (unaudited) | ERP Systems | Unallocated | Activity total |
|---|---|---|---|
| Sales to external customers | 49,829 | 4,635 | 54,464 |
| Sales between segments | | | |

(in PLN thousand)

| | | | |
|---|---|---|---|
| **Total segment revenues** | **49,829** | **4,635** | **54,464** |
| **Segment profit/(loss)** | **12,891** | **447** | **13,338** |
| Other net operating income/(expenses) | | 9 | 9 |
| Net financial income/(expenses) | | (611) | (611) |
| Income tax | | (2,524) | (2,524) |
| **Profit for period** | **12,891** | **(2,679)** | **10,212** |

Segment operating profit does not include financial income (PLN 254 thousand), financial expenses (PLN 865 thousand), other operating income (PLN 117 thousand) and other operating expenses (PLN 108 thousand) and the result of unallocated activity (PLN 447 thousand).

| 9 months ended 30 September 2017 (unaudited) | ERP Systems | Unallocated | Activity total |
|---|---|---|---|
| Sales to external customers | 135,016 | 9,090 | 144,106 |
| Sales between segments | | | – |
| **Total segment revenues** | **135,016** | **9,090** | **144,106** |
| **Gains on segment sales** | **40,612** | **516** | **41,128** |
| Other net operating income/(expenses) | | 186 | 186 |
| Net financial income/(expenses) | | (204) | (204) |
| Income tax | | (7,993) | (7,993) |
| **Profit for period** | **40,612** | **(7,495)** | **33,117** |
| **Other information** | | | |
| Amortization/Depreciation | (9,597) | (40) | **(9,637)** |

Segment operating profit does not include financial income (PLN 902 thousand), financial expenses (PLN 1,106 thousand), other operating income (PLN 435 thousand) and other operating expenses (PLN 249 thousand) and the result of unallocated activity (PLN 516 thousand).

| 3 months ended 30 September 2016 (unaudited) | ERP Systems | Unallocated | Activity total |
|---|---|---|---|
| Sales to external customers | 38,055 | 3,681 | 41,736 |
| Sales between segments | – | – | **–** |
| **Total segment revenues** | **38,055** | **3,681** | **41,736** |
| **Segment profit** | **13,220** | **331** | **13,551** |
| Other net operating income/(expenses) | | 52 | 52 |
| Net financial income/(expenses) | | 281 | 281 |
| Income tax | | (2,705) | (2,705) |
| **Profit for period** | **13,220** | **(2,041)** | **11,179** |

(in PLN thousand)

Segment operating profit does not include financial income (PLN 370 thousand), financial expenses (PLN 89 thousand), other operating income (PLN 127 thousand) and other operating expenses (PLN 75 thousand) and the result of unallocated activity (PLN 331 thousand).

| **9 months ended 30 September 2016 (unaudited)** | **ERP Systems** | **Unallocated** | **Activity total** |
|---|---|---|---|
| Sales to external customers | 112,259 | 10,268 | 122,527 |
| Sales between segments | – | – | – |
| **Total segment revenues** | **112,259** | **10,268** | **122,527** |
| **Gains on segment sales** | **35,975** | **952** | **36,927** |
| Other net operating income/(expenses) | | 170 | 170 |
| Net financial income/(expenses) | | 743 | 743 |
| Income tax | | (7,356) | (7,356) |
| **Profit for period** | **35,975** | **(5,491)** | **30,484** |
| **Other information** | | | |
| Amortization/Depreciation | (8,205) | (35) | **(8,240)** |

Segment operating profit does not include financial income (PLN 785 thousand), financial expenses (PLN 42 thousand), other operating income (PLN 398 thousand) and other operating expenses (PLN 228 thousand) and the result of unallocated activity (PLN 952 thousand).

## Geographic information

Revenues from external customers:

| | 9 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|
| Poland | 124,283 | 107,601 |
| Abroad, including: | 19,823 | 14,926 |
| – The Netherlands | 6,863 | 6,306 |
| – France | 4,988 | 3,113 |
| - Romania | 1,383 | 1,510 |
| - Germany | 1,856 | 1,445 |
| - United Kingdom | 1,058 | 369 |
| - USA | – | 125 |
| – Spain | 255 | 522 |
| – Portugal | 84 | 255 |
| - Turkey | 153 | 197 |
| - Czech Republic and Slovakia | 867 | 418 |
| - the Baltics (Lithuania, Latvia, Estonia) and Russia | 54 | 127 |
| - others | 2,262 | 539 |
| | **144,106** | **122,527** |

(in PLN thousand)

This information is based on data from customers' headquarters.

# 4. Explanatory notes to the interim condensed financial statements

## 4.1 Structure of revenues on sales

| | 3 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2017 (unaudited) | 3 months ended 30 September 2016 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|---|---|
| ERP Systems | 49,829 | 135,016 | 38,055 | 112,259 |
| Unallocated | 4,635 | 9,090 | 3,681 | 10,268 |
| **Total** | **54,464** | **144,106** | **41,736** | **122,527** |

## 4.2 Structure of operating expenses

| | 3 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2017 (unaudited) | 3 months ended 30 September 2016 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|---|---|
| The value of goods sold, materials and external services (COGS) | (4,660) | (9,077) | (3,440) | (9,419) |
| Consumption of materials and energy | (1,122) | (2,352) | (577) | (1,696) |
| External services | (6,201) | (15,895) | (4,024) | (12,086) |
| Remuneration | (20,403) | (53,730) | (14,327) | (43,987) |
| Employee benefits | (4,120) | (11,213) | (2,734) | (8,949) |
| Amortization/Depreciation | (4,275) | (9,637) | (2,752) | (8,240) |
| Taxes and fees | (192) | (636) | (217) | (592) |
| Business trips | (134) | (421) | (128) | (429) |
| Other | (19) | (17) | 14 | (202) |
| **Total** | **(41,126)** | **(102,978)** | **(28,185)** | **(85,600)** |
| Own cost of sales, including: | (32,237) | (82,245) | (23,022) | (70,165) |
| *production cost* | *(27,577)* | *(73,168)* | *(19,582)* | *(60,746)* |
| *value of goods sold, materials and external services (COGS)* | *(4,660)* | *(9,077)* | *(3,440)* | *(9,419)* |
| Cost of sale | (3,456) | (7,512) | (1,698) | (5,364) |
| Cost of management and administration | (5,433) | (13,221) | (3,465) | (10,071) |
| **Total** | **(41,126)** | **(102,978)** | **(28,185)** | **(85,600)** |

(in PLN thousand)

## 4.3 Other operating income and expenses

Other financial income and expenses in the three quarters of 2017 and in the comparable period were as follows:

| **Other operating income** | 3 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2017 (unaudited) | 3 months ended 30 September 2016 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|---|---|
| Profit from the sale of non-financial assets | – | 138 | 29 | 116 |
| Proceeds from rental of office space | 80 | 240 | 82 | 245 |
| Other | 37 | 57 | 16 | 37 |
| **Total** | **117** | **435** | **127** | **398** |

| **Other operating expenses** | 3 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2017 (unaudited) | 3 months ended 30 September 2016 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|---|---|
| Loss on the sale of non-financial assets | (15) | – | – | – |
| Donations to unrelated parties | (27) | (50) | (5) | (26) |
| Liquidation of fixed assets | (1) | (4) | (2) | (7) |
| Other operating expenses | (65) | (195) | (68) | (195) |
| **Total** | **(108)** | **(249)** | **(75)** | **(228)** |

## 4.4 Financial income and expenses

Financial income and expenses in the three quarters of 2017 and in the comparable period were as follows:

| **Financial income** | 3 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2017 (unaudited) | 3 months ended 30 September 2016 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|---|---|
| Income from bank interest | 3 | 502 | 201 | 748 |
| Other interest income | 1 | 1 | 1 | 5 |
| Positive exchange rates | 138 | – | – | 32 |
| Gains from foreign currency derivatives execution - entered forward contracts | 112 | 121 | 25 | – |
| Loss from changes in fair value of foreign currency derivatives - entered forward contracts | – | 278 | 143 | – |
| **Total** | **254** | **902** | **370** | **785** |

(in PLN thousand)

| **Financial expenses** | 3 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2017 (unaudited) | 3 months ended 30 September 2016 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|---|---|
| Interest costs on loans | (375) | (491) | – | – |
| Negative exchange rates | – | (133) | (89) | – |
| Other interest expense | (4) | (8) | – | (3) |
| Interest on finance lease | (14) | (14) | – | – |
| Bank fees and charges | – | (130) | – | – |
| Losses from foreign currency derivatives execution - entered forward contracts | – | – | – | (33) |
| Losses from changes in fair value of foreign currency derivatives - entered forward contracts | (229) | – | – | (6) |
| Costs associated with the acquisition of | (234) | (321) | – | – |
| Other financial expenses | (9) | (9) | – | – |
| **Total** | **(865)** | **(1,106)** | **(89)** | **(42)** |

## 4.5 Income tax

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

| | 3 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2017 (unaudited) | 3 months ended 30 September 2016 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|---|---|
| Current income tax | (2,406) | (7,042) | (2,517) | (6,851) |
| Deferred income tax | (118) | (951) | (188) | (505) |
| **Tax expense reported in profit and loss, including:** | **(2,524)** | **(7,993)** | **(2,705)** | **(7,356)** |
| *Income tax attributed to continued operations* | *(2,524)* | *(7,993)* | *(2,705)* | *(7,356)* |

## 4.6 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 the 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 dilutive potential equity instruments into ordinary shares.

(in PLN thousand)

Below is the data on earnings and shares that were used in calculating basic and diluted earnings per share:

| | 3 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2017 (unaudited) | 3 months ended 30 September 2016 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|---|---|
| Net profit attributable to the shareholders of the Parent for the reporting period | 10,212 | 33,117 | 11,179 | 30,484 |
| Weighted average number of issued ordinary shares used to calculate basic earnings per share | 33,418,193 | 33,418,193 | 33,418,193 | 33,418,193 |
| **Basic/diluted profit per share total** | **0.31** | **0.99** | **0.33** | **0.91** |

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

## 4.7 Property, plant and equipment

Changes in net worth of property, plant and equipment in the period of the 9 months ended 30 September 2017 and in the comparable period were attributed to the following:

| **Property, plant and equipment** | 9 months ended 30 September 2017 | 9 months ended 30 September 2016 |
|---|---|---|
| **Net value as at 1 January** | 11,721 | 10,277 |
| **Increase through:** | **11,591** | **4,560** |
| Acquisitions | 2,961 | 4,560 |
| Taking control of subsidiaries | 8,630 | – |
| **Decrease through:** | **(4,301)** | **(3,193)** |
| Amortization allowance for the reporting period | (3,739) | (3,151) |
| Sales and liquidation | (562) | (42) |
| **Net value of fixed assets as at 30 september** | **19,011** | **11,644** |

## 4.8 Intangible assets

Changes in net worth of intangible assets in the period of 9 months ended 30 September 2017 and in the comparable period were attributed to the following:

(in PLN thousand)

| **Intangible assets** | 9 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|
| **Net value as at 1 January** | 10,528 | 10,717 |
| **Increase through:** | **24,730** | **4,882** |
| Acquisitions | 569 | 158 |
| Taking control of subsidiaries | 18,572 | – |
| Capitalization of costs of pursued development projects | 5,589 | 4,724 |
| **Decrease through:** | **(6,084)** | **(5,114)** |
| Amortization allowance for the reporting period | (6,084) | (5,114) |
| Sales and liquidation | – | – |
| **Net value of intangible property as at 30 september** | **29,174** | **10,485** |

## 4.9 Goodwill

Goodwill presented in the interim condensed consolidated 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 shares of Macrologic S.A.

| | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| Carrying value of goodwill | 243,202 | 170,938 | 170,938 |

Goodwill is allocated to a cash-generating unit which is also a separate operating segment – ERP systems.

In the period ended 30 September 2017, the following changes in goodwill took place:

| | 30 September 2017 (unaudited) |
|---|---|
| Goodwill at the beginning of period | 170,938 |
| Increase in goodwill from acquisition | 72,264 |
| **Total carrying value at the end of period** | **243,202** |

## 4.10 Acquisition of subsidiaries

On 14 June 2017, transactions were settled concluded in connection with the tender offer for the shares of Macrologic S.A. announced by Asseco Business Solutions S.A. on 11 April 2017.

After the settlement of the tender offer, Asseco BS held 1,667,603 shares of Macrologic S.A., representing 88,29% of the share capital and votes at the General Meeting of Macrologic S.A. In addition, Macrologic held 155,436 own shares, which represented approx. 8.44% of its share capital.

(in PLN thousand)

On 24 July 2017, the settlement was held of the squeeze-out transaction on the shares of Macrologic S.A. announced by Asseco Business Solutions S.A. on 19 July 2017. The squeeze-out covered all the remaining shares of Macrologic, i.e. 61,680 shares, representing approximately 3.27% of Macrologic's share capital and the same number of votes at the General Meeting of Macrologic S.A.

After the settlement of the squeeze-out, Asseco BS holds directly 1,729,283 shares of Macrologic S.A., representing 91,56% of the share capital and votes at the General Meeting of Macrologic S.A.

Moreover, Macrologic S.A. holds 159,436 own shares, which represented approx. 8.44% of its share capital.

The share price in the tender offer was PLN 59.0 per share. The total transaction value amounted to PLN 98,389 thousand. The value of the squeeze-out transaction amounted to PLN 3,639 thousand.

The Group acquired Macrologic S.A. with a view to growing its expertise and technological know-how in the ERP area. The ultimate objective of the acquisition is the mutual exchange of knowledge and the synergy effect to broaden the product offering and boost the overall quality of products and services.

The acquisition was settled using the purchase method. The Management Board of Asseco Business Solutions S.A. has decided to initiate the consolidation of Macrologic S.A. starting 30 June 2017, assuming that the lack of consolidation of Macrologic's did not affect the interim condensed consolidated financial statements for the period ended 30 June 2017.

By 30 September 2017, the process of purchase price allocation had not yet been completed by the Group. Thus, goodwill recognized upon the acquisition of Macrologic S.A. may still be subject to change. However, no part of recognized goodwill is expected to be deductible for taxation purposes.

The provisional value of the identifiable assets and liabilities of Macrologic S.A. on the date of taking control is as follows:

| | Provisional values at the acquisition date in PLN thou. |
|---|---|
| **Acquired assets** | |
| Property, plant and equipment | 8,630 |
| Intangible assets | 18,572 |
| Trade receivables | 7,149 |
| Cash and cash equivalents | 873 |
| Other assets | 1,422 |
| **Assets total** | **36,646** |
| **Acquired liabilities** | |
| Bank loans | 1,481 |
| Liabilities under finance lease | 1,781 |
| Trade liabilities | 2,333 |
| Provisions | 444 |
| Accruals and deferred income | 1,246 |
| Other liabilities | 2,268 |
| **Liabilities total** | **9,553** |

(in PLN thousand)

| | |
|---|---|
| **Net value of assets** | **27,093** |
| **Value of non-controlling interest** (in proportion to the interest in net assets) | **968** |
| **Acquired % of share capital** | **96.43%** |
| **Acquisition price** | **98,389** |
| **Goodwill on acquisition date** | **72,264** |

Transaction costs of PLN 321 thousand were recognized as financial expenses in the statement of comprehensive income and as part of cash flows from operating activities in the statement of cash flows.

## 4.11 Inventories

At 30 September 2017 the inventory write-down amounted to PLN 148 thousand (as at 30 September 2016: PLN 113 thousand).

## 4.12 Financial assets

| **Financial assets** | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| Short-term forward currency contracts | 115 | – | – |
| **Total** | **115** | **–** | **–** |

Financial assets measured at fair value through profit and loss include forward transactions concluded in order to secure foreign exchange risk resulting from contracts settled in foreign currency.

## 4.13 Short-term and long-term accruals and prepayments

| **Accruals and deferred income** | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| Prepaid maintenance services | 328 | 401 | 385 |
| Prepaid insurance | 395 | 438 | 154 |
| Prepaid subscriptions | 12 | 8 | 15 |
| Prepaid training | 5 | 93 | 6 |
| Other prepaid services | 628 | 209 | 252 |
| **Total** | **1,368** | **1,149** | **812** |
| - short-term | 1,297 | 1,053 | 752 |
| - long-term | 71 | 96 | 60 |

Prepayments as at 30 September 2015 consisted primarily of:

- prepaid cost of maintenance services and licence fees to be paid successively in the future periods,
- prepaid insurance costs.

(in PLN thousand)

## 4.14 Short-term receivables

| **Trade receivables (short-term)** | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| Trade receivables from unrelated parties | 36,672 | 30,892 | 25,887 |
| Trade receivables from related parties | 61 | 410 | 522 |
| **Trade receivables (net)** | **36,733** | **31,302** | **26,409** |
| Allowance on doubtful accounts | 1,384 | 702 | 707 |
| **Trade receivables (gross)** | **38,117** | **32,004** | **27,116** |

Transactions with related parties are shown in pt 4.19 of these interim condensed financial statements.

The Group has an appropriate policy in place governing the sales only to verified customers. Thus, in the opinion of management, there is no additional credit risk beyond the level specified in the allowance for bad debts applicable to the Group's trade receivables.

The fair value of receivables does not differ significantly from the value at which they were presented in the financial statements.

| **Other receivables** | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| Receivables arising from the valuation of long-term IT contracts | 3,448 | 2,206 | 3,175 |
| Advances paid to suppliers | 68 | 46 | 45 |
| Other trade receivables (bid bonds, deposits) | 730 | 455 | 393 |
| Other receivables | 1,716 | 93 | 339 |
| | **5,962** | **2,800** | **3,952** |

Receivables from the valuation of IT contracts (implementation contracts) result from the degree of advancement of the execution of implementation contracts in relation to the invoices issued.

Other trade receivables (deposits, bid bonds) comprise a financial guarantee given to customers to cover potential losses arising in case of failure to meet with the obligations of contract execution.

## 4.15 Cash and short-term deposits

Cash at bank bears interest at variable interest rates, the amount of which depends on the rate on overnight bank deposits. Short-term deposits are made at different periods, from one day to six months, depending on the actual demand for cash, and bear interest at a fixed interest rate. Deposits with a maturity of up to 3 months are classified as cash equivalents.

(in PLN thousand)

Deposits with a maturity of 3 to 6 months are presented as other current financial assets.

The fair value of cash and short-term deposits at 30 September 2017 amounted to PLN 5,886 thousand (31 December 2016: PLN 70,456 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:

| **Cash** | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| Cash at bank and in hand | 5,886 | 1,442 | 1,418 |
| Short-term deposits up to 3 months | – | 69,014 | 55,191 |
| **Cash in the balance** | **5,886** | **70,456** | **56,609** |
| Interest accrued on short-term deposits | – | (86) | (94) |
| **Cash in cash flows statement** | **5,886** | **70,370** | **56,515** |

## 4.16 Interest-bearing loans, issued securities and sureties and guarantees granted by Asseco Business Solutions S.A.

On 30 May 2017, Asseco Business Solutions S.A. entered into the Credit Facility Agreement with Raiffeisen Bank Polska covering the amount of PLN 65,000 thousand. The credit facility will be used as follows:

- an overdraft facility of up to PLN 45,000 thousand with the repayment date of 30 June 2020;

- a revolving loan facility of up to PLN 20,000 thousand with the repayment date of 30 September 2020.

The collateral security is a power of attorney to the bank accounts at Raiffeisen Bank Polska S.A. and a declaration of submission to enforcement. The facility's interest is WIBOR + margin.

During the reporting period, the Issuer did not grant any guarantees or sureties for credits or loans – collectively to a single entity or its subsidiary – where the total value of the existing securities or guarantees would be the equivalent of at least 10% of the Issuer's equity.

## 4.17 Current and non-current trade and other liabilities

| **Trade liabilities** | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| To related parties | 69 | 51 | 35 |
| To other parties | 5,015 | 2,954 | 2,155 |
| **Total** | **5,084** | **3,005** | **2,190** |

(in PLN thousand)

| **Liabilities from taxes, duties, social security and other** | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| Liabilities from taxes, duties, social security and other | 6,931 | 5,009 | 4,430 |
| Liabilities to Social Security | 2,495 | 1,476 | 1,517 |
| Personal Income Tax | 738 | 652 | 478 |
| VAT | 3,666 | 2,843 | 2,395 |
| Other budgetary commitments | 32 | 38 | 40 |
| Tax liabilities on corporate income tax | 1,447 | 3,738 | 2,065 |
| **Total** | **8,378** | **8,747** | **6,495** |

| **Other liabilities** | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| Amounts owed to employees as wages | 193 | 315 | 164 |
| Liabilities arising from the valuation of long-term IT contracts | – | 361 | 294 |
| Liabilities due to non-invoiced deliveries | 264 | 169 | 186 |
| Other liabilities | 9 | 312 | 10 |
| **Total** | **466** | **1,157** | **654** |

Transactions with related parties are shown in pt 4.19 of these interim financial statements.

Trade and other liabilities are not interest-bearing.

## 4.18 Accruals and deferred income

| | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| **Accrued expenses for:** | | | |
| Unused leaves | 2,472 | 2,567 | 2,133 |
| Bonuses | 6,319 | 8,697 | 6,460 |
| Provision for other expenses | 686 | 741 | 571 |
| | **9,477** | **12,005** | **9,164** |
| **Accrued income for:** | | | |
| Prepaid services | 1,575 | 330 | 253 |
| Grants related to assets | 309 | – | – |
| Other | 2 | – | – |
| | **1,886** | **330** | **253** |
| **Total** | **11,363** | **12,335** | **9,417** |
| - short-term | 11,314 | 12,335 | 9,417 |
| - long-term | 49 | – | – |

(in PLN thousand)

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 introduced bonus schemes at the companies of the Asseco Business Solutions Group, and provisions for current operation expenses that were incurred during the reporting period but had not been invoiced before the balance sheet date.

The balance of deferred income relates mainly to future revenues from services settled over time, such as IT maintenance and supervision.

## 4.19 Related party transactions

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

The amounts of outstanding payments are not protected and will be settled in cash. No guarantees were granted or received. In the accounting period, the costs attributable to bad or unsafe debts arising from transactions with related parties were not recognised.

| **Receivables from related parties** | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| Asseco Poland S.A. (the parent of the Group) | 49 | 390 | 284 |
| Other related parties | 12 | 73 | 265 |
| **Total** | **61** | **463** | **549** |

| **Liabilities to related parties** | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| Asseco Poland S.A. (the parent of the Group) | 29 | 57 | 20 |
| Other related parties | 52 | 41 | 23 |
| **Total** | **81** | **98** | **43** |

| **Sales to related parties** | 9 months ended 30 September 2017 | 9 months ended 30 September 2016 |
|---|---|---|
| Asseco Poland S.A. (the parent of the Group) | 1,291 | 1,598 |
| Other related parties | 232 | 327 |
| **Total** | **1,523** | **1,925** |

| **Purchase from related parties** | 9 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|
| Asseco Poland S.A. (the parent of the Group) | 1,505 | 1,241 |
| Other related parties | 300 | 148 |
| **Total** | **1,805** | **1,389** |

(in PLN thousand)

The balance of liabilities from related parties as at 30 September 2017 includes the balance of trade receivables. As at 31 December and 30 September 2016, the balance of receivables from related parties includes the balance of trade receivables (PLN 410 thousand and PLN 522 thousand, respectively) and the balance of other receivables (PLN 53 thousand and PLN 27 thousand, respectively).

The balances of liabilities from related parties as at 30 September 2017 and the balance of liabilities from related parties as at 31 December and 30 September 2016 cover the balance of trade liabilities (PLN 69 thousand, PLN 51 thousand and PLN 35 thousand, respectively) and the balance of other liabilities (PLN 12 thousand, PLN 47 thousand and PLN 8 thousand, respectively).

According to the information held by Asseco Business Solutions SA, at 30 September 2017 there were no outstanding receivables or liabilities arising from related party transactions held by the Company Executives and with the Company Executives.

According to the records of Asseco Business Solutions S.A., in the 9 months ended 30 September 2017, the value (net) of purchases transactions of goods and services (including rental) from related parties by the Company Executives and with the Company Executives amounted to PLN 1,393 thousand.

According to the information held by Asseco Business Solutions S.A., at 31 December 2016 there were no balances of outstanding receivables or liabilities arising from related party transactions held by the Company Executives and with the Company Executives.

In the financial year ended 31 December 2016, the value (net) of purchases transactions of goods and services (including rental) from related parties by the Company Executives and with the Company Executives amounted, according to the records of Asseco Business Solutions S.A., to PLN 1,900 thousand. The (net) value of the sale of goods and services to related parties by the Company Executives and to the Company Executive was PLN 37 thousand.

## 4.20 Contingent liabilities

At 30 September 2017 (and at 31 December 2016), the Group did not have any contingent liabilities.

## 4.21 Employment

| **Average FTEs during the reporting period** | 9 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|
| Management Board | 4* | 4* |
| Developers | 620 | 509 |
| Sales personnel | 59 | 44 |
| Administration | 53 | 41 |
| **Total** | **736** | **598** |

| **FTEs on** | 30 September 2017 (unaudited) | 30 September 2016 (unaudited) |
|---|---|---|
| Management Board | 4* | 4* |

(in PLN thousand)

| | | |
|---|---|---|
| Developers | 787 | 522 |
| Sales personnel | 83 | 43 |
| Administration | 72 | 43 |
| **Total** | **946** | **612** |

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

## 4.20 Seasonality and Cyclicality

The operations of the Asseco Business Solutions Group 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 Group'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.

# 5. Comments and Additional Information to the Quarterly Report of the Asseco Business Solutions Group

## 5.1 Financial data and analysis of results of the Asseco Business Solutions Group for the third quarter of 2017

Financial results of the Asseco Business Solutions Group for the 9 months of 2017:

| | 3 months ended 30 September 2017 (unaudited) | 3 months ended 30 September 2016 (unaudited) | Growth rate 3 mths 2017/ 3 mts 2016 | 9 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2016 (unaudited) | Growth rate 9 mts 2017/ 9 mts 2016/ |
|---|---|---|---|---|---|---|
| Revenues on sale | 54,464 | 41,736 | 30.50% | 144,106 | 122,527 | 17.61% |
| Gross profit on sales | 22,227 | 18,714 | 18.77% | 61,861 | 52,362 | 18.14% |
| EBIT | 13,347 | 13,603 | -1.88% | 41,314 | 37,097 | 11.37% |
| EBITDA | 17,622 | 16,355 | 7.75% | 50,951 | 45,337 | 12.38% |
| Net profit | 10,212 | 11,179 | -8.65% | 33,117 | 30,484 | 8.64% |

**Profitability ratios**

In the third quarter of 2017, revenues on sale were 30.5% higher compared with the same period of the previous year, while the gross profit increased by 18.8%. At the same time, operating expenses (excluding COGS) increased by 47.4 %, while the value of goods, materials and external services sold (COGS) upped by 35.5%. The changes in question were attributed to the commencement of consolidation of Macrologic S.A. at the beginning of 3Q 2017. As a result, the Group reported a decline in the profitability ratios in 3Q 2017 compared with the previous year. The Group is reorganizing the acquired entity, which is likely to affect the Group's profitability in the long run.

(in PLN thousand)

| **Profitability ratios** | 3 months ended 30 September 2017 (unaudited) | 3 months ended 30 September 2016 (unaudited) | 9 months ended 30 September 2017 (unaudited) | 9 months ended 30 September 2016 (unaudited) |
|---|---|---|---|---|
| Gross margin | 40.81% | 44.84% | 42.93% | 42.74% |
| EBITDA profit margin | 32.36% | 39.19% | 35.36% | 37.00% |
| Operating margin | 24.51% | 32.59% | 28.67% | 30.28% |
| Net margin | 18.75% | 26.79% | 22.98% | 24.88% |

## 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 finances current assets. As the most liquid part of the capital, it secures the liabilities arising from the current cash cycle in the company. The Group's capital working as at 30 September 2017 amounted to PLN - 8,283 thousand. The basic factor influencing the level of working capital in the first three quarters of 2017 was the payment of dividend by the Parent and the acquisition of shares in Macrologic S.A., which consumed the cash accumulated by Asseco Business Solutions S.A.

Current assets fell by 52.3 % due to the decrease of cash. The remaining current asset items remained at the level reported at the end of 2016.

Short-term liabilities increased by 127.7 % as a result of the Issuer's loan for the financing of the regular business, in particular the acquisition of shares in Macrologic S.A. Meanwhile, the other liability items decreased, primarily after the repayment of corporate income tax burden for 2016 resulting from the annual settlement and due to lower provisions for prepaid expenses, especially the cost of bonuses.

| **Liquidity ratios** | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| Working capital (in PLN thou.) | (8,283) | 80,019 | 68,796 |
| Current ratio | 0.86 | 4.10 | 4.59 |
| Quick ratio | 0.83 | 4.05 | 4.54 |
| Super quick ratio | 0.10 | 2.73 | 2.96 |

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

(in PLN thousand)

**Debt ratios**

The table below presents the main debt ratios of the Group as at 30 September 2017 and for the past comparative periods:

| **Debt ratios** | 30 September 2017 (unaudited) | 31 December 2016 | 30 September 2016 (unaudited) |
|---|---|---|---|
| General debt ratio | 23.6% | 8.8% | 7.0% |

These ratios have been calculated using the following formulas:

Debt ratio = (long-term liabilities + current liabilities) / assets

The debt ratio increased significantly at the end of the third quarter of 2017 due to the liabilities incurred in order to finance the acquisition agenda of Asseco Business Solutions S.A.

## 5.2 Factors affecting the financial results

The most important factors that affected the Company's performance in the reporting period are:

- Acquisition of shares of Macrologic S.A., establishment of the Asseco Business Solutions Group and the consolidation of results of Macrologic S.A.;
- Execution of IT contracts concluded in previous periods.
- Award and execution of significant IT contracts in the reporting quarter.
- Seasonal changes in demand for products marketed by the Group's companies – a distinguishing feature of the IT industry is seasonal fluctuation of sales.
- Good sales of Mobile Touch both in Poland and in the European market.

## 5.3 Extraordinary or non-recurring events affecting the financial results

In the 9 months ended 30 September 2017, there were no extraordinary or non-recurring events that affected the Group's results for the quarter.

During the 9 months ended 30 September 2017, there were no items affecting assets, liabilities, equity, net result or cash flows that were extraordinary in terms of type, value, or frequency.

## 5.4 Information on dividends paid

Pursuant to the decision of the Ordinary General Meeting of Shareholders of Asseco Business Solutions S.A. on 20 April 2017, the net profit for the financial year 2016 in the amount of PLN 42,446 thousand has been divided as follows:

- part of the net profit for the year 2016 in the amount of PLN 42,441 thousand was earmarked for distribution among the shareholders, i.e. for the payment of the dividend in the amount of PLN 1.27 per share;

- the reminder of the net profit for 2016 in the amount of PLN 5 thousand was transferred to supplementary capital.

The dividend date was set on 12 May 2017 and the dividend payment date on 1 June 2017.

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

## 5.5 Significant events during the reporting period

Important agreements concluded in the third quarter of 2017:

- Food Care Sp. z o.o. – deployment of Mobile Touch and the provision of comprehensive maintenance services for the deployed solution,
- Pernod Ricard Slovakia – deployment of Mobile Touch and the provision of comprehensive maintenance services for the deployed solution,
- Brown-Forman Polska Sp. z o.o. – licensing and deployment of Connector Enterprise and the provision of comprehensive maintenance services for the deployed solution,
- INTAP TOBIK Sp. J. – licensing and deployment of Asseco Softlab ERP,
- PRUSZYŃSKI SP. Z O.O. – implementation of a WEB access application to Asseco Softlab ERP,
- K&M Delikatesy Zdzisława Kalinowska – pre-implementation analysis and deployment of Asseco Softlab HR.

## 5.6 List of proceedings pending before the court, competent authority for arbitration or a public administration body

During this reporting period, no proceedings were pending before any court, competent authority for arbitration or a public administration body concerning the Issuer's liabilities or receivables, whose value was at least 10% of the Company's equity.

## 5.7 Capital expenditure

In the period ended 30 September 2017, the Group made investment outlays in the amount of PLN 9,119 thousand.

## 5.8 Feasibility assessment of financial forecast published by the Management Board for 2017

The Management Board of Asseco Business Solutions S.A. did not publish financial forecast for 2017.

## 5.9 Issuance, redemption and repayment of non-equity and equity securities

In the presented reporting period, Asseco Business Solutions S.A. did not issue, redeem or repay any equity or non-equity securities.

## 5.10 Effects of changes in Issuer's structure

During the first three quarters of 2017, there were no significant changes in the Issuer's structure.

## 5.11 Indication of factors that, in the Management Board's opinion, will have an impact on the Group's results at least within the current financial year

In the opinion of the Management Board of Asseco Business Solutions S.A., the financial situation and the market position of the Group are satisfactory and promise advantageous conditions for further development and operations in 2017. In the opinion of the Management Board, the most important external and internal factors that may affect the operations of the Asseco Business Solutions Group and its prospective results in the following year are:

**External factors:**

- developments in global financial and economic marketplace and their impact on the economic situation in Poland,
- attitude of potential customers 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,
- market openness and absorption capacity for new product solutions.
- opportunities and risks associated with a relatively rapid technological progress and innovation in the IT market.

**Internal factors**

- the synergy effects arising from the acquisition of Macrologic S.A.
- 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.

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

There is no other information but the one given above whose disclosure could materially affect the assessment of the Group's financial position, assets, and personnel.

## 5.13 Agreements concluded between the Group and its Executives providing for compensation in the event of their resignation or dismissal from their position

There are no agreements concluded between the Group's companies and their executives providing for compensation in the event of their resignation or dismissal from their positions without a valid cause or in the event of their retirement or dismissal due to a merger by acquisition.

## 5.14 Information on agreements known to the Issuer that may result in future changes in the proportion of shares held by the shareholders and bondholders

There are no agreements concluded that may result in any future changes in the proportions of shares held by the existing shareholders and bondholders.

## 5.15 Information on control of employee share schemes

On the date of these financial statements, there were no incentive programmes in place based on the Issuer's shares.

## 5.16 Significant events after the balance sheet date

On 26 October 2017, the Extraordinary General Meeting of Asseco Business Solutions S.A. approved the merger of the Issuer (the Acquiring Company) and the subsidiary Macrologic S.A. (the Target Company). The merger will involve the transfer of all the Target Company's assets to the Acquiring Company without the increase of share capital of the Acquiring Company. As a result of the merger, the Target Company will be dissolved without liquidation. The General Meeting also approved the Merger Plan of Asseco Business Solutions S.A. and Macrologic S.A. agreed between the merging entities in writing on 12 September 2017.

## 5.17 Significant events concerning previous years

To the date of these financial statements for the 9 months ended 30 September 2017, that is, until 26 October 2017, there were no events concerning previous years that were not, and should be, included in these financial statements.

# Interim condensed financial statements of Asseco Business Solutions S.A.

**These financial statements of Asseco Business Solutions S.A. covers the 9 months ended 30 September 2017**

(in PLN thousand)

# Interim condensed statement of comprehensive income

For the 9 months ended 30 September 2017

| | *3 months ended 30 September 2017* | *9 months ended 30 September 2017* | *3 months ended 30 September 2016 (unaudited)* | *9 months ended 30 September 2016* |
|---|---|---|---|---|
| Revenues on sale | 41,768 | 131,410 | 41,736 | 122,527 |
| Own cost of sales | (24,607) | (74,615) | (23,022) | (70,165) |
| **Gross profit on sales** | **17,161** | **56,795** | **18,714** | **52,362** |
| Cost of sale | (1,789) | (5,845) | (1,698) | (5,364) |
| General and administrative expenses | (3,033) | (10,821) | (3,465) | (10,071) |
| **Net profit on sales** | **12,339** | **40,129** | **13,551** | **36,927** |
| Other operating income | 130 | 463 | 127 | 398 |
| Other operating expenses | (83) | (239) | (75) | (228) |
| **Profit on operating activities** | **12,386** | **40,353** | **13,603** | **37,097** |
| Financial income | 262 | 901 | 370 | 785 |
| Financial expenses | (606) | (751) | (89) | (42) |
| **Gross profit** | **12,042** | **40,503** | **13,884** | **37,840** |
| Income tax | (2,314) | (7,783) | (2,705) | (7,356) |
| **Net profit on continued operations** | **9,728** | **32,720** | **11,179** | **30,484** |
| Discontinued operations | | | | |
| **Net profit for period** | **9,728** | **32,720** | **11,179** | **30,484** |
| **Other total income** | | | | |
| **- Items converted to profit/loss in subsequent reporting periods** | – | – | – | – |
| **- Items not to be converted to profit/loss in subsequent reporting periods** | – | – | – | – |
| **Other total net income** | – | – | – | – |
| **Total income for period** | **9,728** | **32,720** | **11,179** | **30,484** |
| **Earnings per share:** | | | | |
| *- basic/diluted profit for the reporting period* | 0.29 | 0.98 | 0.33 | 0.91 |
| *- basic/diluted profit for continuing operations in the reporting period* | 0.29 | 0.98 | 0.33 | 0.91 |

(in PLN thousand)

# Interim condensed balance sheet

as at 30 September 2017

| ASSETS | 30 September 2017 | 31 December 2016 (audited) | 30 September 2016 |
|---|---|---|---|
| **Non-current assets** | **296,924** | **195,877** | **194,946** |
| Property, plant and equipment | 11,279 | 11,721 | 11,644 |
| Intangible assets | 10,677 | 10,528 | 10,485 |
| Goodwill | 170,938 | 170,938 | 170,938 |
| Investments in subsidiaries | 102,349 | – | – |
| Long-term receivables | 599 | 599 | 599 |
| Deferred tax assets | 1,011 | 1,995 | 1,220 |
| Long-term accruals and deferred income | 71 | 96 | 60 |
| **Current assets** | **41,924** | **105,805** | **87,939** |
| Inventories | 368 | 194 | 217 |
| Accruals and deferred income | 669 | 1,053 | 752 |
| Trade receivables | 31,117 | 31,302 | 26,409 |
| Other receivables | 4,587 | 2,800 | 3,952 |
| Financial instruments valued at fair value through profit or loss | 115 | – | – |
| Cash and short-term deposits | 5,068 | 70,456 | 56,609 |
| **TOTAL ASSETS** | **338,848** | **301,682** | **282,885** |

| LIABILITIES | | | |
|---|---|---|---|
| Share capital | 167,091 | 167,091 | 167,091 |
| Premium | 62,543 | 62,543 | 62,543 |
| Retained earnings | 35,498 | 45,374 | 33,327 |
| **Total equity** | **265,132** | **275,008** | **262,961** |
| **Non-current liabilities** | **20,890** | **888** | **781** |
| Interest-bearing loans and borrowings | 20,002 | – | – |
| Provisions | 888 | 888 | 781 |
| **Current liabilities** | **52,826** | **25,786** | **19,143** |
| Interest-bearing loans and borrowings | 32,585 | – | – |
| Trade liabilities | 4,121 | 3,005 | 2,190 |
| Other liabilities | 5,260 | 6,166 | 5,084 |
| Income tax liabilities | 1,276 | 3,738 | 2,065 |
| Financial liabilities | – | 164 | 5 |
| Provisions | 378 | 378 | 382 |
| Accruals and deferred income | 9,206 | 12,335 | 9,417 |
| **Total liabilities** | **73,716** | **26,674** | **19,924** |
| **TOTAL EQUITY AND LIABILITIES** | **338,848** | **301,682** | **282,885** |

(in PLN thousand)

# Interim condensed statement of cash flows

For the 9 months ended 30 September 2017

| | *9 months ended 30 September 2017 (unaudited)* | *9 months ended 30 September 2016 (unaudited)* |
|---|---|---|
| **Cash flows from investing activities** | | |
| Gross profit | 40,503 | 37,840 |
| **Adjustments:** | **(6,388)** | **(5,180)** |
| Amortization/Depreciation | 8,136 | 8,240 |
| Change in inventories | (174) | 148 |
| Change in receivables | (1,602) | (1,536) |
| Change in liabilities, excluding credits and loans | 208 | (2,968) |
| Change in prepayments and accruals | (2,720) | (1,413) |
| Change in provisions | – | – |
| Revenue on interest | (238) | (748) |
| Investment gain/(loss) | (583) | (70) |
| Income tax paid | (9,415) | (6,833) |
| **Net cash from operating activities** | **34,115** | **32,660** |
| **Cash flows from investing activities** | | |
| Proceeds from the sale of non-financial assets | 291 | 151 |
| Acquisition of property, plant and equipment | (2,913) | (4,560) |
| Acquisition of intangible assets | (5,037) | (4,857) |
| Acquisition/settlement of financial assets at fair value through profit and loss | 121 | (33) |
| Acquisition of subsidiaries | (102,349) | – |
| Established bank deposits | – | (3,019) |
| Cash returned from bank deposits | – | 28,207 |
| Interest received | 501 | 811 |
| **Net cash from investing activities** | **(109,386)** | **16,700** |
| **Cash flows from investing activities** | | |
| Proceeds from obtained loans | 52,585 | – |
| Paid interest | (175) | – |
| Dividend paid | (42,441) | (33,418) |
| **Net cash from financing activities** | **9,969** | **(33,418)** |
| Increase/(Decrease) in net cash and cash equivalents | (65,302) | 15,942 |
| Net differences in exchange rates | – | – |
| **Opening cash** | **70,370** | **40,573** |
| **Closing cash** | **5,068** | **56,515** |

(in PLN thousand)

# Interim condensed statement of changes in equity

For the 9 months ended 30 September 2017

| | Share capital | Surplus from the sale of shares above their nominal value | Retained earnings | Total equity |
|---|---|---|---|---|
| 9 months ended 30 September 2017 (unaudited) | | | | |
| **As at 1 January 2017** | **167,091** | **62,543** | **45,374** | **275,008** |
| Total income for period | – | – | 32,720 | **32,720** |
| Payment of the Dividend | – | – | (42,441) | **(42,441)** |
| Other transactions | – | – | (155) | **(155)** |
| **As at 30 September 2017 2014** | **167,091** | **62,543** | **35,498** | **265,132** |

| | Share capital | Surplus from the sale of shares above their nominal value | Retained earnings | Total equity |
|---|---|---|---|---|
| 9 months ended 30 September 2016 (unaudited) | | | | |
| **As at 1 January 2016** | **167,091** | **62,543** | **36,261** | **265,895** |
| Total income for period | – | – | 30,484 | **30,484** |
| Dividends | – | – | (33,418) | **(33,418)** |
| **As at 30 September 2016 2014** | **167,091** | **62,543** | **33,327** | **262,961** |

| | Share capital | Surplus from the sale of shares above their nominal value | Retained earnings | Total equity |
|---|---|---|---|---|
| 12 months ended 31 December 2016 | | | | |
| **As at 1 January 2016** | **167,091** | **62,543** | **36,261** | **265,895** |
| Total income for period | – | – | 42,531 | **42,531** |
| Payment of the Dividend | – | – | (33,418) | **(33,418)** |
| **As at 31 December 2016** | **167,091** | **62,543** | **45,374** | **275,008** |

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