

Asseco Business Solutions S.A.

Report of the Management Board on the
Company's Operations in the Year Ended 31
December 2020

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DEAR SHAREHOLDERS OF ASSECO BUSINESS SOLUTIONS S.A.,

Again, I am pleased to share good financial results of Asseco Business Solutions for the outgoing financial year.

The COVID-19 pandemic that overshadowed entire 2020, curbed or slowed down the operation of many companies and institutions, did not significantly affect the operations and efficiency of our Company. Ultimately, we managed to keep the uptrend in our financial ratios.

In 2020 Asseco Business Solutions reported the receipts from sales of almost PLN 282,116 million (up by 3% compared with 2019). Besides, the previous year closed with the net profit of over PLN 76,406 million, which is an increase by 4% compared with the figure for 2019. Other indicators, such as EBITDA and EBIT also showed a growth of 5.0 % and 5.5%, respectively.

I wish to emphasize that Asseco Business Solutions managed to operate smoothly right from the very beginning of the pandemic. In March 2020, within one week, we sent almost 900 staff to working from home. Over this time, our teams worked remotely on multiple new projects, developed products, and designed extra functionalities, also to cope with this unusual situation.

Despite the social distancing regime, we kept implementing our projects with clients in Poland and abroad. In our country, we already serve tens of thousands of companies of various size; this number keeps growing every year. The same time, our products are gaining a global footprint. In 2020 we finally managed to get a foothold on all continents. Over the past five years, we have expanded into Asia, Australia, the Middle East, and Latin America. In 2020 we entered Africa, and at the beginning of 2021, we are bound to close the first implementation in North America.

I also wish to point out that in the first six months of 2020 our Company paid its shareholders a dividend of PLN 60.2 million. In summary, since our listing on the Warsaw Stock Exchange (2007), Asseco Business Solutions has paid its investors as many as 12 dividends totalling almost PLN 412.4 million.

We want to thank you for your trust and hope that the timely and regularly paid dividend demonstrates that our effort and invested funds yield desirable results. Please, read the attached Report of the Management Board on Operations of Asseco Business Solutions S.A. in the Year Ended 2020.

Wojciech Barcentewicz

President of the Management Board of Asseco Business Solutions S.A.

1. The Management

On 31 December 2020, the Management Board of Asseco Business Solution S.A. was made up of:

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

On 28 August 2020, Mr Andreas Enders was dismissed from the position of Vice-President of the Management Board of Asseco Business Solutions S.A. in connection with his submitted resignation and notice of termination of the management services agreement with the Company. The agreement is officially due to terminate on 31 March 2021.

On 31 December 2020, the Supervisory Board of Asseco Business Solution S.A. was made up 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 Stępnia	Member of the Supervisory Board

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

2. About Asseco Business Solutions

2.1. Business profile

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

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

Mission Statement

The comprehensive offering of Asseco Business Solutions includes ERP systems that support business processes in SMEs, a suite of applications for small-company management, programs optimizing the HR area, mobile SFA applications for the mobile workforce marketed Europe-wide, data exchange platforms, and programs handling factoring transactions.

All products designed by Asseco BS are based on the knowledge and expertise of experienced professionals, proven project methodology and the use of tomorrow's information technology tools. With high quality products and related services, the software from Asseco BS has been successful in supporting the operations of tens of thousands of companies for more than fifteen years. Asseco BS's track record covers dozens of completed software deployments in Poland and in most European countries.



Asseco Business Solutions is part of the international Asseco Group, a Europe-leading vendor of proprietary software. The Group is a constellation of enterprises engaged in the advancement of information technology and is present in over 50 countries around the world, including most European countries and the USA, Canada, Israel, and Japan.

2.2. Product Offer

Asseco Business Solutions S.A. designs and markets modern IT solutions for enterprises, irrespective of their size, character, and industry. Within the Asseco Capital Group, Asseco Business Solutions S.A. is as a Competence Centre responsible for the development of ERP software, mobile reporting systems (SFA), factoring systems, and software for SMEs.

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

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

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

Additionally, Asseco Business Solutions, through Direct Portal by Asseco, supports commercial chains in streamlining their own processes and those carried out with POSs. On top of that, it offers retailers knowledge regarding sales visits, order history, producer's offer, promotions, discounts, targets, POS environment, etc. It also allows store personnel to place orders on their own and submit them to selected distributors. They can also participate and support producer's marketing, promotional, or merchandising campaigns. The platform also automates the billing process.

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

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

In 2020 we launched our new sales concept and offered users an entire ecosystem of solution supporting commercial processes across multiple channels and by various groups of users, with many tools,

both traditional and online, based on valuable insights, and unlimited in terms of time, space, or resources. All this is intended to expedite, accelerate, and grow sales.

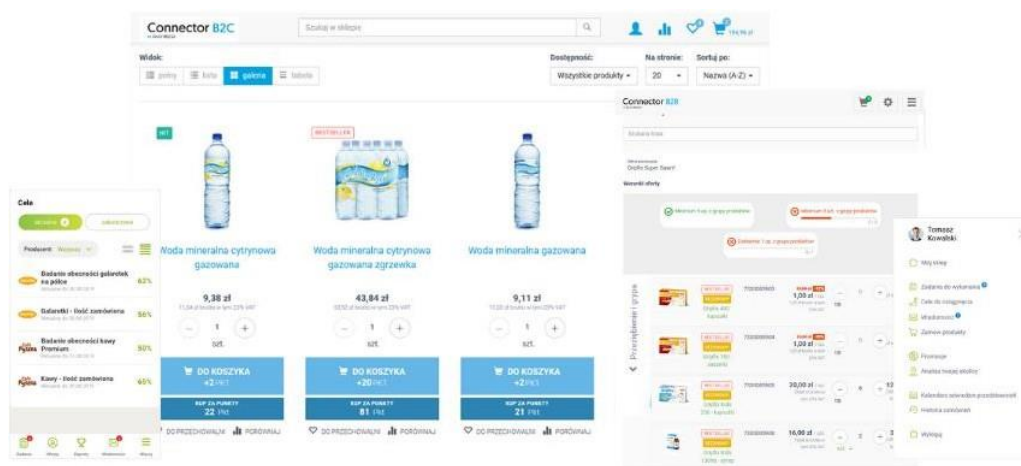
Our new ecosystem contains such solutions and tools as: Sales Force Automation, Data Exchange and Integration Platform, Online Stores (B2B, B2C, D2C and Click&Collect), Manufacturer and Retailer Cooperation Platform, or AI components.

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

2.3. User support during the COVID-19 pandemic

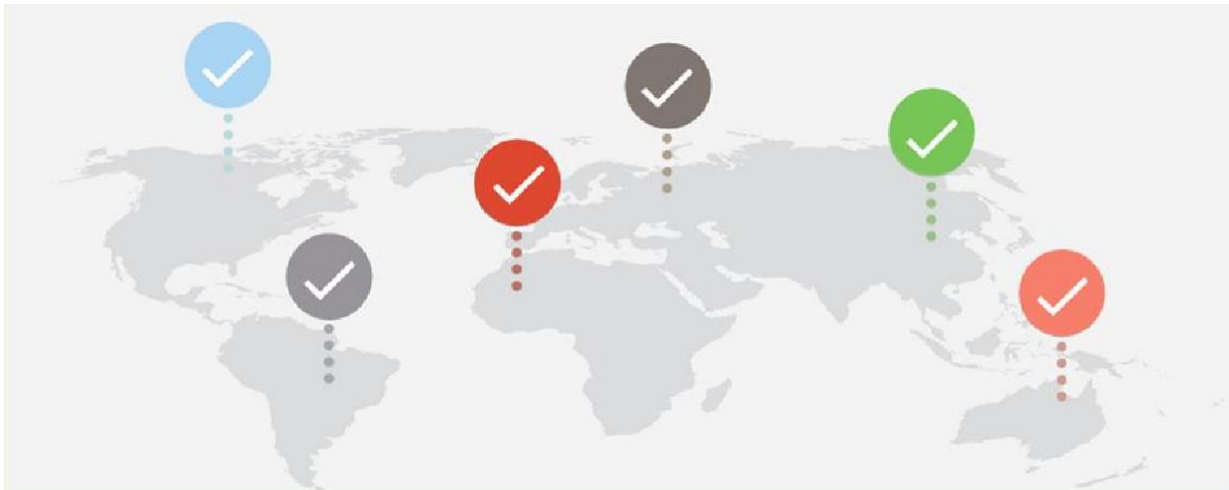
In this difficult period, we proposed our clients to transfer some of the sales processes to virtual reality. The idea was to enable them to begin effective digital cooperation with retail chains and stores (including those that they had not served before) using the Direct Portal by Asseco online platform. In addition, we also afforded chains the opportunity of extending traditional sales with the online channel via Click&Collect.

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



2.4. Markets

The primary market for Asseco Business Solutions S.A. is Poland. The Company is also increasing its exports. Our sales support systems have been deployed globally to support producers from over 50 countries. Originally, our business focused on Poland and other European markets. Over the past five years, we have expanded into Asia, Australia, the Middle East, and Latin America. In 2020, we entered Africa, and at the beginning of 2021, we are bound to close the first implementation in North America. Therefore, the year 2021 will see our solutions in the hands of sales representatives on six continents.



Asseco Business Solutions has offices in 12 Polish cities (HQ in Lublin, a trade office in Warsaw), operates a network of several hundred business partners (distributing WAPRO ERP by Asseco) throughout the country and its own Data Centre in Lublin. The Company also offers access to its Data Centre for solutions implemented outside Poland, e.g. in Russia, China, India, the USA, and Brazil. The technological and business partners of Asseco Business Solutions are the largest global software and hardware vendors, such as Oracle, Microsoft, HP, IBM, Citrix.

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

2.5. Company’s Position in the IT Sector

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

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

Our Mobile Touch by Asseco was ranked as one of the leading global SFA solutions. It also scored high in the recently published SPARK Matrix™ report published by the international research and consulting company Quadrant Knowledge Solutions. The SPARK Matrix™ Quadrant Knowledge Solutions Report provides a detailed insight into the global Sales Force Automation solutions market and ranks SFA vendors. It is also a source of knowledge about the market and latest trends.

2.6. Asseco Business Solutions in the capital market

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



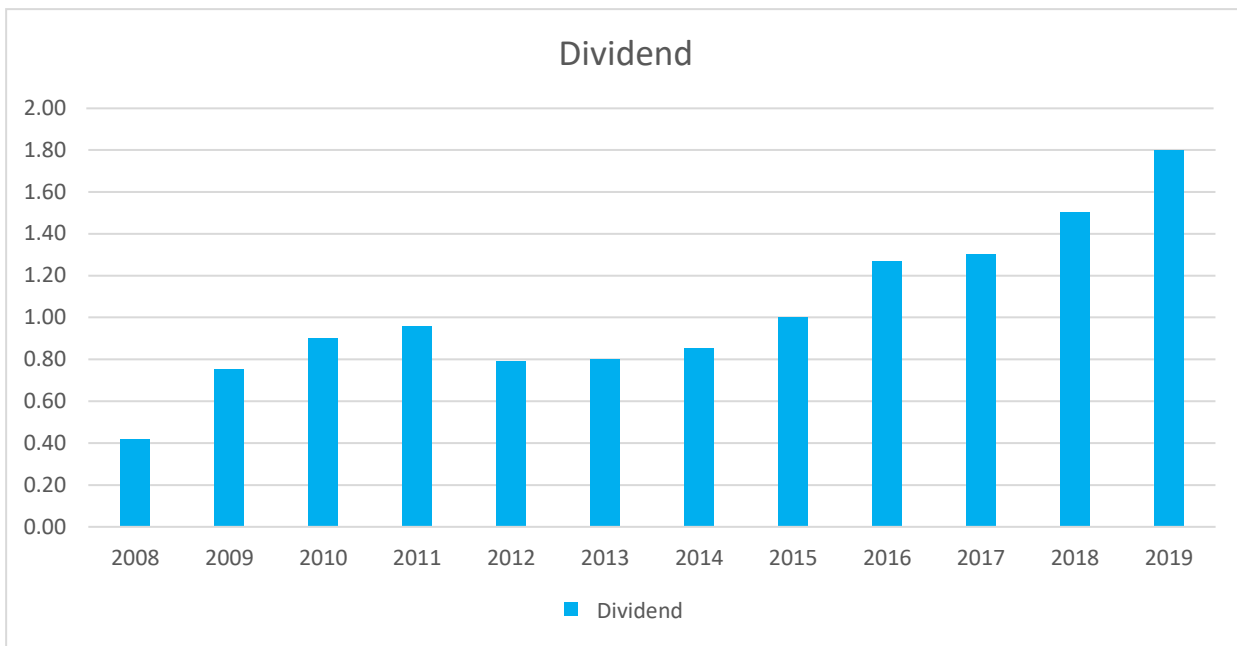
In the period from 01/01/2020 to 31/12/2020, the price of Asseco BS’s shares and its position in the WIG-20 index were as follows:



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

In the period from 01/01/2020 to 31/12/2020, the price of Asseco BS’s shares ranged between PLN 25.0 and 38.0. The top listing was recorded on 20 February 2020. At the close of the market session on 30 December 2020, the price of shares of Asseco Business Solutions amounted to PLN 36.8 and was 34% higher than at the close of the first market session of 2020 when it was reported at PLN 27.4.

For investors of Asseco Business Solutions, an important event in 2020 was the payment of dividend of PLN 1.8 per share. The chart below shows the historical dividend paid per share.



2.7. Asseco Business Solutions: Development Outlook

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

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

3- Overview of the basic economic and financial figures and factors and events having a significant impact on the Company’s operations and achieved results

	12 months to 31 December 2020	12 months to 31 December 2019	Growth rate 12 mths 2020/ 12 mts 2019
	PLN thou.	PLN thou.	%
Operating income	282,116	273,860	3.0%
Gross profit on sales	125,178	120,342	4.0%
EBIT	92,540	87,676	5.5%
EBITDA	117,828	112,183	5.0%
Net profit	76,406	73,439	4.0%

- In 2020 the revenues on sale of Asseco Business Solutions S.A. amounted to PLN 282,116 thousand and were 3 % higher compared with 2019. The increase in receipts is attributable to the higher sales volume of the Company’s products both on foreign and domestic markets.

- The increase in sales eventuated in the growing level of operating expenses. The basic operating expenses (excluding COGS) were higher than in 2019 by 2.8 %. The largest share in the Company's operating expenses (72.3%) was allocated to employee benefits (primarily salaries). Compared with 2019, these expenses grew by 6%. Another important cost item was external services which fell by 8.3%. The value of goods, materials and external services sold (COGS) dropped by 10.5%.
- The net profit of the Company realised in 2020 closed at PLN 76,406 thousand, compared with PLN 73,439 thousand in 2019 (up by 4%).
- EBITDA rose by 5% from PLN 112,181 thousand to PLN 117,828 thousand.

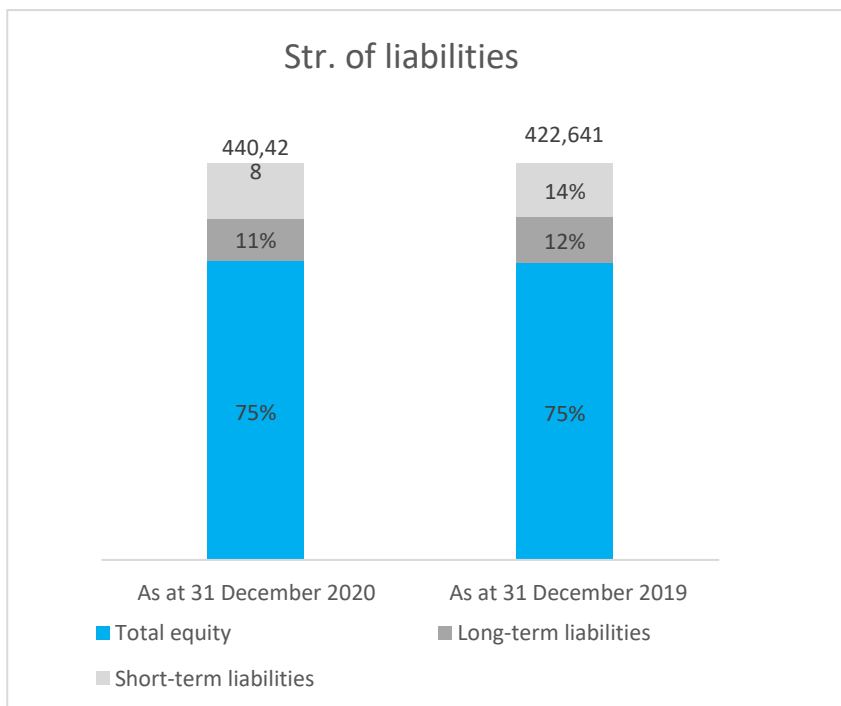
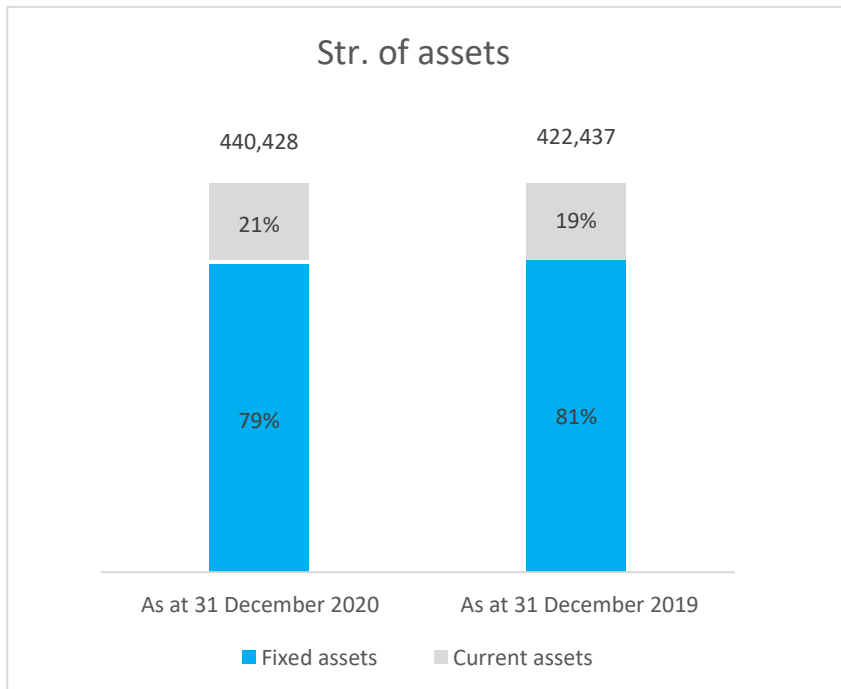
Segment-by-segment analysis

The Company classifies its revenues by segments: ERP systems and unallocated revenue. In 2020 the ERP segment revenues were 4.3 % higher than in 2019, while the overall segment sales result increased by 6.7%.

Receipts from sales by segment	12 months to 31 December 2020	12 months to 31 December 2019	Growth rate 12 mths 2020/ 12 mts 2019
	PLN thou.	PLN thou.	%
ERP systems	267,793	256,703	4.3%
Unallocated	14,323	17,157	(16.5)%
	282,116	273,860	3.01%

Net profit by segments	12 months to 31 December 2020	12 months to 31 December 2019	Growth rate 12 mths 2020/ 12 mts 2019
	PLN thou.	PLN thou.	%
ERP systems	91,245	85,534	6.7%
Unallocated	944	1,418	(33.4)%
	92,189	86,952	6.0%

Structure of assets and liabilities



As at 31 December 2020, the total assets of the Company amounted to PLN 440,428 thousand, which is an increase by 4.3 % compared with 31 December 2019. Among them, intangible assets are the key item (mainly goodwill) amounting to PLN 277,095 thousand. The share of this item in total assets is 63%. This is a rather standard situation among tech companies whose greatest asset is knowledge and intangible assets.

As at 31 December 2020, the Company's equity amounted to PLN 331,952 thousand and increased by 5% compared with the figure as at 31 December 2019. This change is due to the better financial result for the current year, reclassification of a part of the result from the previous year to supplementary capital and the payment of dividend.

As at 31 December 2020, the Company held long-term lease liabilities in the amount of PLN 43,727 thousand and short-term lease liabilities in the amount of PLN 8,415 thousand (11.8% of total liabilities).

Cash flow statement structure

	12 months to 31 December 2020	12 months to 31 December 2019	Growth rate 12 mths 2020/ 12 mts 2019
	PLN thou.	PLN thou.	%
Net cash from operating activities	113,321	105,441	7%
Net cash from investing activities	(48,178)	(29,504)	63%
Net cash from financing activities	(74,479)	(72,787)	2%
Change in net carrying balance of cash	(9,336)	3,150	(396)%

The value of cash flows from operating activities in 2020 amounted to PLN 113,321 thousand and increased compared to the previous year by PLN 7,880 thousand. The increase is mainly due to FX gains. The value of cash flows from investing activities amounted to PLN 48,178 thousand and increased compared to the previous year by PLN 18,674 thousand. The increase in investment expenditure is mainly due to bank deposits of over three months.

Profitability ratios

The Company keeps increasing its share in the portfolio of higher-profitability projects, which resulted in the growth of all growth dynamics.

Profitability ratios	12 months to 31 December 2020	12 months to 31 December 2019
Gross margin on sales	44.4%	43.9%
EBITDA profit margin	41.8%	41.0%
Operating margin	32.8%	32.0%
Net margin	27.1%	26.8%
Return on equity (ROE)	23.0%	23.2%
Return on assets (ROA)	17.3%	17.4%

These ratios have been calculated using the following formulas: Return on equity (ROE) = net profit/equity Return on assets (ROA) = net profit/total assets

4. Risk factors related to the Company's business

The Company is exposed to a number of risks that may have an adverse effect on its operations, financial standing and operating conditions as well as on its brands and corporate image. The Issuer's Management Board analyses the market setting and risk factors to which the Company is exposed on a regular basis. New projects and major transactions are subject to a thorough analysis. Detailed objectives and principles of financial risk management are presented in Note VII to the Financial Statements for the Year Ended 31 December 2020.

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

Risks associated with the economic situation in the country and abroad

The IT services sector development is inextricably intertwined with the overall domestic and global economic situation. The financial results achieved by the capital company Asseco Business Solutions are definitely driven by the growing GDP and the level of investment in enterprises. A relatively good situation in the domestic market encourages businesses to new investment, including in the IT infrastructure. This should result in a greater number of new IT projects.

Risks involved in execution of IT projects

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

Risks related to a more intense competition in the domestic market

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

Risk of becoming dependent on key accounts

ERP and HR software, mobile systems, Connector Platform, and factoring systems comprise the core product portfolio and offering of the Company. The ERP software is the core sales revenue generator, still there is no single client that brings in revenues in excess of 10% of the total revenue. Revenue earned in cooperation with Asseco Poland S.A. account for approx. 1% of Company's receipts on sales. The loss of agreements with key customers will mean a change in the Company's financial results, which will also affect its financial position.

Risks of losing customers' trust

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

Cybersecurity risk

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

Risk of vendor lock-in

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

Risk involved in concluding contracts with the related parties

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

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

On the date of this report, the majority shareholder – Asseco Enterprise Solutions a.s. – holds 46.47% of shares of Asseco Business Solutions S.A., which represents the same percentage of votes at the General Meeting. The scope of powers related to the share held by Asseco Enterprise Solutions a.s. in the share capital of Asseco Business Solutions S.A. can lead to a situation in which the remaining shareholders will have limited impact on the management and operations of the Company. In addition, the exercise of those powers may not be coinciding with the intentions of the other shareholders of Asseco Business Solutions S.A. Moreover, there is no guarantee that other shareholder will not acquire a block of shares to allow him, through his shares in the share capital and appointed representatives on the Supervisory Board, to have a significant impact on the Company's activities.

Risks of changes in legislation

Amendments, lack of cohesion and uniform interpretation of the provisions of law, in particular the tax regulations, the Act on Trading in Financial Instruments, the Act on Public Offering as well as the Polish Code of Commercial Companies and Partnerships give rise to the regulatory risk occurring in the environment in which the Company operates.

Particularly frequent are changes to tax laws and their interpretation. In the event the tax authorities take a position that is different from the Asseco BS's interpretation of relevant fiscal regulations, the Company's operations, economic situation, and financial results may be affected. The growth of the Company's operations on the IT market depends, to a large degree, on the ownership of intellectual property rights, especially copyright to computer programs. Potential (even illegitimate) claims of copyrights, that may be raised by third parties, will have a negative bearing on the Company's operations, financial position, and results.

Risk related to the losing of key personnel

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

Dividend risk and share impairment

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

5. Corporate governance statement

The Corporate Governance Statement is contained in a separate document attached to this Management Board's Report.

6. Declaration on non-financial information

According to Article 49b of the Accounting Act, Asseco Business Solutions S.A. is obliged to make a declaration on non-financial information for the year ended 31 December 2020. As a member of the Asseco Capital Group, the Company is entitled to exemption referred to in Article 49b(11) of the Accounting Act.

Asseco Poland S.A., seated in Rzeszów, at ul. Olchowa 14, is a higher-tier parent preparing a declaration of the Group on non-financial information that covers the Issuer. Asseco Business Solutions S.A. will publish a consolidated declaration on non-financial information on its website www.assecobs.pl within 30 days from the date of approval of the consolidated declaration on non-financial information of the capital company Asseco Poland S.A.

7. Proceedings pending before the court

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

In addition to the recovery of receivables, the Company is a party to a case connected with the decision of the Office of Competition and Consumer Protection of December 2013 imposing a fine on Asseco Business Solutions. The fine was associated with investigations by the OCCP related to the use of abusive clauses in agreements concluded by the Company (and its legal predecessors) with the distributors of the WAPRO-branded software. In November 2016, the Court of Appeal in Warsaw changed the contested decision of the District Court and revoked the decision of the President of the Office of Competition and Consumer Protection. The Office of Competition and Consumer Protection appealed to the highest instance against the decision of the Court of Appeal. The appeal contained, inter alia, a request for the cancellation of the contested decision of that court. In March 2017, the Company responded to the appeal. In accordance with the precautionary principle, the entire amount of the fine was secured by a provision created within the 2013 expenses. On 16 October 2019, the Court of Appeals issued a decision in the case referred by the Regional Court in Warsaw. The original judgement was set aside. On 2 July 2020, the District Court in Warsaw reduced the fine imposed on Asseco Business Solutions and waived mutual costs of proceedings between the parties. On 17 August 2020, the Company filed appeals against the judgement to the District Court.

8. Major Company's agreements

Selected important agreements concluded by Asseco Business Solutions S.A. in 2020:

- Grupa Drosed – licensing and implementation of Asseco Softlab HR in cloud and the provision of maintenance services,
- IT Kontrakt Sp. z o.o. – licensing and implementation of Asseco Softlab HR in cloud and the provision of maintenance services.
- KEA IBB Sp. z o.o. – licensing and implementation of Asseco Softlab HR in cloud and the provision of maintenance services.
- Chancellery of the Senate of the Republic of Poland – maintenance services for Asseco Softlab ERP and Asseco Softlab HR,
- INTER-TEAM Sp. z o.o. – licensing and implementation of Asseco Softlab ERP in cloud and the provision of maintenance services.
- BNP PARIBAS Faktoring Sp. z o.o. – licensing and implementation of Asseco Softlab ERP in cloud and the provision of maintenance services.
- Przedsiębiorstwo Produkcyjno-Usługowe „PLASTIMET” Sp. z o.o. – licensing and implementation of Asseco Softlab ERP and HR in cloud and the provision of maintenance services,
- Medical and diagnostic industry customer – framework agreement for the supply of third party software.
- BOŚ LEASING - EKO PROFIT S.A. – licensing and implementation of Asseco Softlab ERP in cloud and the provision of maintenance services.
- Elit Polska Sp. z o.o. – licensing and implementation of SAFA jERP.

9. Organisational relations with other parties

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

10. Related party transactions on non-market terms

The Issuer did not enter into transactions with related parties other than based on the arm's length principle. Details of transactions with related parties are presented in Note 5.18 to the Financial Statements for the year ended 31 December 2020.

11. Concluded or terminated loan agreements

The Company annexed the agreement of 30 May 2017 concluded with the legal predecessor of BNP Paribas Bank Polska S.A.:

- to increase the maximum amount of debt to PLN 70,000,000 and postpone the repayment date of overdraft until 31 October 2022;
- revolving loan for bank guarantees up to the amount of PLN 1,500 thousand PLN with the repayment date of 30 September 2022.

12. Originated loans

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

13. Granted and obtained sureties and guarantees

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

14. Description of off-balance sheet commitments

A description of significant off-balance sheet commitments in terms of the subject, object and value was presented in point 8.1 of the notes to the Financial Statements of Asseco Business Solutions for the Year Ended 31 December 2017.

15. Proceeds from the issuance of shares

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

16. Explanation of differences between the financial results and financial forecasts

The Management Board of Asseco Business Solutions S.A. did not publish performance forecasts for 2020.

17. Evaluation of management of financial resources

Over the 12 months ended 31 December 2020, Asseco Business Solutions financed its operations from funds generated from operating activities.

Debt ratios	12 months to 31 December 2020	12 months to 31 December 2019
General debt ratio	24.6%	25.2%

Total debt ratio = total liabilities/total assets

Working capital is defined as the difference between current assets and current liabilities and represents the volume of fixed capital (equity and long-term foreign capital) that finance current assets. As the most liquid part of the capital, it secures the liabilities resulting from the current cash cycle in the Company.

The working capital of the Company as at 31 December 2020 amounted to PLN 30,096 thousand.

Current liabilities increased by 7.6%, while the level of current assets increased by 16.1%. On the assets side, there was an increase in the item of other current assets; these are mainly time deposits over three months; on the liabilities side, there was an increase in liabilities from contracts with customers.

As a result, the Company's liquidity ratio improved compared to 2019.

Liquidity ratios	12 months to 31 December 2020	12 months to 31 December 2019
Working capital (in PLN thou.)	30,096	21,919
Current ratio	1.49	1.38
Quick ratio	1.44	1.36
Super quick ratio	0.11	0.28

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

18. Opinion on feasibility of investment projects

In the opinion of the Management Board of Asseco Business Solutions S.A., current financial situation of the Company is very good and promises advantageous conditions for further development in 2021. The Company satisfies all its obligations towards business partners and pays due contributions to the state. In 2020 Asseco Business Solutions realized the operating income of PLN 282,116 thousand and the net profit of PLN 76,406 thousand. The Company finances its investment activities from own resources and bank loans. Cash and short-term deposits below 12 months at the end of December 2020 amounted to PLN 46,614 thousand. Any prospective acquisitions will be financed from own resources or new issuance of shares.

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

The occurrence of the COVID-19 pandemic during the reporting period ended 31 December 2020 did not materially affect the Company's financial result for that period. In view of the general economic slowdown resulting from the pandemic, the Management Board is aware of delays in settlements with customers, especially those operating in industries most affected by the pandemic. To the best knowledge of the Management Board, at the time of publication of these financial statements, there are no grounds to reasonably expect that payment backlogs could have a significant impact on the Company's position. During the 12 months ended 31 December 2020, there were no items materially affecting assets, liabilities, equity, net result or cash flows that were extraordinary in terms of type, value, or frequency. Other information related to the assessment of the impact of Covid-19 on the results achieved in the period covered by these statements and on the forecast results in subsequent periods is presented in item II.2 of the Annual Financial Statements of Asseco Business Solutions for the 12 Months Ended 31 December 2020.

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

The condition of the Polish IT industry largely depends on the overall fitness of the country's economy. This is particularly evident in the case of IT solutions for business, which is closely associated with the private sector and depends on the prevailing economic conditions. Today, however, many analytical firms believe that

the outlook for the IT industry in Poland is very promising, and Poland is leading the region in terms of the scale of forecast IT investment, particularly in cloud computing and mobile technologies. A profound impact on the development of the IT market is also exerted by the use of ERP systems by Polish enterprises. It is still significantly lower than in the developed EU markets. It is expected that in the next few years the demand for management support systems in Polish enterprises is to grow steadily.

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

External factors:

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

Internal factors:

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

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

The Company is constantly monitoring the impact of the COVID-19 pandemic on the Company's operations, including its future financial position and financial results. At the time of publication of these financial statements, the Company did not report any significant impact of the pandemic crisis on its financial position and economic results, besides some organizational aspects of the Company's operations.

As a consequence of entry into force of the Act of 2 March 2020 on special solutions related to the prevention, combating and eradication of COVID-19, other infectious diseases and crisis situations caused by them (Journal of Laws of 2020, item 374) and as a result of measures pursued by the Polish authorities, as well as out of concern for the Company's personnel and clients, the Company has taken steps to enable most of its employees to perform the so-called remote work so as to ensure business continuity and continuity of provision of IT services to the Company's clients. At the time of publication of these financial statements, all Company's departments operate unperturbed, and the Company performs its contractual obligations as provided for in relevant agreements.

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

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

22. Changes in the basic principles of the Company management

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

23. Agreements concluded between the Issuer and its executives

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

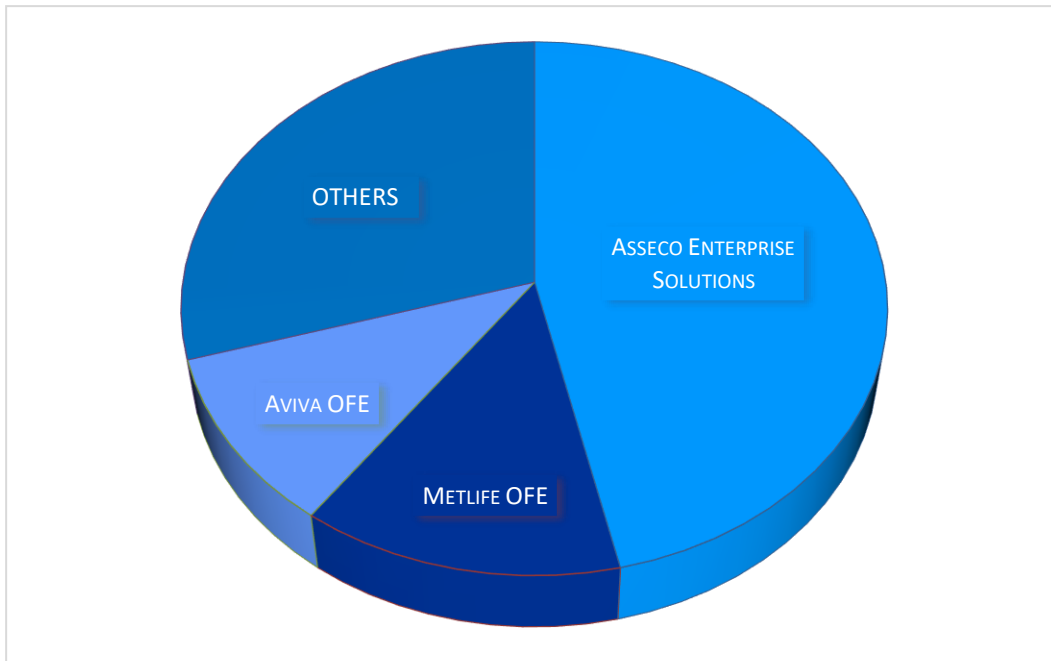
There are no service agreements entered into between Asseco Business Solutions S.A. and the members of the Supervisory Board, setting out the benefits paid upon termination of such agreements.

24. Remuneration, bonuses and benefits of incentive programmes for the executives

The remuneration of the executive and supervising persons are presented in item 8.5 of the notes to the Financial Statements of Asseco Business Solutions for the Year Ended 31 December 2020. There are no liabilities generated by pensions and similar benefits for former managers, supervisors, or former members of the governance bodies.

25. Shareholding structure

To the best knowledge of the Management Board of the Issuer, that is, on 25 February 2021, and based on the notification of changes in the shareholding received later, the shareholders of Asseco Business Solutions S.A. holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting on the day of 28 April 2020 are as follows:



Shareholder	Number of shares held	Shareholding in %	Number of votes	% share in total votes at GM
Asseco Enterprise Solutions	15,528,570	46.47%	15,528,570	46.47%
Metlife Otwarty Fundusz Emerytalny	3,769,780	11.28%	3,769,780	11.28%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	3,800,000	11.37%	3,800,000	11.37%
Other shareholders	10,319,843	30.88%	10,319,843	30.88%
	33,418,193	100.00%	33,418,193	100.00%

The number of shares attributable to the critical shareholders corresponds to the number of votes at the General Meeting. Overview of the Issuer's Shares or Rights to them Held by the Executive and Supervising

Persons:

	31 December 2020		31 December 2019	
	number of shares held	% share in shareholding	number of shares held	% share in shareholding
Executive persons				
Wojciech Barcentewicz	491,267	1.47%	461,267	1.38%
Piotr Masłowski	745,063	2.23%	715,063	2.14%
Mariusz Lizon	183,000	0.55%	183,000	0.55%
Supervising persons				
Romuald Rutkowski	426,828	1.28%	426,828	1.28%
TOTAL	1,846,158	5.52%	1,786,158	5.34%

26. Agreements that may result in the changing of proportions of shareholding

At the date of this report, the Management Board of Asseco Business Solutions S.A. has no knowledge of agreements, which could prospectively result in changes in the proportion of shares held by the existing shareholders.

27. Control of employee share schemes

In the reporting period, Asseco Business Solutions S.A. did not propose any employee share schemes.

28. Information on the Company's sponsoring and charity policy or any other similar activities

The Company supports financially different charity initiatives. Company's charitable activity is mainly the sponsoring of community organisations aiding people in need and supporting disadvantaged individuals and families and offering funding to socially beneficial charity.

29. Agreement with the entity authorized to audit the financial statements

The agreement with PriceWaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., seated in Warsaw, at ul. Polna 11, the entity authorized to audit the financial statements of Asseco Business Solutions S.A., was concluded on 14 February 2020. The agreement was concluded for a period sufficient to ensure that the Issuer is able meet its obligations in terms of information provided and reporting deadlines established by the Warsaw Stock Exchange. The work related to the auditing of the financial statements of Asseco Business Solutions S.A. closed on 25 February 2021. The basic remuneration for PriceWaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. amounted to PLN 127 thousand; an extra consideration of PLN 25 thousand was paid for additional services related to the audit of accounts (travel, accommodation, per diem allowances). For reviewing the semi-annual financial statements, PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. was paid PLN 56 thousand.

The agreement with PriceWaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., seated in Warsaw, at ul. Polna 11, the entity authorized to audit the financial statements of Asseco Business Solutions S.A., was concluded on 30 May 2018. The agreement was concluded for a period sufficient to ensure that the Issuer is able meet its obligations in terms of information provided and reporting deadlines established by the Warsaw Stock Exchange. The work related to the auditing of the financial statements of Asseco Business Solutions S.A. closed on 26 February 2020. The basic remuneration for PriceWaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. amounted to PLN 110 thousand; an extra consideration of PLN 25 thousand was paid for additional services related to the audit of accounts (travel, accommodation, per diem allowances). For reviewing the semi-annual financial statements, PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. was paid PLN 50 thousand.

Statement of the Management Board of Asseco Business Solutions S.A. pursuant to Article 70(1)(6) of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and on the conditions for recognition as equivalent of the information required by the laws of a non-member state (“Regulation”)

The Management Board of Asseco Business Solutions S.A. declares that to the best of its knowledge the annual financial statements of Asseco Business Solutions S.A. for the period ended 31 December 2020, and comparative figures for the 12 months ended 31 December 2019 have been prepared in accordance with the Group’s accounting policy and the International Financial Reporting Standards adopted by the EU, and reflects a reliable, accurate, clear and fair the financial position and financial performance of Asseco Business Solutions S.A. This Report of the Management Board on the Company’s Operations provides a true picture of the development and achievements of the Company, including an overview of major risks and uncertainties.

Management Board of Asseco Business Solutions S.A.:

Wojciech Barczentewicz

President of the
Management Board

Piotr Masłowski

Vice-President of the
Management Board

Mariusz Lizon

Member of the
Management Board

Statement of the Management Board of Asseco Business Solutions S.A. pursuant to Article 70(1)(6) of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and on the conditions for recognition as equivalent of the information required by the laws of a non-member state (“Regulation”)

The Management Board of Asseco Business Solutions S.A. declares that the entity authorized to audit the financial statements and reviewing the annual financial statements of Asseco Business Solutions S.A. has been selected in accordance with the law, and that this entity and the certified auditors reviewing the financial statements meet the requirements of issuing an impartial and independent opinion on the audited financial statements of Asseco Business Solutions S.A., in accordance with any relevant regulations and professional standards.

Management Board of Asseco Business Solutions S.A.:

Wojciech Barczentewicz

President of the
Management Board

Piotr Masłowski

Vice-President of the
Management Board

Mariusz Lizon

Member of the
Management Board

Solutions for demanding business.

Contact details:

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