Asseco Business Solutions

Quarterly financial statements
for the 3 months ended 31 March 2018

26 April 2018

CONTENTS

(in PLN thousand)

Selected financial data of Asseco Business Solutions S.A.

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

	in PLN thou.		in EUR thou.	
	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Revenues on sale	61,709	47,962	14,769	11,182
Gross profit on sales	25,598	21,963	6,126	5,121
Operating income	17,943	16,114	4,294	3,757
Profit before tax	17,871	16,621	4,277	3,875
Net profit	14,722	13,404	3,523	3,125
Net cash from financing activities	20,179	10,521	4,829	2,453
Net cash from investing activities	(3,666)	(1,774)	(877)	(414)
Net cash from financing activities	(11,210)	–	(2,683)	–
Cash and short-term deposits	13,319	79,252	3,165	18,781
Weighted average number of shares	33,418,193	33,418,193	33,418,193	33,418,193
Earnings per ordinary share	0.44	0.40	0.11	0.09

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

- the Company's cash position at the end of the current reporting period and at 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 31 March 2018, 1 EUR = 4.2085 PLN,

On 31 March 2017, 1 EUR = 4.2198 PLN.

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

Between 1 January and 31 March 2018, 1 EUR = 4.1784 PLN.

Between 1 January and 31 March 2017, 1 EUR = 4.2891 PLN.

Interim condensed financial statements

for the three months ended 31 March 2018 prepared in accordance with the International Financial Reporting Standard 34 – Interim Financial Reporting – approved by the EU

(in PLN thousand)

Interim condensed statement of comprehensive income

For the 3 months ended 31 March 2018

	Note	*3 months ended 31 March 2018 (unaudited)*	*3 months ended 31 March 2017 (unaudited)*
Revenues on sale	4.1	61,709	47,962
Own cost of sales	4.2	(36,111)	(25,999)
Gross profit on sales		**25,598**	**21,963**
Cost of sale	4.2	(3,525)	(2,068)
Administrative expenses	4.2	(4,272)	(3,891)
Net profit on sales		**17,801**	**16,004**
Other operating income	4.3	264	206
Other operating expenses	4.3	(122)	(96)
Operating income		**17,943**	**16,114**
Financial income	4.4	179	815
Financial expenses	4.4	(251)	(308)
Profit before tax		**17,871**	**16,621**
Income tax	4.5	(3,149)	(3,217)
Net profit from continuing operations		**14,722**	**13,404**
Discontinued operations			
Net profit for reference period		**14,722**	**13,404**
Other total income			
- Items subject to conversion to profit/loss in subsequent reporting periods		–	–
- Items not subject to conversion to profit/loss in subsequent reporting periods		–	–
Other total net income		–	–
Total income for period		**14,722**	**13,404**
Earnings per share:	4.6		
- basic/diluted profit for the reporting period		0.44	0.40
- basic/diluted from profit on continued operations in the reporting period		0.44	0.40

(in PLN thousand)

Interim condensed balance sheet

as at 31 March 2018

ASSETS	Note	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Non-current assets		**302,038**	**302,700**	**194,569**
Property, plant and equipment	4.7	19,184	17,851	11,146
Intangible assets	4.8	32,027	32,181	10,533
Goodwill	4.9	247,508	247,508	170,938
Long-term receivables		599	772	599
Deferred tax assets		2,667	4,325	1,268
Long-term prepayments and accrued income	4.12	53	63	85
Current assets		**58,263**	**55,450**	**114,511**
Inventories	4.9	1,485	476	1,025
Accruals and prepayments	4.11	1,718	1,327	1,140
Trade receivables	4.12	39,673	42,746	29,834
Other receivables	4.12	1,878	2,452	2,905
Income tax receivables		–	144	–
Financial instruments valued at fair value through profit or loss	4.10	190	291	355
Cash and short-term deposits	4.13	13,319	8,014	79,252
TOTAL ASSETS		**360,301**	**358,150**	**309,080**

LIABILITIES	Note	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Subscribed capital		167,091	167,091	167,091
Premium		62,543	62,543	62,543
Retained earnings		64,745	50,023	58,778
Total equity		**294,379**	**279,657**	**288,412**
Long-term liabilities		**16,699**	**15,704**	**902**
Interest-bearing loans and borrowings	4.14	13,351	13,352	–
Provisions		1,077	1,434	888
Long-term finance lease obligations		2,267	918	–
Long-term accruals and deferred income	4.16	4	–	14
Current liabilities		**49,223**	**62,789**	**19,766**
Interest-bearing loans and borrowings	4.14	6,650	17,578	–
Trade liabilities	4.15	4,574	4,145	2,394
Other liabilities	4.15	10,972	9,990	6,659
Income tax liabilities	4.15	3,275	4,496	1,118
Short-term finance lease obligations		899	555	–
Provisions		758	426	378
Accruals and deferred income	4.16	22,095	25,599	9,217
Total liabilities		**65,922**	**78,493**	**20,668**
TOTAL EQUITY AND LIABILITIES		**360,301**	**358,150**	**309,080**

Additional explanatory notes to these financial statements attached on pages 10 to 36 constitute their integral part.

(in PLN thousand)

Interim condensed statement of cash flows

For the 3 months ended 31 March 2018

	Note	*3 months ended 31 March 2018 (unaudited)*	*3 months ended 31 March 2017 (unaudited)*
Cash flows from investing activities			
Profit before tax		17,871	16,621
Adjustments:		**2,308**	**(6,100)**
Amortization/Depreciation	4.2	4,545	2,681
Change in inventories		(1,009)	(831)
Change in receivables		3,678	1,363
Change in liabilities, excluding credits and loans		1,413	(119)
Change in the balance of accruals and prepayments		(3,881)	(3,180)
Change in provisions		(25)	–
Revenue on interest		129	(296)
Investment gain/(loss)		26	(609)
Income tax paid		(2,568)	(5,109)
Net cash from operating activities		**20,179**	**10,521**
Cash flows from investing activities			
Proceeds from the sale of non-financial assets		130	211
Acquisition of property, plant and equipment		(1,057)	(568)
Acquisition of intangible assets		(2,889)	(1,636)
Acquisition/settlement of financial assets at fair value through profit and loss		83	(28)
Interest received		13	247
Other flows from investing activities		54	–
Net cash from investing activities		**(3,666)**	**(1,774)**
Cash flows from financing activities			
Repayment of renewable credits		(10,928)	–
Paid interest		(145)	–
Repayment of finance lease obligations		(137)	–
Net cash from financing activities		**(11,210)**	**–**
Increase/(Decrease) in net cash and cash equivalents		5,303	8,747
Net exchange differences		–	–
Opening cash	**4.13**	**8,014**	**70,370**
Closing cash	**4.13**	**13,317**	**79,117**

(in PLN thousand)

Interim condensed statement of changes in equity

For the 3 months ended 31 March 2018

	Subscribed capital	Premium	Retained earnings	Equity attributable to the shareholders of the	Non-controlling interest	**Total equity**
3 months ended 31 March 2018 (unaudited)						
As at 1 January 2018	**167,091**	**62,543**	**50,023**	**279,657**	**–**	**279,657**
Total income for period	–	–	14,722	**14,722**	**–**	**14,722**
Payment of dividend	–	–	–	**–**	**–**	
Taking control of subsidiaries	–	–	–	**–**	**–**	
Buyout of non-controlling	–	–	–	**–**	**–**	
Other transactions	–	–	–	**–**		
As at 31 March 2018 2018	**167,091**	**62,543**	**64,745**	**294,379**	**–**	**294,379**

	Subscribed capital	Premium	Retained earnings	Equity attributable to the shareholders of the	Non-controlling interest	Total equity
12 months ended 31 December 2017						
As at 1 January 2017	**167,091**	**62,543**	**45,374**	**275,008**	**–**	**275,008**
Total income for period	–	–	50,064	**50,064**	**11**	**50,075**
Payment of dividend	–	–	(42,441)	**(42,441)**	**–**	**(42,441)**
Taking control of subsidiaries	–	–	–	**–**	**809**	**809**
Buyout of non-controlling	–	–	(2,819)	**(2,819)**	**(820)**	**(3,639)**
Other transactions	–	–	(155)	**(155)**	**–**	**(155)**
As at 31 December 2017 2018	**167,091**	**62,543**	**50,023**	**279,657**	**–**	**279,657**

	Subscribed capital	Premium	Retained earnings	Equity attributable to the shareholders of the
3 months ended 31 March 2017 (unaudited)				
As at 1 January 2017	**167,091**	**62,543**	**45,374**	**275,008**
Total income for period	–	–	13,404	**13,404**
Dividends	–	–	–	**–**
As at 31 March 2017 2018	**167,091**	**62,543**	**58,778**	**288,412**

Additional explanatory notes to these financial statements attached on pages 10 to 36 constitute their integral part.

Additional notes

1. Basic information

1.1 General Information

Asseco Business Solutions S.A. ("the Company"; "Issuer") 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 Company was established for an indefinite period of time.

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

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

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

Asseco Business Solutions S.A. operates a Data Centre whose capacity parameters meet the highest standards of security, reliability and effectiveness of systems operation. All products designed by Asseco BS are based on the knowledge and expertise of experienced professionals, proven project methodology and the use of tomorrow's information technology tools. With the original 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.

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 financial statements for the 3 months ended 31 March 2018 was approved by the Management Board for publication on 26 April 2018.

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

1.2 Issuer's organization and composition changes

On 2 January 2018, the District Court in Lublin registered the merger of Asseco Business Solutions S.A. with Macrologic S.A.

(in PLN thousand)

The merger of the companies was conducted under Article 492(1)(1) of the Code of Commercial Companies (merger by acquisition), i.e. by the transfer of entire Macrologic's assets to Asseco BS. As a result of the merger, Macrologic S.A. was dissolved without liquidation. The merger was carried out in accordance with Article 515(1) of the Code of Commercial Companies and Partnerships, i.e. without increasing the share capital of Asseco BS and without exchanging Macrologic's shares for shares in the share capital of Asseco BS.

As at 31 December 2017, Asseco Business Solutions S.A. held a 100% interest in the capital of Macrologic S.A.

1.3 Composition of the Issuer's governing bodies

On the date of publication of these financial statements, i.e. on 26 April 2018, the Management Board of Asseco Business Solution S.A. was made up 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 April 2018, the Supervisory Board of the Company 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 Stępniak	Member of the Supervisory Board

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.

To the best knowledge of the Issuer's Management Board, on the date of publication of these financial statements, i.e. on 26 April 2018, 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 23 April 2018 are 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	3,492,000	10.45%	3,492,000	10.45%
Other shareholders	9,897,623	29.62%	9,897,623	29.62%
	33,418,193	**100.00%**	**33,418,193**	**100.00%**

As at 6 March 2018, i.e. on the date of publication of the former 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	3,468,455	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%**

As at 31 March 2018, the share capital of Asseco Business Solutions S.A. totalled PLN 167,091 thousand and was divided into 33,418,193 ordinary shares with the nominal value of PLN 5 each, carrying 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)

2.1 Basis for the preparation

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

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

These interim condensed financial statements have been prepared on the understanding that Asseco Business Solutions S.A. intended to continue its business activity for the period of no less than 12 months as of 31 March 2018. At the date of approval of these financial statements, no fact or circumstances were identified that might pose a threat to the Company 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 consolidated financial statements of the Asseco Business Solutions Group for the year ended 31 December 2017, approved for publication on 6 March 2018.

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

2.2 Statement of conformity

These interim condensed financial statements have been prepared in accordance with the 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").

2.3 Estimates

In the first three months ended 31 March 2018, there were no major changes in the manner of making estimates.

2.4 Professional judgement

The preparation of interim condensed financial statements in concert with the IFRS requires estimates and assumptions that affect the amounts indicated in the financial statements. Although the estimates and assumptions are based on the Company's Management's best knowledge 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 Company's results in the future.

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

The Company 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 degree of progress is determined 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 Company will review the adopted periods of economic useful life based on current estimates annually. In 2018, there were no significant changes to the amortization/depreciation rates applied by the Company.

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

On 31 December, the Company 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 issuer'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 Company 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.

2.5 Changes in accounting rules used

A description of the significant accounting rules applied by the issuer is included in the consolidated financial statements for the year ended 31 December 2017 – published on 6 March 2018.

The accounting rules (polices) used to prepare these interim condensed financial statements are consistent with those applied in preparing the Issuer's consolidated financial statements for the year ended 31 December 2017, with the exceptions given below.

- IFRS 15 *Revenues from Contracts with Customers*

The standard replaces all the existing requirements concerning revenue recognition in accordance with IFRS. IFRS 15 introduces a five-step model of recognising revenue from contracts with customers. According to the standard, revenues are recognised in the amount that reflects the value of the remuneration that the Company is entitled to (expects) in exchange for the transfer of promised goods or services to the customer.

- IAS 9 *Financial Instruments*

This standard replaces previous IAS 39 *Financial Instruments*: *Recognition and Measurement* and all the previous versions of IFRS 9. IFRS 9 combines all the three aspects of financial instruments: classification and measurement, impairment, and hedge accounting.

- Interpretation of IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

The interpretation defines which conversion rate should be applied to foreign currency transactions that involve the receipt or expending of advance payments booked prior to the recognition of the relevant asset, cost or income resulting from the transaction.

- Amendments to IAS 40 *Investment Property*

The amendments clarify the provisions regarding the qualification of property intended for and resulting from investments.

- Amendments to IFRS 2 *Classification and Measurement of Share-Based Payment Transactions* (published on 20 June 2016).

The amendments clarify that share-based payment transactions should be measured using the same approach as in the case of share-based payments accounted for in capital instruments – i.e. the method of modification of the vesting date.

- Amendments to IFRS 4: *Application of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* resulting from the *Amendments resulting from the review of IFRS 2014-2016*
- Amendments to IFRS 1 *First-Time Adoption of International Financial Reporting Standards* as part of *Amendments resulting from the review of IFRS 2014-2016.*

The application of the above amendments to IFRS did not have a significant impact on the presented and disclosed financial information, or they did not apply to transactions concluded by the Company.

The Company 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.

2.6 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 16 *Leasing* (published on 13 January 2016) – applicable to annual periods beginning on or after 1 January 2019,
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (published on 12 October 2017) – applicable to annual periods beginning on or after 1 January 2019,
- IFRIC 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,
- Amendments to IAS 28 *Long-Term Interests 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,
- Amendments to IFRS 19 *Plan Amendment, Curtailment or Settlement* (published on 7 February 2018) – 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 resulting from the review of IFRS 2015-2017 concerning four standards: IFRS 3, IFRS 11, IAS 12 and IAS 23* (published on 18 May 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,
- IFRS 14 *Regulatory Deferral Accounts* (published on 30 January 2014) – as decided by the European Commission, the process of approving the standard in its preliminary version will not be initiated before the final version of the standard is ready; not approved by the EU until the date of approval of these financial statements; applicable to annual periods beginning on or after 1 January 2016,
- Amendments to IAS 10 and IAS 28 *Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture* (published on 11 September 2014); the work intended to approve these amendments have been postponed by the EU for an unlimited period of time. The date of entry into force has been postponed by the IASB for an indefinite period of time,
- Interpretation of IFRIC 23 *Uncertainty over Income Tax Treatments* (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.

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

The Company is currently analysing how the introduction of these standards and interpretations may influence the financial statements and on the Company's accounting rules (policy).

2.7 Error correction

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

3. Information on operating segments

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

For the management purposes, the Company was divided into segments reflecting its manufactured products and rendered services. Based on that, the Management Board have identified the ERP systems segment which accounts for more than 95% of total Company's revenues. Other activities do not meet the quantitative thresholds 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 enables their deployment in various network architectures (including WAN) and combination with specialized software and hardware.

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

The corporate expenses and income not allocated to segments have to do with those Company'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 Company (including costs and financial income) and income tax are monitored at the levels of the Company and they are not allocated to the segments.

(in PLN thousand)

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 31 March 2018 (unaudited)	**ERP systems**	**Unallocated**	**Activity total**
Sales to external customers	58,824	2,885	61,709
Sales between segments	–	–	–
Total segment revenues	**58,824**	**2,885**	**61,709**
Gains on segment sales	**17,585**	**216**	**17,801**
Other net operating income/(expenses)		142	142
Net financial income/(expenses)		(72)	(72)
Income tax		(3,149)	(3,149)
Profit for period	**17,585**	**(2,863)**	**14,722**
Other information			
Amortization/Depreciation	(4,530)	(15)	**(4,545)**

Segment operating profit does not include financial income (PLN 179 thousand), financial expenses (PLN 251 thousand), other operating income (PLN 264 thousand) and other operating expenses (PLN 122 thousand) and the result of unallocated activity (PLN 216 thousand).

3 months ended 31 March 2017 (unaudited)	**ERP systems**	**Unallocated**	**Activity total**
Sales to external customers	45,289	2,673	47,962
Sales between segments	–	–	**–**
Total segment revenues	**45,289**	**2,673**	**47,962**
Gains on segment sales	**15,782**	**222**	**16,004**
Other net operating income/(expenses)		110	110
Net financial income/(expenses)		507	507
Income tax		(3,217)	(3,217)
Profit for period	**15,782**	**(2,378)**	**13,404**
Other information			
Amortization/Depreciation	(2,671)	(10)	**(2,681)**

Segment operating profit does not include financial income (PLN 815 thousand), financial expenses (PLN 308 thousand), other operating income (PLN 206 thousand) and other operating expenses (PLN 96 thousand) and the result of unallocated activity (PLN 222 thousand).

(in PLN thousand)

Geographic information

Revenues from external customers:

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Poland	54,252	41,419
Abroad, including:	7,457	6,543
– The Netherlands	1,875	3,453
– France	2,859	1,377
- Romania	578	240
- Germany	872	707
– Spain	136	171
- United Kingdom	571	144
- Turkey	50	51
- Czech Republic	102	154
- the Baltics (Lithuania, Latvia, Estonia) and Russia	26	18
- others	388	228
	61,709	**47,962**

This information is based on data from customers' headquarters.

4. Explanatory notes to the interim condensed financial statements

4.1 Structure of receipts from sales

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
ERP systems	58,824	45,289
Unallocated	2,885	2,673
Total	**61,709**	**47,962**

4.2 Structure of operating expenses

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)

The value of goods sold, materials and external services (COGS)	(3,230)	(2,598)
Consumption of materials and energy	(1,106)	(604)
External services	(6,693)	(4,704)
Remuneration	(22,704)	(17,398)
Employee benefits	(5,173)	(3,752)
Amortization/Depreciation	(4,545)	(2,681)
Taxes and fees	(244)	(194)
Business trips	(157)	(117)
Other	(56)	90
Total	**(43,908)**	**(31,958)**

Own cost of sales, including:	(36,111)	(25,999)
production cost	*(32,881)*	*(23,401)*
value of goods sold, materials and external services (COGS)	*(3,230)*	*(2,598)*
Cost of sale	(3,525)	(2,068)
Cost of management and administration	(4,272)	(3,891)
Total	**(43,908)**	**(31,958)**

4.3 Other operating income and expenses

The other operating income and expenses in the first quarter of 2018 and in the comparable period were as follows:

Other operating income	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Profit from the sale of non-financial assets	26	121
Proceeds from rental of office space	82	81
Other	156	4
Total	**264**	**206**

Other operating expenses	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Donations to unrelated parties	(17)	(8)
Liquidation of fixed assets	(35)	(3)
Other operating expenses	(70)	(85)
Total	**(122)**	**(96)**

4.4 Financial income and expenses

(in PLN thousand)

Operating income and expenses in the first quarter of 2018 and in the comparable period were as follows:

Financial income	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Income from bank interest	15	296
Other interest income	2	–
Positive exchange rates	79	–
Gains from foreign currency derivatives execution - entered forward contracts	83	–
Loss from changes in fair value of foreign currency derivatives - entered forward contracts	–	519
Total	**179**	**815**

Financial expenses	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Interest costs on loans	(134)	–
Negative exchange rates	–	(280)
Other interest expense	(5)	–
Interest on finance lease	(12)	–
Losses from foreign currency derivatives execution - entered forward contracts	–	(28)
Losses from changes in fair value of foreign currency derivatives - entered forward contracts	(100)	–
Total	**(251)**	**(308)**

4.5 Income tax

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

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Current income tax	(1,491)	(2,490)
Deferred income tax	(1,658)	(727)
Tax expense reported in profit and loss account, including:	**(3,149)**	**(3,217)**

(in PLN thousand)

Income tax attributed to continued operations	*(3,149)*	*(3,217)*

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.

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

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Net profit from continuing operations	14,722	13,404
Loss from discontinued operations	–	–
Net profit	14,722	13,404
Interest on redeemable preference shares convertible into ordinary shares	–	–
Net profit attributable to ordinary shareholders used in the calculation of diluted earnings per share	14,722	13,404
Weighted average number of issued ordinary shares used to calculate basic earnings per share	33,418,193	33,418,193
Effect of dilution:	–	–
Stock options	–	–
Redeemable preference shares	–	–
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	33,418,193	33,418,193
Basic/diluted earnings per share	**0.44**	**0.40**

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 3 months ended 31 March 2018 and in the comparable period were attributed to the following:

Property, plant and equipment	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Net value as at 1 January	17,851	11,721

(in PLN thousand)

Increase through:	**2,886**	**568**
Acquisitions	2,886	568
Decrease through:	**(1,553)**	**(1,143)**
Amortization allowance for the reporting period	(1,502)	(1,050)
Sales and liquidation	(51)	(93)
Net value of fixed assets as at 31 March	**19,184**	**11,146**

4.8 Intangible assets

Changes in net worth of intangible assets in the period of the three months ended 31 March 2018 and in the comparable period were attributed to the following:

Intangible assets	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Net value as at 1 January	32,181	10,528
Increase through:	**2,940**	**1,640**
Acquisitions	202	20
Capitalization of costs of pursued development projects	2,738	1,620
Decrease through:	**(3,094)**	**(1,635)**
Amortization allowance for the reporting period	(3,094)	(1,635)
Sales and liquidation	–	–
Net value of intangible property as at 31 March	**32,027**	**10,533**

4.9 Inventories

At 31 March 2018, inventory write-down amounted to PLN 149 thousand (as at 31 March 2017: PLN 133 thousand).

4.10 Financial assets

Financial assets	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Short-term forward currency contracts	190	291	355
Total	**190**	**291**	**355**

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.

(in PLN thousand)

4.11 Short-term and long-term accruals and prepayments

Prepayments	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Prepaid maintenance services	488	356	414
Prepaid insurance	365	436	308
Prepaid training	100	59	135
Other prepaid services	818	539	368
Total	**1,771**	**1,390**	**1,225**
- short-term	1,718	1,327	1,140
- long-term	53	63	85

Prepayments as at 31 March 2018 consisted primarily of:

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

- prepaid insurance costs.

4.12 Short-term receivables

Trade receivables (short-term)	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Trade receivables from unrelated parties	39,529	42,510	29,717
Trade receivables from related parties	144	236	117
Trade receivables (net)	**39,673**	**42,746**	**29,834**
Allowance on doubtful accounts	1,641	999	692
Trade receivables (gross)	**41,314**	**43,745**	**30,526**

Transactions with related parties are shown in pt 4.17 of these interim condensed financial statements.

The Company has appropriate policies in place governing the sales only to verified customers. Thus, in the opinion of the Management, there is no additional credit risk beyond the level specified in the allowance for bad debts applicable to the Company'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	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Receivables arising from the valuation of long-term IT contracts	581	324	2,262

(in PLN thousand)

Advances paid to suppliers	185	9	62
Other trade receivables (bid bonds, deposits)	779	861	375
Receivables from employees	45	16	33
CSBF	–	225	–
Other receivables	288	1,017	173
	1,878	**2,452**	**2,905**

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.

4.13 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 three months are classified as cash equivalents. 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 31 March 2018 amounted to PLN 13,319 thousand (31 December 2017: PLN 8,014 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	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Cash at bank and in hand	4,008	8,014	4,956
Short-term deposits up to 3 months	9,311	–	74,296
Cash in the balance	**13,319**	**8,014**	**79,252**
Interest accrued on short-term deposits	(2)	–	(135)
Cash in cash flows statement	**13,317**	**8,014**	**79,117**

4.14 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 a credit facility agreement with Raiffeisen Bank Polska S.A. 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;

(in PLN thousand)

- 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.

4.15 Current and non-current trade and other liabilities

Trade liabilities	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
To related parties	68	422	72
To other parties	4,506	3,723	2,322
Total	**4,574**	**4,145**	**2,394**

Financial liabilities	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Liabilities under finance lease	3,166	1,473	–
Total	**3,166**	**1,473**	**–**
- short-term	899	555	
- long-term	2,267	918	

Other liabilities	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Amounts owed to employees as wages	1,479	443	243
Liabilities arising from the valuation of long-term IT contracts	274	512	136
Liabilities due to non-invoiced deliveries	293	374	106
Advance payments for supplies	160	149	9
Other liabilities	253	175	157
Total	**2,459**	**1,653**	**651**

Liabilities from taxes, duties, social security and other	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Liabilities from taxes, duties, social security and other	8,513	8,337	6,008
Liabilities to Social Security	3,962	2,469	2,609
Personal Income Tax	1,168	1,025	885
VAT	3,325	4,790	2,477
Other budgetary commitments	58	53	37
Tax liabilities on corporate income tax	3,275	4,496	1,118

(in PLN thousand)

Total	**11,788**	**12,833**	**7,126**
- short-term	11,788	12,833	7,126
- long-term	–	–	–

Transactions with related parties are shown in pt 4.17 of these interim financial statements.

Trade and other liabilities are not interest-bearing.

4.16 Accruals and deferred income

	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Accrued expenses for:			
Unused leaves	4,449	3,720	3,115
Bonuses	6,079	11,327	5,315
Provision for other expenses	660	728	489
	11,188	**15,775**	**8,919**
Accrued income for:			
Prepaid services	2,964	1,603	312
Other income	7,947	8,221	–
	10,911	**9,824**	**312**
Total	**22,099**	**25,599**	**9,231**
- short-term	22,095	25,599	9,217
- long-term	4	–	14

The balance of accrued expenses consists of: provisions for unused leaves, provisions for salaries in the period to be paid in future periods and resulting from the bonus scheme effective at Asseco Business Solutions S.A., and provisions for current operation expenses of the Company 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 the provision of services paid over time, such as IT support services and maintenance or liabilities under contracts opened on the date of acquisition of Macrologic S.A., identified in the purchase price allocation process.

4.17 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.

(in PLN thousand)

Receivables from related parties	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Asseco Poland S.A. (the parent of the Group)	129	221	100
Other related parties	15	15	97
Total	**144**	**236**	**197**

Liabilities to related parties	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Asseco Poland S.A. (the parent of the Group)	24	380	15
Other related parties	67	56	87
Total	**91**	**436**	**102**

Sales to related parties	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Asseco Poland S.A. (the parent of the Group)	340	312
Other related parties	15	67
Total	**355**	**379**

Purchase from related parties	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Asseco Poland S.A. (the parent of the Group)	407	382
Other related parties	133	97
Total	**540**	**479**

The balance of receivables from related parties as at 31 March 2018 and 31 December 2017 includes the balance of trade receivables. The balance of receivables from related parties as at 31 March 2017 includes the balance of trade receivables (PLN 117 thousand) and the balance of other receivables (PLN 80 thousand).

The balances of liabilities from related parties as at 31 March 2017 and the balance of liabilities from related parties as at 31 December and 31 March 2017 cover the balance of trade liabilities (PLN 68 thousand, PLN 422 thousand and PLN 72 thousand, respectively) and the balance of other liabilities (PLN 23 thousand, PLN 14 thousand and PLN 30 thousand, respectively).

According to the information held by Asseco Business Solutions S.A., at 31 March 2018 there were no outstanding receivables or liabilities arising from related party transactions held by the Company Executives and with the Company Executives.

According to Asseco Business Solutions records, in the 3 months ended 31 March 2018, 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 458 thousand.

(in PLN thousand)

According to the information held by Asseco Business Solutions S.A., at 31 December 2017 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 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, according to the records of Asseco Business Solutions S.A., to PLN 1,860 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 7 thousand.

4.18 Contingent liabilities

At 31 March 2018 (and at 31 December 2017), the Company did not have any contingent liabilities.

4.19 Employment

Average FTEs during the reporting period	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Management Board	4*	4*
Developers	751	540
Sales personnel	95	46
Administration	61	43
Total	**910**	**633**

FTEs on	31 March 2018 (unaudited)	31 March 2017 (unaudited)
Management Board	4*	4*
Developers	749	542
Sales personnel	91	46
Administration	60	42
Total	**904**	**634**

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

4.20 Seasonality and cyclicality

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

(in PLN thousand)

5. Comments and additional information to the quarterly financial statements of Asseco Business Solutions S.A.

5.1 Financial data and analysis of results of Asseco Business Solutions for the first quarter of 2018

Financial results of Asseco Business Solutions for the first quarter of 2018:

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)	Growth rate 3 mths 2018/ 3 mts 2017
Revenues on sale	61,709	47,962	28.66%
Gross profit on sales	25,598	21,963	16.55%
EBIT	17,943	16,114	11.35%
EBITDA	22,488	18,795	19.65%
Net profit	14,722	13,404	9.83%

In the second half of 2017, Asseco Business Solutions S.A. acquired Macrologic S.A. and has been consolidating its results ever since. On 2 January 2018, Asseco Business Solutions and Macrologic merged (see point 1.2 of these financial statements). The merger resulted in a sharp improvement of the results in the first quarter of 2018 compared to the first quarter of 2017.

Profitability ratios

In the first quarter of 2018, revenues on sale were 28.7% higher compared with the same period of the previous year, while the gross profit on sales increased by 16.6%. At the same time, operating expenses (excluding COGS) increased by 38.6%, while the value of goods, materials and external services sold (COGS) upped by 24.3%. The organizational changes related to the merger and approximation of the business models resulted in slight decreases in profitability ratios in the first quarter of 2018 compared to the previous year. The Company is reorganizing the acquired entity, which is likely to affect the Company's profitability in the long run.

Profitability ratios	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Gross margin on sales	41.48%	45.79%
EBITDA profit margin	36.44%	39.19%
Operating margin	29.08%	33.60%
Net margin	23.86%	27.95%

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 resulting from the current cash cycle in the Company. The Company's working capital as at 31 March 2018 amounted to PLN 9,040 thousand. The purchase of shares of Macrologic S.A. in 2017 used up the resources accumulated by Asseco Business Solutions S.A. in the course of its previous activity. After a temporary decline in the level of working capital at the end of 2017, all indicators are now improving.

(in PLN thousand)

Current assets increased by 5.1% compared with the end of 2017, primarily due to an increase in the level of cash.

Short-term liabilities decreased by 21.6 %, mainly due to a less intense use of credit originally intended for the financing of current operations.

Liquidity ratios	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
Working capital (in PLN thou.)	9,040	(7,339)	94,745
Current ratio	1.18	0.88	5.79
Quick ratio	1.12	0.85	5.68
Super quick ratio	0.27	0.13	4.01

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

Debt ratios

The table below presents the main debt ratios of the Company as at 31 March 2018 and for the past comparative periods:

Debt ratios	31 March 2018 (unaudited)	31 December 2017	31 March 2017 (unaudited)
General debt ratio	18.3%	21.9%	6.7%

These ratios have been calculated using the following formulas:

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

The debt ratio at the end of the first quarter of 2018 is significantly higher than in the comparable period of 2017. This is attributed to the bank credit obtained for the acquisition of Macrologic S.A. However, the debt ratio decreased compared to 31 December 2017 as a result of a decrease in short-term liabilities combined with the upping level of current assets.

5.2 Factors affecting the financial results

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

- Merger with Macrologic S.A.;
- Reorganization of Macrologic's operations to align it with the business model of Asseco Business Solutions;
- 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 Company – a distinguishing feature of the IT industry is the seasonal fluctuation of sales.
- Healthy sales figures for Mobile Touch both in Poland and in the European market.

5.3 Extraordinary or non-recurring events affecting the financial results

In the three months ended 31 March 2018, there were no extraordinary or one-off events that affected the Company's results for the quarter.

During the 3 months ended 31 March 2018, 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 23 April 2018, the net profit for the financial year 2017 in the amount of PLN 42,284 thousand is divided as follows:

- part of the net profit for the year 2017 in the amount of PLN 43,444 thousand was earmarked for distribution among the shareholders, i.e. for the payment of the dividend in the amount of PLN 1.3 per share;

- the reminder of the net profit for 2017 in the amount of PLN 3,840 thousand was transferred to supplementary capital.

The dividend date was set on 15 May 2018 and the dividend payment date on 5 June 2018.

The Company did not pay an interim dividend for 2018.

5.5 Significant events during the reporting period

Important agreements concluded in the first quarter of 2018:

- Meble Black Red White sp. z o.o – licensing and implementation of Safo jERP by Asseco,
- BOKARO Szeligowscy sp. j. – licensing and implementation of Safo jERP by Asseco,
- SARIA POLSKA Sp. z o.o. - licensing and implementation of Asseco Softlab ERP.

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 31 March 2018, the Company made investment outlays in the amount of PLN 3,997 thousand.

5.8 Feasibility assessment of financial forecast published by the Management Board for 2018

The Management Board of Asseco Business Solutions S.A. did not publish a financial forecast for 2018.

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

During the reporting period, Asseco Business Solutions did not issue, redeem or repay any equity or non-equity securities.

5.10 Effects of changes in Issuer's structure

On 2 January 2018, Asseco Business Solutions S.A. merged with Macrologic S.A. (see point 1.2. of these financial statements).

5.11 Indication of factors that, in the Management Board's opinion, will have an impact on the Company'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 Asseco Business Solutions SA are satisfactory and promise advantageous conditions for further development and operations in 2018. In the opinion of the Management Board, the most important external and internal factors that may affect the operations of Asseco Business Solutions S.A. 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 Company's financial position, assets, and personnel.

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

There are no agreements concluded between the Issuer and its 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

To the date of these financial statements for the three months ended 31 March 2018, that is, until 26 April 2018, there were no significant events concerning previous years that were not included in these financial statements.

5.17 Significant events concerning previous years

To the date of these financial statements for the three months ended 31 March 2018, that is, until 31 26 April 2018, there were no events concerning previous years that were not, and should be, included in these financial statements.

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