

Quarterly Report of [Asseco Group](#)
for the period of 9 months ended 30 September 2020

ASSECO



Present in
60 countries



PLN 8,707 million
in sales revenues



27,494
highly committed
employees



PLN 267.7 million
of net profit
for Shareholders of
the Parent Company



PLN 11,300 million
in order backlog for 2020



PLN 5.7 billion
in market capitalization

Asseco Group

Quarterly Report for the period of 9 months ended 30 September 2020

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Financial Highlights

Asseco Group

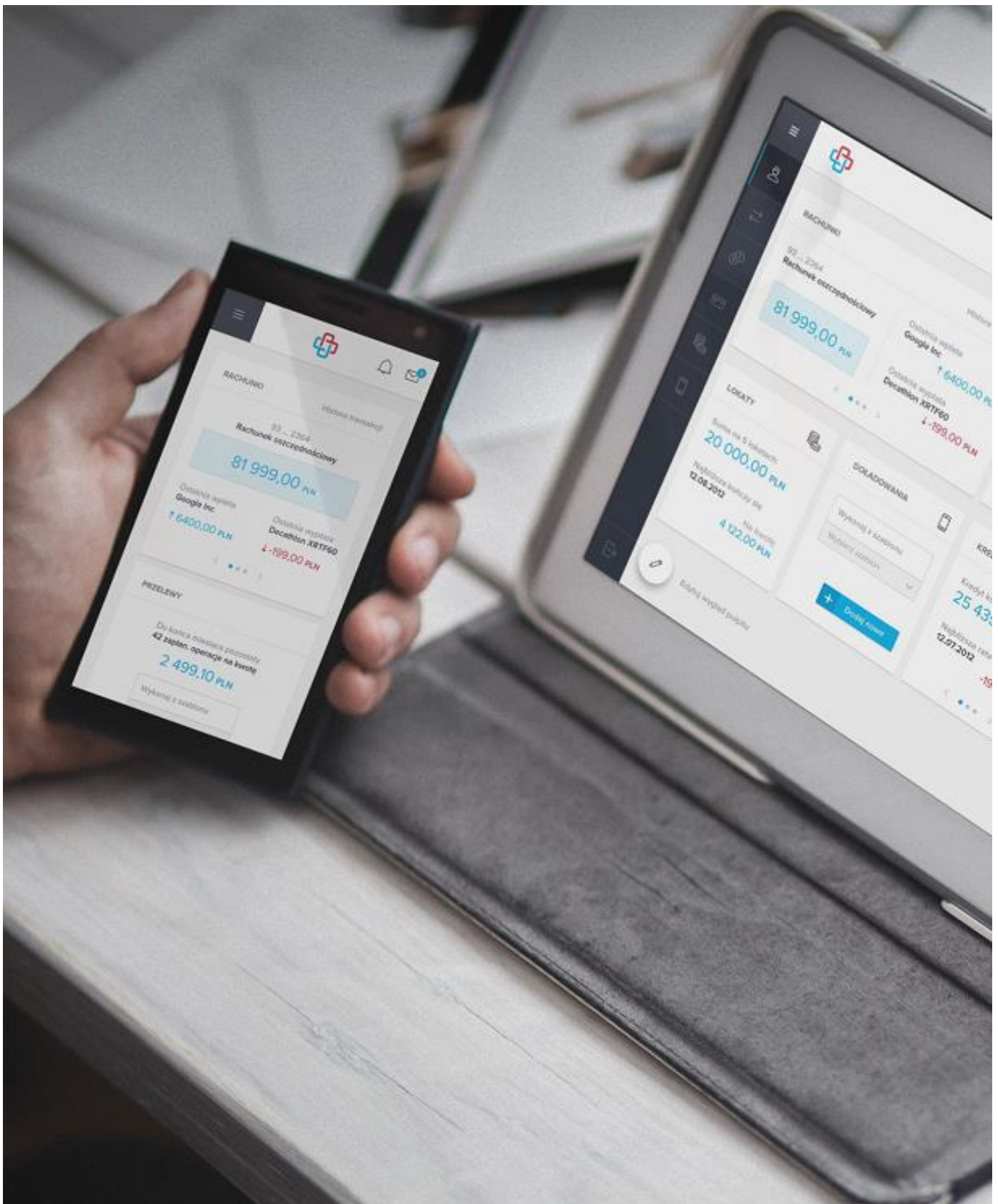
The following table presents the selected financial data of Asseco Group.

	9 months ended 30 Sept. 2020 mPLN	9 months ended 30 Sept. 2019 mPLN	9 months ended 30 Sept. 2020 mEUR	9 months ended 30 Sept. 2019 mEUR
Operating revenues	8,707.3	7,729.3	1,959.8	1,793.9
Operating profit	852.9	714.2	192.0	165.8
Pre-tax profit before share of profits of associates	767.7	648.7	172.8	150.6
Net profit for the reporting period	595.8	507.8	134.1	117.9
Net profit attributable to Shareholders of the Parent Company	267.7	238.1	60.3	55.3
Net cash provided by (used in) operating activities	1,120.2	791.3	252.1	183.7
Net cash provided by (used in) investing activities	(303.7)	(421.1)	(68.4)	(97.7)
Net cash provided by (used in) financing activities	(603.1)	(358.3)	(135.7)	(83.2)
Cash and short-term deposits (comparable data as at 31 December 2019)	2,392.7	2,153.5	528.6	505.7
Basic earnings per ordinary share attributable to Shareholders of the Parent Company (in PLN/EUR)	3.23	2.87	0.73	0.67
Diluted earnings per ordinary share attributable to Shareholders of the Parent Company (in PLN/EUR)	3.23	2.87	0.73	0.67

The selected financial data disclosed in these interim condensed consolidated financial statements have been translated into euros (EUR) in the following way:

- Items of the interim condensed consolidated statement of profit and loss and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were respectively:
 - for the period from 1 January 2020 to 30 September 2020: EUR 1 = PLN 4.4429
 - for the period from 1 January 2019 to 30 September 2019: EUR 1 = PLN 4.3086
- The Group's cash and cash equivalents as at the end of the reporting period and the comparable period of the previous year have been translated into EUR at daily mid exchange rates as published by the National Bank of Poland. These exchange rates were respectively:
 - exchange rate effective on 30 September 2020: EUR 1 = PLN 4.5268
 - exchange rate effective on 31 December 2019: EUR 1 = PLN 4.2585

All figures in this report are presented in millions of Polish zlotys (PLN), unless stated otherwise.



A. Interim Condensed Consolidated Financial Statements of [Asseco Group](#) for the period of 9 months ended 30 September 2020

Interim Consolidated Statement of Profit and Loss and Other Comprehensive Income

Asseco Group

STATEMENT OF PROFIT AND LOSS	Note	3 months ended	9 months ended	3 months ended	9 months ended
		30 Sept. 2020	30 Sept. 2020	30 Sept. 2019 (*restated)	30 Sept. 2019 (*restated)
		mPLN	mPLN	mPLN	mPLN
Operating revenues	<u>5.1</u>	2,937.8	8,707.3	2,738.4	7,729.3
Cost of sales	<u>5.2</u>	(2,292.7)	(6,833.5)	(2,145.3)	(6,058.0)
Gross profit on sales		645.1	1,873.8	593.1	1,671.3
Selling costs	<u>5.2</u>	(145.2)	(436.1)	(147.3)	(410.3)
General and administrative expenses	<u>5.2</u>	(196.9)	(572.6)	(184.7)	(538.8)
Net profit on sales		303.0	865.1	261.1	722.2
Other operating income		7.2	19.7	23.4	42.4
Other operating expenses		(10.8)	(31.9)	(23.9)	(50.4)
Operating profit		299.4	852.9	260.6	714.2
Financial income	<u>5.3</u>	11.2	84.6	18.5	43.9
Financial expenses	5.3	(45.6)	(169.8)	(48.4)	(109.4)
Pre-tax profit before share of profits of associates and joint ventures		265.0	767.7	230.7	648.7
Corporate income tax (current and deferred tax expense)	<u>5.4</u>	(55.3)	(169.0)	(50.7)	(142.7)
Share of profits of associates and joint ventures	<u>6.5</u>	(1.9)	(2.9)	1.2	1.8
Net profit for the reporting period		207.8	595.8	181.2	507.8
<i>Attributable to:</i>					
Shareholders of the Parent Company		90.9	267.7	78.4	238.1
Non-controlling interests		116.9	328.1	102.8	269.7
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)	<u>5.5</u>	1.10	3.23	0.94	2.87
OTHER COMPREHENSIVE INCOME					
Net profit for the reporting period		207.8	595.8	181.2	507.8
Components that may be reclassified to profit or loss					
Net gain/loss on valuation of financial assets		0.1	0.2	0.2	0.6
Differences on foreign currency translation of subsidiaries		(53.5)	98.8	196.7	181.1
Components that will not be reclassified to profit or loss					
Amortization of intangible assets recognized directly in equity		-	-	-	(2.4)
Actuarial gains/losses		(0.1)	(0.4)	(0.7)	(2.2)
Income tax relating to components of other comprehensive income		(0.1)	-	0.4	1.1
Total other comprehensive income		(53.6)	98.6	196.6	178.2
TOTAL COMPREHENSIVE INCOME attributable to:		154.2	694.4	377.8	686.0
Shareholders of the Parent Company		76.1	328.0	154.8	294.4
Non-controlling interests		78.1	366.4	223.0	391.6

* The restatement has been described in detail in explanatory note 2.9 to these interim condensed consolidated financial statements.

Interim Consolidated Statement of Financial Position

Asseco Group

ASSETS	Note	30 Sept. 2020	31 Dec. 2019
		mPLN	(*restated) mPLN
Non-current assets			
Property, plant and equipment	<u>6.1</u>	892.5	822.7
Intangible assets	<u>6.2</u>	2,170.5	2,106.5
Right-of-use assets	<u>6.3</u>	678.6	686.6
Investment property		16.7	20.6
Goodwill	<u>6.4</u>	4,879.4	4,561.4
Investments accounted for using the equity method	<u>6.5</u>	152.3	145.0
Other receivables and trade receivables	<u>6.9</u>	79.5	110.3
Deferred tax assets		189.1	177.7
Prepayments and accrued income	<u>6.8</u>	68.6	68.4
Other non-financial assets		-	0.5
Other financial assets	<u>6.7</u>	125.0	142.2
		9,252.2	8,841.9
Current assets			
Inventories	<u>6.10</u>	162.9	122.6
Prepayments and accrued income	<u>6.8</u>	267.8	242.9
Trade receivables	<u>6.9</u>	2,625.5	2,632.4
Contract assets	<u>6.9</u>	347.9	212.6
Corporate income tax receivable	<u>6.9</u>	65.2	71.5
Receivables from the state and local budgets	<u>6.9</u>	30.1	34.5
Other receivables	<u>6.9</u>	60.5	73.4
Other non-financial assets		14.4	12.8
Other financial assets	<u>6.7</u>	53.7	194.8
Cash and bank deposits	<u>6.11</u>	2,392.7	2,153.5
		6,020.7	5,751.0
Non-current assets held for sale		1.3	1.3
Total current assets and assets held for sale		6,022.0	5,752.3
TOTAL ASSETS		15,274.2	14,594.2

* The restatement has been described in detail in explanatory note 2.9 to these interim condensed consolidated financial statements.

Interim Consolidated Statement of Financial Position

Asseco Group

EQUITY AND LIABILITIES	Noty	30 Sept. 2020	31 Dec. 2019
		mPLN	(*restated) mPLN
Equity <i>(attributable to shareholders of the Parent Company)</i>			
Share capital		83.0	83.0
Share premium		4,180.1	4,180.1
Transactions with non-controlling interests		(169.8)	(171.2)
Differences on foreign currency translation of subsidiaries		68.5	8.2
Retained earnings and other capitals		1,682.7	1,664.8
		5,844.5	5,764.9
Non-controlling interests	<u>6.6</u>	2,372.6	2,218.9
Total equity		8,217.1	7,983.8
Non-current liabilities			
Bank loans, borrowings and debt securities	<u>6.13</u>	1,644.0	1,366.2
Lease liabilities	<u>6.12</u>	501.2	472.3
Other financial liabilities	<u>6.14</u>	255.4	234.6
Deferred tax liabilities		497.1	479.6
Contract liabilities	<u>6.16</u>	98.1	57.7
Accruals	<u>6.18</u>	-	1.9
Other liabilities	<u>6.15</u>	7.8	10.4
Provisions	<u>6.17</u>	112.5	81.9
Deferred income	<u>6.18</u>	59.8	41.0
		3,175.9	2,745.6
Current liabilities			
Bank loans, borrowings and debt securities	<u>6.13</u>	707.3	689.4
Lease liabilities	<u>6.12</u>	178.4	216.7
Other financial liabilities	<u>6.14</u>	278.0	265.1
Trade payables	<u>6.15</u>	933.6	983.5
Contract liabilities	<u>6.16</u>	710.3	627.3
Corporate income tax payable	<u>6.15</u>	41.9	89.5
Liabilities to the state and local budgets	<u>6.15</u>	243.3	231.0
Other liabilities	<u>6.15</u>	384.5	372.8
Provisions	<u>6.17</u>	36.2	39.2
Deferred income	<u>6.18</u>	5.6	9.8
Accruals	<u>6.18</u>	362.1	340.5
		3,881.2	3,864.8
TOTAL LIABILITIES		7,057.1	6,610.4
TOTAL EQUITY AND LIABILITIES		15,274.2	14,594.2

* The restatement has been described in detail in explanatory note 2.9 to these interim condensed consolidated financial statements.

Interim Consolidated Statement of Changes in Equity

Asseco Group

	Note	Share capital	Share premium	Transactions with non-controlling interests	Differences on foreign currency translation of subsidiaries	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
As at 1 January 2020 (restated)		83.0	4,180.1	(171.2)	8.2	1,664.8	5,764.9	2,218.9	7,983.8
Net profit for the reporting period		-	-	-	-	267.7	267.7	328.1	595.8
Other comprehensive income for the reporting period		-	-	-	60.3	-	60.3	38.3	98.6
Total comprehensive income for the reporting period		-	-	-	60.3	267.7	328.0	366.4	694.4
Dividend for the year 2019	5.6	-	-	-	-	(249.8)	(249.8)	(197.7)	(447.5)
Share-based payment transactions with employees		-	-	-	-	-	-	29.5	29.5
Transactions with non-controlling interests (including liabilities to non-controlling shareholders (put options))		-	-	1.4	-	-	1.4	(66.0)	(64.6)
Obtaining control over subsidiaries		-	-	-	-	-	-	21.5	21.5
As at 30 September 2020		83.0	4,180.1	(169.8)	68.5	1,682.7	5,844.5	2,372.6	8,217.1

Interim Consolidated Statement of Changes in Equity

Asseco Group

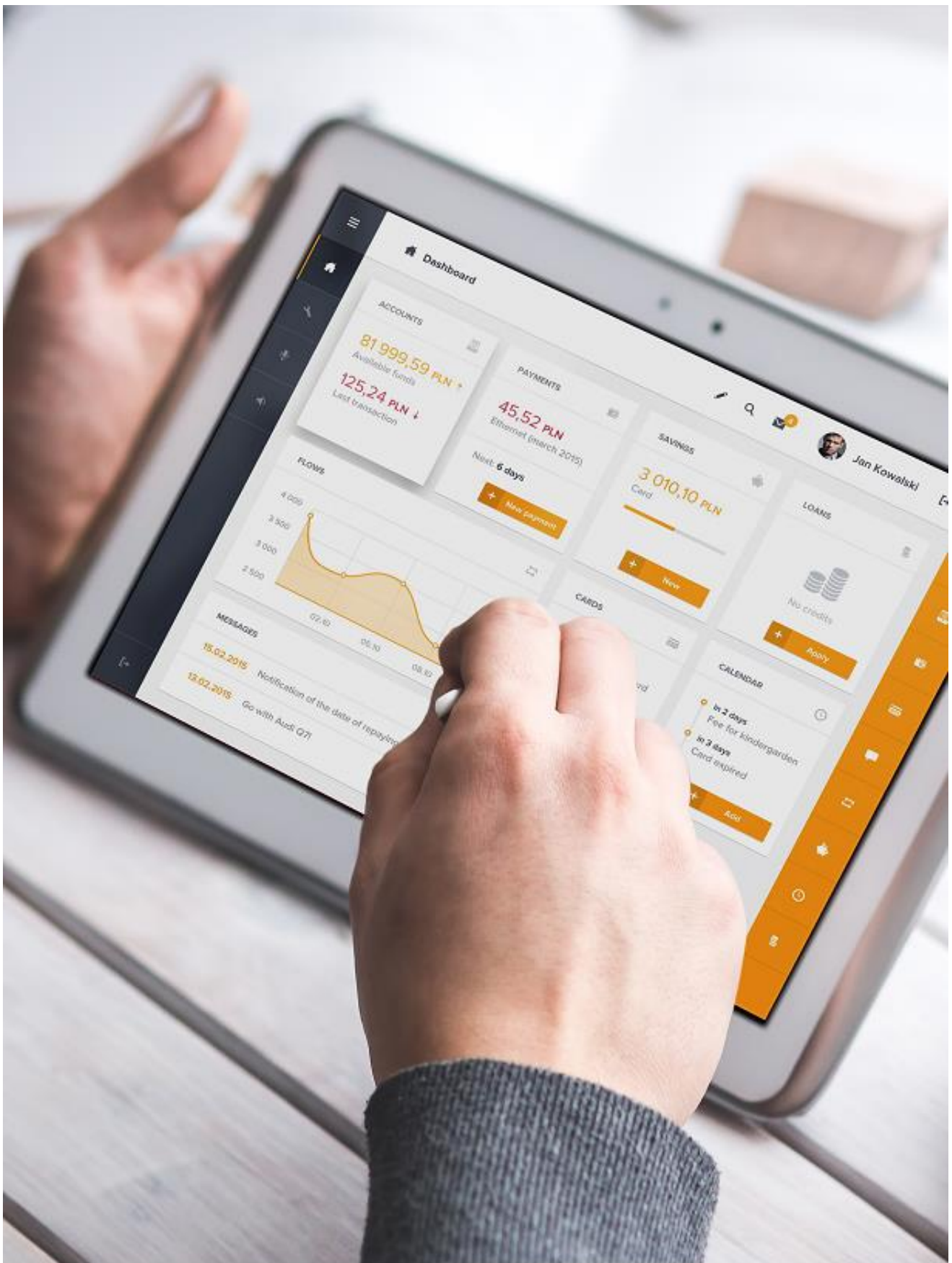
	Share capital	Share premium	Transactions with non-controlling interests	Differences on foreign currency translation of subsidiaries	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
As at 1 January 2019	83.0	4,180.1	(177.6)	20.3	1,600.2	5,706.0	1,933.2	7,639.2
Net profit for the reporting period	-	-	-	-	238.1	238.1	269.7	507.8
Other comprehensive income for the reporting period	-	-	-	58.3	(2.0)	56.3	121.9	178.2
Total comprehensive income for the reporting period	-	-	-	58.3	236.1	294.4	391.6	686.0
Dividend for the year 2018	<u>5.6</u>	-	-	-	(254.8)	(254.8)	(193.1)	(447.9)
Share-based payment transactions with employees	-	-	-	-	-	-	17.3	17.3
Transactions with non-controlling interests (including liabilities to non-controlling shareholders (put options))	-	-	2.5	-	-	2.5	49.9	52.4
Loss of control over subsidiaries	-	-	-	-	-	-	(0.7)	(0.7)
Obtaining control over subsidiaries	-	-	-	-	-	-	12.9	12.9
As at 30 September 2019 (restated)	83.0	4,180.1	(175.1)	78.6	1,581.5	5,748.1	2,211.1	7,959.2

Interim Consolidated Statement of Cash Flows

Asseco Group

	Nota	9 months ended 30 Sept. 2020 mPLN	9 months ended 30 Sept. 2019 (restated) mPLN
Cash flows – operating activities			
Pre-tax profit before share of profits of associates and joint ventures		767.7	648.7
Total adjustments:		585.9	324.6
Depreciation and amortization		520.6	467.4
Changes in working capital	7.1	(37.7)	(224.3)
Interest income/expenses		60.2	64.3
Gain/loss on foreign currency translation differences		(2.7)	(12.5)
Gain/loss on financial assets (from valuation and sale)		2.5	5.9
Other financial income/expenses		21.4	8.5
Gain/loss on disposal of property, plant and equipment and intangible assets		(2.5)	(2.3)
Costs of share-based payment transactions with employees		15.5	13.2
Gain/loss on disposal of property, plant and equipment and intangible assets		2.7	3.3
Other adjustments to pre-tax profit		5.9	1.1
Cash provided by (used in) operating activities		1,353.6	973.3
Corporate income tax paid		(233.4)	(182.0)
Net cash provided by (used in) operating activities		1,120.2	791.3
Cash flows – investing activities			
Inflows			
Disposal of property, plant and equipment, intangible assets, and investment property		7.4	24.3
Proceeds from the sale of shares in related entities, less cash in entities sold		32.2	10.0
Settlement/disposal of financial assets carried at fair value through profit or loss		-	0.2
Disposal of financial assets carried at fair value through other comprehensive income		21.3	8.6
Disposal of investments carried at amortized cost		12.6	3.5
Loans collected	7.2	62.4	40.7
Interest received		4.5	6.1
Dividends received		13.4	1.6
Other cash flows from investing activities		9.4	-
Outflows			
Acquisition of property, plant and equipment, intangible assets (including R&D expenditures), and investment property	7.2	(229.4)	(240.9)
Expenditures for the acquisition of subsidiaries and associates, plus cash and cash equivalents in subsidiaries acquired	7.2	(220.6)	(245.5)
Acquisition/settlement of financial assets carried at fair value through profit or loss as well as through other comprehensive income		(2.5)	(0.1)
Acquisition of investments in other debt securities carried at amortized cost		(1.9)	(4.6)
Loans granted	7.2	(12.5)	(13.6)
Other cash flows from investing activities		-	(11.4)
Net cash provided by (used in) investing activities		(303.7)	(421.1)

Cash flows – financing activities			
Inflows			
Proceeds from the implementation of employee stock option plan		20.3	2.0
Proceeds from bank loans and borrowings	<u>7.3</u>	624.9	475.9
Proceeds from issuance of debt securities	<u>7.3</u>	296.3	318.7
Received grants related to assets and/or development projects		6.7	5.1
Outflows			
Expenditures for the acquisition of non-controlling interests	<u>7.3</u>	(98.0)	(12.2)
Redemption of debt securities	<u>7.3</u>	(140.8)	(118.8)
Repayments of bank loans and borrowings	<u>7.3</u>	(566.3)	(342.4)
Payments of lease liabilities		(164.8)	(150.4)
Interest paid		(65.0)	(64.7)
Dividends paid out by the Parent Company	<u>5.6</u>	(249.8)	(254.8)
Dividends paid out to non-controlling shareholders	<u>6.6</u>	(266.6)	(216.7)
Net cash provided by (used in) financing activities		(603.1)	(358.3)
Net increase in cash and cash equivalents		213.4	11.9
Net foreign currency translation differences		34.2	99.6
Net cash and cash equivalents as at 1 January		2,118.2	1,767.5
Net cash and cash equivalents as at 30 September	<u>6.11</u>	2,365.8	1,879.0



Explanatory notes to the Interim Condensed Consolidated Financial Statements of **Asseco Group**

Explanatory notes to the Interim Condensed Consolidated Financial Statements

1. General information

Asseco Group (“Asseco Group”, the “Group”) is a group of companies, whose Parent Company is Asseco Poland S.A. (the “Parent Company”, “Company”, “Issuer”).

General information on the Parent Company	
Name	Asseco Poland S.A.
Seat	Rzeszów, 14 Olchowa St.
National Court Register number	0000033391
Statistical ID number (REGON)	010334578
Tax Identification Number (NIP)	522-000-37-82
Core business	Production of software

The Parent Company was established on 18 January 1989. On 4 January 2007, the Issuer changed its corporate name from Softbank S.A. to Asseco Poland S.A.

The period of the Company’s operations is indefinite.

Asseco Poland S.A. is one of the largest IT companies listed on the Warsaw Stock Exchange. The Company is also a major player in the European software producers market.

As a leader of the Group, Asseco Poland S.A. is actively engaged in business acquisitions both in the domestic and foreign markets, seeking to strengthen its position across Europe and worldwide. Now the Company is expanding its investment spectrum for software houses, with an eye to gain insight into their local markets and customers, as well as access to innovative and unique IT solutions.

Our comprehensive offering includes products dedicated for the sectors of banking and finance, public administration, as well as industry, trade, and services. The Group has got a wide-range portfolio of proprietary products, unique competence and experience in the execution of complex IT projects, and a broad customer base, including the largest financial institutions, major industrial enterprises as well as public administration bodies.

2. Basis for the preparation of interim condensed consolidated financial statements

2.1. Basis for preparation

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost convention, except for financial assets carried at fair value through profit or loss or through other comprehensive income, financial assets carried at amortized cost, financial liabilities carried at fair value through profit or loss, as well as investment property measured at fair value.

These interim condensed consolidated financial statements have been prepared on a going-concern basis, assuming the Group will continue its business activities over a period not shorter than 12 months from 30 September 2020. Till the date of preparing these interim condensed consolidated financial statements, we have not observed any circumstances that would threaten the Group's ability to continue as a going concern.

These interim condensed consolidated financial statements do not include all information and disclosures required for annual consolidated financial statements, and therefore they should be read together with the Group's consolidated financial statements for the year ended 31 December 2019 which were published on 23 March 2020.

2.2. Impact of the COVID-19 epidemic on the Group's business operations

As at the date of publication of these financial statements, based on the current analysis of risks and in particular those arising from the COVID-19 pandemic prevailing in Poland and worldwide, the Management Board concluded that the Group's ability to continue as a going concern over a period not shorter than 12 months from 30 September 2020 is not threatened.

The Group is continuously monitoring how the situation caused by the COVID-19 pandemic affects its member companies. Within its core business during the first three quarters of 2020, the Group has not recorded a material direct impact of the coronavirus on its overall financial position and economic results. However, the epidemiological situation affected the organizational aspect of the Group's operations. As a consequence of actions undertaken by Polish authorities, as well as similar precautions taken by the governments of the countries where the Group companies operate, for the sake of the Group's employees and customers, the Group has made efforts to enable most of our employees to work remotely in order to ensure business continuity and continued provision of IT services to our customers. At the time of publication of this report, apart from Aquapark Sopot and sports clubs, whose activities are not related to the Group's core business, all other companies of our Group operate on an ongoing basis and fulfill their contractual obligations within the deadlines specified in relevant contracts.

Due to the existing circumstances, the Group is trying to minimize the possible negative effects of the pandemic on its future financial results, among others, by implementing local cost savings associated with performing business activities remotely. At the same time, the Group monitors the current situation in individual sectors of the economy, trying to take advantage of business opportunities which in the market of IT products and services are also created by the epidemic.

After a due analysis, the Group currently sees no significant risk of impairment of assets, and especially goodwill. We have also observed no significant changes in the collection of receivables, which is why the methodology for calculation of expected credit losses remained almost unchanged. The Group has sufficient financial resources to continue its business operations, including the settlement of current liabilities. The Group has not experienced a negative impact of the epidemic on its financial liquidity and fulfils its obligations under loan agreements and bonds on a timely basis. Some companies from our Group used public aid programs available in the countries where the Group operates, which mostly consisted in deferring the payment deadlines for tax and legal liabilities, receiving subsidies, deferring loan repayments or using bank loans guaranteed by the state.

For obvious reasons, the Group cannot exclude the possibility that in the long run an undoubtedly negative impact of the pandemic on the overall economic situation in Poland and in the world may also have an adverse effect on the operations or financial results of the Group in the future; however, it is now impossible to determine to what extent or scale this could occur.

2.3. Compliance statement

These interim condensed consolidated financial statements have been prepared in conformity with the requirements set forth in the International Accounting Standard 34 'Interim Financial Reporting' as endorsed by the European Union (IAS 34).

The scope of these interim condensed consolidated financial statements, being a part of the quarterly report, is in accordance with the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent the information required by laws of non-EU member states (consolidated text: Journal of Laws of 2018, item 757) ("Regulation"), and covers the reporting period from 1 January to 30 September 2020 and the comparable period from 1 January to 30 September 2019 in case of the statement of profit and loss and the statement of cash flows, as well as the financial data as at 30 September 2020 and the comparable data as at 31 December 2019 in case of the statement of financial position.

2.4. Functional currency and presentation currency

The presentation currency of these interim condensed consolidated financial statements is the Polish zloty (PLN), and all figures are presented in millions of PLN (mPLN), unless stated otherwise. Any inaccuracies in totals, amounting to PLN 0.1 million, are due to the adopted rounding of numbers.

The functional currency applied by the Parent Company and, at the same time, the presentation currency used in these interim condensed consolidated financial statements is the Polish zloty (PLN). Functional currencies applied by our subsidiaries consolidated in these financial statements are the currencies of primary business environments in which they operate. For consolidation purposes, financial statements of our foreign subsidiaries are translated into PLN using the respective currency exchange rates as quoted by the National Bank of Poland at the end of the reporting period in case of the statement of financial position, or using the arithmetic average of such exchange rates as published by the National Bank of Poland and effective on the last day of each month during the reporting period in case of the statement of profit and loss, statement of comprehensive income, and the statement of cash flows. The effects of such conversion are recognized in equity as 'Differences on foreign currency translation of subsidiaries'.

2.5. Professional judgement and estimates

Preparation of consolidated financial statements in accordance with IFRS requires making estimates and assumptions which have an impact on the data disclosed in such financial statements. Although the adopted assumptions and estimates have been based on the Group's management best knowledge on the current activities and occurrences, the actual results may differ from those anticipated.

Presented below are the main areas which in the process of applying the accounting policies were subject to accounting estimates and the management's professional judgement, and whose estimates, if changed, could significantly affect the Group's future results.

i. Consolidation of entities in which the Group holds less than 50% of voting rights

The Group's Management has not changed its judgement regarding the existence of control over entities in which the Parent Company holds less than 50% of shares in relation to such judgement that has been described in detail in item 2.4 of section 'Basis for the preparation of financial statements' contained in the Group's consolidated financial statements for the year ended 31 December 2019 which were published on 23 March 2020.

As stated in the aforementioned report, the judgment regarding the exercise of control over Formula Group was to a large extent based on the fact of concluding an agreement between the Parent Company and Mr. Guy Bernstein, CEO and the second largest shareholder in Formula. The agreement was concluded for a period of 36 months with the possibility of being automatically extended for subsequent 12-month periods (automatic renewal). As at the date of publication of these consolidated financial statements, the original 36-month effective period of the agreement already passed, but the agreement has been automatically extended for 12 consecutive months. During the periods of automatic renewal, either of the parties may terminate the agreement at least 6 months before expiry of the ongoing 12-month extension period.

After the automatic renewal, the above described agreement has remained unchanged as far as the Company's prerogatives are concerned. However, the agreement has changed as regards the rights of the CEO of Formula arising directly from its content. On 9 September 2020, Asseco Poland received an annex to the said agreement that was signed on 7 September 2020. The subject of the annex is the resignation by the CEO of Formula from his right to vote on behalf of the Company if (i) the current President of the Management Board of the Company ceases to perform that function, or the current President of the Management Board of the Company ceases to perform the function of the Chairman of the Supervisory Board of the Company should he be appointed to the Supervisory Board, or if (ii) the Company's equity interest in Formula falls below 20%. In addition, the annex provides that any shares which may be granted to the CEO of Formula in exchange for services provided as the Chief Executive Officer in Formula and Chairman and Member of the Board of Directors of Formula subsidiaries after the date of concluding the annex are not covered by the provisions of the said agreement.

The above means the Company's rights under the agreement concluded with the CEO of Formula have remained unchanged and thus, in the period covered by these interim condensed consolidated financial statements as well as at 30 September 2020, the Parent Company upheld its conclusion regarding the existence of control over Formula Systems (1985) Ltd (hereinafter "Formula" or "Formula Systems") in which the Group holds less than 50% of shares. The same conclusion applies to companies in which direct equity interests held by Formula Systems do not provide an absolute majority of voting rights, including Sapiens International Corporation NV (hereinafter "Sapiens"), Magic Software Enterprises Ltd (hereinafter "Magic"), and Matrix IT Ltd (hereinafter "Matrix IT").

The conclusion regarding the existence of control has also been upheld in the case of Asseco Business Solutions S.A., a direct subsidiary of Asseco Enterprise Solutions in which the Group holds 46.47% of the share capital and total voting rights at the general meeting of shareholders.

Moreover, the Group has analyzed its relationships with other related entities and upheld the conclusion that, in accordance with IFRS 10, it maintains control over Asseco Resovia S.A. and Gdynski Klub Koszykówki Arka S.A. Such conclusion is based on the indications set out in the above-referred section of the consolidated financial statements of the Group for the year ended 31 December 2019.

Consequently, all of the above-mentioned entities have been fully consolidated in these interim condensed consolidated financial statements of Asseco Group for the period of 9 months ended 30 September 2020.

ii. Estimates

In the period of 9 months ended 30 September 2020, our approach to making estimates was not subject to any substantial modification.

In relevant notes to these interim condensed consolidated financial statements, the Group has disclosed possible changes to estimates presented in previous reporting periods that have a significant impact on the current interim period.

Significant accounting policies regarding the items that are at significant risk of material adjustment to the carrying values of assets and liabilities have been described in item 6 in the consolidated financial statements of Asseco Group for the year ended 31 December 2019.

2.6. Accounting policies applied

Significant accounting policies applied by the Group in these interim condensed consolidated financial statements are consistent with those explained in the Group's consolidated financial statements for the year 2019 which were published on 23 March 2020.

2.7. New standards and interpretations published but not in force yet

The following standards and interpretations were issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC), but have not yet come into force:

- IFRS 14 'Regulatory Deferral Accounts' (issued on 30 January 2014) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture' (issued on 11 September 2014) – work for the endorsement of these amendments has been postponed by the EU – the effective date of these amendments has been deferred indefinitely by the IASB;
- IFRS 17 'Insurance Contracts' (issued on 18 May 2017) and amendments to IFRS 17 (issued on 25 June 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1 'Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current' and 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date' (issued on 23 January 2020 and 15 July 2020, respectively) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IFRS 3 'Reference to the Conceptual Framework' (issued on 14 May 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2022;
- Amendments to IAS 16 'Property, Plant and Equipment – Proceeds before Intended Use' (issued on 14 May 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2022;
- Amendments to IAS 37 'Onerous Contracts – Cost of Fulfilling a Contract' (issued on 14 May 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2022;
- Annual Improvements to IFRS Standards 2018-2020 (issued on 14 May 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2022;
- Amendments to IFRS 4 'Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9' (issued on 25 June 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2021;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: 'Interest Rate Benchmark Reform – Phase 2' (issued on 27 August 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2021.

The specified effective dates have been set forth in the standards published by the International Accounting Standards Board. The actual dates of adopting these standards in the European Union may differ from those set forth in the standards and they shall be announced once they are approved for application by the European Union.

The Group is currently conducting an analysis of how the introduction of the above-mentioned standards and interpretations may affect the consolidated financial statements and accounting policies applied by the Group.

2.8. Corrections of material errors

In the reporting period, no events occurred that would require making corrections of any misstatements.

2.9. Restatement of comparable data

In 2020, the Group changed the purchase price allocation of companies that were acquired in 2019: Unique Software Industries (a company acquired within Michpal Group, included in the Formula Systems segment), OnTarget (a company acquired within Magic Group, included in the Formula Systems segment), Tecsisa and TurboConsult (companies acquired within the Asseco International segment), as well as SONEC spol. s r.o., SONEC Slovakia and Monri Group (companies acquired within ASEE Group, included in the Asseco International segment). These events resulted in changing the values of some assets and liabilities disclosed as at 31 December 2019, as well as some items disclosed in the statement of profit and loss for the period of 9 months ended 30 September 2019, which necessitated a restatement of such data.

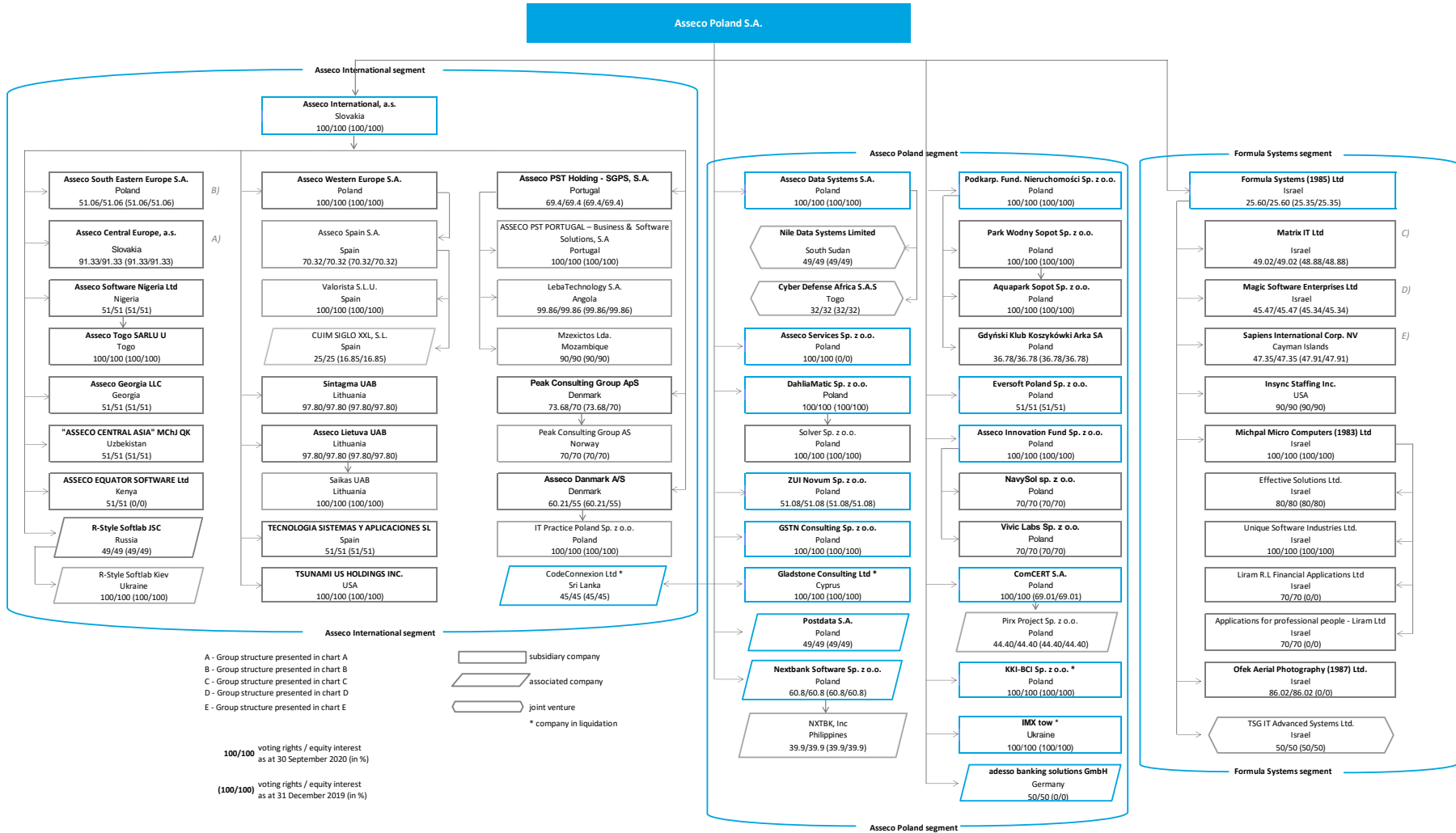
The impact of the said changes on the comparable data has been presented in the table below.

Restatement of the statement of financial position as at 31 December 2019	31 Dec. 2019	Change of purchase price allocation within the Formula Systems segment	Change of purchase price allocation within the Asseco International segment	31 Dec. 2019 (restated)
	mPLN	mPLN	mPLN	mPLN
Non-current assets	8,845.6	(6.9)	3.2	8,841.9
Property, plant and equipment	822.7	-	-	822.7
Intangible assets	2,095.5	(7.4)	18.4	2,106.5
Right-of-use assets	686.6	-	-	686.6
Investment property	20.6	-	-	20.6
Goodwill	4,576.1	0.5	(15.2)	4,561.4
Investments accounted for using the equity method	145.0	-	-	145.0
Other receivables and trade receivables	110.3	-	-	110.3
Deferred tax assets	177.7	-	-	177.7
Prepayments and accrued income	68.4	-	-	68.4
Other non-financial assets	0.5	-	-	0.5
Other financial assets	142.2	-	-	142.2
Current and non-current assets held for sale	5,752.3	-	-	5,752.3
TOTAL ASSETS	14,597.9	(6.9)	3.2	14,594.2
Total equity	7,981.0	-	2.8	7,983.8
Equity (attributable to shareholders of the Parent Company)	5,762.4	-	2.5	5,764.9
Non-controlling interests	2,218.6	-	0.3	2,218.9
Non-current liabilities	2,752.3	(6.9)	0.2	2,745.6
Bank loans, borrowings and debt securities	1,366.2	-	-	1,366.2
Lease liabilities	472.3	-	-	472.3
Other financial liabilities	246.9	(8.5)	(3.8)	234.6
Deferred tax liabilities	474.0	1.6	4.0	479.6
Contract liabilities	57.7	-	-	57.7
Accruals	1.9	-	-	1.9
Other liabilities	10.4	-	-	10.4
Provisions	81.9	-	-	81.9
Deferred income	41.0	-	-	41.0
Current liabilities	3,864.6	-	0.2	3,864.8
TOTAL LIABILITIES	6,616.9	(6.9)	0.4	6,610.4
TOTAL EQUITY AND LIABILITIES	14,597.9	(6.9)	3.2	14,594.2

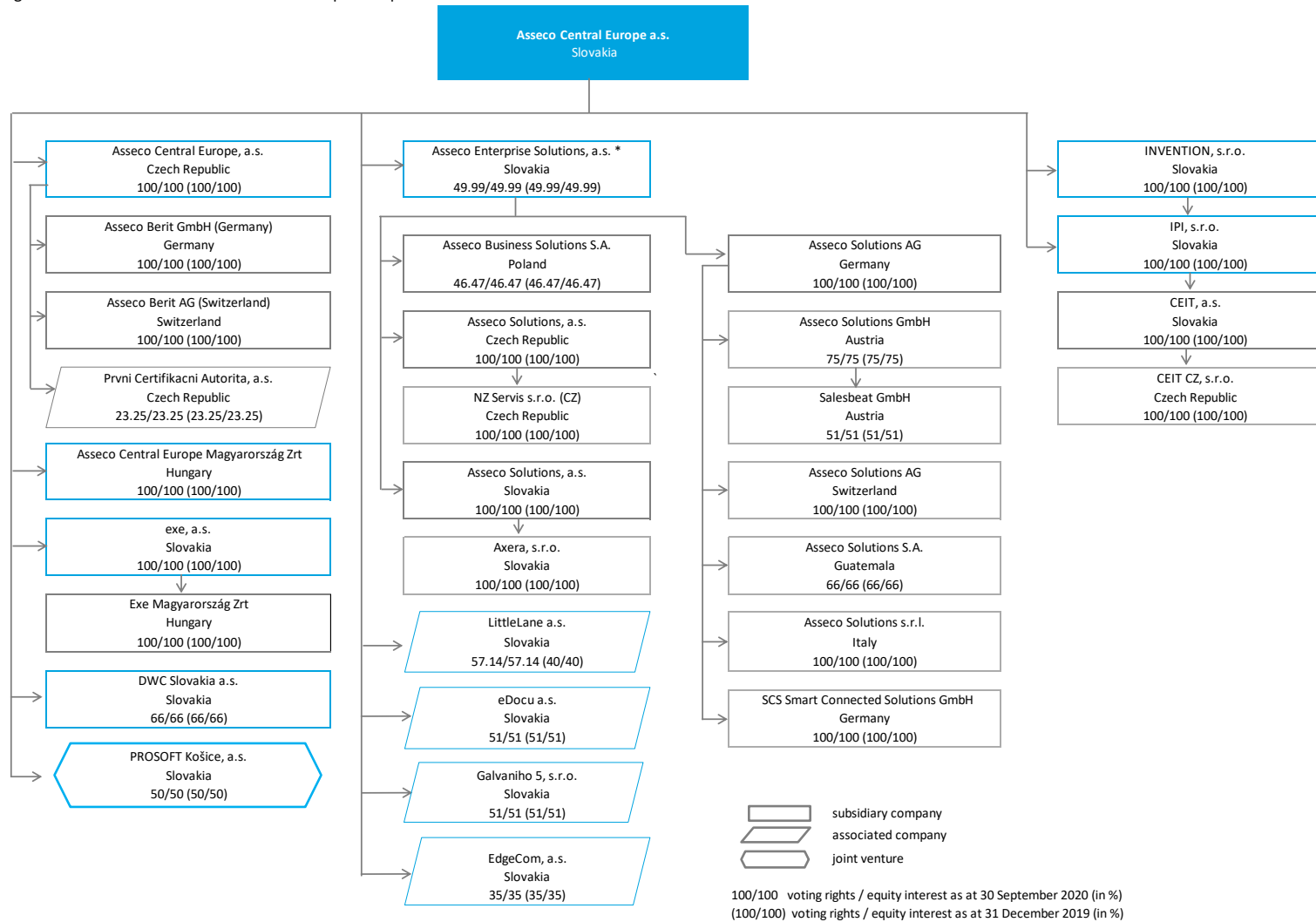
Restatement of the statement of profit and loss	9 months ended	Change of purchase	Change of purchase	9 months ended
	30 Sept. 2019	price allocation within the Formula Systems segment	price allocation within the Asseco International segment	30 Sept. 2019 (restated)
	mPLN	mPLN	mPLN	mPLN
Operating revenues	7,729.3	-	-	7,729.3
Cost of sales	(6,057.5)	-	(0.5)	(6,058.0)
Gross profit on sales	1,671.8	-	(0.5)	1,671.3
Selling costs	(410.3)	-	-	(410.3)
General and administrative expenses	(538.8)	-	-	(538.8)
Net profit on sales	722.7	-	(0.5)	722.2
Other operating income	42.4	-	-	42.4
Other operating expenses	(50.4)	-	-	(50.4)
Operating profit	714.7	-	(0.5)	714.2
Financial income	43.9	-	-	43.9
Financial expenses	(109.5)	-	0.1	(109.4)
Pre-tax profit before share of profits of associates and joint ventures	649.1	-	(0.4)	648.7
Corporate income tax <i>(current and deferred tax expense)</i>	(142.8)	-	0.1	(142.7)
Share of profits of associates and joint ventures	1.8	-	-	1.8
Net profit for the reporting period	508.1	-	(0.3)	507.8
<i>Attributable to:</i>				
Shareholders of the Parent Company	238.2	-	(0.1)	238.1
Non-controlling interests	269.9	-	(0.2)	269.7

3. Organization and changes in the structure of Asseco Group, including the entities subject to consolidation

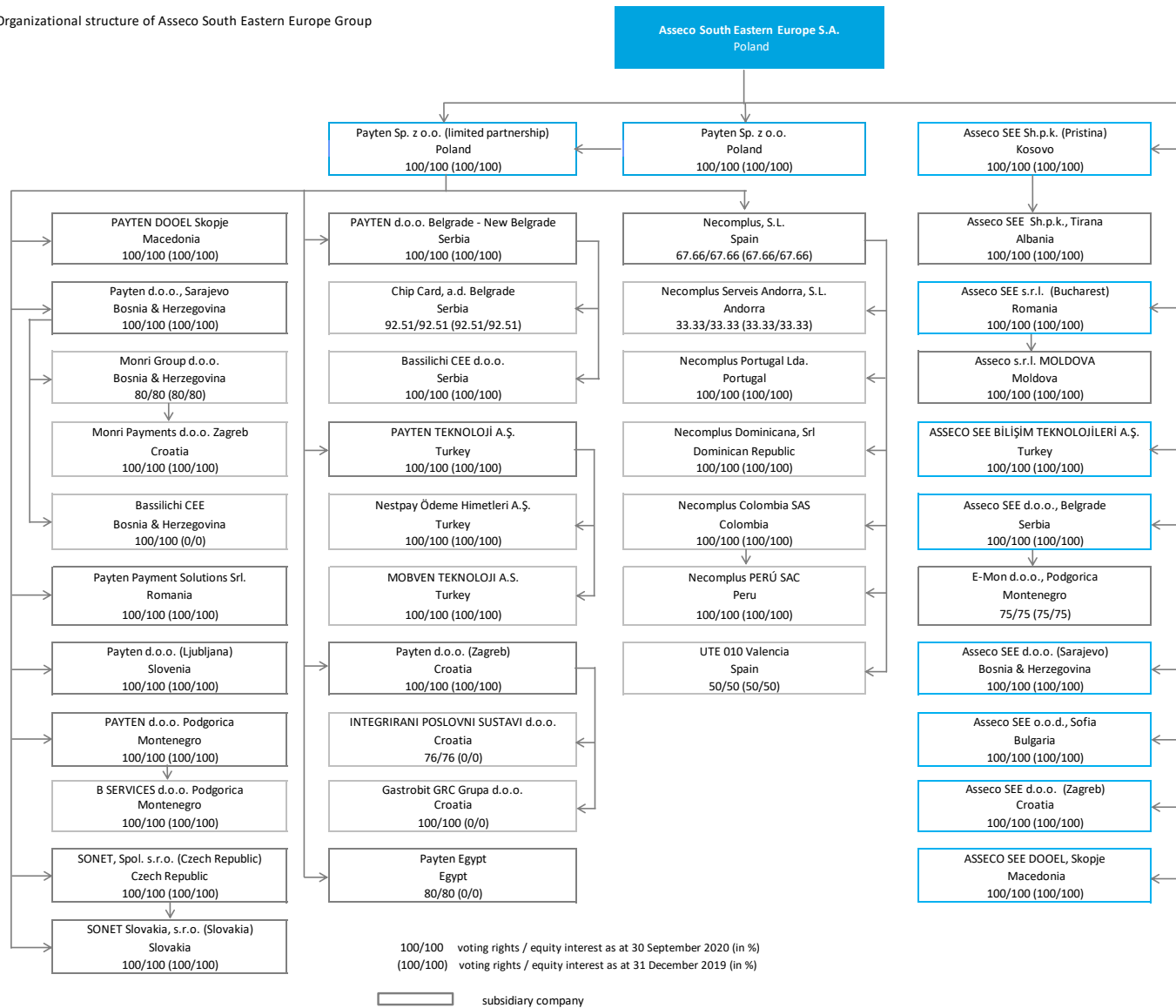
The organizational structure of Asseco Group has been presented in the chart below (the voting rights and equity interest held as at 30 September 2020 and 31 December 2019 are disclosed under the name of each company):



A. Organizational structure of Asseco Central Europe Group



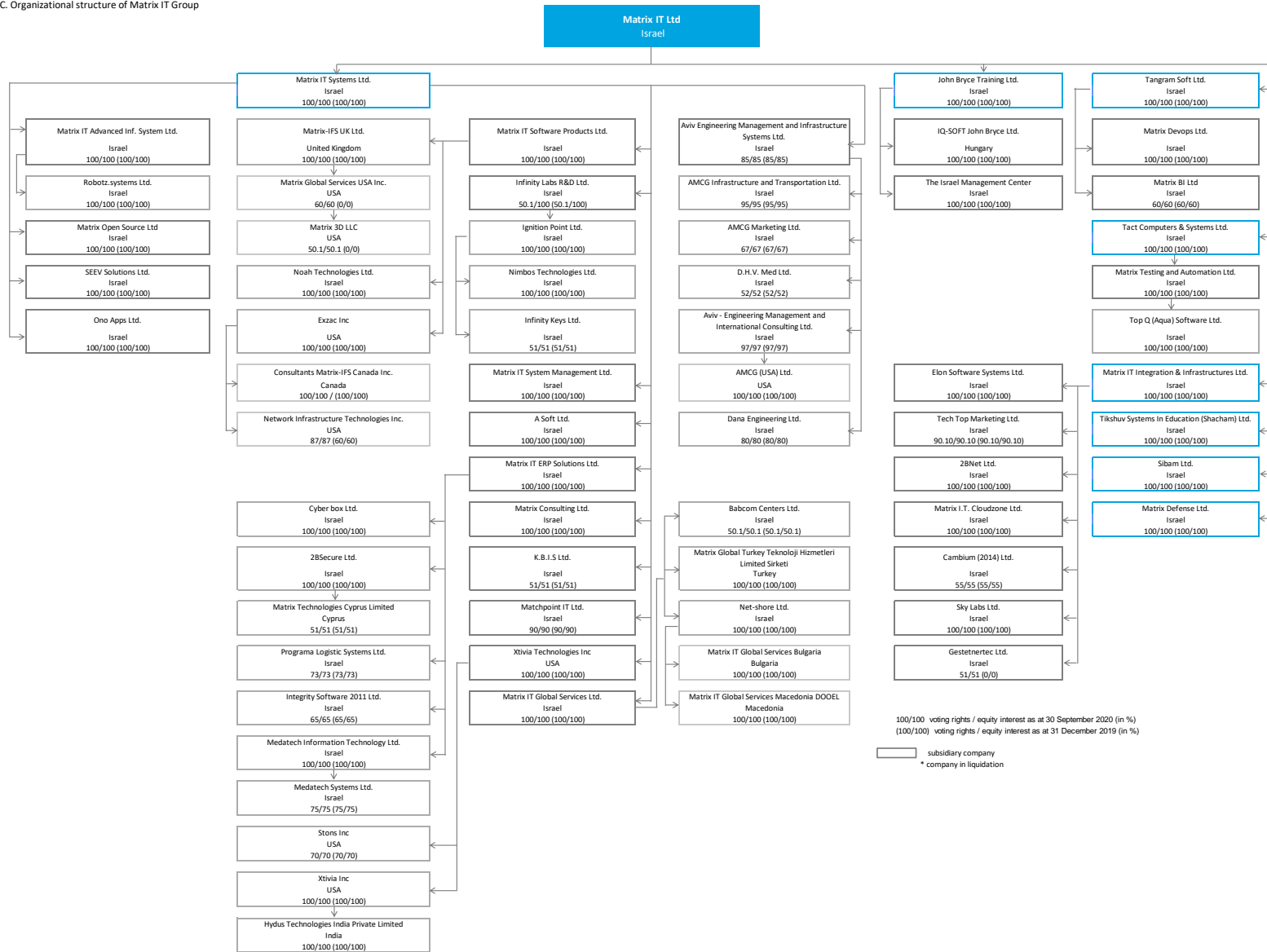
B. Organizational structure of Asseco South Eastern Europe Group



100/100 voting rights / equity interest as at 30 September 2020 (in %)
 (100/100) voting rights / equity interest as at 31 December 2019 (in %)

subsidary company

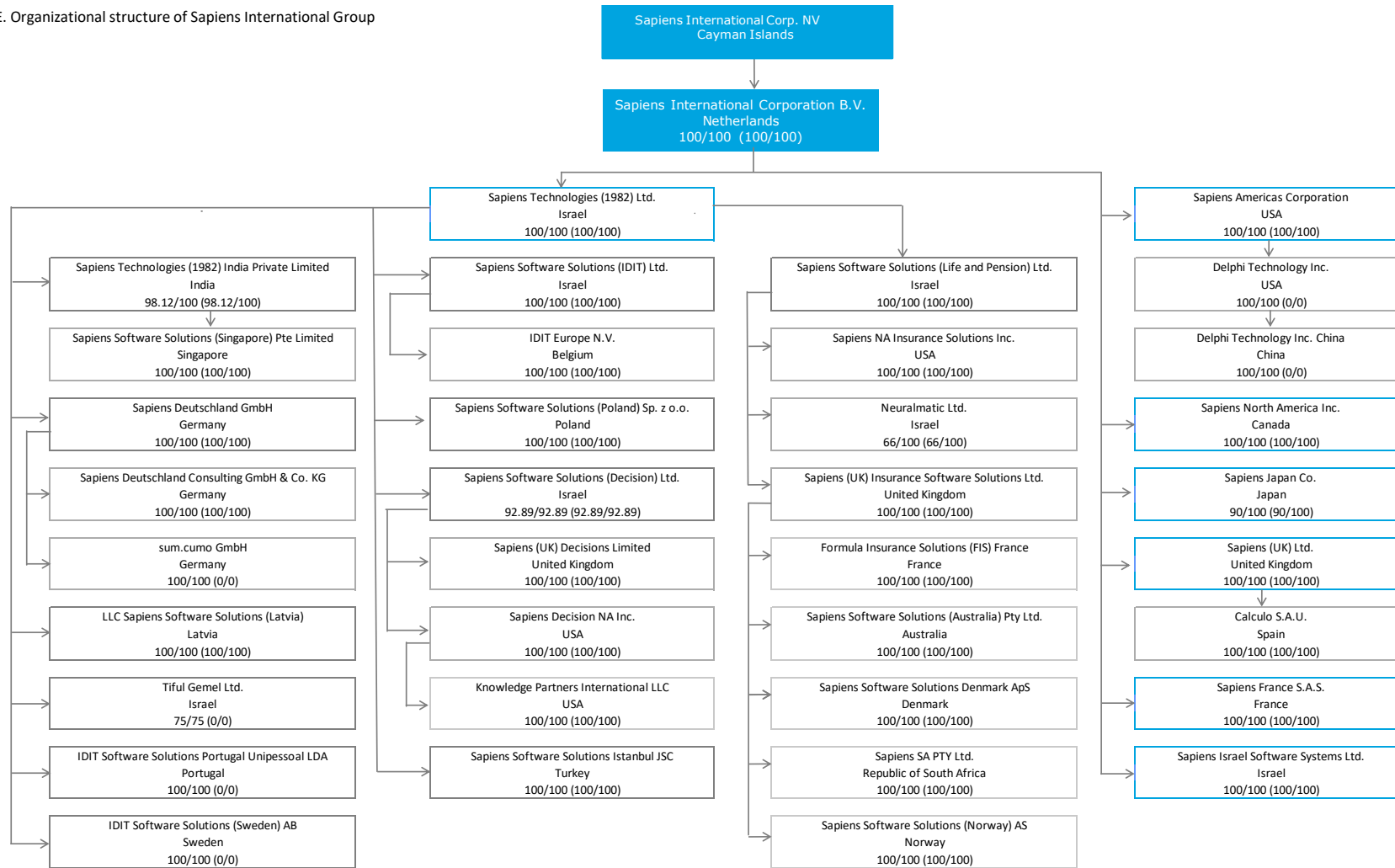
C. Organizational structure of Matrix IT Group



100/100 voting rights / equity interest as at 30 September 2020 (n %)
 (100/100) voting rights / equity interest as at 31 December 2019 (n %)

□ subsidiary company
 * company in liquidation

E. Organizational structure of Sapiens International Group



100/100 voting rights / equity interest as at 30 September 2020 (in %)
 (100/100) voting rights / equity interest as at 31 December 2019 (in %)

subsidary company

* company in liquidation

During the period of 9 months ended 30 September 2020, the Group's composition changed as follows:

Asseco Poland segment

Changes within the Asseco Poland segment	Date of transaction	Percentage of voting rights after transaction	Impact on the Group's equity
Change of shareholdings in companies			
Asseco Poland S.A. increased its equity interest in ComCERT S.A.	16 June 2020	100%	(0.8) mPLN
Merger of companies			
Merger of SKG S.A. with Asseco Poland S.A. acting as the taking-over company	1 July 2020	n/a	-
Establishing of new companies			
Asseco Poland S.A. established the company Asseco Services Sp. z o.o.	18 March 2020	100%	-
Asseco Poland S.A. established the company adesso banking solutions GmbH (jointly controlled entity)	14 September 2020	50%	-

Asseco International segment

Changes within the Asseco International segment	Date of transaction	Percentage of voting rights after transaction	Impact on the Group's equity
Acquisition of shares in new companies			
Detailed information on transactions is presented in explanatory note 6.4 to these consolidated financial statements.			
Payten d.o.o., Sarajevo acquired shares in Bassilichi CEE.	20 January 2020	100%	-
Payten d.o.o. (Zagreb) acquired shares in INTEGRIRANI POSLOVNI SUSTAVI d.o.o.	4 June 2020	76%	-
Payten d.o.o. (Zagreb) acquired shares in Gastrobit GRC Group d.o.o.	23 July 2020	100%	-
Change of shareholdings in companies			
Asseco South Eastern Europe S.A. contributed shares in the company Payten Teknoloji A.Ş. to Payten Sp. z o.o. (limited partnership). This transaction consisted in making a non-cash contribution of an investment in one subsidiary to another subsidiary company of Asseco South Eastern Europe S.A. and therefore it had no impact on the financial position and financial results of the Group.	20 March 2020	n/a	-
Asseco Spain S.A. increased its equity interest in CUIM SIGLO XXL, S.L.	4 June 2020	25%	-
Asseco Central Europe a.s. increased its equity interest in LittleLane a.s.	8 June 2020	57.14%	-
Asseco South Eastern Europe S.A. contributed shares in the company Payten d.o.o., Novi Beograd to Payten Sp. z o.o. (limited partnership). This transaction consisted in making a non-cash contribution of an investment in one subsidiary to another subsidiary company of Asseco South Eastern Europe S.A. and therefore it had no impact on the financial position and financial results of the Group.	26 June 2020	n/a	-

Merger of companies			
Merger of TurboConsult s.r.o. with Asseco Central Europe, a.s. acting as the taking-over company	1 August 2020	n/a	-
Establishing of new companies			
Payten Sp. z o.o. (limited partnership) established the company Payten Egypt	26 January 2020	80%	-
Asseco International, a.s. established the company ASSECO EQUATOR SOFTWARE Ltd	29 May 2020	51%	-

Formula Systems segment

Changes within the Formula Systems segment	Date of transaction	Percentage of voting rights after transaction	Impact on the Group's equity
Acquisition of shares in new companies			
Detailed information on transactions is presented in explanatory note 6.4 to these consolidated financial statements.			
Sapiens Deutschland GmbH acquired shares in sum.cumo GmbH	5 February 2020	100%	-
Formula Systems (1985) Ltd acquired shares in Ofek Aerial Photography (1987) Ltd	20 February 2020	86.02%	-
Coretech Consulting Group LLC acquired shares in Aptonet Inc.	1 May 2020	100%	-
Michpal Micro Computers (1983) Ltd acquired shares in Liram R.L Financial Applications Ltd	12 May 2020	70%	-
Michpal Micro Computers (1983) Ltd acquired shares in Applications for professional people – Liram Ltd	12 May 2020	70%	-
Sapiens Technologies (1982) Ltd acquired shares in Tiful Gemel Ltd	1 June 2020	75%	-
Magic Benelux B.V. acquired shares in Magic Hands B.V.	1 June 2020	100%	-
Coretech Consulting Group LLC acquired shares in Stockell Information Systems Inc.	1 July 2020	100%	-
Magic Software Enterprises Ltd acquired shares in Mobisoft Ltd	1 July 2020	70%	-
Matrix IT Integration & Infrastructures Ltd acquired shares in Gestetnertec Ltd	21 July 2020	51%	-
Sapiens Americas Corporation acquired shares in Delphi Technology Inc. and indirectly shares in Delphi Technology Inc. China	27 July 2020	100%	-
Change of shareholdings in companies			
Exzac Inc. increased its equity interest in Network Infrastructure Technologies Inc.	16 January 2020	87%	-
Magic Software Enterprises Ltd increased its equity interest in Roshtov Software Industries Ltd	19 January 2020	80%	-
Magic Software Enterprises Ltd increased its equity interest in Comblack IT Ltd	15 April 2020	80.18%	0.5 mPLN
Asseco Poland S.A. increased its equity interest in Formula Systems (1985) Ltd	1 st half of 2020	25.60%	(4.5) mPLN
Formula Systems (1985) Ltd increased its equity interest in Matrix IT Ltd	1 st half of 2020	49.02%	(1.0) mPLN
Formula Systems (1985) Ltd decreased its equity interest in Sapiens International Corp. NV	3 rd quarter of 2020	47.35%	0.8 mPLN

Formula Systems (1985) Ltd increased its equity interest in Magic Software Enterprises Ltd	3 rd quarter of 2020	45.47%	(0.5) mPLN
Merger of companies			
Merger of Alius Corp. with Exzac Inc. acting as the taking-over company	12 May 2020	n/a	-
Establishing of new companies			
Matrix-IFS UK Ltd established the company Matrix Global Services USA Inc.	21 January 2020	60%	-
Matrix Global Services USA Inc. established the company Matrix 3D LLC.	29 January 2020	50.1%	-
Sapiens Technologies (1982) Ltd established the company IDIT Software Solutions (Sweden) AB	12 February 2020	100%	-
Sapiens Technologies (1982) Ltd established the company IDIT Software Solutions Portugal Unipessoal LDA	2 June 2020	100%	-
Liquidation of companies			
Liquidation of Matrix Nit.	24 Feb. 2020	-	-
Commencement of the liquidation process of F.T.S. Bulgaria Ltd	1 st quarter of 2020	n/a	-

4. Information on operating segments

According to IFRS 8, an operating segment is a separable component of the Group's business for which separate financial information is available and regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Asseco Poland segment comprises our companies which generate revenues mostly in the Polish market. Performance of this segment is analyzed on a regular basis by the Management of the Parent Company acting as the chief operating decision maker. This segment includes, among others, the following companies: Asseco Poland, Asseco Data Systems, DahliaMatic, ZUI Novum, Asseco Services Sp. z o.o., and Asseco Innovation Fund Sp. z o.o. The aforementioned companies offer comprehensive IT services intended for a broad range of clients operating in the sectors of financial institutions, public administration, and enterprises.

Asseco International segment comprises our companies which generate revenues mostly in the markets of Central Europe, South Eastern Europe, as well as Western Europe and Eastern Europe. Performance of these companies is assessed on a periodic basis by the Management of Asseco International, a.s. This segment is identical with the composition of Asseco International Group. The segment's performance as a whole is subject to regular verification by the Management of Asseco Poland. The aforementioned companies offer comprehensive IT services intended for a broad range of clients operating primarily in the sectors of financial institutions, public administration, and enterprises.

Formula Systems segment comprises our companies which generate revenues mostly in the markets of Israel, North America, Japan, as well as in Europe, Middle East, and Africa (EMEA region). Performance of these companies is assessed on a periodic basis by the Management of Formula Systems; hence, the segment's composition corresponds to the structure of Formula Systems Group. The segment's performance as a whole is subject to regular verification by the Management of Asseco Poland.

Revenues from none of our clients exceeded 10% of total sales generated by the Group in the period of 9 months ended 30 September 2020.

Selected data from the statement of profit and loss and the cash flow statement for the period of 9 months ended 30 September 2020, in a breakdown to operating segments:

9 months ended 30 Sept. 2020	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	mPLN	mPLN	mPLN	mPLN	mPLN
Revenues from external customers	1,000.2	2,218.0	5,489.1	-	8,707.3
Inter-segment transactions	3.3	6.2	8.2	(17.7)	-
Total operating revenues of segment	1,003.5	2,224.2	5,497.3	(17.7)	8,707.3
Operating profit/loss of segment	155.0	251.8	446.4	(0.3)	852.9
Interest income ¹⁾	2.4	4.6	6.1	-	13.1
Interest expenses ²⁾	(3.0)	(7.1)	(55.6)	0.5	(65.2)
Corporate income tax	(33.9)	(48.6)	(86.5)	-	(169.0)
Non-cash items:					
Depreciation and amortization (as disclosed in the cash flow statement)	(70.1)	(128.6)	(323.6)	1.7	(520.6)
<i>of which amortization of intangible assets recognized in purchase price allocation (PPA)</i>	<i>(12.2)</i>	<i>(10.6)</i>	<i>(145.7)</i>	-	<i>(168.5)</i>
Costs of share-based payment transactions with employees (SBP)	-	(0.7)	(14.8)	-	(15.5)
Recognition/reversal of impairment losses on segment's assets	(5.8)	(8.3)	(8.5)	-	(22.6)
Share of profits of associates and joint ventures	(2.9)	(1.3)	1.3	-	(2.9)
Net profit/loss attributable to shareholders of the Parent Company	112.2	125.6	29.8	0.1	267.7
Cash provided by (used in) operating activities	179.5	295.6	880.1	(1.6)	1,353.6

¹⁾ Interest income on loans granted, debt securities, leases, trade receivables, and bank deposits

²⁾ Interest expenses on bank loans, borrowings, debt securities, leases, and trade payables

³⁾ Cash generated from operating activities before income tax paid

Selected data from the statement of financial position as at 30 September 2020, in a breakdown to operating segments:

30 Sept. 2020	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	mPLN	mPLN	mPLN	mPLN	mPLN
Non-current assets	3,292.4	2,250.0	3,727.6	(17.8)	9,252.2
of which goodwill	2,260.6	1,477.7	1,141.1	-	4,879.4
Current assets	670.7	1,428.7	3,929.9	(7.3)	6,022.0
<i>including:</i>					
trade receivables and contract assets	399.4	649.0	1,932.1	(7.1)	2,973.4
cash and cash equivalents	157.0	567.5	1,668.2	-	2,392.7
Non-current liabilities	221.4	367.9	2,603.1	(16.5)	3,175.9
<i>including:</i>					
liabilities under bank loans, borrowings and debt securities	-	117.4	1,526.6	-	1,644.0
lease liabilities	64.9	128.0	322.1	(13.8)	501.2
Current liabilities	296.7	963.0	2,630.0	(8.5)	3,881.2
<i>including:</i>					
liabilities under bank loans, borrowings and debt securities	-	98.6	608.7	-	707.3
lease liabilities	13.0	54.0	113.2	(1.8)	178.4
trade payables and contract liabilities	177.3	448.0	1,024.5	(5.9)	1,643.9

Selected data from the statement of profit and loss and the cash flow statement for the period of 9 months ended 30 September 2019, in a breakdown to operating segments:

9 months ended 30 Sept. 2019	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	mPLN	mPLN	mPLN	mPLN	mPLN
Revenues from external customers	885.0	2,032.1	4,812.2	-	7,729.3
Inter-segment transactions	8.8	0.7	9.7	(19.2)	-
Total operating revenues of segment	893.8	2,032.8	4,821.9	(19.2)	7,729.3
Operating profit/loss of segment	125.6	238.5	349.4	0.7	714.2
Interest income ¹⁾	3.9	5.1	4.8	-	13.8
Interest expenses ²⁾	(7.1)	(6.2)	(50.8)	0.2	(63.9)
Corporate income tax	(22.8)	(52.1)	(67.8)	-	(142.7)
Non-cash items:					
Depreciation and amortization (as disclosed in the cash flow statement)	(69.0)	(109.2)	(292.6)	3.4	(467.4)
<i>of which amortization of intangible assets recognized in purchase price allocation (PPA)</i>	(12.6)	(7.6)	(137.9)	-	(158.1)
Costs of share-based payment transactions with employees (SBP)	-	(1.8)	(11.4)	-	(13.2)
Recognition/reversal of impairment losses on segment's assets	(0.5)	(8.0)	(1.4)	-	(9.9)
Share of profits of associates and jointly controlled entities	(1.0)	(3.0)	5.8	-	1.8
Net profit/loss attributable to the Parent Company	93.7	119.8	23.6	1.0	238.1
Cash provided by (used in) operating activities ³⁾	185.4	193.4	599.4	(4.9)	973.3

¹⁾ Interest income on loans granted, debt securities, leases, trade receivables, and bank deposits

²⁾ Interest expenses on bank loans, borrowings, debt securities, leases, and trade payables

³⁾ Cash generated from operating activities before income tax paid

Selected data from the statement of financial position as at 31 December 2019, in a breakdown to operating segments:

31 Dec. 2019 (restated)	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	mPLN	mPLN	mPLN	mPLN	mPLN
Non-current assets	3,319.9	2,213.8	3,325.2	(17.0)	8,841.9
of which goodwill	2,260.6	1,419.6	881.2	-	4,561.4
Current assets	640.5	1,384.2	3,741.3	(13.7)	5,752.3
<i>including:</i>					
trade receivables and contract assets	327.7	609.8	1,913.8	(6.3)	2,845.0
cash and cash equivalents	215.2	546.7	1,391.6	-	2,153.5
Non-current liabilities	178.8	414.2	2,167.1	(14.5)	2,745.6
<i>including:</i>					
liabilities under bank loans, borrowings and debt securities	-	86.0	1,280.2	-	1,366.2
lease liabilities	62.1	140.9	281.5	(12.2)	472.3
Current liabilities	306.4	940.3	2,632.9	(14.8)	3,864.8
<i>including:</i>					
liabilities under bank loans, borrowings and debt securities	-	92.6	596.8	-	689.4
lease liabilities	31.6	51.0	135.5	(1.4)	216.7
trade payables and contract liabilities	154.9	488.4	973.8	(6.3)	1,610.8

5. Explanatory notes to the consolidated statement of profit and loss

5.1. Structure of operating revenues

Operating revenues generated during the periods of 3 and 9 months ended 30 September 2020 and in the comparable periods were as follows:

	3 months ended 30 Sept. 2020 mPLN	9 months ended 30 Sept. 2020 mPLN	3 months ended 30 Sept. 2019 mPLN	9 months ended 30 Sept. 2019 mPLN
Operating revenues by type of products				
Proprietary software and services	2,330.4	6,983.1	2,245.9	6,319.9
Third-party software and services	183.8	577.7	193.4	551.7
Hardware and infrastructure	423.6	1,146.5	299.1	857.7
Total	2,937.8	8,707.3	2,738.4	7,729.3
Operating revenues by sectors				
Banking and Finance	1,066.4	3,197.2	1,004.4	2,985.1
General Business	1,064.4	3,335.0	1,093.9	2,936.7
Public Institutions	807.0	2,175.1	640.1	1,807.5
Total operating revenues	2,937.8	8,707.3	2,738.4	7,729.3

i. Breakdown of segment revenues by type of products

Operating revenues of individual segments generated by type of products during the period of 9 months ended 30 September 2020 and in the comparable period were as follows:

	Asseco Poland segment mPLN	Asseco International segment mPLN	Formula Systems segment mPLN	Eliminations mPLN	Total mPLN
9 months ended 30 Sept. 2020					
Proprietary software and services	871.4	1,513.7	4,612.5	(14.5)	6,983.1
Third-party software and services	85.8	255.7	239.3	(3.1)	577.7
Hardware and infrastructure	46.3	454.8	645.5	(0.1)	1,146.5
Total operating revenues	1,003.5	2,224.2	5,497.3	(17.7)	8,707.3

	Asseco Poland segment mPLN	Asseco International segment mPLN	Formula Systems segment mPLN	Eliminations mPLN	Total mPLN
9 months ended 30 Sept. 2019					
Proprietary software and services	781.4	1,403.8	4,148.3	(13.6)	6,319.9
Third-party software and services	78.1	250.3	229.6	(6.3)	551.7
Hardware and infrastructure	34.3	378.7	444.0	0.7	857.7
Total operating revenues	893.8	2,032.8	4,821.9	(19.2)	7,729.3

ii. Breakdown of segment operating revenues by sectors

Operating revenues of individual segments generated by sectors during the period of 9 months ended 30 September 2020 and in the comparable period were as follows:

	Asseco Poland segment mPLN	Asseco International segment mPLN	Formula Systems segment mPLN	Eliminations mPLN	Total mPLN
9 months ended 30 Sept. 2020					
Banking and Finance	321.5	737.5	2,146.5	(8.3)	3,197.2
General Business	222.9	1,016.9	2,101.6	(6.4)	3,335.0
Public Institutions	459.1	469.8	1,249.2	(3.0)	2,175.1
Total operating revenues	1,003.5	2,224.2	5,497.3	(17.7)	8,707.3

	Asseco Poland segment mPLN	Asseco International segment mPLN	Formula Systems segment mPLN	Eliminations mPLN	Total mPLN
9 months ended 30 Sept. 2019					
Banking and Finance	328.6	707.5	1,961.1	(12.1)	2,985.1
General Business	217.9	857.4	1,868.8	(7.4)	2,936.7
Public Institutions	347.3	467.9	992.0	0.3	1,807.5
Total operating revenues	893.8	2,032.8	4,821.9	(19.2)	7,729.3

iii. Breakdown of operating revenues by countries in which they were generated

	9 months ended 30 Sept. 2020 mPLN	9 months ended 30 Sept. 2019 mPLN
Israel	3,383.1	2,979.6
USA	1,446.5	1,283.3
Poland	1,147.0	1,042.5
Spain	398.2	324.7
Slovakia	296.6	301.5
Czech Republic	236.9	232.9
Germany	216.7	162.5
Serbia	190.7	181.1
United Kingdom	161.0	155.6
Denmark	119.3	137.6
Other countries	1,111.3	928.0
Total operating revenues	8,707.3	7,729.3

iv. Revenues from contracts with customers within total operating revenues

	9 months ended 30 Sept. 2020 mPLN	9 months ended 30 Sept. 2019 mPLN
Revenues from contracts with customers recognized in accordance with IFRS 15, of which:	8,633.0	7,667.3
From goods and services transferred at a specific point in time	1,640.3	1,441.7
Asseco Poland segment	117.3	82.7
Asseco International segment	696.3	719.3
Formula Systems segment	831.4	647.8
Intragroup transactions	(4.7)	(8.1)
From goods and services transferred over the passage of time	6,992.7	6,225.6
Asseco Poland segment	886.2	811.1
Asseco International segment	1,453.6	1,251.5
Formula Systems segment	4,665.9	4,174.1

Intragroup transactions	(13.0)	(11.1)
Other operating revenues (mainly from leases)*	74.3	62.0
Total operating revenues	8,707.3	7,729.3

*Other operating revenues are related entirely to the Asseco International segment.

Other operating revenues disclosed in the table above, which are not recognized in accordance with IFRS 15, represent primarily revenues generated by the Asseco International segment (and in particular by Asseco South Eastern Europe Group) from the provision of ATM and POS terminal outsourcing services. Such contracts are treated as operating leases.

5.2. Structure of operating costs

The table below presents operating costs incurred in the periods of 3 and 9 months ended 30 September 2020 and in the comparable periods.

Operating costs	3 months ended	9 months ended	3 months ended	9 months ended
	30 Sept. 2020	30 Sept. 2020	30 Sept. 2019	30 Sept. 2019
	mPLN	mPLN	(restated) mPLN	(restated) mPLN
Cost of goods, materials and third-party services sold (COGS)	(503.1)	(1,440.9)	(425.8)	(1,190.1)
Employee benefits	(1,433.7)	(4,302.3)	(1,337.8)	(3,873.8)
Depreciation and amortization	(175.8)	(514.9)	(162.7)	(461.4)
Third-party services*	(383.7)	(1,150.1)	(390.3)	(1,044.1)
Other	(138.5)	(434.0)	(160.7)	(437.7)
Total	(2,634.8)	(7,842.2)	(2,477.3)	(7,007.1)
Cost of sales	(2,283.9)	(6,814.0)	(2,142.1)	(6,050.4)
Selling costs	(145.2)	(436.1)	(147.3)	(410.3)
General and administrative expenses	(196.9)	(572.6)	(184.7)	(538.8)
(Recognition)/Reversal of allowances for trade receivables	(8.8)	(19.5)	(3.2)	(7.6)
Total	(2,634.8)	(7,842.2)	(2,477.3)	(7,007.1)

* The costs of third-party services include the costs of human resources outsourcing as well as the costs of subcontractors involved in the execution of IT projects, in total amounting to PLN 863.5 million in the period of 9 months ended 30 September 2020, as compared with PLN 767.2 million incurred in the period of 9 months ended 30 September 2019.

In the period of 9 months ended 30 September 2020, other operating costs included primarily maintenance of property and company cars in the amount of PLN 246.9 million, as well as business trips in the amount of PLN 29.6 million. Whereas, in the comparable period other operating costs included primarily maintenance of property and company cars in the amount of PLN 239.5 million, as well as business trips in the amount of PLN 75.8 million. The costs of business trips decreased in relation to the comparable period last year due to a significant reduction in business travels caused by the COVID-19 pandemic.

i. Costs of employee benefits

	3 months ended	9 months ended	3 months ended	9 months ended
	30 Sept. 2020	30 Sept. 2020	30 Sept. 2019	30 Sept. 2019
	mPLN	mPLN	mPLN	mPLN
Salaries	(1,224.0)	(3,626.5)	(1,162.4)	(3,279.5)
Social insurance contributions	(82.8)	(256.8)	(71.4)	(228.2)
Costs of pension benefits	(99.3)	(298.3)	(92.0)	(273.9)
Costs of share-based payment transactions with employees	(4.9)	(15.5)	(4.3)	(13.2)
Other costs of employee benefits	(22.7)	(105.2)	(7.7)	(79.0)
Total costs of employee benefits	(1,433.7)	(4,302.3)	(1,337.8)	(3,873.8)

The average level of employment during the reporting period presented in full-time salaried jobs, i.e. employment in full-time jobs adjusted for (reduced by) positions which are not salaried by the Group companies (such as an unpaid leave, maternity leave, etc.), exclusive of companies whose financial results are disclosed under other operating activities or discontinued operations, however inclusive of companies which joined the Group during the reporting period (calculated proportionally to the period of their consolidation) equalled 26,471 persons, as compared with 25,373 persons in the comparable period.

The costs of equity-settled share-based payment transactions with employees correspond to stock option plans that were awarded to employees and managers of companies incorporated within the Formula Systems segment and the Asseco International segment (ASEE Group).

5.3. Financial income and expenses

Financial income earned during the periods of 3 and 9 months ended 30 September 2020 and in the comparable periods was as follows:

Financial income	3 months ended 30 Sept. 2020 mPLN	9 months ended 30 Sept. 2020 mPLN	3 months ended 30 Sept. 2019 mPLN	9 months ended 30 Sept. 2019 mPLN
Interest income on investments in debt securities and bank deposits carried at amortized cost	5.7	11.7	4.7	12.2
Interest income on other investments in debt securities, leases and trade receivables	0.1	1.4	0.6	1.6
Other interest income	-	0.2	0.1	0.3
Positive foreign currency translation differences	3.3	60.3	13.2	21.5
Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss	(1.1)*	1.4	0.1	3.7
Gain on revaluation of deferred and conditional payments for controlling interests in subsidiaries	-	0.3	-	0.4
Gain on sale of subsidiaries and associates	-	-	-	0.2
Gain on revaluation of liabilities from the acquisition of non-controlling interests (put options)	2.0	7.6	0.2	1.5
Other financial income	1.2	1.7	(0.6)*	2.3
Financial income	11.2	84.6	18.3	43.7
Reversal of impairment losses on financial instruments	-	-	0.2	0.2
Total financial income	11.2	84.6	18.5	43.9

* Negative values resulted from the reduction of income in the third quarter of 2019 and 2020

Financial expenses incurred during the periods of 3 and 9 months ended 30 September 2020 and in the comparable periods were as follows:

Financial expenses	3 months ended 30 Sept. 2020	9 months ended 30 Sept. 2020	3 months ended 30 Sept. 2019 (restated)	9 months ended 30 Sept. 2019 (restated)
	mPLN	mPLN	mPLN	mPLN
Interest expenses on bank loans, borrowings, debt securities, leases and trade payables	(20.9)	(65.2)	(26.1)	(63.9)
Other interest expenses	(6.3)	(12.2)	(3.0)	(7.9)
Negative foreign currency translation differences	(3.5)	(49.7)	(9.0)	(15.8)
Expenses related to obtaining control over subsidiaries	(4.3)	(9.9)	(2.1)	(2.6)
Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss	(0.3)	(3.7)	(5.0)	(7.3)
Loss on revaluation of deferred and conditional payments for controlling interests in subsidiaries	(3.6)	(8.6)	0.1	(0.9)
Loss on revaluation of liabilities from the acquisition of non-controlling interests (put options)	0.6	(6.0)	(1.5)	(4.5)
Other financial expenses	(7.3)	(14.5)	(1.8)	(6.5)
Total financial expenses	(45.6)	(169.8)	(48.4)	(109.4)

Positive and negative foreign currency translation differences are presented in net amounts (reflecting the excess of positive differences over negative differences or otherwise) at the level of individual subsidiaries.

5.4. Corporate income tax

The main charges on pre-tax profit resulting from corporate income tax (current and deferred portions):

	3 months ended 30 Sept. 2020	9 months ended 30 Sept. 2020	3 months ended 30 Sept. 2019 (restated)	9 months ended 30 Sept. 2019 (restated)
	mPLN	mPLN	mPLN	mPLN
Current income tax and prior years' adjustments	(66.4)	(202.5)	(59.0)	(165.6)
Deferred income tax	11.1	33.5	8.3	22.9
Income tax expense as disclosed in the statement of profit and loss	(55.3)	(169.0)	(50.7)	(142.7)

During the period of 9 months ended 30 September 2020, our effective tax rate equalled 22.0% which is the same as in the comparable period.

5.5. Earnings per share

Both during the reporting period and the comparable period, there were no instruments that could potentially dilute basic earnings per share, hence our basic earnings per share and diluted earnings per share are equal. The table below presents net profits and numbers of shares used for the calculation of earnings per share.

	3 months ended 30 Sept. 2020	9 months ended 30 Sept. 2020	3 months ended 30 Sept. 2019	9 months ended 30 Sept. 2019
	Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	83,000,303	83,000,303	83,000,303
Net profit attributable to shareholders of the Parent Company for the reporting period (in millions of PLN)	90.9	267.7	78.4	238.1
Consolidated earnings per share for the reporting period (in PLN)	1.10	3.23	0.94	2.87

5.6. Information on dividends paid out

In 2020, the Parent Company paid out to its shareholders a dividend for the year 2019. On 27 May 2020, the General Meeting of Shareholders of Asseco Poland S.A. resolved that the whole amount of net profit for the financial year 2019, which equalled PLN 206.8 million, shall be distributed among Shareholders in the form of a dividend payment. Additionally, the GMS decided to increase such dividend payment by distributing a portion of prior years' retained earnings in the amount of PLN 43 million. This means that the total amount allocated to dividend payment reached PLN 249.8 million or PLN 3.01 per share. The dividend record date was set for 5 June 2020; whereas, the dividend payment was scheduled for 17 June 2020.

In 2019, the Parent Company paid out to its shareholders a dividend for the year 2018. On 26 April 2019, the General Meeting of Shareholders of Asseco Poland S.A. resolved that the whole amount of net profit for the financial year 2018, which equalled PLN 166.5 million, shall be distributed among Shareholders in the form of a dividend payment. Additionally, the General Meeting of Shareholders decided to increase such dividend payment by distributing a portion of prior years' retained earnings in the amount of PLN 88.3 million. This means that the total amount allocated to dividend payment reached PLN 254.8 million or PLN 3.07 per share. The dividend record date was set for 20 May 2019; whereas, the dividend payment was scheduled for 5 June 2019.

6. Explanatory notes to the consolidated statement of financial position

6.1. Property, plant and equipment

The net book value of property, plant and equipment, during the period 9 months ended 30 September 2020 and in the comparable period, changed as a result of the following transactions:

	9 months ended 30 Sept. 2020 mPLN	9 months ended 30 Sept. 2019 mPLN
Net book value of property, plant and equipment as at 1 January	822.7	749.1
Additions, of which:	184.3	174.0
Purchases and modernization	127.7	148.2
Obtaining control over subsidiaries	51.6	18.5
Acquisition of right-of-use assets	1.6	-
Other	3.4	7.3
Reductions, of which:	(124.5)	(114.3)
Depreciation charges for the reporting period	(117.9)	(101.4)
Loss of control over subsidiaries	-	(0.1)
Disposal and liquidation	(5.9)	(7.9)
Impairment losses	0.3	(1.4)
Other	(1.0)	(3.5)
Change in presentation	-	0.1
Differences on foreign currency translation of subsidiaries	10.0	17.0
Net book value of property, plant and equipment as at 30 September	892.5	825.9

6.2. Intangible assets

The net book value of intangible assets, during the period of 9 months ended 30 September 2020 and in the comparable period, changed as a result of the following transactions:

	9 months ended 30 Sept. 2020 mPLN	9 months ended 30 Sept. 2019 mPLN
Net book value of intangible assets as at 1 January (restated)	2,106.5	1,990.2
Additions, of which:	272.8	248.9
Purchases and modernization	13.2	20.9
Obtaining control over subsidiaries	187.7	154.4
Costs of development projects in progress	71.9	73.6
Reductions, of which:	(247.7)	(232.1)
Amortization charges for the reporting period	(246.5)	(226.9)
Disposal and liquidation	(1.2)	(2.9)
Loss of control over subsidiaries	-	(2.3)
Impairment losses	(1.6)	(1.0)
Change in presentation	-	(1.1)
Differences on foreign currency translation of subsidiaries	40.5	166.5
Net book value of intangible assets as at 30 September	2,170.5	2,171.4

6.3. Right-of-use assets

The net book value of right-of-use assets, during the period of 9 months ended 30 September 2020 and in the comparable period, changed as a result of the following transactions:

	9 months ended 30 Sept. 2020	9 months ended 30 Sept. 2019
	mPLN	mPLN
Net book value of right-of-use assets as at 1 January	686.6	690.4
Additions, of which:	157.2	160.5
Conclusion of new lease contracts	136.9	144.4
Modification of existing contracts (lease extension, interest rate change)	16.9	6.1
Obtaining control over subsidiaries	2.1	10.0
Other	1.3	-
Reductions, of which:	(176.5)	(160.4)
Depreciation charges for the reporting period	(158.6)	(144.9)
Loss of control over subsidiaries	-	(0.5)
Early termination of contracts	(2.0)	(3.6)
Modification of existing contracts (lease shortening, interest rate change)	(14.3)	(11.3)
Other	(1.6)	(0.1)
Change in presentation	-	0.2
Differences on foreign currency translation of subsidiaries	11.3	48.0
Net book value of right-of-use assets as at 30 September	678.6	738.7

6.4. Goodwill

For impairment testing purposes, goodwill arising from obtaining control over subsidiaries is allocated by the Group in the following way:

- to the groups of cash-generating units that constitute an operating segment; or
- to individual subsidiaries; or
- to operating segments identified within the Parent Company (including: “Banking and Finance”, “Public Administration”, or “General Business”).

In accordance with the guidelines of the International Financial Reporting Standards and the policy applied by the Group, the Group’s Management analyzed the indications for impairment tests, including in particular the prevailing global COVID-19 pandemic, and reviewed the budgets and financial forecasts for individual segments to which goodwill has been allocated. As a result of the conducted analysis, our Management assessed that in case of most of the operating segments identified in the Group, none of such indications requires performing an interim impairment test and, considering the industry in which the Group operates and the fact that its operating segments met their budgets, the Management concluded that the assumptions made in the impairment tests carried out as at 31 December 2019 remain realistic. For cash-generating units that did not meet their budgets, the assumptions made in the impairment tests carried out as at 30 June 2020 have been reviewed. Based on such analysis, it was determined that the forecasts adopted in those tests, and described in detail in explanatory note 6.5 to the condensed consolidated financial statements for the period of 6 months ended 30 June 2020, also remain valid.

The following table presents the amounts of goodwill as at 30 September 2020 and 31 December 2019, in a breakdown to operating segments:

	30 Sept. 2020	31 Dec. 2019
Goodwill	mPLN	<i>restated</i> mPLN
Asseco Poland segment, of which:	2,260.6	2,260.6
<i>Goodwill allocated to individual cash-generating units</i>	339.1	343.5
Asseco Data Systems S.A.	244.3	244.3
Gladstone Consulting Ltd / GSTN Consulting Sp. z o.o.	36.3	36.3
ZUI Novum Sp. z o.o.	0.3	0.3
SKG S.A. ³⁾	-	4.4
DahliaMatic Sp. z o.o.	54.7	54.7
ComCERT S.A.	3.2	3.2
Eversoft Poland Sp. z o.o.	0.3	0.3
<i>Operating segments identified within the Parent Company</i>	1,921.5	1,917.1
Goodwill allocated to the Banking and Finance segment	890.2	890.2
Goodwill allocated to the Public Administration segment	850.3	845.9
Goodwill allocated to the General Business segment	181.0	181.0
Asseco International segment, of which:	1,477.7	1,419.6
Asseco Central Europe Group	750.4	732.1
Asseco South Eastern Europe Group	592.9	561.1
Asseco Spain S.A.	19.2	18.2
Sintagma UAB ¹⁾	0.7	0.6
Asseco Danmark ²⁾	34.4	32.2
Asseco PST Holding SGPS S.A. (former Exictos)	67.8	63.8
Tecnologia Sistemas y Aplicaciones (Tecsisa)	12.3	11.6
Formula Systems segment	1,141.1	881.2
Total goodwill	4,879.4	4,561.4

¹⁾ Goodwill recognized on the acquisition of Sintagma UAB and Asseco Lietuva UAB.

²⁾ Goodwill recognized on the acquisition of Asseco Danmark A/S and Peak Consulting ApS.

³⁾ Due to the merger of Asseco Poland and SKG, goodwill of SKG was transferred to the "Public Administration" segment in the Parent Company.

During the period of 9 months ended 30 September 2020, the following changes in goodwill arising from consolidation were observed (the table includes changed components only):

Goodwill as allocated to reportable segments:	Goodwill at the beginning of the period	Obtaining of control / Loss of control / Other changes in the structure	Foreign currency translation differences	Goodwill at the end of the period
	mPLN	mPLN	mPLN	mPLN
<i>Asseco International segment</i>				
Asseco Central Europe Group	732.1	-	18.3	750.4
Asseco South Eastern Europe Group	561.1	18.1	13.7	592.9
Asseco Spain S.A.	18.2	-	1.0	19.2
Sintagma UAB	0.6	-	0.1	0.7
Asseco Danmark	32.2	-	2.2	34.4
Asseco PST Holding SGPS S.A.	63.8	-	4.0	67.8
Tecnologia Sistemas y Aplicaciones (Tecsisa)	11.6	-	0.7	12.3
<i>Formula Systems segment</i>				
Formula Group	881.2	243.2	16.7	1,141.1

In the period of 9 months ended 30 September 2020, the balance of goodwill arising from consolidation was affected by the transactions described below (relating to the period from 1 July to 30 September 2020) as well as the transactions described in explanatory note 6.4 in the interim condensed consolidated financial statements for the period of 6 months ended 30 June 2020 (relating to the period from 1 January to 30 June 2020).

Foreign currency amounts disclosed for individual acquisitions in the tables below have been converted to Polish zlotys at the exchange rates effective as at the acquisition date, whereas in the aggregate table above, changes in goodwill have been converted to Polish zlotys at the average exchange rate for the reporting period.

i. Acquisition of Mobisoft by Magic Group

On 1 July 2020, Magic Software Enterprises acquired 70% of shares in the company Mobisoft Ltd based in Israel. The purchase price amounted to ILS 6.1 million (PLN 7.0 million).

As part of the purchase price allocation, the excess of the purchase price paid over the value of net assets acquired was recognized in intangible assets in the amount of ILS 5.2 million (PLN 6.0 million) and in deferred tax liabilities in the amount of ILS 1.2 million (PLN 1.4 million), while the remaining amount of ILS 3.7 million (PLN 4.2 million) was allocated to goodwill.

Until 30 September 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of this company may still be subject to change. The provisional values of identifiable assets and liabilities of the acquired company as at the date of obtaining control were as follows (converted at the exchange rate of PLN/ILS effective as at the acquisition date):

	Provisional values as at the acquisition date mILS	Provisional values as at the acquisition date mPLN
Assets acquired		
Property, plant and equipment	0.4	0.5
Intangible assets (including those identified under purchase price allocation)	5.2	6.0
Trade receivables	2.1	2.4
Cash and cash equivalents	0.4	0.5
Total assets	8.1	9.4
Liabilities acquired		
Trade payables	0.6	0.7
Liabilities to the state and local budgets	0.5	0.6
Deferred tax liabilities	1.2	1.4
Total liabilities	2.3	2.7
Net assets value	5.8	6.7
Value of non-controlling interests	3.4	3.9
Equity interest acquired	70%	70%
Purchase price	6.1	7.0
Goodwill as at the acquisition date	3.7	4.2

ii. Acquisition of Gestetnertec Ltd by Matrix Group

On 9 July 2020, Matrix IT Integration & Infrastructure Ltd acquired 51% of shares in the company Gestetnertec Ltd based in Israel. The purchase price amounted to ILS 114.5 million (PLN 124 million), of which ILS 49.9 million (PLN 54.0 million) was paid in cash.

All non-controlling interests are puttable and accounted for using the purchase method. The value of put options is measured at purchase price amounting to ILS 64.6 million (PLN 70.0 million), while the carrying amount of non-controlling interests stands at 0.

As part of the purchase price allocation, the excess of the purchase price paid over the value of net assets acquired was recognized in intangible assets in the amount of ILS 54.3 million (PLN 58.8 million) and in deferred tax liabilities in the amount of ILS 12.5 million (PLN 13.5 million), while the remaining amount of ILS 51.4 million (PLN 55.7 million) was allocated to goodwill.

Until 30 September 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of this company may still be subject to change.

The provisional values of identifiable assets and liabilities of the acquired company as at the date of obtaining control were as follows (converted at the exchange rate of PLN/ILS effective as at the acquisition date):

	Provisional values as at the acquisition date mILS	Provisional values as at the acquisition date mPLN
Assets acquired		
Property, plant and equipment	23.0	24.9
Intangible assets (including those identified under purchase price allocation)	54.6	59.1
Trade receivables	23.5	25.5
Inventories	14.6	15.8
Cash and cash equivalents	18.3	19.8
Other assets	4.8	5.2
Total assets	138.8	150.3
Liabilities acquired		
Bank loans and borrowings	36.5	39.5
Trade payables	8.0	8.7
Accruals and deferred income	10.6	11.5
Deferred tax liabilities	12.5	13.5
Other liabilities	7.6	8.2
Total liabilities	75.2	81.4
Net assets value	63.6	68.9
Value of non-controlling interests (internal interests within Gestetnertec Group only)	0.5	0.5
Equity interest acquired	51%	51%
Purchase price	114.5	124.0
Goodwill as at the acquisition date	51.4	55.7

iii. Acquisition of Gastrobit GRC Grupa d.o.o. by ASEE Group

On 23 July 2020, Payten d.o.o. Zagreb signed an agreement to acquire 100% of shares in the company Gastrobit - GRC Grupa d.o.o. ("Gastrobit"), based in Croatia. The transaction price amounted to EUR 2.3 million, of which EUR 1.2 million constitutes a conditional payment depending on the future financial results achieved by the acquired company.

Until 30 September 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of Gastrobit may still be subject to change.

The provisional values of identifiable assets and liabilities of Gastrobit as at the date of obtaining control were as follows (converted at the exchange rate of PLN/HRK effective as at the acquisition date):

	Provisional values as at the acquisition date mPLN
Assets acquired	
Property, plant and equipment	0.7
Right-of-use assets	0.9
Trade receivables	0.2
Inventories	0.4
Cash and cash equivalents	0.8
Total assets	3.0
Liabilities acquired	
Lease liabilities	0.9
Liabilities to the state and local budgets	0.4
Other liabilities	0.3
Total liabilities	1.6
Net assets value	1.4
Value of non-controlling interests	-
Equity interest acquired	100%
Purchase price	10.0
Goodwill as at the acquisition date	8.6

iv. Acquisition of Delphi Technology Group by Sapiens Group

On 27 July 2020, Sapiens Technologies (1982) Ltd acquired 100% of shares in Delphi Technology Group based in the United States. The purchase price amounted to USD 19.6 million (PLN 73.8 million).

As part of the provisional purchase price allocation, the excess of the purchase price paid over the value of net assets acquired was recognized in intangible assets in the amount of USD 4.4 million (PLN 16.6 million), while the remaining amount of USD 15.6 million (PLN 58.7 million) was allocated to goodwill.

Until 30 September 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional values as at the acquisition date mUSD	Provisional values as at the acquisition date mPLN
Assets acquired		
Property, plant and equipment	0.3	1.1
Intangible assets (including those identified under purchase price allocation)	4.4	16.6
Trade receivables	2.9	10.9
Cash and cash equivalents	6.3	23.7
Other assets	2.5	9.5
Total assets	16.4	61.8
Liabilities acquired		
Trade payables	0.1	0.4
Deferred tax liabilities	1.5	5.6
Provisions	2.7	10.2
Lease liabilities	0.1	0.4
Deferred income	8.0	30.1
Total liabilities	12.4	46.7
Net assets value	4.0	15.1
Value of non-controlling interests	-	-
Equity interest acquired	100%	100%
Purchase price	19.6	73.8
Goodwill as at the acquisition date	15.6	58.7

v. Acquisition of Stockell Information Systems Inc. by Magic Group

On 1 September 2020, Magic Group acquired 100% of shares in the company Stockell Information Systems Inc. based in the USA. The purchase price amounted to USD 7.7 million (PLN 28.3 million).

As part of the purchase price allocation, the excess of the purchase price paid over the value of net assets acquired was recognized in intangible assets in the amount of USD 3.6 million (PLN 13.2 million) and in deferred tax liabilities in the amount of USD 1.3 million (PLN 4.8 million), while the remaining amount of USD 4.5 million (PLN 16.5 million) was allocated to goodwill.

Until 30 September 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of this company may still be subject to change. The provisional values of identifiable assets and liabilities of the acquired company as at the date of obtaining control were as follows (converted at the exchange rate of PLN/USD effective as at the acquisition date):

	Provisional values as at the acquisition date mUSD	Provisional values as at the acquisition date mPLN
Assets acquired		
Intangible assets (including those identified under purchase price allocation)	3.6	13.2
Trade receivables	2.8	10.3
Other assets	0.1	0.4
Total assets	6.5	23.9
Liabilities acquired		
Accruals and deferred income	1.0	3.7

Deferred tax liabilities	1.3	4.8
Other liabilities	1.0	3.6
Total liabilities	3.3	12.1
Net assets value	3.2	11.8
Value of non-controlling interests	-	-
Equity interest acquired	100%	100%
Purchase price	7.7	28.3
Goodwill as at the acquisition date	4.5	16.5

vi. Accounting for the acquisition of OnTarget

As described in the financial statements for the year ended 31 December 2019, on 28 February 2019, Magic Software Enterprises Ltd (a company of Formula-Magic Group) acquired 100% of shares in OnTarget Group Inc. based in the United States. The purchase price amounted to USD 12.5 million (PLN 47.3 million), of which USD 6.0 million (PLN 22.6 million) was paid in cash, and the remaining amount constitutes a deferred payment which partially depends on the future operating results achieved by that company.

Under the final purchase price allocation, the excess of the purchase price paid over the value of net assets acquired was recognized in intangible assets in the amount of USD 3.6 million (PLN 13.6 million) and in deferred tax liabilities in the amount of USD 2.2 million (PLN 8.3 million), while the remaining amount of USD 9.4 million (PLN 35.6 million) was allocated to goodwill.

The process of purchase price allocation was completed by the Group in the period of 9 months ended 30 September 2020. The fair values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional values as at the acquisition date	Provisional values as at the acquisition date	Fair values as at the acquisition date	Fair values as at the acquisition date
	mUSD	mPLN	mUSD	mPLN
Assets acquired				
Property, plant and equipment	0.1	0.4	0.1	0.4
Intangible assets (including those identified under purchase price allocation)	6.6	25.0	4.9	18.5
Trade receivables	2.3	8.7	2.3	8.7
Other assets	0.1	0.4	0.1	0.4
Total assets	9.1	34.5	7.4	28.0
Liabilities acquired				
Bank loans and borrowings	0.3	1.1	0.3	1.1
Trade payables	1.5	5.8	1.5	5.8
Other liabilities	0.3	1.1	0.3	1.1
Deferred tax liabilities	1.7	6.4	2.2	8.3
Total liabilities	3.8	14.4	4.3	16.3
Net assets value	5.3	20.1	3.1	11.7
Value of non-controlling interests	-	-	-	-
Equity interest acquired	100%	100%	100%	100%
Purchase price	14.9	56.4	12.5	47.3
Goodwill as at the acquisition date	9.6	36.3	9.4	35.6

vii. Other changes in purchase price allocation and accounting for acquisitions

Changes in the allocation of the purchase price of companies SONET spol. s.r.o., SONET Slovakia s.r.o., and Monri Group d.o.o., as well as accounting for the acquisition of companies Unique and Tecsisa were presented in the interim condensed consolidated financial statements of Asseco Group for the period of 6 months ended 30 June 2020.

6.5. Associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method and their key financial information is presented in the table below.

Financial data of associates and joint ventures	30 Sept. 2020	31 Dec. 2019
	mPLN	mPLN
Non-current assets	315.4	251.2
Current assets	253.8	246.8
Non-current liabilities	128.3	79.2
Current liabilities	168.1	170.1
Net assets	272.8	248.7
Book value of investments	152.3	145.0

Financial data of associates and joint ventures	9 months ended 30 Sept. 2020	9 months ended 30 Sept. 2019
	mPLN	mPLN
Revenues	316.1	301.0
Operating profit	(2.3)	1.9
Net profit (loss)	0.9	4.8
Share of profits of associates and joint ventures	(2.9)	1.8

Other comprehensive income of associates and joint ventures is insignificant from the point of view of the entire Group.

The largest among our companies consolidated using the equity method is TSG IT Advanced Systems Ltd (included in the Formula Systems segment) which is a jointly controlled entity. Other companies with the largest carrying value of investment include: Nextbank Software Sp. z o.o. and Cyber Defense Africa (of the Asseco Poland segment), as well as Galvaniho 5, s.r.o. and Prvni Certifikacni Autorita a.s., (both from ACE Group, the Asseco International segment).

6.6. Entities with significant non-controlling interests

In explanatory note 3 to these interim condensed consolidated financial statements, we have presented information on entities in which the Group holds less than 100% of shares, including their company names, countries of registration, as well as equity interests and voting rights held by the Group.

In the Management's opinion, the entities with significant individual non-controlling interests are: Matrix IT Group, Magic Software Enterprises Group, Sapiens International Group, Asseco South Eastern Europe Group, as well as Asseco Central Europe Group, among others including Asseco Business Solutions. In the case of other entities with non-controlling interests, individual non-controlling interests do not exceed 2% of total non-controlling interests therein, hence they have not been considered as entities with significant non-controlling interests.

The tables below present the selected financial data of entities with significant individual non-controlling interests for the period of 9 months ended 30 September 2020 and as at 30 September 2020, as well as for respective comparable periods. These figures are presented before consolidation adjustments, including the elimination of mutual transactions.

Percentage of non-controlling interests	30 Sept. 2020	31 Dec. 2019
Matrix IT Ltd *	87.45%	87.61%
Magic Software Enterprises Ltd *	88.36%	88.50%
Sapiens International Corp. NV *	87.88%	87.85%
ASEE Group	48.94%	48.94%
ACE Group	8.67%	8.67%

* Percentages of non-controlling interests are calculated taking into account our direct shareholding in Formula Systems (1985) as well as indirect shareholdings in the companies of Matrix IT Ltd, Magic Software Enterprises Ltd, and Sapiens International Corp. NV.

Group name	Carrying value of non-controlling interests*	
	30 Sept. 2020	31 Dec. 2019
Formula Group**	1,738.1	1,611.3
ASEE Group	425.4	394.6
ACE Group (including ABS)	202.7	210.0
Other individually insignificant	6.4	3.0
Total	2,372.6	2,218.9

* Carrying values of non-controlling interests have been adjusted for the value of put options granted to minority shareholders.

** The value of non-controlling interests in Formula Group includes, among others, the values of non-controlling interests in Matrix IT Ltd, Magic Software Enterprises Ltd, and Sapiens International Corp. NV.

Group name	Net profit attributable to non-controlling interests 9 months ended		Dividends paid out to non-controlling interests 9 months ended	
	30 Sept. 2020	30 Sept. 2019	30 Sept. 2020	30 Sept. 2019
Matrix IT Ltd	119.2	101.2	(77.9)	(58.6)
Magic Software Enterprises Ltd	65.2	54.6	(41.1)	(39.9)
Sapiens International Corp. NV	65.0	45.0	(14.5)	(21.2)
ASEE Group	41.1	30.7	(19.5)	(13.7)
ACE Group (including ABS)	30.8	30.2	(37.3)	(33.7)
Other individually insignificant	6.8	8.0	(76.3)	(49.6)
Total	328.1	269.7	(266.6)	(216.7)

	Matrix IT Ltd	Magic Software Enterprises Ltd	Sapiens International Corp. NV	ASEE Group	ACE Group
30 Sept. 2020					
Non-current assets	1,451.7	863.8	1,313.4	810.2	859.0
Current assets	2,019.5	741.5	878.3	425.6	529.7
<i>of which cash and cash equivalents</i>	<i>607.7</i>	<i>306.9</i>	<i>509.0</i>	<i>179.5</i>	<i>142.5</i>
Non-current liabilities	1,005.6	254.3	654.4	118.1	160.5
Current liabilities	1,596.3	348.0	569.1	253.4	411.4
31 Dec. 2019					
Non-current assets	1,306.1	757.5	1,160.9	782.9	856.1
Current assets	1,948.2	770.5	635.7	468.5	511.6
<i>of which cash and cash equivalents</i>	<i>504.7</i>	<i>311.1</i>	<i>251.8</i>	<i>199.7</i>	<i>157.1</i>
Non-current liabilities	794.9	189.7	479.8	124.0	154.7
Current liabilities	1,645.6	336.0	468.6	325.7	413.2

	Matrix IT Ltd	Magic Software Enterprises Ltd	Sapiens International Corp. NV	ASEE Group	ACE Group
Period of 9 months ended					
30 September 2020					
Cash provided by (used in) operating activities	398.3	192.4	256.0	126.2	122.6
Net cash provided by (used in) investing activities	(71.6)	(62.0)	(83.0)	(40.4)	(5.8)
Net cash provided by (used in) financing activities	(176.8)	(119.8)	145.0	(84.0)	(109.7)
Period of 9 months ended					
30 September 2019					
Cash provided by (used in) operating activities	220.2	136.5	214.6	68.1	115.0
Net cash provided by (used in) investing activities	(128.3)	(86.8)	(55.3)	(65.9)	(26.7)
Net cash provided by (used in) financing activities	51.3	(79.3)	(105.4)	(15.5)	(128.8)

6.7. Other financial assets

Both as at 30 September 2020 and 31 December 2019, apart from receivables and cash and cash equivalents described in other notes, the Group also held other financial assets as presented in the table below.

	30 Sept. 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN
Financial assets carried at fair value through profit or loss, of which:				
Currency forward contracts	1.9	0.9	5.2	1.4
Corporate and Treasury bonds	4.6	-	4.2	-
Shares in companies quoted in an active market	1.6	0.1	0.8	0.1
Other assets	6.5	-	6.1	-
	14.6	1.0	16.3	1.5
Financial assets carried at fair value through other comprehensive income, of which:				
Shares in companies not quoted in an active market	10.1	3.7	10.1	-
Corporate bonds	-	-	-	20.8
Other	0.1	-	-	86.9
	10.2	3.7	10.1	107.7
Financial assets carried at amortized cost, of which:				
Promissory notes	-	2.1	-	11.8
Other debt securities	4.9	0.1	4.9	0.1
Loans, of which:				
granted to related parties	13.3	4.5	12.3	3.2
granted to employees	0.9	2.4	1.1	2.6
granted to other entities	76.4	21.0	93.0	18.5
Short-term deposits	4.7	18.9	4.5	49.4
	100.2	49.0	115.8	85.6
Total	125.0	53.7	142.2	194.8

Changes in the fair value measurement of financial instruments carried at fair value, and changes in the classification of financial instruments

In the period of 9 months ended 30 September 2020, the Group did not change its methods for measuring the fair value of financial instruments carried at fair value nor did it transfer any instruments between individual levels of the fair value hierarchy.

Both as at 30 September 2020 and 31 December 2019, the fair values of financial assets were not significantly different from their book values.

As at 30 September 2020	Carrying value	Level 1 ⁱ⁾	Level 2 ⁱⁱ⁾	Level 3 ⁱⁱⁱ⁾
	mPLN	mPLN	mPLN	mPLN
Financial assets carried at fair value through profit or loss				
Currency forward contracts	2.8	-	2.8	-
Corporate and Treasury bonds	4.6	4.6	-	-
Shares in companies quoted in an active market	1.7	1.7	-	-
Other assets	6.5	-	6.5	-
Total	15.6	6.3	9.3	-
Financial assets carried at fair value through other comprehensive income				
Shares in companies not listed on regulated markets	13.8	-	-	13.8
Corporate bonds	0.1	-	-	0.1
Total	13.9	-	-	13.9

- i. fair value determined on the basis of quoted prices offered in active markets for identical assets;
- ii. fair value determined using calculation models based on inputs that are observable, either directly or indirectly, in active markets;
- iii. fair value determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets.

As at 31 December 2019	Carrying value mPLN	Level 1 ⁱ⁾ mPLN	Level 2 ⁱⁱ⁾ mPLN	Level 3 ⁱⁱⁱ⁾ mPLN
Financial assets carried at fair value through profit or loss				
Currency forward contracts	6.6	-	6.6	-
Corporate and Treasury bonds	4.2	4.2	-	-
Shares in companies quoted in an active market	0.9	0.9	-	-
Other assets	6.1	-	6.1	-
Total	17.8	5.1	12.7	-
Financial assets carried at fair value through other comprehensive income				
Shares in companies not listed on regulated markets	10.1	-	-	10.1
Corporate and Treasury bonds	20.8	-	20.8	-
Other	86.9	-	-	86.9
Total	117.8	-	20.8	97.0

Descriptions of the fair value hierarchy levels are identical to those provided under the table above.

6.8. Prepayments and accrued income

As at 30 September 2020 and 31 December 2019, prepayments and accrued income included the following items:

	30 Sept. 2020		31 Dec. 2019	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Prepaid services, of which:	68.3	214.4	68.2	203.5
<i>maintenance services and license fees</i>	66.8	168.7	66.2	164.2
<i>rents</i>	-	2.3	0.1	2.5
<i>insurances</i>	0.3	8.5	0.2	5.4
<i>other services</i>	1.2	34.9	1.7	31.4
Expenses related to services performed for which revenues have not been recognized yet	-	28.3	0.2	20.5
Other prepayments and accrued income	0.3	25.1	-	18.9
Total	68.6	267.8	68.4	242.9

6.9. Receivables and contract assets

The table below presents receivables and assets from contracts with customers as at 30 September 2020 as well as at 31 December 2019.

	30 Sept. 2020		31 Dec. 2019	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Trade receivables, of which:				
Invoiced receivables	5.0	2,103.9	8.8	2,233.1
from related parties	-	12.0	-	19.0
from other entities	5.0	2,091.9	8.8	2,214.1
Uninvoiced receivables	1.0	612.2	2.6	474.9
from related parties	-	8.9	-	7.0
from other entities	1.0	603.3	2.6	467.9
Receivables from operating leases	-	9.6	-	8.8
from related parties	-	-	-	-
from other entities	-	9.6	-	8.8
Allowances for trade receivables	-	(100.2)	-	(84.4)
Total trade receivables	6.0	2,625.5	11.4	2,632.4

Corporate income tax receivable	-	65.2	-	71.5
Receivables from the state and local budgets	-	30.1	-	34.5
Value added tax	-	19.4	-	19.5
Other	-	10.7	-	15.0
Other receivables	73.5	60.5	98.9	73.4
Other receivables	73.5	72.3	98.9	87.3
Allowances for other doubtful receivables (-)	-	(11.8)	-	(13.9)
Total receivables	79.5	2,781.3	110.3	2,811.8

Assets from contracts with customers result from the excess of the percentage of completion of implementation contracts over invoices issued.

	30 Sept. 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN
Contract assets				
from related parties	-	16.5	-	0.3
from other entities	-	331.4	-	212.3
Total contract assets	-	347.9	-	212.6

Related party transactions have been presented in explanatory note 6.19 to these interim condensed consolidated financial statements.

The Group has adopted a relevant policy that allows for selling products and services to verified customers only. In the Management's opinion, as at 30 September 2020 there is no need to recognize additional allowances for expected credit losses. However, due to the situation caused by the COVID-19 pandemic in Poland and worldwide, the Group has implemented a process of even stricter monitoring of its receivables and has intensified its standard debt collection procedures. As at the date of publication of this report, we have not found any indications to increase the amount of allowances for expected credit losses or to amend the Group's policy in this respect.

Changes in the amount of allowances for trade receivables during the period of 9 months ended 30 September 2020 and in the comparable period are presented in the table below:

Allowances for trade receivables	9 months ended 30 Sept. 2020 mPLN	9 months ended 30 Sept. 2019 mPLN
As at 1 January	(84.4)	(76.4)
Recognized during the reporting period	(37.1)	(27.1)
Utilized during the reporting period	9.1	3.1
Reversed during the reporting period	16.7	19.5
Acquisition of subsidiaries	(2.7)	(2.6)
Loss of control over subsidiaries	-	0.2
Foreign currency translation differences	(1.8)	(3.0)
As at the end of the reporting period	(100.2)	(86.3)

6.10. Inventories

The table below presents inventories as at 30 September 2020 and in the comparable period:

Inventories	30 Sept. 2020	31 Dec. 2019
	mPLN	mPLN
Computer hardware, third-party software licenses and other goods for resale	169.1	126.6
Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services	18.3	16.0
Impairment losses on inventories	(24.5)	(20.0)
Total	162.9	122.6

Changes in the amount of impairment losses on inventories during the period of 9 months ended 30 September 2020 and in the comparable period are presented in the table below:

Impairment losses on inventories	9 months ended 30 Sept. 2020	9 months ended 30 Sept. 2019
	mPLN	mPLN
As at 1 January	(20.0)	(18.2)
Recognized during the reporting period	(5.1)	(3.6)
Utilized during the reporting period	1.5	0.8
Reversed during the reporting period	1.7	3.3
Acquisition of subsidiaries / Loss of control over subsidiaries	(1.1)	(1.9)
Foreign currency translation differences	(1.5)	(0.2)
As at the end of the reporting period	(24.5)	(19.8)

6.11. Cash and cash equivalents

The table below presents cash and cash equivalents as at 30 September 2020 and in the comparable period:

	30 Sept. 2020	31 Dec. 2019
	mPLN	mPLN
Cash at bank accounts	2,005.6	1,528.7
Cash at split payment accounts	3.4	8.5
Cash on hand	0.7	0.5
Short-term bank deposits (up to 3 months)	382.2	615.1
Other cash equivalents	0.8	0.7
Total cash and cash equivalents as disclosed in the statement of financial position	2,392.7	2,153.5
Interest accrued on cash and cash equivalents	-	0.1
Bank overdraft facilities utilized for current liquidity management	(26.9)	(35.4)
Total cash and cash equivalents as disclosed in the cash flow statement	2,365.8	2,118.2

Interest earned on cash at bank is variable and depends on interest rates offered on bank deposits. Short-term deposits are made for varying periods of between one day and three months and earn interest at their respective fixed interest rates.

6.12. Lease liabilities

As at 30 September 2020, assets used under lease contracts where the Group is a lessee, included:

- office buildings,
- cars,
- IT hardware and other assets.

The table below presents the amounts of lease liabilities as at 30 September 2020 as well as at 31 December 2019.

Lease liabilities	30 Sept. 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN
Leases of real estate	462.6	156.3	436.1	193.2
Leases of transportation vehicles	34.8	17.6	29.7	18.4
Leases of IT hardware and other assets	3.8	4.5	6.5	5.1
Total	501.2	178.4	472.3	216.7

6.13. Bank loans, borrowings and debt securities

The table below presents the Group's debt outstanding as at 30 September 2020 and 31 December 2019.

	30 Sept. 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN
Bank loans	846.0	431.7	696.3	457.1
- overdraft facilities	-	79.0	-	147.5
- non-revolving loans	846.0	352.7	696.3	309.6
Bonds and other debt securities	795.6	272.0	666.4	228.8
Loans	2.4	3.6	3.5	3.5
Total	1,644.0	707.3	1,366.2	689.4

The Group's total liabilities under all bank loans and borrowings obtained and debt securities issued aggregated at PLN 2,351.3 million as at 30 September 2020, as compared with PLN 2,055.6 million outstanding as at 31 December 2019. Our total debt increased mainly due to transactions conducted within the Formula Systems segment, including bank loans obtained within Matrix IT Group.

Bank overdraft facilities outstanding as at 30 September 2020 and 31 December 2019 are presented in the tables below.

Loan currency	Effective interest rate	Actual amount of debt as at 30 September 2020 mPLN	Maximum debt limit available mPLN	Unused amount of credit facilities mPLN
EUR	EONIA + margin	-	34.8	34.8
	EURIBOR + margin	9.7	127.1	117.4
	Fixed interest rate	9.6	34.3	24.7
ILS	Prime (Israel) + margin	56.9	n/a*	n/a*
PLN	WIBOR + margin	-	486.0	486.0
	Fixed interest rate	-	204.0	204.0
HUF	BUBOR + margin	2.6	3.7	1.1
CHF	Fixed interest rate	-	0.8	0.8
COP	Fixed interest rate	0.2	0.2	-
		79.0	890.9	868.8

* Debt in the amount of PLN 56.9 million represents bank overdraft facilities used by Matrix IT Group. In case of Matrix IT Group, limits available under credit facilities are negotiated with individual banks on an aggregate basis (meaning the sum of bank account overdrafts and non-revolving loans), and as at 30 September 2020 the total limit of such credit facilities reached ILS 1,474 million (PLN 1,655.9 million).

Loan currency	Effective interest rate	Actual amount of debt as at 31 December 2019 mPLN	Maximum debt limit available mPLN	Unused amount of credit facilities mPLN
EUR	EONIA + margin	4.2	15.7	11.5
	EURIBOR + margin	14.5	96.3	81.8
	Fixed interest rate	6.7	35.3	28.6
ILS	Prime (Israel) + margin	115.2	115.2	-
PLN	WIBOR + margin	-	428.1	428.1
	Fixed interest rate	-	150.0	150.0
MKD	Fixed interest rate	-	0.2	0.2
USD	Fixed interest rate	2.6	2.6	-
HUF	BUBOR + margin	4.1	4.1	-
TRY	Fixed interest rate	0.1	0.1	-
COP	Fixed interest rate	0.1	0.1	-
		147.5	847.7	700.2

Non-revolving bank loans outstanding as at 30 September 2020 and 31 December 2019 are presented in the table below.

Loan currency	Effective interest rate	30 Sept. 2020		31 Dec. 2019	
		Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
EUR	EURIBOR + margin	26.5	24.8	25.7	28.6
	Fixed interest rate	74.7	44.3	43.3	28.1
HRK/EUR	EURIBOR + margin	-	-	10.9	3.1
	Fixed interest rate	-	-	2.6	1.7
ILS	Fixed interest rate	731.0	278.0	613.3	248.0
USD	Fixed interest rate	0.1	-	0.2	-
JVP	Fixed interest rate	0.3	-	0.3	-
COP	Fixed interest rate	-	-	-	0.1
HUF	BUBOR + margin	0.1	1.6	-	-
CHF	Fixed interest rate	-	0.7	-	-
CZK	Fixed interest rate	13.3	3.3	-	-
		846.0	352.7	696.3	309.6

The Group's liabilities under bonds and other debt securities issued are attributable to three companies: Formula Systems, Sapiens International and Matrix IT, and they are presented in the table below:

Company	Division into short- and long-term portion	Series	30 Sept. 2020 mPLN	31 Dec. 2019 mPLN	Effective interest rate	Currency
Formula Systems	long-term portion	Series A	116.8	152.6	2.38%	ILS
		Series C	297.3	290.4	2.53%	ILS
	short-term portion	Series A	39.5	40.0	2.38%	ILS
		Series C	39.6	36.9	2.53%	ILS
Formula Systems subtotal			493.2	519.9		
Sapiens International	long-term portion	Series B	381.5	223.4	3.69%	ILS/USD
	short-term portion	Series B	80.5	42.0	3.69%	ILS/USD
Sapiens International subtotal			462.0	265.4		
Matrix IT	short-term portion	n/a	112.4	109.9	Prime (Israel) + margin	ILS
Matrix IT subtotal			112.4	109.9		
Total bonds and other debt securities			1,067.6	895.2		

Borrowings outstanding as at 30 September 2020 and 31 December 2019 are presented in the table below.

Loan currency	Effective interest rate	Repayment date	30 Sept. 2020		31 Dec. 2019	
			Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
EUR	Fixed interest rate	Q1 2020	-	-	0.1	-
		Q2 2020	-	-	-	0.3
		Q4 2020	-	0.1	0.5	-
		2021	0.1	1.0	0.6	0.3
		2022	0.9	0.5	1.5	0.4
		2023	0.3	0.2	-	-
		2030	0.9	-	0.8	-
ILS	Fixed interest rate	Q3 2020	-	1.8	-	2.1
UZS	LIBOR + margin	not specified	0.2	-	-	0.2
CZK	fixed interest rate	2021	-	-	-	0.1
		2022	-	-	-	0.1
			2.4	3.6	3.5	3.5

Assets serving as collateral for bank loan facilities:

Category of assets	Net value of assets		Utilized amount of bank loans secured with assets	
	30 Sept. 2020	31 Dec. 2019	30 Sept. 2020	31 Dec. 2019
	mPLN	mPLN	mPLN	mPLN
Land and buildings	85.5	110.2	26.3	2.1
Other tangible assets	7.6	8.2	-	4.5
Long-term investments	1,889.2	1,683.6	505.7	583.5
Other financial assets	3.0	3.0	1.8	1.8
Inventories	3.4	2.5	4.8	-
Current and future receivables	2.8	47.0	49.0	4.0
Total	1,991.5	1,854.5	587.6	595.9

Some loans obtained from Polish, Slovak and Israeli banks come with the so-called covenants which impose an obligation to maintain certain financial ratios at the levels required by the bank. These ratios are related to the level of indebtedness, e.g. debt to EBITDA or debt to equity ratios, or to achieving the expected operating results. In the event a company carrying such a covenanted loan fails to satisfy the said requirements, the bank may apply a sanction in the form of a higher credit margin. Should the bank deem the new level of a ratio to be unacceptable, the bank may also in certain cases exercise its rights in the collateral provided. Both as at 30 September 2020 and 31 December 2019, Asseco Group companies did not infringe any covenants defined in their loan agreements.

Fair value of financial liabilities

In the period of 9 months ended 30 September 2020, the Group did not transfer any debt instruments between individual levels of the fair value hierarchy. Both as at 30 September 2020 and 31 December 2019, the fair values of bank loans and debt securities issued were not significantly different from their book values.

As at 30 September 2020	Carrying value mPLN	Level 1 ⁱ⁾ mPLN	Level 2 ⁱⁱ⁾ mPLN	Level 3 ⁱⁱⁱ⁾ mPLN
Interest-bearing bank loans and debt securities issued				
Bank loans	1,277.7	-	-	1,277.7
- overdraft facilities	79.0	-	-	79.0
- non-revolving loans	1,198.7	-	-	1,198.7
Bonds and other debt securities	1,067.6	955.2	112.4	-
Loans	6.0	-	-	6.0
Total	2,351.3	955.2	112.4	1,283.7

- i. fair value determined on the basis of quoted prices offered in active markets for identical assets;
ii. fair value determined using calculation models based on inputs that are observable, either directly or indirectly, in active markets;
iii. fair value determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets.

As at 31 December 2019	Carrying value mPLN	Level 1 ⁱ⁾ mPLN	Level 2 ⁱⁱ⁾ mPLN	Level 3 ⁱⁱⁱ⁾ mPLN
Interest-bearing bank loans and debt securities issued				
Bank loans	1,153.4	-	-	1,153.4
- overdraft facilities	147.5	-	-	147.5
- non-revolving loans	1,005.9	-	-	1,005.9
Bonds and other debt securities	895.2	785.3	109.9	-
Loans	7.0	-	-	7.0
Total	2,055.6	785.3	109.9	1,160.4

Descriptions of the fair value hierarchy levels are identical to those provided under the table above.

6.14. Other financial liabilities

Other financial liabilities	30 Sept. 2020		31 Dec. 2019 <i>restated</i>	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Dividend payment liabilities	-	4.3	-	22.3
Liabilities under deferred and/or conditional payments for controlling interests	70.6	68.2	71.4	61.3
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	182.2	204.8	159.4	181.4
Other financial liabilities	2.6	0.7	3.8	0.1
	255.4	278.0	234.6	265.1

Both as at 30 September 2020 and 31 December 2019, dividend payment liabilities comprised basically dividends payable to non-controlling shareholders in subsidiaries and indirect subsidiaries of the Parent Company.

As at 30 September 2020 and 31 December 2019, the Group carried estimated liabilities arising from deferred and/or conditional payments for controlling interests. The amounts of the above-mentioned liabilities have been measured using the price calculation formula as defined in the controlling interest acquisition agreements, which usually corresponds to a given company's profit for the contractual term multiplied by a predetermined coefficient. The table below presents liabilities arising from deferred and/or conditional payments for controlling interests in subsidiaries as at 30 September 2020 and 31 December 2019:

Liabilities under deferred and/or conditional payments for controlling interests	30 Sept. 2020	31 Dec. 2019 <i>restated</i>
	mPLN	mPLN
Liabilities from acquisitions made by Asseco Poland S.A. in international market	2.6	6.9
Liabilities from acquisitions made within the Asseco International segment	36.7	34.8
Liabilities from acquisitions made within the Formula Systems segment	99.5	91.0
	138.8	132.7

As at 30 September 2020 and 31 December 2019, the Group had liabilities arising from the acquisition of non-controlling interests in subsidiaries (put options). The amounts of such liabilities have been estimated using the formula for calculation of the exercise price of options that the Group granted to non-controlling shareholders, which corresponds to a given company's profit for the contractual term multiplied by a predetermined coefficient.

The table below presents liabilities arising from put options granted to non-controlling shareholders in subsidiaries as at 30 September 2020 and 31 December 2019:

Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	30 Sept. 2020	31 Dec. 2019
	mPLN	mPLN
Liabilities of companies within the Asseco Poland segment	-	-
Liabilities of companies within the Asseco International segment	131.7	133.2
Liabilities of companies within the Formula Systems segment	255.3	207.6
	387.0	340.8

Both as at 30 September 2020 and 31 December 2019, the fair values of financial liabilities were not significantly different from their book values.

As at 30 September 2020	Carrying value	Level 1 ⁱ⁾	Level 2 ⁱⁱ⁾	Level 3 ⁱⁱⁱ⁾
	mPLN	mPLN	mPLN	mPLN
Financial liabilities				
dividend payment liabilities	4.3	-	-	4.3
liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	138.8	-	-	138.8
liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	387.0	-	-	387.0
other financial liabilities	3.3	-	3.3	-
Total	533.4	-	3.3	530.1

i. fair value determined on the basis of quoted prices offered in active markets for identical assets;

ii. fair value determined using calculation models based on inputs that are observable, either directly or indirectly, in active markets;

iii. fair value determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets.

As at 31 December 2019 <i>restated</i>	Carrying value	Level 1 ⁱ⁾	Level 2 ⁱⁱ⁾	Level 3 ⁱⁱⁱ⁾
	mPLN	mPLN	mPLN	mPLN
Financial liabilities				
dividend payment liabilities	22.3	-	-	22.3
liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	132.7	-	-	132.7
liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	340.8	-	-	340.8
other financial liabilities	3.9	-	3.9	-
Total	499.7	-	3.9	495.8

Descriptions of the fair value hierarchy levels are identical to those provided under the table above.

6.15. Trade payables, state budget liabilities and other liabilities

The table below presents the structure of the Group's liabilities outstanding as at 30 September 2020 and 31 December 2019:

	30 Sept. 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN
Trade payables, of which:	1.9	933.6	2.6	983.5
Invoiced payables	0.2	590.3	1.4	662.7
from related parties	-	1.1	-	0.8
from other entities	0.2	589.2	1.4	661.9
Uninvoiced payables	1.7	342.1	1.2	318.9
from related parties	-	0.3	-	0.7
from other entities	1.7	341.8	1.2	318.2
Liabilities arising from contractual penalties	-	1.2	-	1.9
Corporate income tax payable	-	41.9	-	89.5
Liabilities to the state and local budgets	-	243.3	-	231.0
Value added tax (VAT)	-	101.5	-	126.5
Personal income tax (PIT)	-	79.6	-	50.1
Social insurance	-	52.4	-	47.2
Withholding income tax	-	1.8	-	1.7
Other	-	8.0	-	5.5
Other liabilities	5.9	384.5	7.8	372.8
Liabilities to employees (including salaries payable)	-	348.5	-	333.3
Other liabilities	5.9	36.0	7.8	39.5
Total	7.8	1,603.3	10.4	1,676.8

Trade payables are non-interest bearing. Related party transactions have been presented in explanatory note 6.19 to these interim condensed consolidated financial statements.

6.16. Contract liabilities

The table below presents the structure of the Group's liabilities from contracts with customers as at 30 September 2020 and 31 December 2019:

	30 Sept. 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN
Liabilities from valuation of IT contracts, of which:	-	69.8	-	57.0
From related parties	-	12.7	-	9.7
From other entities	-	57.1	-	47.3
Deferred income from IT projects, of which:	98.1	640.5	57.7	570.3
Maintenance services and license fees	98.1	564.3	57.7	513.5
Other prepaid services	-	76.2	-	56.8
Total contract liabilities	98.1	710.3	57.7	627.3

6.17. Provisions

Changes in the amount of provisions during the period of 9 months ended 30 September 2020 and in the comparable period are presented in the table below:

	9 months ended 30 Sept. 2020		9 months ended 30 Sept. 2019	
	mPLN		mPLN	
As at 1 January	121.1		113.4	
Obtaining control over subsidiaries	15.0		6.2	
Provisions created during the reporting period	26.8		14.2	
Discount change and actuarial gains/losses	0.2		3.1	
Provisions utilized during the reporting period	(10.8)		(15.8)	
Provisions reversed during the reporting period	(5.3)		(5.4)	
Change in presentation	(0.2)		(0.1)	
Differences on foreign currency translation of subsidiaries	1.9		7.1	
As at the end of the reporting period, of which:	148.7		122.7	
Short-term	36.2		42.9	
Long-term	112.5		79.8	

6.18. Accruals and deferred income

	30 Sept. 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN
Accruals, of which:				
Accrual for unused holiday leaves	-	182.7	-	145.1
Accrual for employee and management bonuses	-	179.4	1.9	195.4
	-	362.1	1.9	340.5
Deferred income, of which:				
Grants related to assets	59.8	2.7	41.0	4.8
Other	-	2.9	-	5.0
	59.8	5.6	41.0	9.8

The total amount of accruals comprises: accruals for unused holiday leaves, as well as accruals for remunerations of the current period to be paid out in future periods which result from the bonus incentive schemes applied by the Group.

The balance of deferred income comprises mainly grants related to assets. Grants related to assets represent subsidies received by the Group in connection with its development projects or projects related to the creation of IT competence centers.

6.19. Related party transactions

	Sales		Purchases	
	9 months ended 30 Sept. 2020	9 months ended 30 Sept. 2019	9 months ended 30 Sept. 2020	9 months ended 30 Sept. 2019
	mPLN	mPLN	mPLN	mPLN
Transactions with associates and jointly controlled entities	19.6	6.8	4.9	0.1
Transactions with entities or individuals related through the Group's Key Management Personnel	1.5	2.7	4.1	3.7
Transactions with Members of the Management Board and Supervisory Board and Commercial Proxies of Asseco Poland S.A.	-	-	1.5	2.6

Transactions with Members of Management Boards and Supervisory Boards and Commercial Proxies of other companies of the Group	0.1	-	8.0	6.3
Transactions with capital-related entities	43.3	-	1.5	-
Total related party transactions	64.5	9.5	20.0	12.7

Sales to related parties include revenues from the sale of goods and IT services related to ongoing IT projects and from other activities, as well as proceeds from letting of own office space.

Purchases from related parties include purchases of goods and services for ongoing IT projects, sponsorship activities, purchases of consulting services, as well as rental of buildings.

	Trade receivables, other receivables and contract assets as at		Trade payables, other liabilities and contract liabilities as at	
	30 Sept. 2020	31 Dec. 2019	30 Sept. 2020	31 Dec. 2019
	mPLN	mPLN	mPLN	mPLN
Transactions with associates and jointly controlled entities	12.0	16.6	13.0	9.8
Transactions with entities or individuals related through the Group's Key Management Personnel	5.7	7.6	15.3	14.6
Transactions with Members of the Management Board and Supervisory Board and Commercial Proxies of Asseco Poland S.A.	-	-	0.4	0.7
Transactions with Members of Management Boards and Supervisory Boards and Commercial Proxies of other companies of the Group	48.6	73.7	9.1	10.0
Transactions with subsidiaries	25.0	8.2	0.2	0.2
Total related party transactions	91.3	106.1	38.0	35.3

As at 30 September 2020, receivables from related parties comprised trade receivables and contract assets amounting to PLN 37.4 million, as compared with PLN 26.3 million outstanding as at 31 December 2019.

As at 30 September 2020, liabilities to related parties comprised trade payables amounting to PLN 1.4 million, as compared with PLN 1.5 million outstanding as at 31 December 2019.

Receivables arising from transactions with Members of Management Boards and Supervisory Boards and Commercial Proxies of other companies of the Group include primarily deferred payments for shares in our subsidiaries (ACE, ASEE, Formula Systems) that were sold to their managers. Such sale transactions were conducted mainly in previous years, and the resulting receivables are described in detail in explanatory note 6.9 to the consolidated financial statements of the Group for the year ended 31 December 2019.

Name of entity	Loans granted		Borrowings	
	30 Sept. 2020	31 Dec. 2019	30 Sept. 2020	31 Dec. 2019
	mPLN	mPLN	mPLN	mPLN
Transactions with associates	16.1	14.9	-	-
Transactions with entities or individuals related through the Group's Key Management Personnel	-	-	1.7	2.1
Transactions with Members of Management Boards and Supervisory Boards and Commercial Proxies of other companies of the Group	1.7	0.6	-	-
Total related party transactions	17.8	15.5	1.7	2.1

Until the date of approval of these consolidated financial statements, Asseco Group has not received any information on any related party transactions conducted during the reporting period which would be carried out other than on an arm's length basis.

7. Explanatory notes to the consolidated statement of cash flows

7.1. Cash flows – operating activities

The table below presents items included in the line ‘Changes in working capital’:

	9 months ended 30 Sept. 2020	9 months ended 30 Sept. 2019
	mPLN	mPLN
Change in inventories	(18.9)	(17.1)
Change in receivables and non-financial assets	28.4	104.0
Change in liabilities	(63.2)	(299.7)
Change in prepayments and accruals	(0.6)	(7.3)
Change in provisions	16.6	(4.2)
Total	(37.7)	(224.3)

7.2. Cash flows – investing activities

In the period of 9 months ended 30 September 2020 and during the comparable period, the amount of cash flows from investing activities was affected primarily by acquisitions of property, plant and equipment and intangible assets, as well as by expenditures for development projects:

	9 months ended 30 Sept. 2020	9 months ended 30 Sept. 2019
	mPLN	mPLN
Acquisition of property, plant and equipment	(148.9)	(148.8)
Acquisition of intangible assets	(9.2)	(18.9)
Expenditures for development projects	(71.3)	(72.4)
Acquisition of investment property	-	(0.8)
Total	(229.4)	(240.9)

Expenditures for the acquisition of subsidiaries and associates, and cash and cash equivalents in the acquired subsidiaries as at the date of obtaining control, as presented in the table below:

for the period of 9 months ended 30 September 2020	Acquisition of subsidiaries	Cash in subsidiaries acquired
	mPLN	mPLN
Acquisitions made within the Asseco Poland segment	(6.8)	-
Acquisitions made within the Asseco International segment	(22.4)	1.8
Acquisitions made within the Formula Systems segment	(262.4)	69.2
Total	(291.6)	71.0

for the period of 9 months ended 30 September 2019	Acquisition of subsidiaries	Cash in subsidiaries acquired
	mPLN	mPLN
Acquisitions made within the Asseco Poland segment	(2.6)	(0.7)
Acquisitions made within the Asseco International segment	(43.5)	4.8
Acquisitions made within the Formula Systems segment	(297.3)	93.8
Total	(343.4)	97.9

The following table presents detailed cash flows relating to loans and cash deposits during the period of 9 months ended 30 September 2020 and in the comparable period:

for the period of 9 months ended 30 September 2020	Loans collected	Loans granted
	mPLN	mPLN
Loans for employees	1.4	(1.3)
Loans for related parties	-	(1.1)
Loans for other entities	17.0	-
Term cash deposits with original maturities exceeding 3 months	44.0	(10.1)
Total	62.4	(12.5)

for the period of 9 months ended 30 September 2019	Loans collected	Loans granted
	mPLN	mPLN
Loans for employees	1.4	(4.5)
Loans for related parties	-	(6.6)
Loans for other entities	17.1	-
Term cash deposits with original maturities exceeding 3 months	22.2	(2.5)
Total	40.7	(13.6)

7.3. Cash flows – financing activities

In the period of 9 months ended 30 September 2020 as well as in the comparable period, the amount of cash flows from financing activities was affected primarily by the following transactions:

- Proceeds from bank loans and borrowings:

Proceeds from bank loans and borrowings	9 months ended 30 Sept. 2020	9 months ended 30 Sept. 2019
	mPLN	mPLN
Bank loans and borrowings obtained within the Asseco Poland segment	-	2.5
Bank loans and borrowings obtained within the Asseco International segment	78.5	73.6
Bank loans and borrowings obtained within the Formula Systems segment	546.4	399.8
Total	624.9	475.9

- Repayments of bank loans and borrowings:

Repayments of bank loans and borrowings	9 months ended 30 Sept. 2020	9 months ended 30 Sept. 2019
	mPLN	mPLN
Bank loans repaid within the Asseco Poland segment	(0.3)	(56.1)
Bank loans repaid within the Asseco International segment	(45.7)	(75.7)
Bank loans repaid within the Asseco International segment	(520.3)	(210.6)
Total	(566.3)	(342.4)

- Expenditures for the acquisition of non-controlling interests in subsidiaries within the Formula Systems segment amounted to PLN 91.4 million and resulted primarily from the acquisition of an additional stake in Roshtov Software Industries (a subsidiary of Magic). The remaining expenditures for the acquisition of non-controlling interests, in the amount of PLN 6.6 million, resulted from the acquisition of shares in Formula Systems by Asseco Poland.
- In addition, in the period of 9 months ended 30 September 2020, Formula Group redeemed its previously issued bonds and other debt securities. Cash outflows for this purpose amounted to PLN 140.8 million (of which PLN 63.0 million were spent Matrix IT, PLN 38.9 million by Sapiens Group, and PLN 38.9 million by Formula Systems (1985) Ltd).
- Proceeds from issuance of bonds were related entirely to the Formula Systems segment and in the period of 9 months ended 30 September 2020 they totalled PLN 296.3 million (of which PLN 233.3 million were obtained by Sapiens Group, and PLN 63.0 million by Matrix IT).

8. Other explanatory notes

8.1. Off-balance-sheet liabilities

The table below presents our contingent liabilities as at 30 September 2020 and 31 December 2019:

Contingent liabilities	30 Sept. 2020	31 Dec. 2019
	mPLN	mPLN
Liabilities from guarantees of due performance of contracts		
Liabilities falling due within 3 months	40.7	14.7
Liabilities falling due within 3 to 12 months	49.0	56.4
Liabilities falling due within 1 to 5 years	124.0	117.0
Liabilities falling due after 5 years	7.8	21.4
Total	221.5	209.5
Liabilities arising from bank guarantees and guarantee bonds		
Liabilities falling due within 3 months	0.7	0.3
Liabilities falling due within 3 to 12 months	2.1	1.4
Liabilities falling due within 1 to 5 years	3.7	2.8
Liabilities falling due after 5 years	-	-
Total	6.5	4.5
Other contingent liabilities	0.2	1.6

In the Management's opinion, the probability of having to satisfy our liabilities from guarantees of due performance of contracts as presented in the table above is negligible; however, due to their amount, it was decided to make an appropriate disclosure in these interim condensed consolidated financial statements of Asseco Group.

None of the above-described guarantee obligations meet the definition of a financial guarantee under IFRS 9, and therefore they are not recognized as liabilities in the statement of financial position of the Group as at 30 September 2020 or as at 31 December 2019.

In the period reported, none of the Group's companies granted any new significant guarantees and/or sureties. As at 30 September 2020, the value of a surety granted by Asseco Poland S.A. in favour of SG Equipment Leasing Polska Sp. z o.o. in order to secure the repayment of liabilities by Asseco Lietuva, as described in the Group's annual report, amounted to PLN 0.6 million.

Disputes in litigation as at the end of the reporting period

As at 30 September 2020, the Parent Company was party to two court proceedings initiated by the same claimant, in which the total value of the subject in dispute amounted to approx. PLN 13.3 million. The Parent Company's Management assessed the validity of claims brought in court and considered them to be groundless, and consequently assessed the risk of an outflow of economic benefits from the Parent Company to be so small that there was no need to create any provision. In the said disputes, the claimant makes unjustified demands upon the Parent Company to transfer proprietary software copyrights and extend the licenses granted.

In addition, during 2019, a new court dispute was brought against the Parent Company in which the claimant filed a claim for payment of PLN 17.1 million (the Parent Company was sued jointly and severally with its subsidiary Asseco Data Systems S.A.). The Company's Management assessed the validity of claims presented in the lawsuit and considered them to be completely groundless. Thus the Management determined there was no need to create any provision for such claims as at 30 September 2020.

As at 30 September 2020, claims brought in court against Asseco Data Systems S.A. amounted in total to PLN 19.1 million. The biggest portion of this amount is constituted by the above-mentioned claim of PLN 17.1 million, where Asseco Data Systems S.A. is liable jointly and severally with Asseco Poland S.A. In addition, during the reporting period, Asseco Data Systems S.A. received a claim for payment of PLN 0.9 million, arising from the transfer of receivables in connection with cooperation conducted under the consortium agreement of 5 April 2016. In the opinion of Asseco Data Systems S.A. and Asseco Group, based

on the legal assessment made by the Group's advisors, the provisions for pending litigation that are recognized in this report have been created in a sufficient amount to cover possible risks arising from pending disputes.

During the reporting period, Asseco Business Solutions S.A. was party to litigation in connection with the decision of the Office of Competition and Consumer Protection (OCCP) of December 2013, whereby the OCCP imposed a penalty on Asseco Business Solutions S.A. The penalty resulted from the proceedings conducted by the Office of Competition and Consumer Protection regarding the use of prohibited clauses in contracts concluded by the Company (and its legal predecessors) with distributors of Wapro brand software. In November 2016, the Court of Appeal in Warsaw changed the judgment of the District Court that was appealed against, and thus overruled the decision of the President of the Office of Competition and Consumer Protection. The Office of Competition and Consumer Protection filed a cassation complaint against the judgment of the Court of Appeal containing, among others, a motion to revoke the appealed judgment of the Court of Appeal. In March 2017, the company filed a reply to the cassation complaint. In accordance with the precautionary principle, the company created a provision for the entire amount of the penalty that was recognized in 2013. On 16 October 2019, the Court of Appeal in Warsaw issued a judgment by which the case remitted for reconsideration by the District Court in Warsaw. The original judgment in this case was overruled. On 2 July 2020, the District Court in Warsaw held a hearing during which the Court reduced the financial penalty imposed on Asseco Business Solutions and abolished the mutual costs of proceedings between the parties. On 17 August 2020, the company appealed against the above judgment to the District Court.

During the reporting period, ACE Group (the Asseco International segment) was party to a dispute regarding a delay in delivery of an IT system to a customer in Slovakia. The Group has created a provision against the potential contractual penalty in the amount of PLN 6.0 million. In addition, during the reporting period, Asseco Central Europe, a.s. Group was party to just one more significant dispute that entered the stage of court proceedings. The claim is related to payment of contractual penalties in the amount of EUR 4.6 million (PLN 20.8 million). The Management Board of ACE Group has considered the plaintiff's claim to be unjustified and, therefore, brought a counter-claim for compensation for the lost contract in the amount of EUR 4.1 million (PLN 18.6 million).

In the reporting period, Matrix IT Group (the Formula Systems segment) was party to court proceedings where the total amount in dispute was ILS 18.3 million (PLN 20.6 million). In the opinion of Matrix Group and Asseco Group, based on the legal assessment made by the Group's advisors, the provisions for pending litigation that are recognized in this report have been created in a sufficient amount to cover possible risks arising from pending disputes.

In the reporting period, Magic Group (the Formula Systems segment) was party to court proceedings where the total amount in dispute was approx. PLN 39 million. The Group believes it has created a sufficient amount of provisions for ongoing court cases.

Except for those described above, during the reporting period, no significant proceedings were instituted or pending before any court, arbitration authority or public administration authority, concerning any liabilities or receivables of Asseco Group companies.

8.2. Seasonal and cyclical business

The Group's sales revenues are subject to some seasonality in individual quarters of the year. The fourth quarter revenues tend to be somewhat higher than in the remaining periods, as bulk of such turnover is generated from the sale of IT services for large enterprises and public administration. Such entities often decide to make higher purchases of hardware and licenses in the last months of a year.

8.3. Employment

Number of employees in the Group companies as at	30 Sept. 2020	31 Dec. 2019
Management Board of the Parent Company	10	10
Management Boards of the Group companies	190	172
Production departments	23,896	23,370
Sales departments	1,424	1,369
Administration departments	1,974	1,922
Total	27,494	26,843

Number of employees in the Group companies as at	30 Sept. 2020	31 Dec. 2019
Asseco Poland segment	3,445	3,521
Asseco Poland S.A.	2,366	2,324
Asseco Data Systems S.A.	807	891
DahliaMatic Sp. z o.o.	51	52
ZUI Novum Sp. z o.o.	76	74
SKG S.A.*	-	37
Park Wodny Sopot Sp. z o.o.	56	58
Podkarpacki Fundusz Nieruchomości Sp. z o.o.**	2	1
Gdyński Klub Koszykówki "Arka" S.A.	8	7
Asseco Resovia S.A.	6	7
GSTN Consulting Sp. z o.o.	3	4
Eversoft sp. z o.o.	55	59
ComCERT S.A.	15	7
Asseco International segment	7,064	6,862
Asseco Central Europe Group	3,206	3,232
Asseco South Eastern Europe Group	2,885	2,675
Asseco International, a.s.	4	4
Asseco Western Europe Group	168	142
Tecnologia Sistemas y Aplicaciones (Tecsisa)	42	40
Asseco Danmark A/S	33	29
Peak Consulting ApS	50	50
Asseco PST Holding SGPS Group (former Exictos)	431	443
Sintagma UAB	196	176
Asseco Georgia LLC	24	47
Asseco Software Nigeria Ltd	19	17
Asseco Central Asia	6	7
Formula Systems segment	16,985	16,460
Formula Systems Group	16,985	16,460
Total	27,494	26,843

* Due to the merger of SKG S.A. with Asseco Poland S.A., the employees of SKG S.A. as at 30 September 2020 were transferred to Asseco Poland S.A.

** This is the total employment in Podkarpacki Fundusz Nieruchomości Sp. z o.o. and Aquapark Sopot Sp. z o.o.

8.4. Significant events after the reporting period

- **Issuance of shares by Sapiens**

On 20 October 2020, Sapiens conducted a public offering under which the company issued 3,389,830 of common shares at the price of USD 29.50 per share. Sapiens has also granted the underwriters a 30-day option to purchase up to an additional 508,474 common shares. All of the shares in the offering are to be acquired by non-controlling shareholders. Until the publication of this report, the company has not yet received information how many options were exercised by shareholders.

- **New stock option plan for the CEO of Formula**

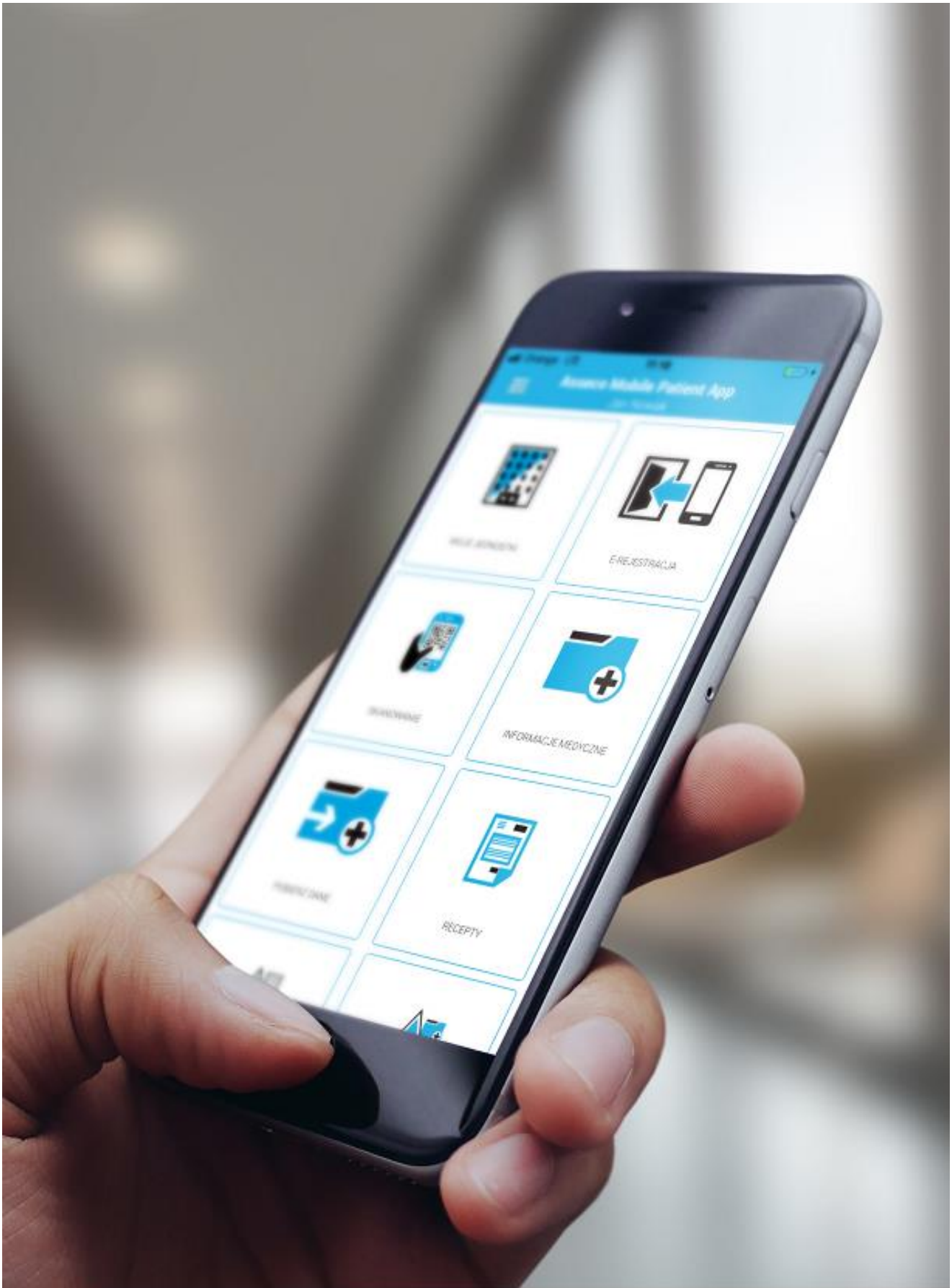
On 4 November 2020, the Board of Directors of Formula Systems held a meeting where a new 8-year stock option plan for the CEO of Formula was voted on and adopted. Under the new option plan, the CEO will be granted a 4% stake of restricted stock units of Formula Systems. The vesting condition for 66.67% of those shares is the passage of time – the shares will be granted after an 8-year period defined in the plan, provided that the CEO remains in his position during this period. The remaining portion, i.e. 33.33%, of shares will be vested upon achieving the target level of consolidated EBITDA by Formula Group. The detailed scope and conditions of the stock option plan have been set out in Formula’s regulatory filings to the US Securities and Exchange Commission (SEC).

- **Acquisition of Tia Technology**

On 9 November 2020, Sapiens informed about signing an agreement to acquire shares in the company Tia Technology based in Denmark. Tia Technology is a leading vendor of software solutions primarily for the sector of property and casualty insurance (P&C). The acquisition of this company is a consecutive step of Sapiens in building its strategic position as a provider of insurance software on the Scandinavian market.

8.5. Significant events related to prior years

Until the date of preparing these interim condensed consolidated financial statements for the period of 9 months ended 30 September 2020, we have not observed any significant events related to prior years, which have not but should have been included in these financial statements.



B. Commentary and supplementary information to the Quarterly Report of Asseco Group

Asseco Group

Non-IFRS results for the three quarters of 2020 (unaudited data)

Non-IFRS data presented below have not been audited or reviewed by any independent certified auditors. Non-IFRS data do not constitute financial data in accordance with IFRS as endorsed by the European Union. There is no uniform definition or calculation method for non-IFRS data and, consequently, they may not be comparable to such data presented by other entities, including entities operating in the same industry as Asseco Group. These financial data should be analyzed as additional information only, and not as a substitute for financial data prepared in accordance with EU IFRS. Non-IFRS data should not be considered more significant than measurements resulting directly from the Consolidated Financial Statements.

1. Selected financial data for the period of 9 months ended 30 September 2020 (non-IFRS)

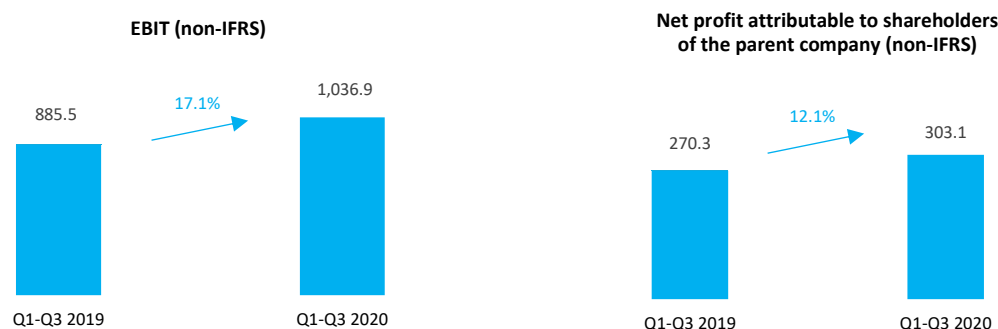
Financial and operational summary:

- **Strong financial results** of Asseco Group:
 - sales revenues grew by **12.7%** to the level of **PLN 8,707 million**
 - non-IFRS operating profit surged by **17.1%** to **PLN 1,037 million**
 - non-IFRS net profit improved by **12.1%** to **PLN 303 million**
- Growth in sales revenues and profits of all operating segments
- Strong business **diversification** (by geographical regions, sectors, products)
 - **88%** of revenues from foreign markets
 - **38%** of revenues from general business, **37%** from banking and finance, **25%** from public institutions
 - **80%** of revenues from sales of proprietary software and services

Consolidated financial highlights for the first three quarters of 2020 (non-IFRS)

Key financial data published on a non-IFRS basis provide crucial information for assessing the financial position and business development of Asseco Group. They are complementary to data reported in accordance with IFRS standards.

Non-IFRS figures include adjustments for amortization charges on intangible assets recognized in purchase price allocation (PPA), for the costs of share-based payment transactions with employees (SBP), as well as for financial income and expenses recognized in accounting for company acquisitions (M&A) and disposals (inclusive of the related tax effects).



Consolidated financial results of Asseco Group (non-IFRS)

mPLN	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change
Revenues	2,937.8	2,738.4	7.3%	8,707.3	7,729.3	12.7%
Proprietary software and services	2,330.4	2,245.9	3.8%	6,983.1	6,319.9	10.5%
Non-IFRS EBIT	362.0	320.8	12.8%	1,036.9	885.5	17.1%
PPA & SBP	62.6	60.2	4.0%	184.0	171.3	7.4%
Non-IFRS net profit attributable to shareholders of the Parent Company	102.4	90.4	13.3%	303.1	270.3	12.1%
PPA & SBP & M&A	11.5	12.0	(4.2%)	35.4	32.2	9.9%
EBITDA	476.9	424.8	12.3%	1,373.5	1,181.6	16.2%

EBITDA = EBIT + depreciation and amortization

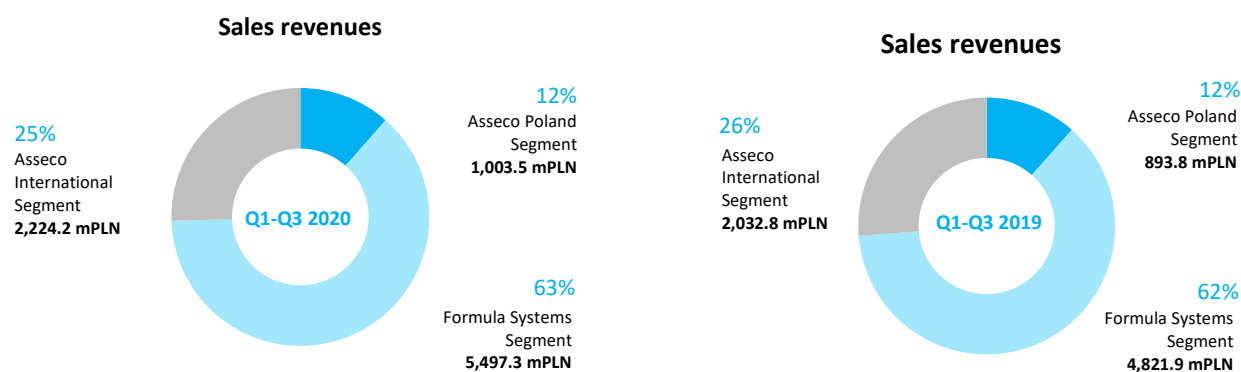
2. Summary and analysis of financial results of Asseco Group for the period of 9 months ended 30 September 2020

Revenue structure in the first three quarters of 2020

Asseco Group segments

The table below presents sales revenues generated by individual operating segments in the periods of 3 and 9 months ended 30 September 2020 as well as in the comparable periods last year:

Sales revenues by segments	Q3 2020	Q3 2019	Change Q3 2020 / Q3 2019	Q1-Q3 2020	Q1-Q3 2019	Change Q1-Q3 2020 / Q1-Q3 2019
Asseco Poland segment	364.1	290.1	25.5%	1,003.5	893.8	12.3%
Formula Systems segment	1,859.0	1,768.6	5.1%	5,497.3	4,821.9	14.0%
Asseco International segment	720.7	686.6	5.0%	2,224.2	2,032.8	9.4%
Eliminations	(6.0)	(6.9)	(13.0%)	(17.7)	(19.2)	(7.8%)
Total	2,937.8	2,738.4	7.3%	8,707.3	7,729.3	12.7%



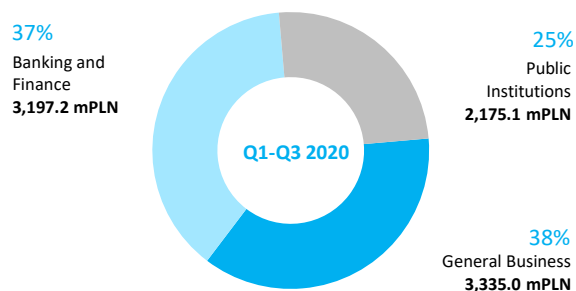
Figures including intersegment sales.

Business sectors

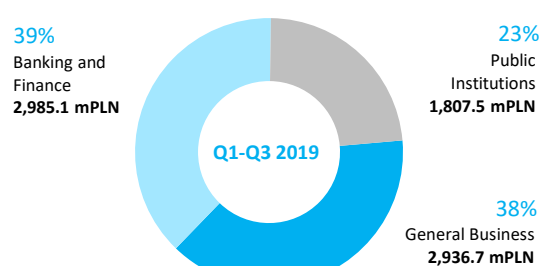
The table below presents sales revenues generated in particular business sectors in the periods of 3 and 9 months ended 30 September 2020 as well as in the comparable periods last year:

Sales revenues by sectors	Q3 2020	Q3 2019	Change Q3 2020 / Q3 2019	Q1-Q3 2020	Q1-Q3 2019	Change Q1-Q3 2020 / Q1-Q3 2019
Banking and Finance	1,066.4	1,004.4	6.2%	3,197.2	2,985.1	7.1%
General Business	1,064.4	1,093.9	(2.7%)	3,335.0	2,936.7	13.6%
Public Institutions	807.0	640.1	26.1%	2,175.1	1,807.5	20.3%
Total	2,937.8	2,738.4	7.3%	8,707.3	7,729.3	12.7%

Sales revenues



Sales revenues

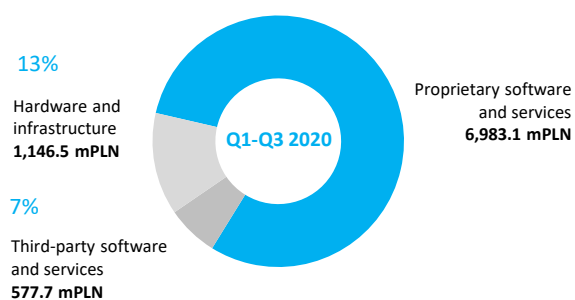


Products

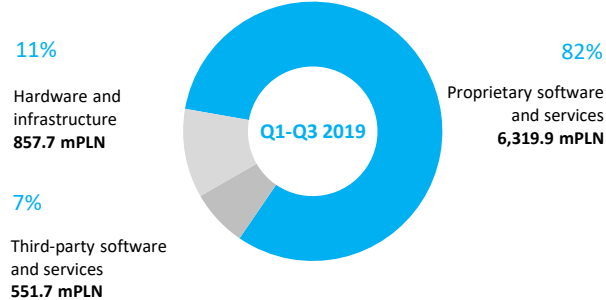
The table below presents sales revenues achieved from particular types of products in the periods of 3 and 9 months ended 30 September 2020 as well as in the comparable periods last year:

Sales revenues by type of products	Q3 2020	Q3 2019	Change Q3 2020 / Q3 2019	Q1-Q3 2020	Q1-Q3 2019	Change Q1-Q3 2020 / Q1-Q3 2019
Proprietary software and services	2,330.4	2,245.9	3.8%	6,983.1	6,319.9	10.5%
Third-party software and services	183.8	193.4	-5.0%	577.7	551.7	4.7%
Hardware and infrastructure	423.6	299.1	41.6%	1,146.5	857.7	33.7%
Total	2,937.8	2,738.4	7.3%	8,707.3	7,729.3	12.7%

Sales revenues

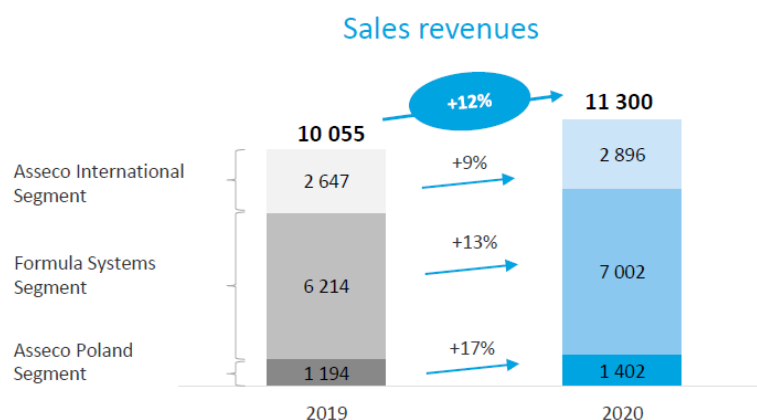


Sales revenues



Consolidated order backlog for 2020

In comparison to the order backlog presented in November 2019



Figures in millions of PLN.

If the 2020 backlog was translated at the same currency exchange rates as the 2019 backlog, the respective change would be +9%.
Value of the order backlog for 2020 as at 17 November 2020; value of the order backlog for 2019 as at 15 November 2019.

The consolidated financial results of Asseco Group for the periods of 3 and 9 months ended 30 September 2020 as well as for the comparable periods last year are presented in the table below:

mPLN	Q3 2020	Q3 2019	Change Q3 2020 / Q3 2019	Q1-Q3 2020	Q1-Q3 2019	Change Q1-Q3 2020 / Q1- Q3 2019
Revenues	2,937.8	2,738.4	7.3%	8,707.3	7,729.3	12.7%
Proprietary software and services	2,330.4	2,245.9	3.8%	6,983.1	6,319.9	10.5%
Gross profit (loss) on sales	645.1	593.1	8.8%	1,873.8	1,671.3	12.1%
Selling costs	(145.2)	(147.3)	(1.4%)	(436.1)	(410.3)	6.3%
General and administrative expenses	(196.9)	(184.7)	6.6%	(572.6)	(538.8)	6.3%
Other operating activities	(3.6)	(0.5)	620.0%	(12.2)	(8.0)	52.5%
Operating profit	299.4	260.6	14.9%	852.9	714.2	19.4%
Net profit attributable to Shareholders of the Parent Company	90.9	78.4	15.9%	267.7	238.1	12.4%
EBITDA	476.9	424.8	12.3%	1,373.5	1,181.6	16.2%

EBITDA = EBIT + depreciation and amortization

Profitability ratios

The table below presents the key profitability ratios achieved by the Group in the periods of 3 and 9 months ended 30 September 2020 and in the comparable periods:

	Q3 2020	Q3 2019	Change Q3 2020 / Q3 2019	Q1-Q3 2020	Q1-Q3 2019	Change Q1-Q3 2020 / Q1-Q3 2019
Gross profit margin	22.0%	21.7%	0.3 pp	21.5%	21.6%	(0.1) pp
EBITDA margin	16.2%	15.5%	0.7 pp	15.8%	15.3%	0.5 pp
Operating profit margin	10.2%	9.5%	0.7 pp	9.8%	9.2%	0.6 pp
Net profit margin	7.1%	6.6%	0.5 pp	6.8%	6.6%	0.2 pp

Gross profit margin = gross profit on sales / sales

EBITDA margin = EBITDA / sales

Operating profit margin = operating profit / sales

Net profit margin = net profit / sales

In the first 9 months of 2020, the Group's consolidated EBITDA margin equalled 15.8% increasing by 0.5 pp, while operating profit margin reached 9.8% increasing by 0.6 pp. The net profit margin stood at 6.8% as compared with 6.6% a year ago.

Improvement in the operating profit margin was achieved in particular in the Asseco Poland segment by 1.3 pp to the level of 15.4%, as well as in the Formula Systems segment by 0.9 pp to 8.1%.

Liquidity ratios

As at the end of September this year, our key liquidity ratios remained at similar levels as at the end of the previous year and at the end of the third quarter of 2019. In comparison to the end of September last year, our working capital increased due to a more dynamic growth in current assets than in the level of current liabilities.

The current liquidity ratio remains stable and is in the middle of the 1.2-2.0 range that is commonly considered as safe. Likewise, our quick liquidity ratio exceeds the level of 1.0 which is considered to be trustworthy.

The cash conversion rate (measuring the coverage of non-IFRS EBIT with free cash flows) was higher at the end of the third quarter of 2020 than at the end of the comparable period in the previous year. At the end of September 2020, this ratio equalled 93%, as compared with 66% at the end of September last year.

The table below presents the key liquidity ratios achieved by the Group as at 30 September 2020 and in the comparable periods:

	30 Sept. 2020	31 Dec. 2019	30 Sept. 2019
Working capital (in millions of PLN)	2,139.5	1,886.2	1,710.8
Current liquidity ratio	1.6	1.5	1.5
Quick liquidity ratio	1.4	1.4	1.4
Absolute liquidity ratio	0.6	0.6	0.5
Cash conversion rate	93%	104%	66%

Working capital = current assets – current liabilities

Current liquidity ratio = current assets / current liabilities

Quick liquidity ratio = (current assets – inventories – prepayments) / current liabilities

Absolute liquidity ratio = (cash + short-term bank deposits) / current liabilities

Cash conversion rate = FCF / Non-IFRS EBIT

Debt ratios

The table below presents the key debt ratios achieved by the Group as at 30 September 2020 and in the comparable periods:

	30 Sept. 2020	31 Dec. 2019	30 Sept. 2019
Total debt ratio	46.2%	45.3%	44.8%
Debt/equity ratio	36.9%	34.4%	36.5%
Debt/(debt + equity) ratio	26.9%	25.6%	26.8%

Total debt ratio = (non-current liabilities + current liabilities) / assets

Debt/equity ratio = (interest-bearing bank loans + debt securities + lease liabilities) / equity

Debt/(debt + equity) ratio = (interest-bearing bank loans + debt securities + lease liabilities) / (interest-bearing bank loans + debt securities + lease liabilities + equity)

At the end of September 2020, our debt ratios stood at similar levels as at the end of 2019 and at the end of September last year.

The levels of our total debt ratio as well as debt-to-equity ratio should be considered very safe in relation to global standards. This reflects the conservative financial policy applied by the Group's Management.

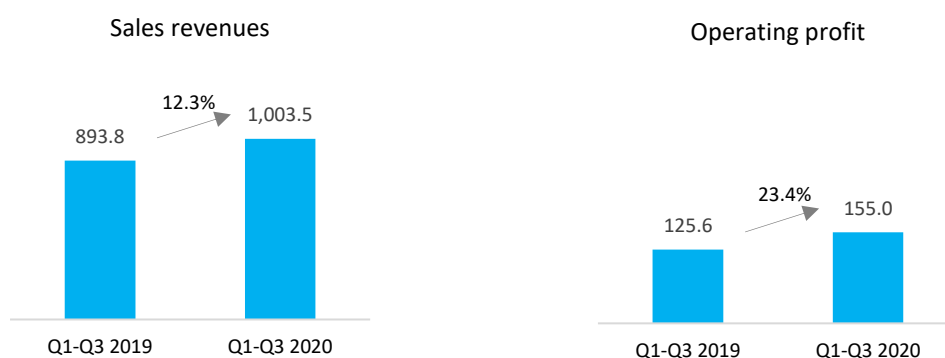
Currency structure of sales revenues

Presented below is the foreign currency structure of our sales revenues in the periods of 3 and 9 months ended 30 September 2020 as well as in the comparable periods last year:

	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019
NIS (Israeli new shekel)	39.8%	40.5%	38.9%	38.6%
EUR (euro)	17.6%	15.9%	17.4%	16.4%
USD (US dollar)	16.4%	18.6%	17.4%	18.2%
PLN (Polish zloty)	13.6%	12.3%	12.9%	13.4%
CZK (Czech crown)	2.4%	2.1%	2.6%	2.7%
RSD (Serbian dinar)	2.2%	2.5%	2.2%	2.1%
GBP (British pound)	1.9%	1.9%	1.9%	2.2%
DKK (Danish krone)	1.0%	1.0%	1.1%	1.0%
Other currencies	5.1%	5.2%	5.6%	5.4%
	100.0%	100.0%	100.0%	100.0%

3. Major factors and events with impact on our financial performance

3.1 Asseco Poland segment



The table below presents the selected financial data of the Asseco Poland segment for the periods of 3 and 9 months ended 30 September 2020 as well as for the comparable periods:

mPLN	Q3 2020	Q3 2019	Change Q3 2020 / Q3 2019	Q1-Q3 2020	Q1-Q3 2019	Change Q1-Q3 2020 / Q1-Q3 2019
Sales revenues*	364.1	290.1	25.5%	1,003.5	893.8	12.3%
EBIT	60.2	38.2	57.6%	155.0	125.6	23.4%
<i>EBIT margin</i>	<i>16.5%</i>	<i>13.2%</i>	<i>3.3 pp</i>	<i>15.4%</i>	<i>14.1%</i>	<i>1.3 pp</i>
Non-IFRS EBIT	64.3	42.4	51.7%	167.2	138.2	21.0%
<i>Non-IFRS EBIT margin</i>	<i>17.7%</i>	<i>14.6%</i>	<i>3.1 pp</i>	<i>16.7%</i>	<i>15.5%</i>	<i>1.2 pp</i>
EBITDA	84.2	61.0	38.0%	225.1	194.6	15.7%
<i>EBITDA margin</i>	<i>23.1%</i>	<i>21.0%</i>	<i>2.1 pp</i>	<i>22.4%</i>	<i>21.8%</i>	<i>0.6 pp</i>
CFO BT	54.8	90.4	(39.4%)	179.5	185.4	(3.2%)
CAPEX	(26.4)	(32.6)	(19.0%)	(67.2)	(67.7)	(0.7%)
Lease expenditures	(9.3)	(8.1)	14.8%	(27.9)	(26.4)	5.7%
FCF	19.1	49.7	(61.6%)	84.4	91.3	(7.6%)
Cash conversion rate	29.7%	117.2%	(87.5) pp	50.5%	66.1%	(15.6) pp
Cash and cash equivalents (comparable data as at 31 December 2019)	-	-	-	157.0	215.2	(27.0%)
Interest-bearing debt (comparable data as at 31 December 2019)**	-	-	-	(77.9)	(93.7)	(16.9%)
<i>of which bank loans, borrowings and bonds issued</i>	-	-	-	-	-	-
<i>of which leases</i>	-	-	-	(77.9)	(93.7)	(16.9%)

* Revenues from sales to external customers as well as inter-segment sales

** Liabilities towards external entities

EBIT = operating profit

Non-IFRS EBIT = EBIT + PPA + SBP, where PPA means amortization charges on intangible assets recognized in purchase price allocation, and SBP means the costs of share-based payment transactions with employees

EBITDA = EBIT + depreciation and amortization

CFOBT = cash generated from operating activities (before income tax paid)

CAPEX = segment's capital expenditures for non-current assets

FCF = |CFOBT| - |CAPEX| - |lease expenditures|

Cash conversion rate = FCF / Non-IFRS EBIT

In the period from January to September 2020, sales revenues generated by the Asseco Poland segment reached PLN 1,003.5 million as compared with PLN 893.8 million reported in the comparable period of the previous year. Operating profit amounted to PLN 155.0 million as compared with PLN 125.6 million earned in the first 9 months of 2019. The Asseco Poland segment accounted for 12% of the Group's total sales in the reporting period.

In the finance sector, the Company continued to work for its existing customers by performing, among others, long-term service contracts which accounted for approx. 40% of revenues from this sector in the first three quarters of 2020.

During the reporting period, Asseco Poland expanded its cooperation with such institutions as Bank Pekao, Volkswagen Bank, or Raiffeisen Bank International AG. Furthermore, the Company signed a contract with an e-Commerce firm for the implementation of an IT system for post-sale handling of loans. In the reporting period, Asseco's sales force engaged in activities aimed at acquiring new projects both in Poland and in foreign markets. The company was implementing its plans to enter the German banking market. The cooperation with adesso, a reputable and recognizable provider of core software systems for insurance companies and IT services for banks in the DACH market, resulted in establishing a new company based in Frankfurt am Main, namely adesso banking solutions GmbH, in which Asseco and adesso each have 50% of shares. The newly founded company will serve the banking sector in German-speaking countries (Germany, Austria, Switzerland). In addition, in the first 9 months of 2020, Asseco launched the first in Poland universal process and technology platform for the sale and servicing of financial products – Asseco BooX (Bank out of the Box). This solution includes a defined set of processes designed to support financial products with the possibility of being adapted to operation on virtually any market. BooX, as a cloud-based subscription platform, is ideal for testing business hypotheses and proving the validity of new banking models and e-Commerce platforms. It is an excellent solution for neo-banks, banks subject to consolidation, test and regulatory sandboxes and marketplace solutions (in e-Commerce). It enables new business initiatives to demonstrate to the national regulator their high operational readiness already at the early stage of obtaining a banking license. Entities that are already present on the market can use the platform features (subscription, work in a technological sandbox) in the process of testing and launching new services. Carrying out a transformation or consolidation of banks is a natural application of the BooX platform. Innovation necessary for the development of financial institutions will be ensured by the use of solutions built into the platform that were developed within the Asseco Innovation Hub, e.g. voicebots. Asseco BooX is available in the subscription model, but it can also operate traditionally – based on the purchase of a license. The solution can be operated in stationary, cloud-based or hybrid models. Both the availability of particular functionalities and the cost incurred by institutions depend on the actual level of their use.

The Company continued its long-term cooperation with the largest bank in the region, namely PKO BP, where it is engaged in the development and maintenance of the core IT system that handles transactions of bank clients, interbank settlements system, as well as debit card management and clearing system at PKO BP.

The cooperative banking market is another important business area for the segment of Asseco Poland. Subsidiaries of Asseco Group operating in the Polish market provide services to approx. 420 cooperative banks and support nearly 330 banks in the area of modern e-Banking solutions offered in the Software-as-a-Service (SaaS) model. In the first three quarters of 2020, Asseco worked on software solutions for cooperative banks associated in both major groups operating in Poland. We continued, among others, the project of developing the Integrated Cooperative Banking Solution which is implemented by SGB-Bank. The company is the author of a unique project of Common IT Platform which is implemented together with the BPS Group of cooperative banks. This is a pioneer solution in Poland that can be described as a "bank in the nest", featuring everything that a modern financial institution needs today: a transaction system, online and mobile banking, reporting and analytical tools, as well as intuitive omnichannel solutions. The platform can be parameterized depending on the needs. Processes that are similar in all banks (accounting, settlements, reporting, risk management, anti-money laundering, product pricing) can be automated using this solution, consequently leading to lower back-office costs in each institution. The platform also enables banks to develop certain functionalities independently, such as building a commercial offer. The Common IT Platform is available in the SaaS model, which reduces the costs of owning separate infrastructure and resources necessary for its maintenance. The Company completed the implementation of this banking platform at Cooperative Bank in Lubaczów and Cooperative Bank in Płońsk. In the reporting period, the Company also signed new deals, including for the migration of databases or for the implementation of IT systems: Asseco AML (anti-money laundering), Asseco cSS (support for the bank employees in building and maintaining lasting, positive relationships with

customers, performing the sales process, monitoring customer product preferences, as well as in making quantitative and qualitative assessments), and Asseco def300/cIRM (risk measurement system). Due to the increased demand for banking services performed in remote mode, Asseco also focused on the development of IT system functionalities that would enable the transfer of customer service into the digital world as much as possible. The Company made available the “Requests” mini-application within the Asseco CBP online banking platform. It enables bank clients to handle over a dozen most common issues without leaving home. With the use of this mini-application the clients may, among others, block their ID document, defer the repayment of loan instalments, grant a power of attorney to their account, or purchase insurance. Asseco also supports cooperative banks in handling requests for assistance under the Financial Shield program offered by the Polish Development Fund (PFR), which can be submitted over the Internet via online banking at the Asseco Internet Services Center. The cooperative banks also receive support in handling the Anti-Crisis Shield 4.0. The solution developed by the Company enables bank clients to benefit from subsidies for interest incurred on bank loans that were granted in order to provide entrepreneurs with financial liquidity.

Asseco Poland holds a leading position among providers of IT solutions for institutions operating in the Polish capital market. In the first 9 months of 2020, the Company signed an agreement to implement its new ePROMAK NEXT system at one of the largest brokerage houses in Poland. ePROMAK NEXT was released last year and it is one of the most innovative trading platforms in this part of Europe. This system has been developed following the concept of Design Thinking and it provides investors with access to many new functions via an intuitive state-of-the-art interface and supports all financial instruments quoted on stock exchange markets. During the reporting period, Asseco launched PROMAK RA, a new IT system for keeping the register of shareholders which is integrated with the Capital Market Blockchain Platform made available by the National Depository for Securities (KDPW). The system allows for electronic management of all brokerage activities related to the register of shareholders (register of agreements, issuances, transfers, pledges on shares, register certificates), as well as for processing of rights attached to shares, including dividends. Another solution introduced to our offering is called PROMAK Mate – a system designed to provide comprehensive support to individual clients of brokerage houses, especially those who have not used the services of professional advisors so far. Now they will be able to do it completely online. The latest technologies will provide automatic support in all the stages of this process – from creating an individual investment profile to controlling the achieved results. It is the first tool of such type on the Polish market. PROMAK Mate is a fully scalable solution of RWD (Responsive Web Design) class, ensuring work comfort regardless of the type of device used (computer, tablet, smartphone). This solution can be easily integrated with the existing tools for digitization of investment services, banking systems, or solutions in the field of AI and machine learning. Together with the ePROMAK NEXT system made by Asseco, it enables the creation of a unique service in which the investor has access to both automated investment advice and management of investment account. During the reporting period, Asseco also made efforts to expand the functionality of its PROMAK family systems, e.g. the development of a new version of PROMAK Plus (a transaction processing system that provides effective and automated support for business processes carried out at a brokerage house) which has been adjusted to comply with the EU directives MIFID II and SRD2, or the implementation of new functionalities in the PROMAK Trustee system that provides comprehensive support for fiduciary activities, including automation of processes such as the payment of dividends or interest on bonds, redemption of bonds, processing of pre-emptive rights, stock splits and assimilations.

In the first three quarters of 2020, the Company continued its cooperation with the public sector institutions, including the Social Insurance Institution (ZUS), National Healthcare Fund (NFZ), Ministry of Finance, Ministry of Justice, Agency for Restructuring and Modernization of Agriculture (ARiMR), Agricultural Social Insurance Fund (KRUS), and General Inspectorate of Road Transport (GITD).

During the first 9 months of 2020, Asseco performed activities under the agreement for maintenance of the Comprehensive Information System (KSI) that was signed with ZUS in 2019.

In addition, at the end of September 2020, the Company has performed 11 execution contracts under the 2018 framework agreement for the modification and development of the KSI system software, 7 of which were awarded during the first three quarters of 2020. These execution contracts involve:

- adaptation of the KSI system to legislative changes resulting from amendments to the Act on veterans and some people being the victims of repression during the war and the post-war period and certain other laws, as well as introducing a functionality to handle one-off cash benefits;

- adaptation of the KSI system to legislative changes resulting from the draft Act on benefits for persons incapable of independent existence;
- adaptation of the KSI system to legislative changes resulting from the introduction of the so-called e-files, small businesses and other acts;
- adaptation of the KSI system to legislative changes as regards the taxation of benefits, as well as handling of allowances and pension benefits in the settlement of taxes for 2019 and 2020;
- adaptation of IT systems at ZUS to work on Windows 10 workstations (contract signed during the three quarters of 2020);
- modification of the KSI software in order to carry out the valorization of retirement and pension benefits in March 2020 as well as to change the processing of benefits in which agricultural periods were registered (contract signed during the three quarters of 2020);
- adjusting the functionality of KSI applications in order to enable individual clients to generate confirmations directly from their accounts on the Electronic Services Platform (PUE) as part of the so-called self-service, optimization of the doctor's profile and the wizard for issuing electronic sick leaves (e-ZLA), as well as creation of wizards for submitting applications by individual clients through the PUE platform (contract signed during the three quarters of 2020);
- optimizing the functionality of interactive applications that support ZUS employees in carrying out process tasks (contract signed during the three quarters of 2020);
- adaptation of the KSI system to legislative changes resulting from amendment of the Act on administrative enforcement proceedings and some other acts (contract signed during the three quarters of 2020);
- shipping combined DRS and valorization decisions (contract signed during the three quarters of 2020);
- automation of E2 application processes in the scope of pensions (designated with ENP and END symbols) and handling of death cases, as well as adapting the EPWD application to process applications (contract signed during the three quarters of 2020).

Asseco Poland also implemented the agreement concluded in 2018 for the development and maintenance of the Client Portal and Service Bus (ESB) as part of the Electronic Services Platform at ZUS. In the period from January to September, the Company concluded a supplementary contract for this project.

In March 2020, Asseco signed another agreement with ZUS to make their Comprehensive Information System and Electronic Services Platform ready to handle the tasks resulting from the introduction of the Act on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and emergencies caused by them. Four addenda to this contract were signed during the reporting period.

In July 2020, Asseco Poland concluded another contract with ZUS for the preparation of their Comprehensive Information System and Electronic Services Platform to perform the tasks resulting from the Act on the Polish tourist voucher. This contract was supplemented with two addenda till the end of September.

During the reporting period, the Company continued to carry out its contract with the Agency for Restructuring and Modernization of Agriculture (ARiMR) for development and maintenance of their IT system – 12 system modification orders and 29 operational orders were signed. Moreover, ARiMR awarded a new contract to the Company, for the provision of technical assistance, maintenance and consulting services on LIDS software.

Asseco Poland provided IT services to the Ministry of Justice on the basis of execution contracts under a framework agreement. The effective period of the framework agreement ended in June this year, which means that from July till September the Company did not sign any new execution contracts under this agreement and focused on the implementation of previously started projects. In March 2020, the Company signed a 3-year contract with the Ministry of Justice for maintenance and development of the IT system that supports the National Register of Indebted Persons which is intended to facilitate restructuring and bankruptcy proceedings.

Asseco Poland also provided services to the Ministry of Finance in the scope of maintenance and development of two customs and tax systems, as well as maintenance and development of the Automatic Road Traffic Monitoring Center (CANARD) at the General Inspectorate of Road Transport (GITD).

As part of cooperation with the Agricultural Social Insurance Fund (KRUS), Asseco Data Systems performed work related to maintenance and development of the pension benefits administration system called “Farmer”. Asseco is also responsible for maintenance and development of the Workflow system, which constitutes a core component of the Integrated Information System (ZSI) that handles the mission-critical business processes at KRUS, as well as for providing comprehensive support for IT systems that handle insurance and short-term benefits at this institution.

In the reporting period, Asseco was contracted by the National Agricultural Support Center to provide technical assistance and maintenance services for their integrated IT system.

In the healthcare sector, the Company implemented the contract with the National Healthcare Fund for maintenance and development of the NHF Operations Support System that was signed in 2019. Moreover, in connection with the SARS-CoV-2 virus pandemic, as part of our cooperation with the NHF, in March Asseco expanded their eWUŚ system (which is used for verifying the eligibility for free medical services) with a new functionality that enables the identification of persons remaining in quarantine. Thanks to such modification, in addition to information on the eligibility for medical service, now the eWUŚ system displays the so-called quarantine tag next to the name of a quarantined patient, as well as an annotation about the quarantine and its duration.

Regulatory changes, the imposed obligation to maintain part of medical records in electronic form, as well as the prevailing epidemic all emphasize the need for digitization at medical facilities.

In order to streamline the procedure in the event of diagnosis or suspicion of coronavirus infection as well as to facilitate remote contact with patients in pandemic circumstances, Asseco Poland developed the “Together against COVID” IT toolkit and made it available free of charge to medical facilities until 31 July 2020. These services were prepared using the National Cloud infrastructure.

Software solutions offered by the Company support remote communication with patients. The Tele-advice module, using audio-visual communication technology, allows physicians to provide consultation remotely while ensuring access to electronic medical records of a patient. In turn, e-Notifications streamline communication with a patient, allowing for the implementation of automatic sending of text messages or e-mails. Their important functionality is also the ability to send a PIN code for dispensing of e-Prescriptions. Finally, e-Confirmations allow a patient to easily confirm or cancel an appointment by e-mail or text message, unblocking the overloaded telephone lines of medical facilities and reducing the number of non-cancelled visits. Launching additional IT services does not require a complex implementation or additional infrastructure investments from a medical facility. It is also not necessary for a patient to install any software – it is enough to access a web browser on the phone or computer.

With a view to the actions that a medical facility must take in the event of a suspected or diagnosed COVID-19 virus infection in a patient, Asseco has prepared two unique services that have been added to the ICT services package. The special BioHazard module allows the hospital to appropriately mark and search its database for patients with suspected COVID-19 or other serious viral or bacterial diseases. The second tool - the COVID Patient Register – enables integration with the National Register of COVID Patients. This eliminates possible duplication of information entered and immediately confirms the case of an earlier coronavirus diagnosis. Hospitals have also gained access to the ‘PreTRIAGE’ form, which collects medical history information.

Asseco has consistently strengthened its presence in the healthcare market. During the three quarters of 2020, the Company won further tenders for the implementation of e-Services related to patient service and provision of electronic medical records by hospitals, among others, at the Military Medical Institute, the Mazovian Specialist Hospital in Radom, the Skłodowska-Curie National Institute of Oncology – Gliwice Branch of the State Research Institute, the Copernicus Provincial Multispecialty Center of Oncology and Traumatology in Łódź, the Cardinal Wyszyński Provincial Hospital in Sieradz, and at the Independent Public Healthcare Centre in Świdnica. Under such agreements, Asseco implements software that is primarily intended to streamline patient registration for appointments, make it easier for patients to check the results of examinations, as well as to provide them with online access to medical records. New e-Services are fully integrated with the existing solutions operated at hospitals, including Hospital Information Systems (HIS) and unit management systems (ERP).

During the first 9 months of 2020, Asseco Poland, together with Medicover Poland, conducted preparatory work for launching the platform that will facilitate communication and settlements between medical networks

and partner institutions. What is important, it may also be used by other networks that would like to improve the quality and efficiency of their services.

The Company also performs numerous maintenance contracts for hospitals systems that have been already deployed, which accounts for over 50% of revenues generated from the healthcare sector.

At the end of September 2020, Asseco continued cooperation with more than 400 hospitals across Poland. Whereas, in the segment of doctor offices, small and medium-sized outpatient clinics, and medical practices, the Company has served 9,800 facilities (32,000 users), representing about 40% share of the market.

In Poland, doctor referrals will have to be issued in electronic form starting from 1 January 2021. As part of the ongoing pilot project, Asseco has provided software for issuance and execution of e-Referrals. The systems of Asseco Medical Management Solutions (AMMS) and mMedica are fully ready to handle electronic referrals.

Leveraging on many years of experience in the computerization of medical facilities, Asseco has developed applications dedicated to patients: Medical Information (management of information provided by medical centers), and Home Medicine Chest (personal administration of medicines). The Company has also launched a new mobile application – My Measurements – for self-monitoring of the patient's health. It enables collecting and updating data on various health parameters. Additionally, thanks to the integration with the Medical Information solution, such information can be sent directly to the doctor's office and be recorded in the patient's medical history.

Asseco Poland is a reputable provider of software solutions for the Polish uniformed services, as well as for institutions and agencies of NATO and the European Union. During the first three quarters of 2020, the Company continued the implementation of contracts signed in previous reporting periods with national and international institutions and agencies, such as the Ministry of National Defense, Frontex or the European Space Agency. It also concluded new contracts, among others, with the Armament Inspectorate for the delivery of 24 micro-class unmanned aerial vehicles for the Polish Armed Forces. Drones will be used for day and night observation during military operations. The proprietary hardware and software will be produced in Poland.

In the general business sector, Asseco cooperates with major telecoms and energy companies.

The Company continued to work for leading energy industry groups under previously signed contracts and new orders gained during the reporting period, including the implementation of various functionalities related to the power market, Comprehensive Customer Service Systems, and development of the reading data acquisition system – AUMS ADO.

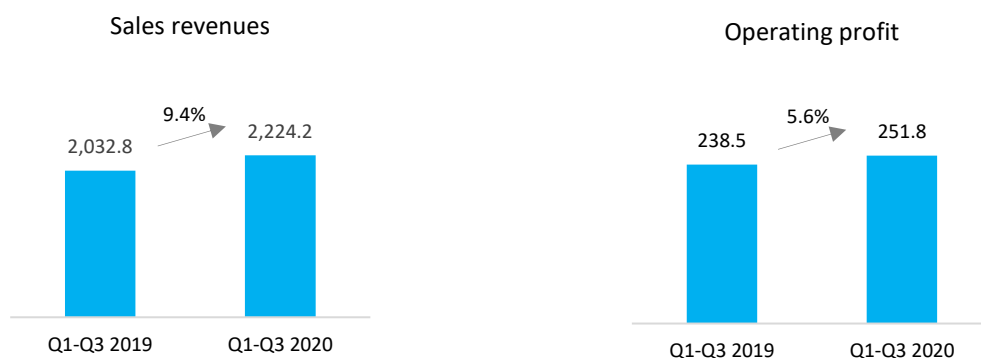
In March 2020, Asseco Poland concluded a bridging agreement with Cyfrowy Polsat Group under which a team of approx. 100 specialists of Asseco can perform tasks in the project of IT systems transformation at Polsat Group. In addition, dedicated, separate teams carry out projects also for other telecommunications and media customers of Asseco. The Company is constantly developing its product portfolio and functionality of available solutions, e.g. in the reporting period, with the support of technology partners such as IBM, Google Cloud i Red Hat, it developed a new model of the Asseco Convergent Services Environment (Asseco CSE) platform. This platform is a proprietary solution of Asseco of the Business Support Systems (BSS) class which is intended to provide support to telecommunications operators, Internet and TV providers in their sale, service and billing activities. It constitutes a multi-channel package of systems that help perform day-to-day tasks. It also allows combining many different products into a consistent bundle to be charged in one invoice. The platform can handle the processes of sales, servicing and billing of converged services. Providing the Asseco CSE system in the cloud as a service is an innovation on the Polish market. For customers, this means optimization of costs related to the implementation of software, as well as operating and maintenance fees, proportionally to the size of their business.

The first three quarters of 2020 were a period of intensive work also for our subsidiary Asseco Data Systems (ADS) operating in the Polish market. This company expanded its sales of security and trust services, including digital signature. In the reporting period, for example, it implemented the integrated Asseco platform for remote signing of documents between Żabka headquarters and its network of franchise convenience stores. Thanks to the possibility of making qualified electronic signatures, deliveries are faster and more convenient for franchisees. They can use the solution via any mobile device with Internet access. Asseco's e-Signature platform has been aligned with Żabka's internal IT systems and additionally connected to the WebNotarius qualified validation service. Furthermore, in the reporting period ADS integrated the service of qualified electronic signature validation with the SzuKIO.pl service – a search engine of public procurement decisions. Since 2018, all proceedings whose value exceeds the EU-determined threshold are carried out with the use of

e-documents bearing a qualified electronic signature. Owing to the integration of Asseco’s qualified service with the SzuKIO service, users can automatically, reliably and effectively confirm the validity of electronic signature. ADS expands its portfolio of qualified services. In November, the company implemented an advanced, one-time electronic signature at Santander Consumer Bank. The project was aimed to create the process of signing a consumer loan agreement in line with the paperless concept, EU eIDAS regulations and the highest standards of user experience. The system was designed and implemented by ADS together with the bank and, by digitizing the confirmation of loan documents, it reduced the time of customer service, allowing the loan agreements to be concluded remotely and accepted with the use of advanced one-time signatures authorized with SMS codes. As part of the project implementation, a qualified electronic seal and a qualified validation service were also used. Currently, ADS is working, among others, on remote methods of identity verification, on the basis of which it will be possible to issue a qualified e-signature certificate. The new solutions are planned to be available shortly. During the first 9 months of 2020, ADS developed a platform for managing HR processes in business, as well as integrated IT solutions for managing universities, the teaching process, and development of employee competencies. The company actively supports universities in connection with the coronavirus pandemic – in cooperation with the National Cloud Operator, it made available an educational platform for universities free of charge for 6 months under the “Partnership for Universities” program. The Asseco’s educational platform is recommended by the Conference of Rectors of Academic Schools in Poland (CRASP) and was included in the list of remote learning tools published by the Ministry of Science and Higher Education. In the first three quarters of this year, the company also focused on activities related to the digitization of local administration bodies. Moreover, the company implemented projects including software for mass communication, i.e. handling of correspondence and management of documents in paper and electronic form, or Smart City solutions such as the Bus Stop Video Monitoring System and the Local Bus Station Management System that have been deployed in Rzeszów.

On 1 July 2020, SKG, a subsidiary of Asseco Group, was incorporated into the structure of Asseco Poland. The synergy of experience and potential of both the companies will enhance Asseco’s competence in IT solutions for the public finance sector as well as in handling of customs, transportation and forwarding processes. SKG joined Asseco Group in 2012. It has more than 30 years of experience in the development of dedicated IT systems that support customs processes, retail trade, transportation and forwarding. The company’s achievements include the implementation of numerous projects for the Polish Customs Service, for which it developed and implemented systems for handling of declarations, control of exports, intra-EU trade statistics, and customs and tax settlements. SKG has also executed and is implementing projects for the customs administration of Slovakia, Bulgaria and Lithuania. Among SKG’s customers there are more than a dozen Polish central offices, regional government and local administration bodies, as well as private companies from the pharmaceutical, financial and insurance, energy, fuel, retail trade, transportation and food sectors. The merger of SKG and Asseco Poland was conducted by a takeover pursuant to article 492 § 1 item 1 of the Polish Commercial Companies Code, this is by transferring all the assets of SKG to Asseco. Following the merger, the company of SKG has been dissolved without going into liquidation.

3.2 Asseco International segment



The table below presents the selected financial data of the Asseco International segment for the periods of 3 and 9 months ended 30 September 2020 as well as for the comparable periods:

mPLN	Q3 2020	Q3 2019	Change Q3 2020 / Q3 2019	Q1-Q3 2020	Q1-Q3 2019	Change Q1-Q3 2020 / Q1-Q3 2019
Sales revenues*	720.7	686.6	5.0%	2,224.2	2,032.8	9.4%
EBIT	79.2	87.7	(9.7%)	251.8	238.5	5.6%
EBIT margin	11.0%	12.8%	(1.8) pp	11.3%	11.7%	(0.4) pp
Non-IFRS EBIT	82.9	91.0	(8.9%)	263.1	247.8	6.2%
Non-IFRS EBIT margin	11.5%	13.3%	(1.8) pp	11.8%	12.2%	(0.4) pp
EBITDA	121.8	126.5	(3.7%)	380.4	347.7	9.4%
EBITDA margin	16.9%	18.4%	(1.5) pp	17.1%	17.1%	-
CFO BT	136.3	69.6	95.8%	295.6	193.4	52.8%
CAPEX	(20.5)	(18.7)	9.6%	(62.7)	(76.2)	(17.7%)
Lease expenditures	(14.9)	(12.3)	21.1%	(44.1)	(35.8)	23.2%
FCF	100.9	38.6	161.4%	188.8	81.4	131.9%
Cash conversion rate	121.7%	42.4%	79.3 pp	71.8%	32.8%	38.9 pp
Cash and cash equivalents (comparable data as at 31 December 2019)	-	-	-	567.5	546.7	3.8%
Interest-bearing debt (comparable data as at 31 December 2019)**	-	-	-	(398.0)	(370.5)	7.4%
of which bank loans, borrowings and bonds issued	-	-	-	(216.0)	(178.6)	20.9%
of which leases	-	-	-	(182.0)	(191.9)	(5.2%)

* Revenues from sales to external customers as well as inter-segment sales

** Liabilities towards external entities

EBIT = operating profit

Non-IFRS EBIT = EBIT + PPA + SBP, where PPA means amortization charges on intangible assets recognized in purchase price allocation, and SBP means the costs of share-based payment transactions with employees

EBITDA = EBIT + depreciation and amortization

CFOBT = cash generated from operating activities (before income tax paid)

CAPEX = segment's capital expenditures for non-current assets

FCF = |CFOBT| - |CAPEX| - |lease expenditures|

Cash conversion rate = FCF / Non-IFRS EBIT

In the period from January to September 2020, the Asseco International segment generated PLN 2,224.2 million in sales revenues, achieving an increase by 9.4%. Operating profit improved by 5.6% and amounted to PLN 251.8 million. The segment's share in the consolidated sales reached 26%.

Asseco Central Europe Group, which represents Asseco in the **Central European region**, reported sales revenues for the first three quarters of 2020 at a similar as a year ago.

During the reporting period, our companies operating in the Czech Republic and Slovakia continued their cooperation with domestic public sector institutions. New projects were implemented, among others, for the Public Health Office of the Slovak Republic, the Czech Social Security Administration, and the Czech Ministry of Labour and Social Policy. In addition, in April this year Asseco Central Europe developed and launched IS COVID, a central IT system in Slovakia for registering orders and results of laboratory tests for the presence of SARS-CoV-2 virus which has helped significantly increase the number of samples tested daily. This system brought together public and private laboratories in an integrated environment, enabling mass examination within the population. In turn, the company's IT service packages in the area of e-Health contribute to the development of remote medical care, thus preventing the spread of infectious diseases.

Moreover, in the reporting period the Company signed agreements with the international insurance company Youplus for the implementation of software in the Czech and Slovak branches of the insurer.

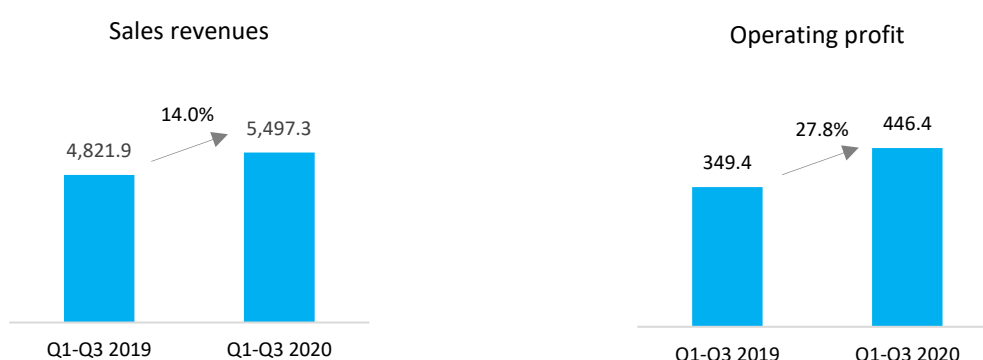
Asseco Central Europe Group has observed strong demand for ERP solutions that are marketed by Asseco Enterprise Solutions. Revenues generated by Asseco Business Solutions, which specializes in enterprise management systems, for the first three quarters of 2020 were 2.2% higher than a year ago, owing to stronger sales of the company's own products. On the domestic market, sales revenues during the first 9 months of 2020 were at a similar level as in the previous year (an increase by 0.6%). Whereas, sales on foreign markets increased by 13.7% year on year. The company's software solutions have already been deployed in 50 countries worldwide, in regions such as Europe, Middle East, Asia, Australia, and Latin America. In the three quarters of 2020, the largest foreign sales were recorded in countries such as France, Germany, the Netherlands, Great Britain, Romania, and Luxemburg. In aggregate, they accounted for 88% of total revenues from international markets. In the reporting period, Asseco Business Solutions generated 92% of its revenues in the general business sector, while the remaining 8% were recorded in the sectors of banking and finance as well as public administration. Favourable sales results were reported also by Asseco Solutions companies operating in German-speaking countries, Czech Republic and Slovakia.

Asseco South Eastern Europe Group, which operates in the **South Eastern European markets**, reported much stronger financial results for 9 months ended 30 September 2020 than in the comparable period last year. Such a robust financial performance was accomplished mainly by expanding the scale of operations in the payment solutions segment, as well as by implementing major efficiency improvements in the banking solutions segment. The strongest revenue growth was achieved by the business line dealing with maintenance of POS terminals. Higher sales were recorded also in the business lines responsible for maintenance of ATMs and e-Commerce. Stronger sales of the banking solutions segment resulted primarily from the growing demand for mobile solutions. Higher sales were reported also by the business line responsible for core banking systems and other software. This segment considerably improved its operating efficiency thanks to the better utilization of resources in the first three quarters of 2020. Stronger financial results of ASEE Group were driven both by organic growth and company acquisitions. During 2019 and the three quarters of 2020, this Group carried out a number of acquisitions that affected its current financial results. Since 1 May 2019, ASEE Group has fully consolidated the financial results of Multicard Serbia which used to be earlier accounted for using the equity method. Since 1 August 2019, the Group has fully consolidated the financial results of B Services Montenegro and Bassilichi Serbia, and since 1 September 2019, also the financial results of Sonet (Czech Republic and Slovakia) and Mobven in Turkey. In the fourth quarter of 2019, ASEE Group finalized the acquisition of Monri companies in Bosnia and Herzegovina and in Croatia which have been subsequently subject to consolidation since 1 November of the previous year. In addition, in January 2020 the Group acquired the company Bassilichi Bosnia and Herzegovina, whose financial results have been consolidated since 1 February 2020, and in June 2020 completed the acquisition of IPS Croatia which has been consolidated since 1 June 2020. Furthermore, in July 2020 we finalized the acquisition of Gastrobit GRC Group in Croatia, whose financial results have been consolidated since August.

In the first three quarters of 2020, the Group generated higher revenues in the **Western European markets**. Asseco PST, which is present in Portugal and Portuguese-speaking countries in Africa, continued its cooperation with banks by providing maintenance of core banking systems as well as carrying out migration projects and payment card management projects. Asseco Spain, a subsidiary of Asseco Western Europe, gained new contracts for the supply of IT hardware, software and related services. The company was involved in tele-working and remote education projects. It also strengthened its cooperation with public institutions in the Spanish market, as well as with customers in the education and transportation sectors. During the period reported, Asseco Lithuania carried out projects, among others, for the Lithuanian Museum of Art involving modernization of its IT system and development of new e-Services, as well as for the National Library of Lithuania involving development of the Virtual Electronic Heritage System. The company signed several new contracts, including with Ignitis, the state-owned energy industry group, for the maintenance and development of their billing system. This will be the first implementation of an IT system performed by Asseco Lithuania in the utilities sector. The company has also engaged in the tendering procedure for building a new billing system for Ignitis which is present in 4 countries (Lithuania, Latvia, Estonia and Poland). The company signed contracts with the Lithuanian Ministry of the Interior, the Chancellery of the Parliament, the National Land Service at the Ministry of Agriculture, and the National Education Agency. In addition, the company concluded an agreement with the Lithuanian Transport Safety Administration for the development and implementation of an electronic system of services, consulting and information for the transportation industry. The aim of this

project is to create e-Services related to the activities of the road and rail transportation sector, in order to reduce the administrative burdens, time and costs involved in the provision of such services. Peak Consulting, which operates in the Danish market, implemented projects for the Danish military forces, police, financial institutions, state-owned energy corporation, and the Nordic Regional Security Coordinator, which is a joint office of the operators of electricity transmission systems from Finland, Norway, Sweden and Denmark. Tecsisa, a Spanish provider of software for producers and distributors of electricity that was acquired in 2019, signed an international deal to expand its existing cooperation with the Italian energy industry group Enel which operates in 33 countries on 5 continents. The new 3-year contract provides for the development and maintenance of already deployed systems, as well as software implementations in new countries, including the migration of systems to the Kommodo platform, which is a cloud-based Big Data solution designed specifically for the utilities sector.

3.3 Formula Systems segment



The table below presents the selected financial data of the Formula Systems segment for the periods of 3 and 9 months ended 30 September 2020 as well as for the comparable periods:

mPLN	Q3 2020	Q3 2019	Change Q3 2020 / Q3 2019	Q1-Q3 2020	Q1-Q3 2019	Change Q1-Q3 2020 / Q1-Q3 2019
Sales revenues*	1,859.0	1,768.6	5.1%	5,497.3	4,821.9	14.0%
EBIT	159.0	135.0	17.8%	446.4	349.4	27.8%
<i>EBIT margin</i>	<i>8.6%</i>	<i>7.6%</i>	<i>1.0 pp</i>	<i>8.1%</i>	<i>7.2%</i>	<i>0.9 pp</i>
Non-IFRS EBIT	213.9	187.7	14.0%	606.9	498.7	21.7%
<i>Non-IFRS EBIT margin</i>	<i>11.5%</i>	<i>10.6%</i>	<i>0.9 pp</i>	<i>11.0%</i>	<i>10.3%</i>	<i>0.7 pp</i>
EBITDA	270.7	239.1	13.2%	770.0	642.0	19.9%
<i>EBITDA margin</i>	<i>14.6%</i>	<i>13.5%</i>	<i>1.1 pp</i>	<i>14.0%</i>	<i>13.3%</i>	<i>0.7 pp</i>
CFO BT	293.2	245.7	19.3%	880.1	599.4	46.8%
CAPEX	(25.6)	(45.5)	(43.7%)	(92.7)	(91.9)	0.9%
Lease expenditures	(26.3)	(31.4)	(16.2%)	(94.1)	(88.9)	5.8%
FCF	241.3	168.8	43.0%	693.3	418.6	65.6%
Cash conversion rate	112.8%	89.9%	22.9 pp	114.2%	83.9%	30.3 pp
Cash and cash equivalents (comparable data as at 31 December 2019)	-	-	-	1,668.2	1,391.6	19.9%
Interest-bearing debt (comparable data as at 31 December 2019)**	-	-	-	(2,570.6)	(2,294.0)	12.1%
<i>of which bank loans, borrowings and bonds issued</i>	-	-	-	<i>(2,135.3)</i>	<i>(1,877.0)</i>	<i>13.8%</i>
<i>of which leases</i>	-	-	-	<i>(435.3)</i>	<i>(417.0)</i>	<i>4.4%</i>

* Revenues from sales to external customers as well as inter-segment sales

** Liabilities towards external entities

EBIT = operating profit

Non-IFRS EBIT = EBIT + PPA + SBP, where PPA means amortization charges on intangible assets recognized in purchase price allocation, and SBP means the costs of share-based payment transactions with employees

EBITDA = EBIT + depreciation and amortization

CFOBT = cash generated from operating activities (before income tax paid)

CAPEX = segment's capital expenditures for non-current assets

FCF = |CFOBT| - |CAPEX| - |lease expenditures|

Cash conversion rate = FCF / Non-IFRS EBIT

In the period from January to September 2020, revenues generated by the companies of Formula Systems Group reached PLN 5,497.3 million and were 14.0% higher than in the corresponding period last year. The Formula Systems segment accounted for 63% of the Group's consolidated sales.

Operating profit surged by 27.8% to the level of PLN 446.4 million. The level of EBIT reported by the Formula Systems segment was negatively affected by additional amortization charges on intangible assets recognized in the purchase price allocation process (PPA) as well as by the costs of share-based payment transactions with employees (SBP). In the first three quarters of 2020, the impact of PPA and SBP reduced the segment's EBIT by a total of PLN 160.5 million.

In the reporting period, the Formula Group companies achieved significant growth in revenues and operating profit.

Matrix IT, a leading IT company in Israel, reported record-high results at all major levels of the income statement for the first 9 months of 2020. The company recorded a 5.8% increase in sales to customers in Israel, who accounted for approx. 90% of revenues generated in the period reported. Such improvement resulted from both organic growth and company acquisitions. During the reporting period, the company focused on supporting its existing customers and gaining new orders. In connection with the coronavirus pandemic, the company intensified its activities in such areas as: systems integration and computing infrastructure, communication solutions and cloud-based solutions. In July, Matrix IT took over Gestetnertec Ltd., the oldest leading company in Israel dealing with the management and distribution of office documents for companies. Gestetnertec has operated since 1931 as an exclusive representative of the global Gestetner Corporation, and is a vendor of advanced office automation solutions, among other things.

The financial performance of Sapiens International, a leading global provider of software and IT services for the insurance industry, reflects the company's continued focus on supporting its existing 500 customers and gaining new business. Sapiens is constantly developing the functionality of its solutions and expanding the portfolio of products and services, thereby gaining a strong ability to tighten its cooperation with existing contractors. During the first 9 months of 2020, Sapiens increased its revenues in North America and Europe, being the company's engines of growth and accounting for 94% of its total sales. The current situation related to the coronavirus pandemic has increased the importance of digital solutions, and has highlighted the need for insurance companies to migrate from legacy software to new platforms. The company has observed a growing demand across all of its business lines. During the reporting period, Sapiens continued to pursue its strategy of expansion through acquisitions. It took over sum.cumo GmbH, a German technology provider offering digital, innovative and consumer-oriented solutions for the insurance sector, and Tiful Gemel Ltd., a company engaged in insurance services and pension fund management, as well as Delphi Technology (Delphi Technology Inc. and Delphi Technology Inc. China), a provider of software for the property and casualty insurance related to professional liability in medicine. Increased demand for digital products, combined with high recurring revenue and a solid balance sheet, determine the company's strong position in this challenging market environment. Sapiens raised its annual revenue guidance for 2020 to the range of USD 381-383 million.

Magic Software, a global provider of integration and application development platforms solutions and IT consulting services, recorded double-digit growth in revenues for the first three quarters of 2020. 55% of that growth was achieved in the Israeli market, while North America contributed 41% of the increase. In the analyzed period, 24% of Magic Software's revenues were generated from the sale of IT solutions, while professional IT services accounted for 76% of sales. Most of the company's revenues came from the healthcare, finance and defense sectors. The financial results of Magic Software are a result of focusing on building long-term cooperation with customers as well as completion of company acquisitions. During the first 9 months of 2020, Magic Software took over: Aptonet Inc. which is a provider of specialized services for operational research, IoT, mobile and web solutions; Magic Hands B.V. which primarily provides comprehensive and innovative IT solutions for the entire SME sector, but also designs innovative and mobile business

applications; Mobisoft Ltd. which is a developer of digital products supporting the sales process; and Stockell Information Systems Inc. which is a provider of IT consulting services including design, development, maintenance and implementation of ERP systems. The company raised its guidance for full year 2020 revenues to the range of USD 358-365 million.

4. Non-recurring events with impact on our financial performance

The outbreak of the coronavirus pandemic during the reporting period ended 30 September 2020 had a limited direct impact on business operations, financial position and economic results of Asseco Group. The Parent Company and its subsidiaries have made efforts to enable most of the Group's employees to work remotely in order to ensure business continuity and continued provision of IT services to our customers. Apart from Aquapark Sopot (whose activities were suspended in the period from 14 March till 30 June 2020) and sports clubs (early termination of the 2019/2020 season in March 2020, and opening of the new 2020/2021 season in August 2020 in accordance with the schedule), the operations of which are not related to the Group's core business, all other companies of our Group have operated on an ongoing basis and fulfilled their contractual obligations within the deadlines specified in relevant contracts.

During the period of 9 months ended 30 September 2020, the financial results achieved by Asseco Group were not affected by any other one-time events.

5. Corporate officers of Asseco Poland S.A.

During the period of 9 months ended 30 September 2020, the Management Board of Asseco Poland was composed of the following persons:

Management Board	Period of service
Adam Góral	01.01.2020 - 30.09.2020
Andrzej Dopierała	01.01.2020 - 30.09.2020
Krzysztof Groyecki	01.01.2020 - 30.09.2020
Rafał Kozłowski	01.01.2020 - 30.09.2020
Marek Panek	01.01.2020 - 30.09.2020
Paweł Piwowar	01.01.2020 - 30.09.2020
Zbigniew Pomianek	01.01.2020 - 30.09.2020
Sławomir Szmytkowski	01.01.2020 - 30.09.2020
Artur Wiza	01.01.2020 - 30.09.2020
Gabriela Żukowicz	01.01.2020 - 30.09.2020

In the reporting period and afterwards till the publication of this report, the composition of the Company's Management Board remained unchanged.

During the period of 9 months ended 30 September 2020, the Company's Supervisory Board was composed of the following persons:

Supervisory Board	Period of service
Jacek Duch	01.01.2020 - 30.09.2020
Adam Noga	01.01.2020 - 30.09.2020
Izabela Albrycht	01.01.2020 - 30.09.2020
Piotr Augustyniak	01.01.2020 - 30.09.2020
Dariusz Brzeski	01.01.2020 - 30.09.2020
Artur Kucharski	01.01.2020 - 30.09.2020
Piotr Żak	01.07.2020 - 30.09.2020

Resolution No. 26 of the Annual General Meeting of Asseco Poland S.A. of 27 May 2020 on the appointment of Mr. Piotr Żak to serve as Member of the Company's Supervisory Board in the term of office running from 2017 to 2021, came into force on 1 July 2020 as the amendment to the Articles of Association was registered in court.

Apart from the above-mentioned change, in the reporting period and afterwards till the publication of this report, the composition of the Company's Supervisory Board remained unchanged.

The Supervisory Board runs an Audit Committee in the following composition: Artur Kucharski – Chairman of the Audit Committee, Jacek Duch and Piotr Augustyniak – Members of the Audit Committee.

6. Shareholders structure of Asseco Poland S.A.

Since the publication of the last financial report, i.e. from 27 August 2020, till the date of publication of this report, i.e. to 23 November 2020, the shareholders structure of Asseco Poland S.A. has remained unchanged. The table below presents the major shareholders of Asseco Poland S.A. as at 27 August 2020, 30 September 2020 and as at 23 November 2020.

Major shareholders as at 27 August 2020, 30 September 2020 and 23 November 2020	Number of shares held / number of votes attached	Equity interest / percentage of total voting rights
Cyfrowy Polsat S.A. ¹⁾	19,047,373	22.95%
AVIVA Pension Fund ²⁾	8,299,733	9.9996%
Adam Góral, President of the Management Board ³⁾	8,083,000	9.74%
NN Pension Fund ⁴⁾	4,171,121	5.03%
Other shareholders	43,399,076	52.29%
Total	83,000,303	100%

1) In accordance with the regulatory filing no. 20/2020 of 31 July 2020

2) In accordance with the regulatory filing no. 6/2020 of 20 March 2020

3) In accordance with the regulatory filing no. 51/2012 of 15 December 2012

4) In accordance with the regulatory filing no. 21/2015 of 19 October 2015

Shares held by the management and supervisory personnel

The table below discloses the numbers of Asseco Poland shares held by its management and supervisory staff as at the date of publication of this report and at the reporting date, as well as at the date of publication of the previous financial report:

	23 November 2020	30 September 2020	27 August 2020
Jacek Duch – Chairman of the Supervisory Board	31,458	31,458	31,458
Adam Góral – President of the Management Board	8,083,000	8,083,000	8,083,000

The remaining members of the Supervisory Board and Management Board did not hold any shares in Asseco Poland S.A. at any of the above-mentioned dates.

7. Other information

7.1. Issuance, redemption and repayment of non-equity and equity securities

During the reporting period, the Parent Company did not conduct any transactions of issuance, redemption or repayment of equity or debt securities.

7.2. Effects of changes in the organizational structure

Description of the organizational structure of Asseco Group and changes thereto is provided in explanatory note 3 to the condensed consolidated financial statements of the Group for the period of 9 months ended 30 September 2020.

7.3. Information on pending legal proceedings concerning liabilities or receivables of Asseco Poland or its subsidiaries

Asseco Group's disputes in litigation have been described in explanatory note 8.1 to the condensed consolidated financial statements of the Group for the period of 9 months ended 30 September 2020.

7.4. Related party transactions

Transactions with our related parties have been presented in explanatory note 6.19 to the condensed consolidated financial statements of the Group for the period of 9 months ended 30 September 2020. All transactions with related parties are carried out on an arm's length basis.

7.5. Bank loans, borrowings, sureties, guarantees and off-balance-sheet liabilities

Bank loans and borrowings obtained, sureties and guarantees granted, as well as off-balance-sheet liabilities have been described in explanatory notes 6.13 and 8.1 to the condensed consolidated financial statements of the Group for the period of 9 months ended 30 September 2020.

7.6. Changes in the Group management policies

During the period of 9 months ended 30 September 2020, the Group's management practices remained unchanged.

7.7. Agreements concluded by Asseco Group with its management personnel providing for payment of compensations if such persons resign or are dismissed from their positions

The Group companies did not conclude any agreements with their management officers that would provide for payment of compensations in the event such persons resign or are dismissed from their positions without substantial reason, or when they are dismissed as a result of a company merger by acquisition.

7.8. Information on the agreements known to the Issuer which may result in future changes of the equity interests held by the existing shareholders and bondholders

There are no agreements which may result in future changes of the equity interests held by the existing shareholders and bondholders.

7.9. Opinion on feasibility of the Management's financial forecasts for 2020

The Management Board of Asseco Poland S.A. did not publish any financial forecasts for the year 2020.

7.10. Information on monitoring of employee stock option plans

As at the date of preparation of this report, the Issuer did not run any share-based employee incentive scheme.

7.11. Factors which in the Management's opinion will affect the Group's financial performance at least in the next quarter

The Management Board of Asseco Poland S.A. believes the Group's current financial standing, production potential and market position pose no threats to its continued operations and development over a period not shorter than 12 months from the end of the reporting period.

The Group is continuously monitoring how the situation caused by the COVID-19 pandemic affects the operations of all of its subsidiaries, and a detailed description of the impact of the COVID-19 epidemic on the Group's business operations has been provided in section A, item 2.2 of this report.

There are numerous factors, both of internal and external nature, which may directly or indirectly affect the Group's financial performance.

External factors with a bearing on the future performance of Asseco Group include:

- development of the economic and political situation in Poland, European Union and other countries in which the Group conducts its business operations;
- inflation and currency exchange rate fluctuations (foremost of the dollar and euro, but also currencies of the countries where the Group operates);
- increased or decreased demand for IT solutions in the sectors of banking and finance, public administration, and enterprises;
- more and more severe competition both from Polish and international IT companies, which is observed especially when it comes to the execution of large and prestigious contracts;
- changes in the credit standing, financial liquidity and availability of debt financing for our customers;
- changes of market interest rates and lending margins applied by banks;
- opportunities and risks resulting from relatively rapid technological changes and innovations in the IT market;
- risk of postponing the IT spending decisions by potential clients;
- necessity to attract and support highly qualified employees and key personnel.

Internal factors with a bearing on the future performance of Asseco Group include:

- execution of complex information technology projects carried out under long-term agreements;
- implementation of the Group's business strategy involving organic growth and expansion into new foreign markets;

[7.12. Other factors significant for the assessment of human resources, assets and financial position](#)

Except for the information provided above, Asseco Group is not aware of any events the disclosure of which might significantly affect the assessment of human resources, assets and financial position of the Group.



C. Interim Condensed Financial Statements of **Asseco Poland S.A.** for the period of 9 months ended 30 September 2020

Standalone Interim Statement of Profit and Loss and Other Comprehensive Income

Asseco Poland S.A.

STATEMENT OF PROFIT AND LOSS	3 months ended 30 Sept. 2020 mPLN	9 months ended 30 Sept. 2020 mPLN	3 months ended 30 Sept. 2019 mPLN	9 months ended 30 Sept. 2019 mPLN
Operating revenues	261.3	691.7	191.7	596.8
Cost of sales	(187.0)	(489.9)	(133.8)	(415.7)
Gross profit on sales	74.3	201.8	57.9	181.1
Selling costs	(9.6)	(30.2)	(10.7)	(32.1)
General and administrative expenses	(21.7)	(64.3)	(19.8)	(60.1)
Net profit on sales	43.0	107.3	27.4	88.9
Other operating income	1.0	3.2	0.7	1.2
Other operating expenses	-	(1.1)	-	(1.0)
Operating profit	44.0	109.4	28.1	89.1
Financial income	7.1	138.7	12.0	117.8
Financial expenses	0.7	(3.7)	(6.0)	(9.8)
Pre-tax profit	51.8	244.4	34.1	197.1
Corporate income tax	(10.6)	(25.6)	(3.5)	(14.1)
Net profit for the reporting period	41.2	218.8	30.6	183.0
Earnings per share (in PLN):				
Basic earnings per share for the reporting period	0.50	2.64	0.37	2.20
Diluted earnings per share for the reporting period	0.50	2.64	0.37	2.20
Other comprehensive income:				
Net profit for the reporting period	41.2	218.8	30.6	183.0
Components that may be reclassified to profit or loss				
Components that will not be reclassified to profit or loss				
Amortization of intangible assets recognized directly in equity, net of deferred income tax	-	-	-	(1.9)
Total other comprehensive income	-	-	-	(1.9)
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	41.2	218.8	30.6	181.1

Standalone Interim Statement of Financial Position

Asseco Poland S.A.

ASSETS	30 Sept. 2020	31 Dec. 2019
	mPLN	mPLN
Non-current assets		
Property, plant and equipment	302.5	284.6
Intangible assets	2,218.4	2,216.1
<i>of which goodwill from business combinations</i>	<i>1,936.9</i>	<i>1,932.5</i>
Right-of-use assets	86.3	87.0
Investment property	0.3	0.4
Investments in subsidiaries and associates	2,069.7	2,073.9
Other receivables and trade receivables	44.1	69.6
Prepayments and accrued income	15.8	14.1
Other financial assets	26.0	28.3
	4,763.1	4,774.0
Current assets		
Inventories	2.5	8.1
Trade receivables	186.2	170.9
Contract assets	115.5	50.1
Corporate income tax receivable	1.9	-
Receivables from the state and local budgets	7.0	1.4
Other receivables	21.4	21.1
Prepayments and accrued income	48.6	38.8
Other assets	2.3	2.6
Cash and bank deposits	94.0	168.7
	479.4	461.7
TOTAL ASSETS	5,242.5	5,235.7

Standalone Interim Statement of Financial Position

Asseco Poland S.A.

EQUITY AND LIABILITIES	30 Sept. 2020	31 Dec. 2019
	mPLN	mPLN
TOTAL EQUITY		
Share capital	83.0	83.0
Share premium	4,180.1	4,180.1
Retained earnings	592.9	629.3
	4,856.0	4,892.4
Non-current liabilities		
Lease liabilities	59.7	55.0
Other financial liabilities	2.9	6.0
Deferred tax liabilities	28.8	22.3
Contract liabilities	40.9	17.5
Other liabilities	0.1	0.1
Provisions	5.3	3.6
Deferred income	49.6	32.7
	187.3	137.2
Current liabilities		
Lease liabilities	9.9	27.6
Other financial liabilities	2.3	0.7
Trade payables	65.0	70.4
Contract liabilities	57.8	34.9
Corporate income tax payable	-	4.6
Other liabilities	16.6	24.7
Provisions	6.0	8.7
Accruals and deferred income	41.6	34.5
	199.2	206.1
TOTAL LIABILITIES	386.5	343.3
TOTAL EQUITY AND LIABILITIES	5,242.5	5,235.7

Standalone Interim Statement of Changes in Equity Asseco Poland S.A.

	Share capital	Share premium	Retained earnings and current net profit	Total equity
As at 1 January 2020	83.0	4,180.1	629.3	4,892.4
Net profit	-	-	218.8	218.8
Dividend for the year 2019	-	-	(249.8)	(249.8)
Merger with SKG S.A.	-	-	(5.4)	(5.4)
As at 30 September 2020	83.0	4,180.1	592.9	4,856.0
As at 1 January 2019	83.0	4,180.1	679.7	4,942.8
Net profit	-	-	183.0	183.0
Dividend for the year 2018	-	-	(254.8)	(254.8)
Total other comprehensive income	-	-	(1.9)	(1.9)
As at 30 September 2019	83.0	4,180.1	606.0	4,869.1

Standalone Interim Statement of Cash Flows

Asseco Poland S.A.

	9 months ended 30 Sept. 2020 mPLN	9 months ended 30 Sept. 2019 mPLN
Cash flows – operating activities		
Pre-tax profit	244.4	197.1
Total adjustments:	(128.7)	(76.0)
Depreciation and amortization	48.6	47.9
Changes in working capital	(43.6)	(14.9)
Interest income/expenses	0.6	0.4
Gain (loss) on foreign currency translation differences	1.6	(5.0)
Dividend income	(136.2)	(108.0)
Other financial income/expenses	(0.3)	3.8
Gain (loss) on investing activities	(0.9)	(0.3)
Gain (loss) on modification of contracts	1.5	0.1
Net cash generated from operating activities	115.7	121.1
Corporate income tax (paid) recovered	(25.0)	(25.5)
Net cash provided by (used in) operating activities	90.7	95.6
Cash flows – investing activities		
Inflows:		
Disposal of property, plant and equipment, and intangible assets	1.4	8.5
Disposal of investments in related companies	29.1	7.3
Loans collected	2.8	1.8
Dividends received	139.0	103.8
Interest received	1.2	2.9
Outflows:		
Acquisition of property, plant and equipment, and intangible assets	(43.5)	(33.2)
Expenditures for development projects in progress	(13.2)	(19.6)
Acquisition of shares in related companies	(10.4)	(3.6)
Loans granted	(1.3)	(3.4)
Net cash provided by (used in) investing activities	105.1	64.5
Cash flows – financing activities		
Inflows:		
Grants received	6.7	5.1
Outflows:		
Dividends paid out	(249.8)	(254.8)
Repayments of bank loans and borrowings	(0.3)	(53.3)
Payments of lease liabilities	(24.9)	(23.1)
Interest paid	(2.3)	(4.0)
Net cash provided by (used in) financing activities	(270.6)	(330.1)
Net change in cash and cash equivalents	(74.8)	(170.0)
Net foreign currency translation differences	0.1	0.2
Cash and cash equivalents as at 1 January	168.7	264.7
Cash and cash equivalents as at 30 September	94.0	94.9



Approval for publication by the Management Board

These interim condensed consolidated financial statements of Asseco Group for the period of 9 months ended 30 September 2020 have been approved for publication by the Management Board of Asseco Poland S.A. on 23 November 2020.

Management Board:

President
of the Management Board
Adam Góral

Vice President
of the Management Board
Andrzej Dopierała

Vice President
of the Management Board
Krzysztof Groyecki

Vice President
of the Management Board
Rafał Kozłowski

Vice President
of the Management Board
Marek Panek

Vice President
of the Management Board
Paweł Piwowar

Vice President
of the Management Board
Zbigniew Pomianek

Vice President
of the Management Board
Sławomir Szmytkowski

Vice President
of the Management Board
Artur Wiza

Vice President
of the Management Board
Gabriela Żukowicz

Person responsible for the preparation of consolidated financial statements:

Director of the Financial Reporting
Department
Karolina Rzońca-Bajorek

Technology for business, solutions for people.

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