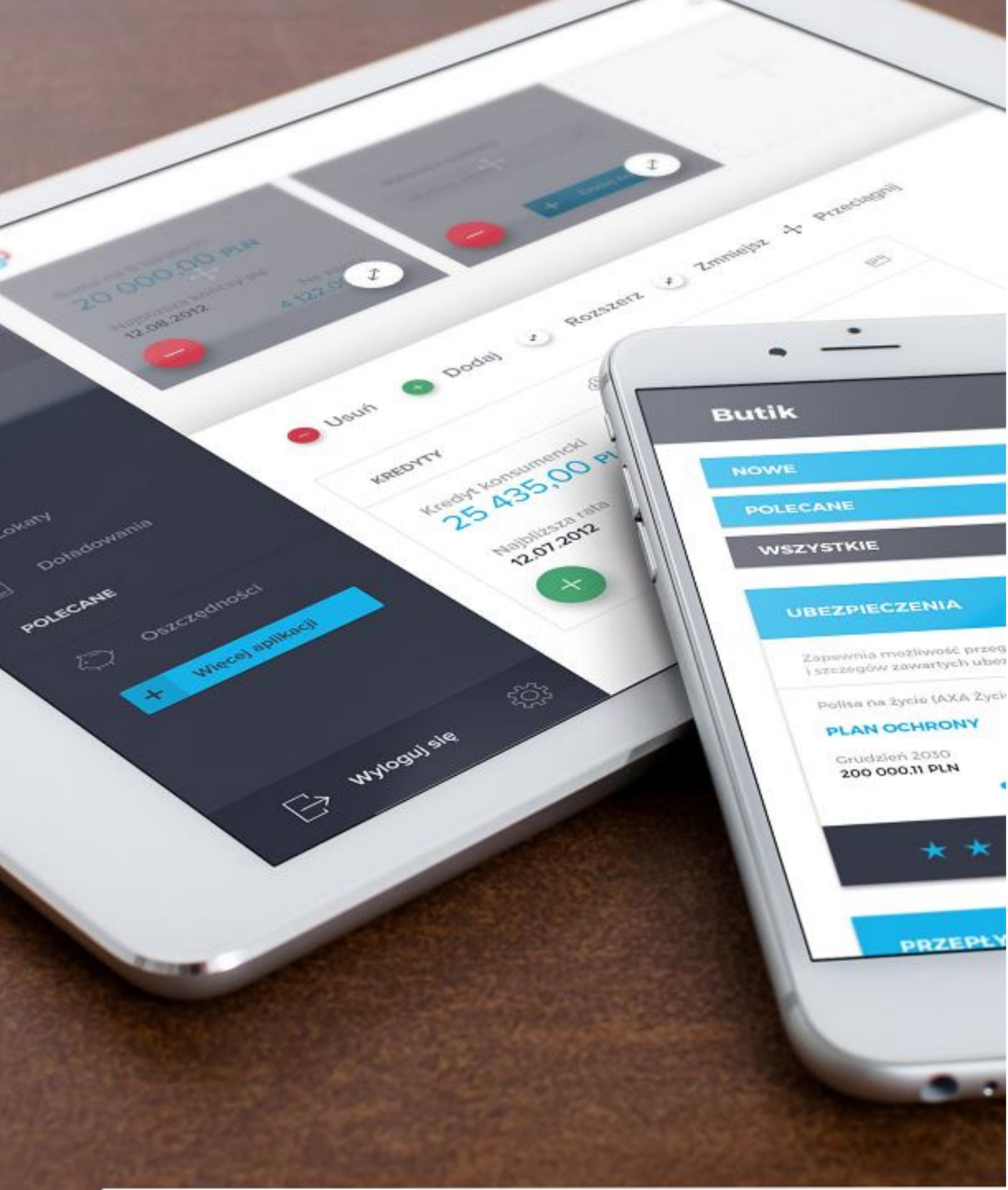


Quarterly Report of Asseco Group
for the period of 3 months ended 31 March 2020

asseco

Present in
57 countries

PLN 2,920 million
in sales revenues

27,216 highly
committed employees

PLN 81.7 million
in net profit
for Shareholders of
the Parent Company

PLN 8,588 million
in order backlog
for 2020

PLN 5.8 billion
in market capitalization

Asseco Group
Quarterly Report for the period of 3 months ended 31 March 2020

FINANCIAL HIGHLIGHTS **5**

A. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF ASSECO GROUP FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2020 6

INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME **7**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION **8**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **10**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS **12**

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS **15**

1. GENERAL INFORMATION 15

2. BASIS FOR THE PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 16
   - 2.1. Basis for preparation 16
   - 2.2. Impact of the COVID-19 epidemic on the Group's business operations 16
   - 2.3. Compliance statement 17
   - 2.4. Functional currency and presentation currency 17
   - 2.5. Professional judgement and estimates 17
   - 2.6. Accounting policies applied 18
   - 2.7. New standards and interpretations published but not in force yet 18
   - 2.8. Corrections of material errors 19
   - 2.9. Restatement of comparable data 19

3. ORGANIZATION AND CHANGES IN THE STRUCTURE OF ASSECO GROUP, INCLUDING THE ENTITIES SUBJECT TO CONSOLIDATION 20

4. INFORMATION ON OPERATING SEGMENTS 28

5. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS 31
   - 5.1. Structure of operating revenues 31
   - 5.2. Structure of operating costs 33
   - 5.3. Financial income and expenses 34
   - 5.4. Corporate income tax 35
   - 5.5. Earnings per share 35
   - 5.6. Information on dividends paid out 35

6. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION 36
   - 6.1. Property, plant and equipment 36
   - 6.2. Intangible assets 36
   - 6.3. Right-of-use assets 37
   - 6.4. Goodwill 37
   - 6.5. Associates and joint ventures 42
   - 6.6. Entities with significant non-controlling interests 43
   - 6.7. Other financial assets 44
   - 6.8. Prepayments and accrued income 46
   - 6.9. Receivables and contract assets 46
   - 6.10. Inventories 47
   - 6.11. Cash and cash equivalents 48
   - 6.12. Lease liabilities 48
   - 6.13. Bank loans, borrowings and debt securities 48
   - 6.14. Other financial liabilities 52
   - 6.15. Trade payables, state budget liabilities and other liabilities 53
   - 6.16. Contract liabilities 54
   - 6.17. Provisions 54
   - 6.18. Accruals and deferred income 55
   - 6.19. Related party transactions 55

7. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS 57
7.1. Cash flows – operating activities 57
7.2. Cash flows – investing activities 57
7.3. Cash flows – financing activities 58

8. OTHER EXPLANATORY NOTES 59
8.1. Off-balance-sheet liabilities 59
8.2. Seasonal and cyclical business 60
8.3. Employment 60
8.4. Significant events after the reporting period 61
8.5. Significant events related to prior years 62

B. COMMENTARY AND SUPPLEMENTARY INFORMATION TO THE QUARTERLY REPORT OF ASSECO GROUP ... 63

1. SELECTED FINANCIAL DATA FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2020 (NON-IFRS) 64

2. SUMMARY AND ANALYSIS OF FINANCIAL RESULTS OF ASSECO GROUP FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2020 65

3. MAJOR FACTORS AND EVENTS WITH IMPACT ON OUR FINANCIAL PERFORMANCE 70
Asseco Poland segment 70
Asseco International segment 74
Formula Systems segment 76

4. NON-RECURRING EVENTS WITH IMPACT ON OUR FINANCIAL PERFORMANCE 78

5. CORPORATE OFFICERS OF ASSECO POLAND S.A. 78

6. SHAREHOLDERS STRUCTURE OF ASSECO POLAND S.A. 79

7. OTHER INFORMATION 79
7.1. Issuance, redemption and repayment of non-equity and equity securities 79
7.2. Effects of changes in the organizational structure 79
7.3. Information on pending legal proceedings concerning liabilities or receivables of Asseco Poland or its subsidiaries 80
7.4. Related party transactions 80
7.5. Bank loans, borrowings, sureties, guarantees and off-balance-sheet liabilities 80
7.6. Changes in the Group management policies 80
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 80
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 80
7.9. Opinion on feasibility of the Management's financial forecasts for 2020 80
7.10. Information on monitoring of employee stock option plans 80
7.11. Factors which in the Management's opinion will affect the Group's financial performance at least in the next quarter 80
7.12. Other factors significant for the assessment of human resources, assets and financial position 81

C. INTERIM CONDENSED FINANCIAL STATEMENTS OF ASSECO POLAND S.A. FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2020 82
STANDALONE INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME 83
STANDALONE INTERIM STATEMENT OF FINANCIAL POSITION 84
STANDALONE INTERIM STATEMENT OF CHANGES IN EQUITY 86
STANDALONE INTERIM STATEMENT OF CASH FLOWS 87

APPROVAL FOR PUBLICATION BY THE MANAGEMENT BOARD 88

Financial Highlights

Asseco Group

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

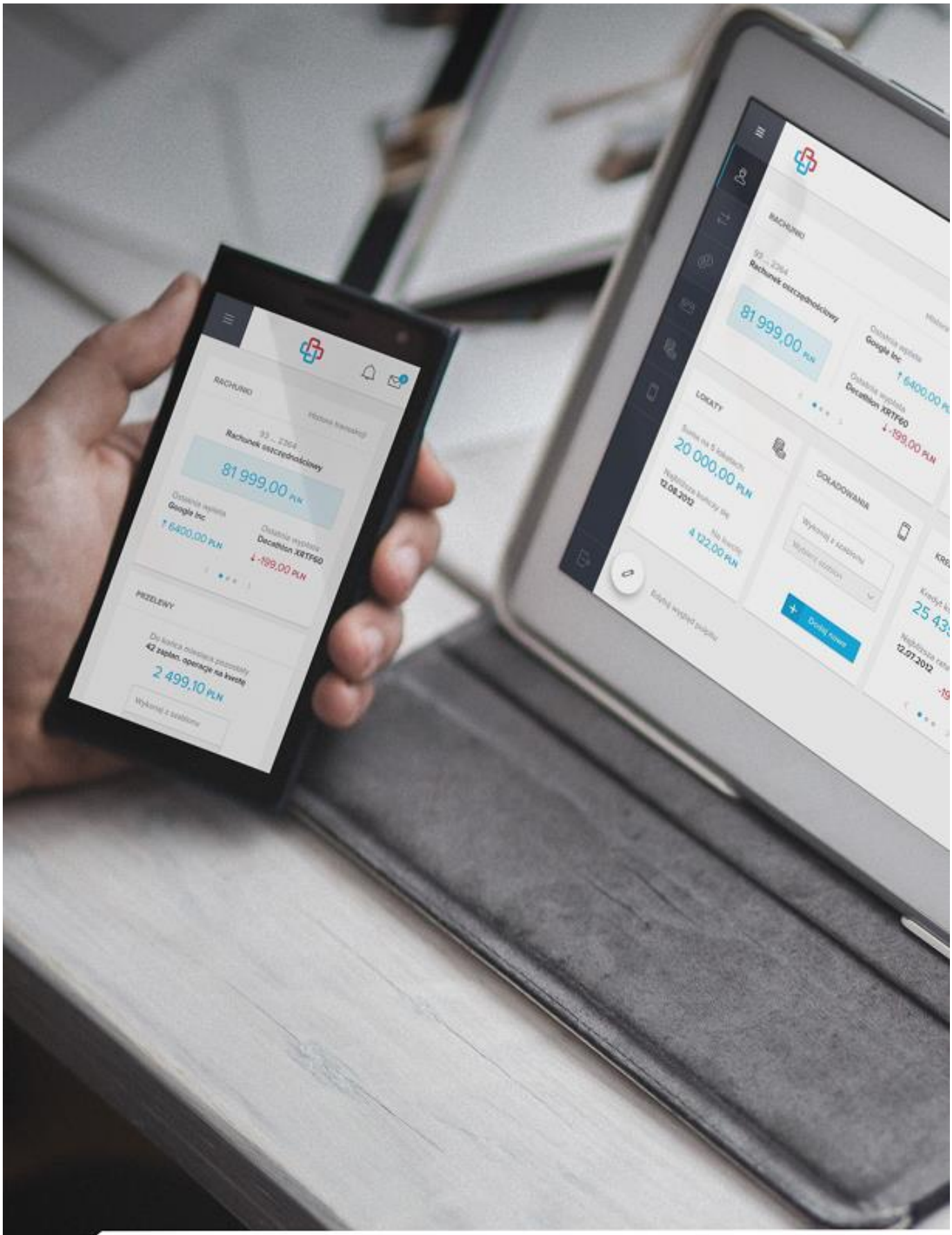
	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN	3 months ended 31 March 2020 mEUR	3 months ended 31 March 2019 mEUR
Operating revenues	2,919.5	2,452.2	664.1	570.6
Operating profit	250.1	224.7	56.9	52.3
Pre-tax profit before share of profits of associates	230.0	200.1	52.3	46.6
Net profit for the reporting period	176.5	157.2	40.1	36.6
Net profit attributable to Shareholders of the Parent Company	**81.7**	**79.6**	**18.6**	**18.5**
Net cash provided by (used in) operating activities	330.0	298.5	75.1	69.5
Net cash provided by (used in) investing activities	(57.0)	(143.3)	(13.0)	(33.3)
Net cash provided by (used in) financing activities	94.3	(116.7)	21.5	(27.2)
Cash and short-term deposits (comparable data as at 31 December 2019)	2,634.8	2,153.5	578.8	505.7
Basic earnings per ordinary share attributable to Shareholders of the Parent Company (in PLN/EUR)	0.98	0.96	0.22	0.22
Diluted earnings per ordinary share attributable to Shareholders of the Parent Company (in PLN/EUR)	0.98	0.96	0.22	0.22

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 31 March 2020: EUR 1 = PLN 4.3963
  - for the period from 1 January 2019 to 31 March 2019: EUR 1 = PLN 4.2978

- 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 31 March 2020: EUR 1 = PLN 4.5523
  - 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 3 months ended 31 March 2020

Interim Consolidated Statement of Profit and Loss and Other Comprehensive Income

Asseco Group

STATEMENT OF PROFIT AND LOSS	Note	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Operating revenues	5.1	2,919.5	2,452.2
Cost of sales	5.2	(2,311.3)	(1,923.4)
Gross profit on sales		**608.2**	**528.8**
Selling costs	5.2	(148.1)	(130.2)
General and administrative expenses	5.2	(205.1)	(168.9)
Net profit on sales		**255.0**	**229.7**
Other operating income		8.9	11.9
Other operating expenses		(13.8)	(16.9)
Operating profit		**250.1**	**224.7**
Financial income	5.3	46.7	15.3
Financial expenses	5.3	(66.8)	(39.9)
Pre-tax profit before share of profits of associates and joint ventures		**230.0**	**200.1**
Corporate income tax *(current and deferred tax expense)*	5.4	(51.7)	(43.8)
Share of profits of associates and joint ventures	6.5	(1.8)	0.9
Net profit for the reporting period		**176.5**	**157.2**
Attributable to:			
Shareholders of the Parent Company		**81.7**	**79.6**
Non-controlling interests		94.8	77.6
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)	5.5	0.98	0.96
OTHER COMPREHENSIVE INCOME			
Net profit for the reporting period		**176.5**	**157.2**
Components that may be reclassified to profit or loss			
Net gain/loss on valuation of financial assets		-	0.1
Differences on foreign currency translation of subsidiaries		257.8	65.0
Components that will not be reclassified to profit or loss			
Amortization of intangible assets recognized directly in equity		-	(0.2)
Actuarial gains/losses		(0.2)	(0.2)
Income tax relating to components of other comprehensive income		0.4	0.1
Total other comprehensive income		**258.0**	**64.8**
TOTAL COMPREHENSIVE INCOME attributable to:		**434.5**	**222.0**
Shareholders of the Parent Company		**205.5**	**94.7**
Non-controlling interests		229.0	127.3

Interim Consolidated Statement of Financial Position

Asseco Group

ASSETS	Note	31 March 2020 mPLN	31 Dec. 2019 (*restated) mPLN
Non-current assets			
Property, plant and equipment	6.1	863.3	822.7
Intangible assets	6.2	2,212.9	2,104.5
Right-of-use assets	6.3	708.3	686.6
Investment property		20.7	20.6
Goodwill	6.4	4,765.6	4,570.1
Investments accounted for using the equity method	6.5	160.0	145.0
Other receivables and trade receivables	6.9	110.9	110.3
Deferred tax assets		200.4	177.7
Prepayments and accrued income	6.8	76.2	68.4
Other non-financial assets		-	0.5
Other financial assets	6.7	145.8	142.2
		9,264.1	**8,848.6**
Current assets			
Inventories	6.10	123.2	122.6
Prepayments and accrued income	6.8	297.2	242.9
Trade receivables	6.9	2,724.6	2,632.4
Contract assets	6.9	278.7	212.6
Corporate income tax receivable	6.9	56.8	71.5
Receivables from the state and local budgets	6.9	36.4	34.5
Other receivables	6.9	81.3	73.4
Other non-financial assets		12.8	12.8
Other financial assets	6.7	102.8	194.8
Cash and bank deposits	6.11	2,634.8	2,153.5
		6,348.6	**5,751.0**
Non-current assets held for sale		1.3	1.3
Total current assets and assets held for sale		**6,349.9**	**5,752.3**
TOTAL ASSETS		**15,614.0**	**14,600.9**

** 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	Note	31 March 2020 mPLN	31 Dec. 2019 (*restated) mPLN
Equity ***(attributable to shareholders of the Parent Company)***			
Share capital		83.0	83.0
Share premium		4,180.1	4,180.1
Transactions with non-controlling interests		(185.0)	(173.8)
Differences on foreign currency translation of subsidiaries		132.0	8.2
Retained earnings and other capitals		1,746.8	1,665.1
		5,956.9	**5,762.6**
Non-controlling interests	6.6	**2,385.7**	**2,218.9**
Total equity		**8,342.6**	**7,981.5**
Non-current liabilities			
Bank loans, borrowings and debt securities	6.13	1,564.7	1,366.2
Lease liabilities	6.12	506.9	472.3
Other financial liabilities	6.14	277.8	247.7
Deferred tax liabilities		511.4	475.7
Contract liabilities	6.16	77.2	57.7
Accruals	6.18	2.0	1.9
Other liabilities	6.15	10.8	10.4
Provisions	6.17	93.9	81.9
Deferred income	6.18	50.5	41.0
		3,095.2	**2,754.8**
Current liabilities			
Bank loans, borrowings and debt securities	6.13	937.0	689.4
Lease liabilities	6.12	205.7	216.7
Other financial liabilities	6.14	218.0	264.9
Trade payables	6.15	952.8	983.5
Contract liabilities	6.16	799.6	627.3
Corporate income tax payable	6.15	83.7	89.5
Liabilities to the state and local budgets	6.15	212.8	231.0
Other liabilities	6.15	394.3	372.8
Provisions	6.17	48.0	39.2
Deferred income	6.18	9.8	9.8
Accruals	6.18	314.5	340.5
		4,176.2	**3,864.6**
TOTAL LIABILITIES		**7,271.4**	**6,619.4**
TOTAL EQUITY AND LIABILITIES		**15,614.0**	**14,600.9**

** 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		**83.0**	**4,180.1**	**(173.8)**	**8.2**	**1,665.1**	**5,762.6**	**2,218.9**	**7,981.5**
Net profit for the reporting period		-	-	-	-	81.7	**81.7**	94.8	**176.5**
Other comprehensive income for the reporting period		-	-	-	123.8	-	**123.8**	134.2	**258.0**
Total comprehensive income for the reporting period		**-**	**-**	**-**	**123.8**	**81.7**	**205.5**	**229.0**	**434.5**
Dividend for the year 2019	5.6	-	-	-	-	-	**-**	(27.3)	**(27.3)**
Share-based payment transactions with employees		-	-	-	-	-	**-**	7.2	**7.2**
Transactions with non-controlling interests (including liabilities to non-controlling shareholders (put options))		-	-	(11.2)	-	-	**(11.2)**	(46.2)	**(57.4)**
Obtaining control over subsidiaries		-	-	-	-	-	**-**	4.1	**4.1**
As at 31 March 2020		**83.0**	**4,180.1**	**(185.0)**	**132.0**	**1,746.8**	**5,956.9**	**2,385.7**	**8,342.6**

Interim Consolidated Statement of Changes in Equity

Asseco Group

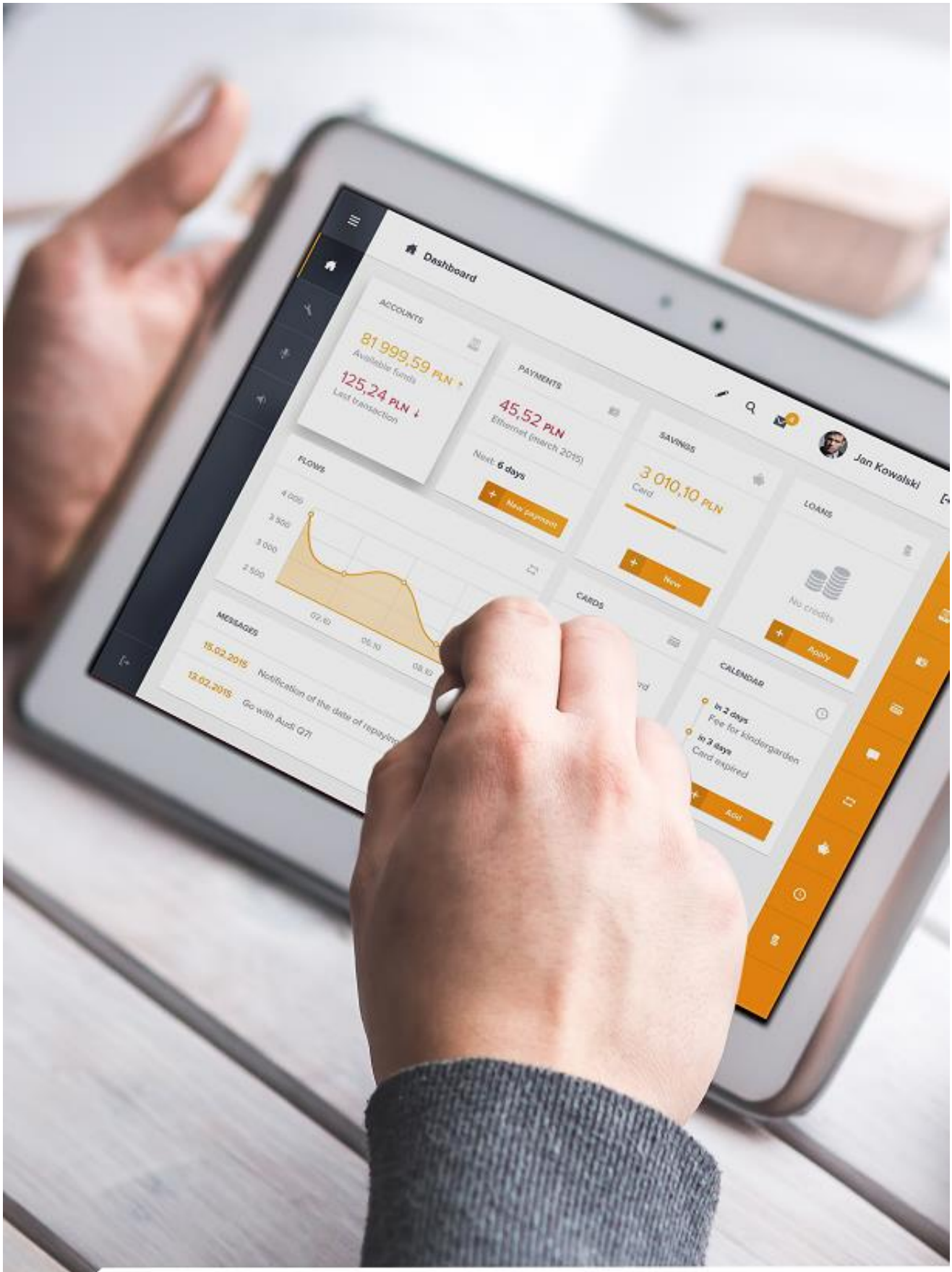
		Share capital	Share premium	Transactions with non-controlling interests	Differences on foreign currency translation of subsidiaries	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
As at 1 January 2019		**83.0**	**4,180.1**	**(177.6)**	**20.3**	**1,600.0**	**5,705.8**	**1,932.9**	**7,638.7**
Net profit for the reporting period		-	-	-	-	79.6	**79.6**	77.6	**157.2**
Other comprehensive income for the reporting period		-	-	-	15.2	(0.1)	**15.1**	49.7	**64.8**
Total comprehensive income for the reporting period		**-**	**-**	**-**	**15.2**	**79.5**	**94.7**	**127.3**	**222.0**
Dividend for the year 2018	5.6	-	-	-	-	-	**-**	(48.4)	**(48.4)**
Share-based payment transactions with employees		-	-	-	-	-	**-**	6.5	**6.5**
Transactions with non-controlling interests (including liabilities to non-controlling shareholders (put options))		-	-	18.3	-	-	**18.3**	62.1	**80.4**
As at 31 December 2019 (restated)		**83.0**	**4,180.1**	**(159.3)**	**35.5**	**1,679.5**	**5,818.8**	**2,080.4**	**7,899.2**

Interim Consolidated Statement of Cash Flows

Asseco Group

	Nota	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Cash flows – operating activities			
Pre-tax profit before share of profits of associates and joint ventures		**230.0**	**200.1**
Total adjustments:		**157.7**	**166.9**
Depreciation and amortization		170.0	144.4
Changes in working capital	7.1	(51.1)	3.1
Interest income/expenses		13.0	15.0
Gain/loss on foreign currency translation differences		(7.1)	4.2
Gain/loss on financial assets (from valuation and sale)		11.6	(0.1)
Other financial income/expenses		7.2	(4.2)
Gain/loss on disposal of property, plant and equipment and intangible assets		(0.5)	(0.6)
Costs of share-based payment transactions with employees		13.3	5.1
Gain/loss on disposal of property, plant and equipment and intangible assets		0.7	-
Other adjustments to pre-tax profit		0.6	-
Cash provided by (used in) operating activities		**387.7**	**367.0**
Corporate income tax paid		(57.7)	(68.5)
Net cash provided by (used in) operating activities		**330.0**	**298.5**
Cash flows – investing activities			
Inflows			
Disposal of property, plant and equipment, intangible assets, and investment property		2.3	8.2
Proceeds from the sale of shares in related entities, less cash in entities sold		1.8	0.4
Settlement/disposal of financial assets carried at fair value through profit or loss		-	0.1
Disposal of financial assets carried at fair value through other comprehensive income		23.5	2.8
Disposal of investments carried at amortized cost		10.6	-
Loans collected	7.2	1.2	30.2
Interest received		3.7	5.3
Other cash flows from investing activities		4.7	-
Outflows			
Acquisition of property, plant and equipment, intangible assets (including R&D expenditures), and investment property	7.2	(88.9)	(72.5)
Expenditures for the acquisition of subsidiaries and associates, plus cash and cash equivalents in subsidiaries acquired	7.2	(0.8)	(104.8)
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		(1.8)	(4.5)
Loans granted	7.2	(10.8)	(0.4)
Other cash flows from investing activities		-	(8.0)
Net cash provided by (used in) investing activities		**(57.0)**	**(143.3)**

Cash flows – financing activities			
Inflows			
Proceeds from the implementation of employee stock option plan		5.5	-
Proceeds from bank loans and borrowings	7.3	534.7	234.8
Received grants related to assets and/or development projects		3.4	-
Outflows			
Expenditures for the acquisition of non-controlling interests	7.3	(87.3)	-
Redemption of debt securities	7.3	(102.7)	(80.4)
Repayments of bank loans and borrowings	7.3	(110.6)	(137.1)
Payments of lease liabilities		(55.2)	(48.2)
Interest paid		(23.0)	(26.3)
Dividends paid out by the Parent Company	5.6	-	-
Dividends paid out to non-controlling shareholders	6.6	(70.5)	(59.5)
Net cash provided by (used in) financing activities		**94.3**	**(116.7)**
Net increase in cash and cash equivalents		**367.3**	**38.5**
Net foreign currency translation differences		126.9	27.1
Net cash and cash equivalents as at 1 January		2,118.2	1,767.5
Net cash and cash equivalents as at 31 March	**6.11**	**2,612.4**	**1,833.1**



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 31 March 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 31 March 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 quarter 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 the entry into force in Poland of the Act of 2 March 2020 on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and emergencies caused by them (Journal of Laws of 2020, item 374), and also as a result of actions undertaken by Polish authorities, as well as similar legal regulations and actions 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 reducing selected costs and expenses. At the same time, the Group monitors the current situation in individual sectors of the economy, trying to take advantage of business opportunities in the market of IT products and services, which are also created by the epidemic.

As described in explanatory note 6.4, the Group currently sees no indications of 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 calculation of expected credit losses remained unchanged. The Group has sufficient financial resources to continue its business operations, including the settlement of current liabilities.

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 operation 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 31 March 2020 and the comparable period from 1 January to 31 March 2019 in case of the statement of profit and loss and the statement of cash flows, as well as the financial position data as at 31 March 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.

Hence, in the period covered by these interim condensed consolidated financial statements as well as at 31 March 2020, in the Management's opinion, the Parent Company maintained 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 Gdyński 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 3 months ended 31 March 2020.

ii. Estimates

In the period of 3 months ended 31 March 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) – the European Commission has decided not to initiate the process of endorsement of this standard until the release of its final version – 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) – 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 IAS 1 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current' (issued on 23 January 2020) – not yet endorsed by the EU till the date of approval of these financial statements – the effective date of these amendments has not yet been determined.

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

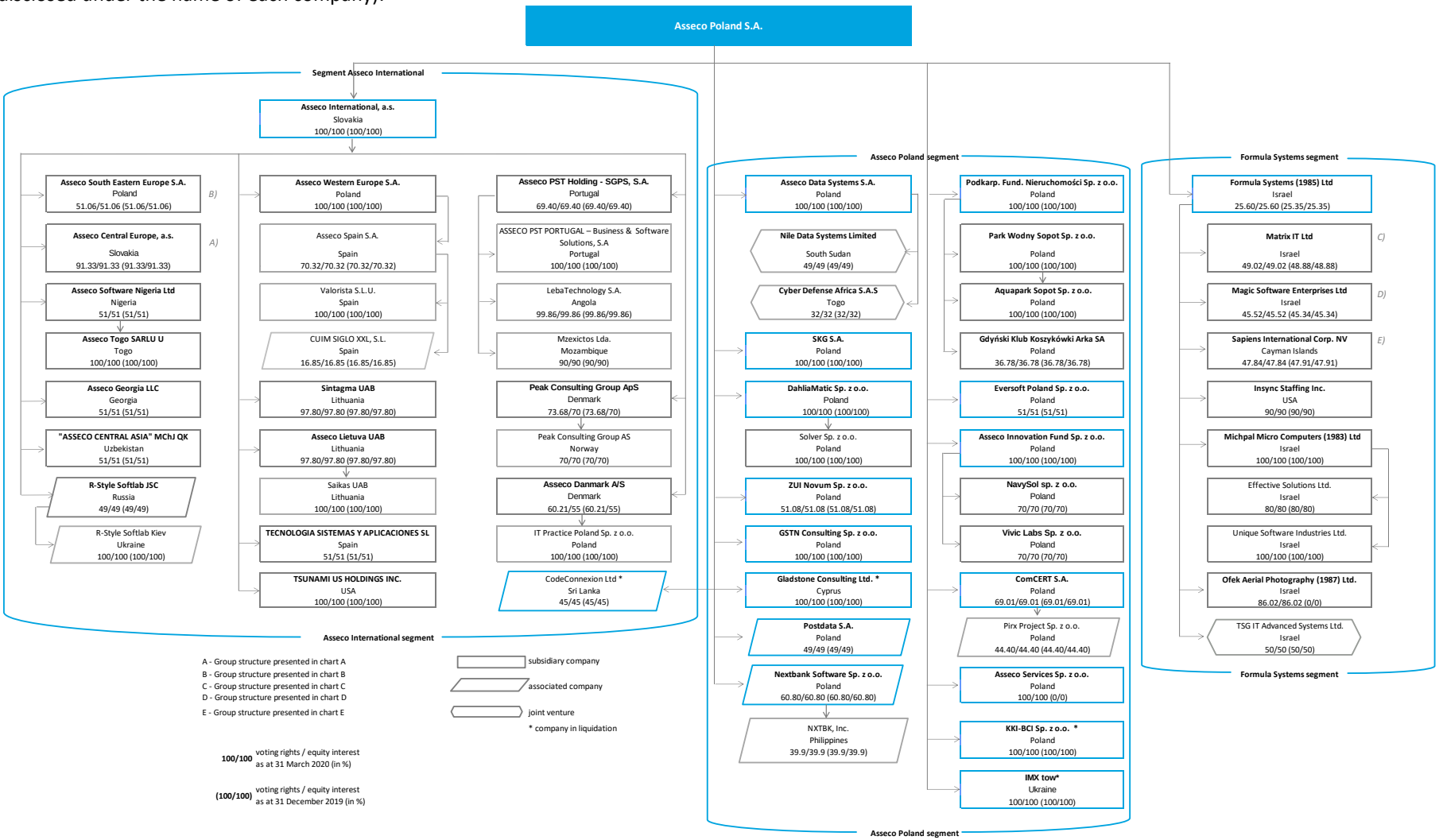
In 2020, the Group changed the purchase price allocation of Unique Software Industries (a company acquired within Michpal Group included in the Formula Systems segment in 2019), and of SONET spolecnost, SONET Slovakia and Monri Group (companies acquired within ASEE Group included in the Asseco International segment). These events resulted in changing the values of some assets and liabilities disclosed as at 31 December 2019, which necessitated a restatement of comparable data.

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

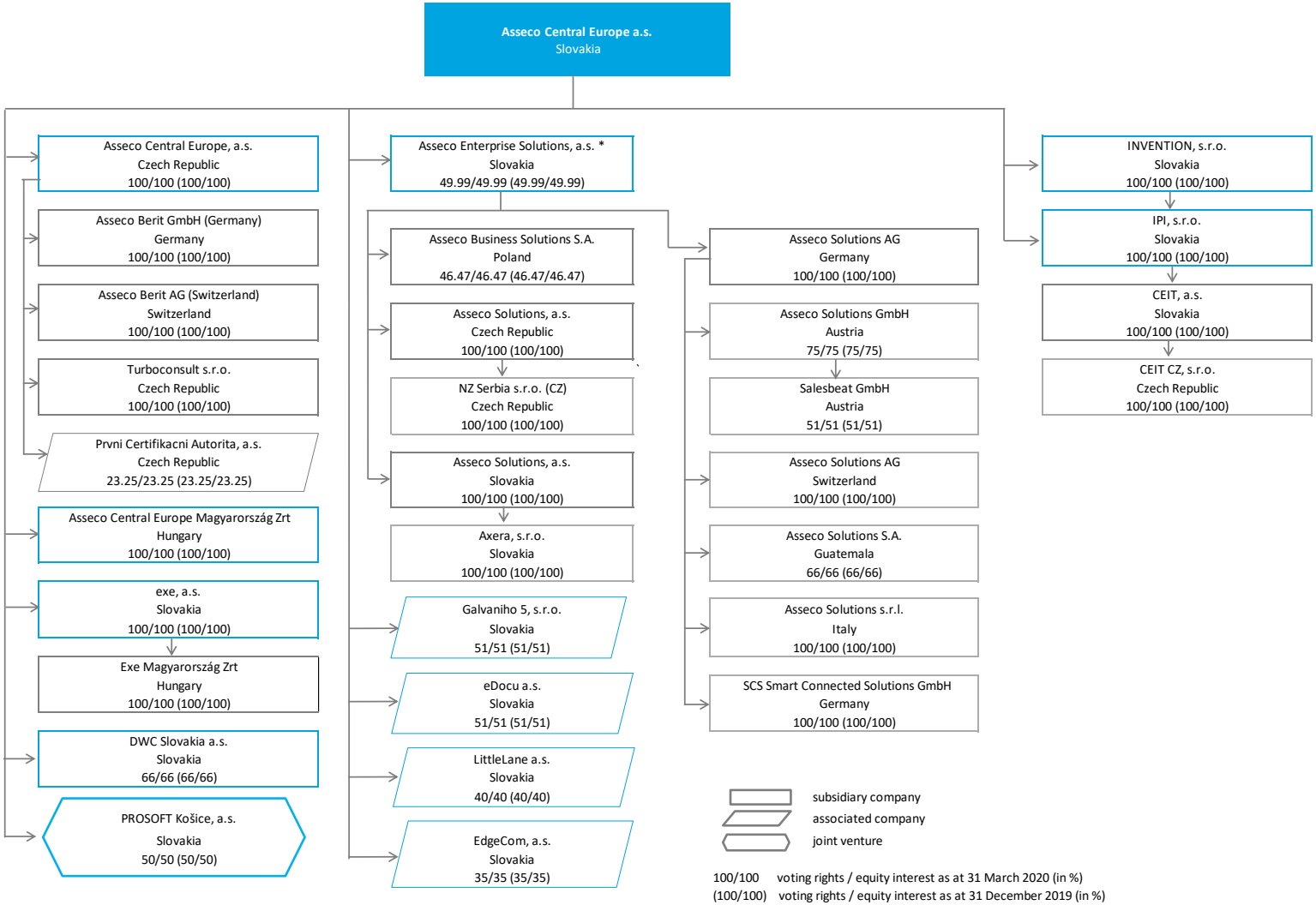
Restatement of the statement of financial position as at 31 December 2019	31 Dec. 2019	Change of purchase price allocation within Michpal Group (Formula segment)	Change of purchase price allocation within ACE Group (Asseco International segment)	31 Dec. 2019 (restated)
	mPLN	mPLN	mPLN	mPLN
Non-current assets	**8,845.6**	**0.6**	**2.4**	**8,848.6**
Property, plant and equipment	822.7	-	-	822.7
Intangible assets	2,095.5	(0.9)	9.9	2,104.5
Right-of-use assets	686.6	-	-	686.6
Investment property	20.6	-	-	20.6
Goodwill	4,576.1	1.5	(7.5)	4,570.1
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**	**0.6**	**2.4**	**14,600.9**
Total equity	**7,981.0**	**-**	**0.5**	**7,981.5**
Equity (attributable to shareholders of the Parent Company)	5,762.4	-	0.2	5,762.6
Non-controlling interests	2,218.6	-	0.3	2,218.9
Non-current liabilities	**2,752.3**	**0.6**	**1.9**	**2,754.8**
Bank loans, borrowings and debt securities	1,366.2	-	-	1,366.2
Lease liabilities	472.3	-	-	472.3
Other financial liabilities	246.9	0.8	-	247.7
Deferred tax liabilities	474.0	(0.2)	1.9	475.7
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**	**-**	**-**	**3,864.6**
TOTAL LIABILITIES	**6,616.9**	**0.6**	**1.9**	**6,619.4**
TOTAL EQUITY AND LIABILITIES	**14,597.9**	**0.6**	**2.4**	**14,600.9**

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 31 March 2020 and 31 December 2019 are disclosed under the name of each company):



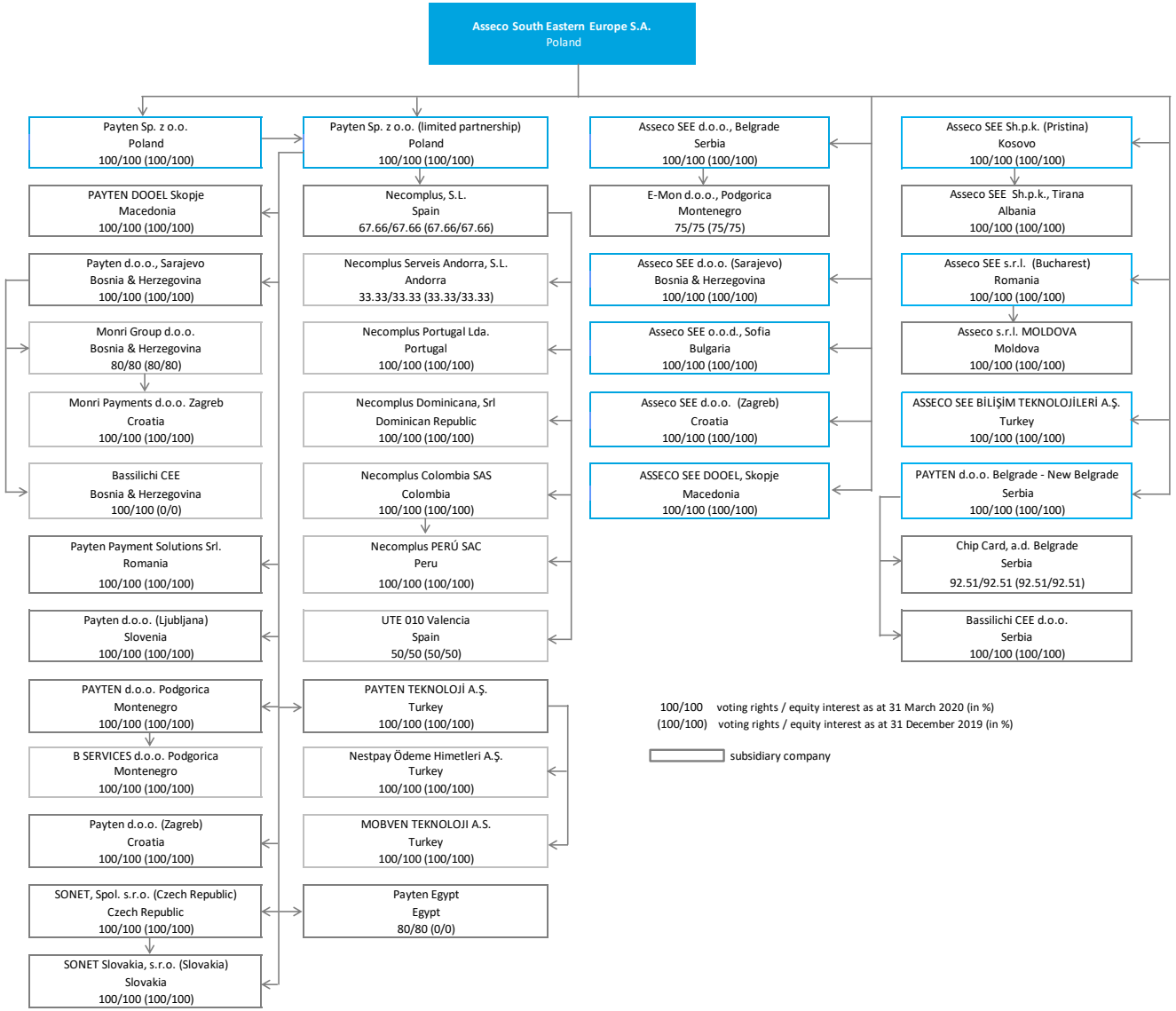
A. Organizational structure of Asseco Central Europe Group



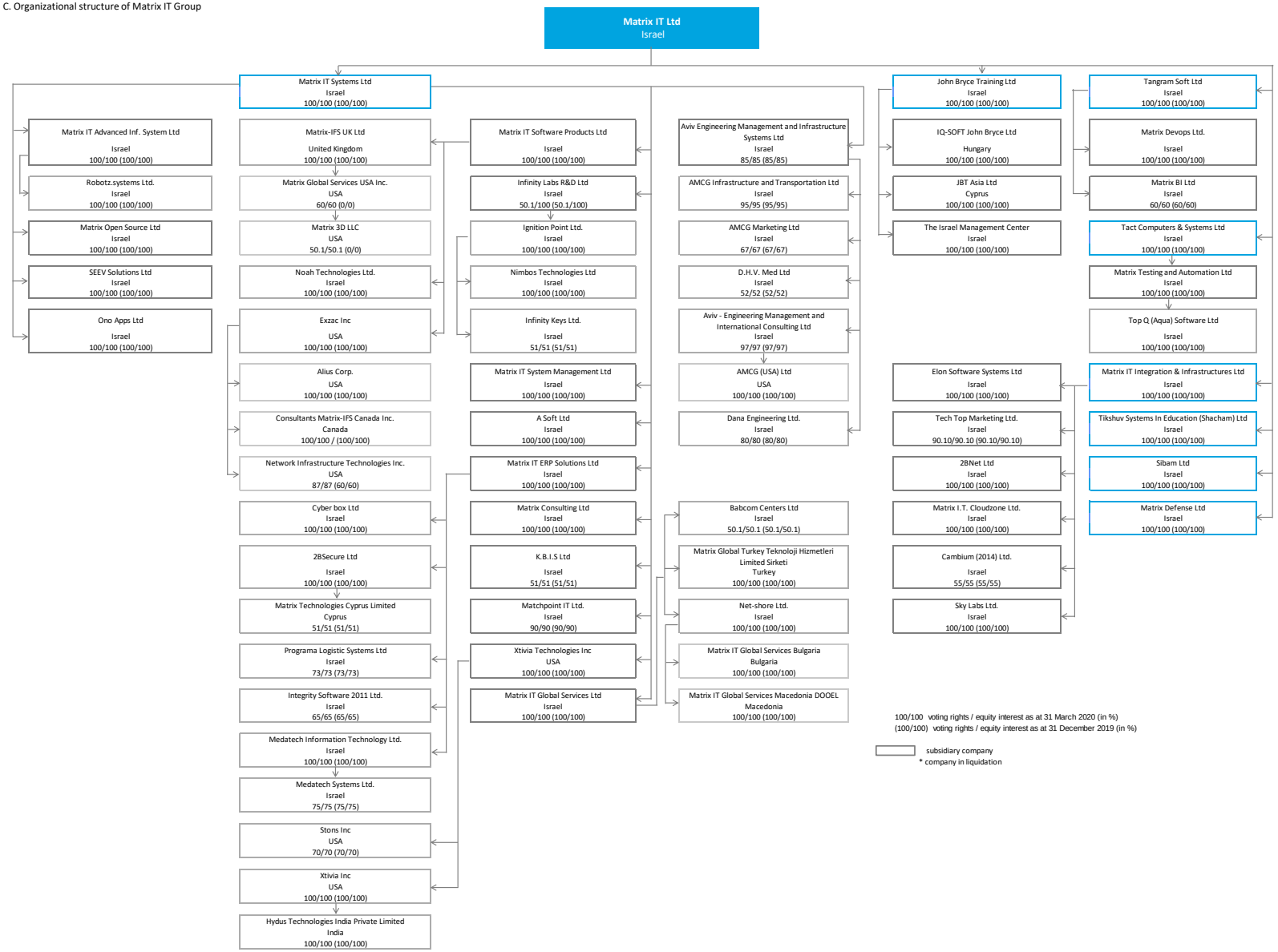
100/100 voting rights / equity interest as at 31 March 2020 (in %)
(100/100) voting rights / equity interest as at 31 December 2019 (in %)

* Asseco Central Europe, a.s. holds 49.999999% of shares in Asseco Enterprise Solutions, while the remaining 50.00001% of shares are held by Asseco International, a.s. Asseco Central Europe, a.s. maintains direct control over Asseco Enterprise Solutions, a.s.

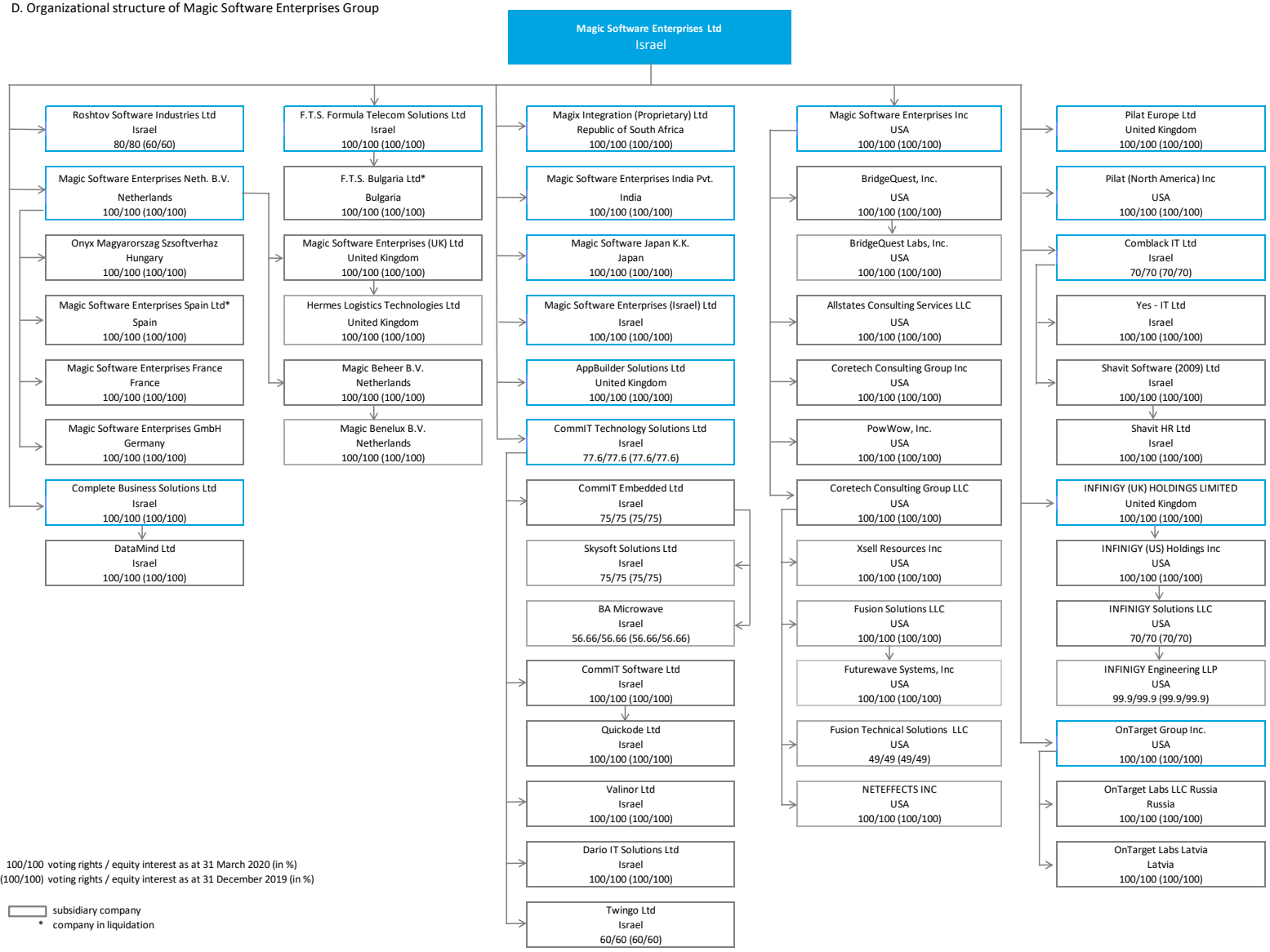
B. Organizational structure of Asseco South Eastern Europe Group



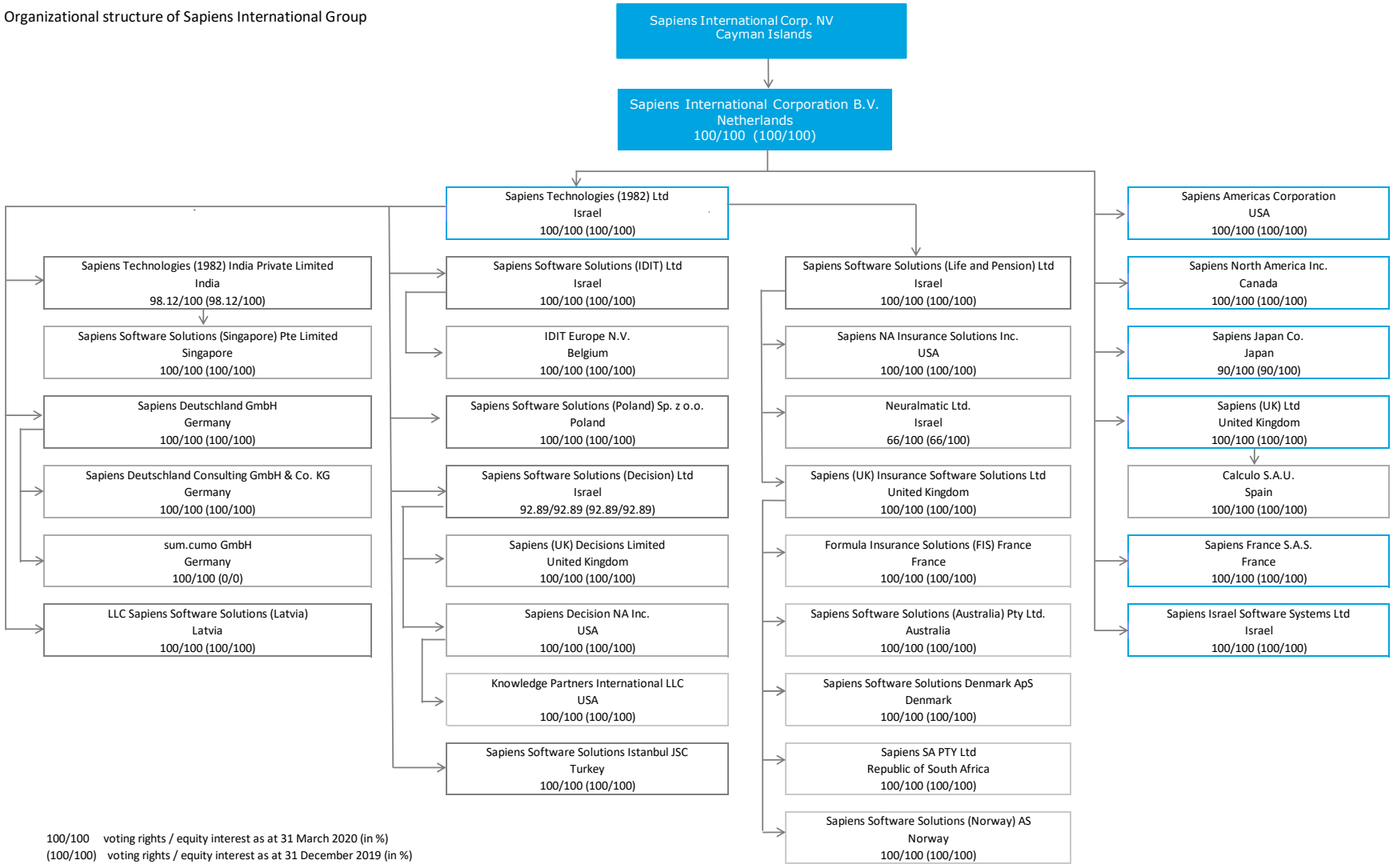
C. Organizational structure of Matrix IT Group



D. Organizational structure of Magic Software Enterprises Group



E. Organizational structure of Sapiens International Group



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

subsidiary company
* company in liquidation

During the period of 3 months ended 31 March 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
Establishing of new companies			
Asseco Poland S.A. established the company Asseco Services Sp. z o.o.	18 March 2020	100%	-

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%	-
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	-
Establishing of new companies			
Payten Sp. z o.o. (limited partnership) established the company Payten Egypt.	26 January 2020	80%	-

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%	-
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%	-

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%	-
Liquidation of companies			
Liquidation of Matrix Nit.	24 February 2020	-	-
Commencement of the liquidation process of F.T.S. Bulgaria Ltd.	1st 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, SKG, Comcert, and GSTN Consulting. 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 3 months ended 31 March 2020.

Selected data from the statement of profit and loss and the cash flow statement for the period of 3 months ended 31 March 2020, in a breakdown to operating segments:

3 months ended 31 March 2020	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	mPLN	mPLN	mPLN	mPLN	mPLN
Revenues from external customers	**306.7**	**753.1**	**1,859.7**	**-**	**2,919.5**
Inter-segment transactions	2.1	1.1	2.8	(6.0)	-
Total operating revenues of segment	308.8	754.2	1,862.5	(6.0)	2,919.5
Operating profit/loss of segment	**42.7**	**81.2**	**126.9**	**(0.7)**	**250.1**
Interest income [1)]	1.3	1.8	1.0	-	**4.1**
Interest expenses [2)]	(1.3)	(2.1)	(17.8)	-	**(21.2)**
Corporate income tax	**(7.9)**	**(17.2)**	**(26.6)**	**-**	**(51.7)**
Non-cash items:					
Depreciation and amortization (as disclosed in the cash flow statement)	(23.2)	(42.5)	(104.8)	0.5	**(170.0)**
of which amortization of intangible assets recognized in purchase price allocation (PPA)	*(4.0)*	*(3.2)*	*(45.8)*	-	***(53.0)***
Costs of share-based payment transactions with employees (SBP)	-	(0.3)	(13.0)	-	**(13.3)**
Recognition/reversal of impairment losses on segment's assets	(0.2)	(1.5)	(1.9)	-	**(3.6)**
Share of profits of associates and joint ventures	(0.8)	(1.5)	0.5	-	**(1.8)**
Net profit/loss attributable to shareholders of the Parent Company	**32.1**	**42.7**	**7.4**	**(0.5)**	**81.7**
Cash provided by (used in) operating activities	**64.6**	**66.0**	**257.4**	**(0.3)**	**387.7**

[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 March 2020, in a breakdown to operating segments:

31 March 2020	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	mPLN	mPLN	mPLN	mPLN	mPLN
Non-current assets	**4,741.1**	**1,125.6**	**3,417.6**	**(20.2)**	**9,264.1**
of which goodwill	2,260.6	1,490.6	1,014.4	-	4,765.6
Current assets	**760.2**	**1,448.9**	**4,252.0**	**(111.2)**	**6,349.9**
including:					
trade receivables and contract assets	312.0	629.9	2,068.8	(7.4)	3,003.3
cash and cash equivalents	241.7	583.5	1,809.6	-	2,634.8
Non-current liabilities	**186.1**	**473.8**	**2,452.9**	**(17.6)**	**3,095.2**
including:					
liabilities under bank loans, borrowings and debt securities	-	103.4	1,461.3	-	1,564.7
lease liabilities	60.9	140.2	320.5	(14.7)	506.9
Current liabilities	**281.1**	**988.4**	**3,018.3**	**(111.6)**	**4,176.2**
including:					
liabilities under bank loans, borrowings and debt securities	0.5	87.7	848.8	-	937.0
lease liabilities	26.3	54.8	126.3	(1.7)	205.7
trade payables and contract liabilities	153.7	479.0	1,125.4	(5.7)	1,752.4

Selected data from the statement of profit and loss and the cash flow statement for the period of 3 months ended 31 March 2019, in a breakdown to operating segments:

3 months ended 31 March 2019	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	mPLN	mPLN	mPLN	mPLN	mPLN
Revenues from external customers	**294.9**	**674.5**	**1,482.8**	**-**	**2,452.2**
Inter-segment transactions	3.7	(0.9)	3.3	(6.1)	**-**
Total operating revenues of segment	298.6	673.6	1,486.1	(6.1)	**2,452.2**
Operating profit/loss of segment	**43.3**	**76.4**	**105.0**	**-**	**224.7**
Interest income [1)]	1.6	1.6	1.3	-	**4.5**
Interest expenses [2)]	(1.7)	(1.9)	(13.8)	-	**(17.4)**
Corporate income tax	**(8.1)**	**(16.1)**	**(19.6)**	**-**	**(43.8)**
Non-cash items:					
Depreciation and amortization (as disclosed in the cash flow statement)	(23.4)	(34.5)	(87.5)	1.0	**(144.4)**
of which amortization of intangible assets recognized in purchase price allocation (PPA)	*(3.7)*	*(2.3)*	*(44.9)*	-	***(50.9)***
Costs of share-based payment transactions with employees (SBP)	-	(0.7)	(4.4)	-	**(5.1)**
Recognition/reversal of impairment losses on segment's assets	2.6	(2.3)	0.1	-	**0.4**
Share of profits of associates and jointly controlled entities	-	(1.9)	2.8	-	**0.9**
Net profit/loss attributable to the Parent Company	**35.3**	**38.3**	**6.0**	**-**	**79.6**
Cash provided by (used in) operating activities [3)]	**68.4**	**80.5**	**218.1**	**-**	**367.0**

[1)] Interest income on loans granted, debt securities, finance leases, trade receivables, and bank deposits
[2)] Interest expenses on bank loans, borrowings, debt securities, finance 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**	**2,213.0**	**3,332.7**	**(17.0)**	**8,848.6**
of which goodwill	2,260.6	1,427.3	882.2	-	4,570.1
Current assets	**640.5**	**1,384.2**	**3,741.3**	**(13.7)**	**5,752.3**
including:					
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**	**415.9**	**2,174.6**	**(14.5)**	**2,754.8**
including:					
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**	**940.1**	**2,632.9**	**(14.8)**	**3,864.6**
including:					
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	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 period of 3 months ended 31 March 2020 and in the comparable period were as follows:

	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Operating revenues by type of products		
Proprietary software and services	2,353.9	1,981.2
Third-party software and services	186.8	174.9
Hardware and infrastructure	378.8	296.1
Total	**2,919.5**	**2,452.2**
Operating revenues by sectors		
Banking and Finance	1,062.2	957.3
General Business	1,152.7	921.0
Public Institutions	704.6	573.9
Total operating revenues	**2,919.5**	**2,452.2**

i. Breakdown of segment revenues by type of products

Operating revenues of individual segments generated by type of products during the period of 3 months ended 31 March 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
3 months ended 31 March 2020					
Proprietary software and services	274.1	508.6	1,576.0	(4.8)	**2,353.9**
Third-party software and services	28.1	78.0	82.0	(1.3)	**186.8**
Hardware and infrastructure	6.6	167.6	204.5	0.1	**378.8**
Total operating revenues	**308.8**	**754.2**	**1,862.5**	**(6.0)**	**2,919.5**

	Asseco Poland segment mPLN	Asseco International segment mPLN	Formula Systems segment mPLN	Eliminations mPLN	Total mPLN
3 months ended 31 March 2019					
Proprietary software and services	267.1	449.3	1,270.0	(5.2)	**1,981.2**
Third-party software and services	20.8	91.0	65.6	(2.5)	**174.9**
Hardware and infrastructure	10.7	133.3	150.5	1.6	**296.1**
Total operating revenues	**298.6**	**673.6**	**1,486.1**	**(6.1)**	**2,452.2**

ii. Breakdown of segment operating revenues by sectors

Operating revenues of individual segments generated by sectors during the period of 3 months ended 31 March 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
3 months ended 31 March 2020					
Banking and Finance	109.8	234.3	721.1	(3.0)	1,062.2
General Business	63.2	353.5	737.7	(1.7)	1,152.7
Public Institutions	135.8	166.4	403.7	(1.3)	704.6
Total operating revenues	**308.8**	**754.2**	**1,862.5**	**(6.0)**	**2,919.5**

	Asseco Poland segment mPLN	Asseco International segment *(restated)* mPLN	Formula Systems segment mPLN	Eliminations mPLN	Total *(restated)* mPLN
3 months ended 31 March 2019					
Banking and Finance	104.1	223.7	633.7	(4.2)	957.3
General Business	80.9	297.3	546.0	(3.2)	921.0
Public Institutions	113.6	152.6	306.4	1.3	573.9
Total operating revenues	**298.6**	**673.6**	**1,486.1**	**(6.1)**	**2,452.2**

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

	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Israel	1,162.6	912.0
USA	482.4	398.0
Poland	356.0	346.2
Spain	140.4	111.3
Slovakia	109.6	96.6
Czech Republic	74.2	90.2
Germany	69.6	53.6
Serbia	63.7	51.1
United Kingdom	59.4	49.7
Denmark	55.3	51.2
Croatia	28.9	33.7
Other countries	317.4	258.6
Total operating revenues	**2,919.5**	**2,452.2**

iv. Revenues from contracts with customers within total operating revenues

	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Revenues from contracts with customers recognized in accordance with IFRS 15, of which:	**2,893.1**	**2,433.3**
From goods and services transferred at a specific point in time	**1,149.3**	**839.2**
Asseco Poland segment	31.0	36.9
Asseco International segment	237.4	219.4
Formula Systems segment	882.1	586.3
Intragroup transactions	(1.2)	(3.4)

From goods and services transferred over the passage of time	**1,743.8**	**1,594.1**
Asseco Poland segment	277.8	261.7
Asseco International segment	490.4	435.3
Formula Systems segment	980.4	899.8
Intragroup transactions	(4.8)	(2.7)
Other operating revenues (mainly from leases)*	**26.4**	**18.9**
Total operating revenues	**2,919.5**	**2,452.2**

**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 period of 3 months ended 31 March 2020 and in the comparable period.

Operating costs	**3 months ended 31 March 2020 mPLN**	**3 months ended 31 March 2019 mPLN**
Cost of goods, materials and third-party services sold (COGS)	(468.8)	(400.7)
Employee benefits	(1,473.0)	(1,226.1)
Depreciation and amortization	(167.7)	(142.2)
Third-party services*	(399.1)	(320.3)
Other	(155.9)	(133.2)
Total	**(2,664.5)**	**(2,222.5)**
Cost of sales	(2,307.7)	(1,923.6)
Selling costs	(148.1)	(130.2)
General and administrative expenses	(205.1)	(168.9)
(Recognition)/Reversal of allowances for trade receivables	(3.6)	0.2
Total	**(2,664.5)**	**(2,222.5)**

** 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 294.6 million in the period of 3 months ended 31 March 2020, as compared with PLN 226.0 million incurred in the period of 3 months ended 31 March 2019.*

In the period of 3 months ended 31 March 2020, other operating costs included primarily maintenance of property and company cars in the amount of PLN 82.5 million, as well as business trips in the amount of PLN 20.1 million. Whereas, in the comparable period other operating costs included primarily maintenance of property and company cars in the amount of PLN 73.6 million, as well as business trips in the amount of PLN 26.2 million.

i. Costs of employee benefits

	3 months ended 31 March 2020 mPLN	**3 months ended 31 March 2019 mPLN**
Salaries	(1,207.0)	(1,011.4)
Social insurance contributions	(87.9)	(77.9)
Costs of pension benefits	(107.7)	(90.5)
Costs of share-based payment transactions with employees	(13.3)	(5.1)
Other costs of employee benefits	(57.1)	(41.2)
Total costs of employee benefits	**(1,473.0)**	**(1,226.1)**

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 25,831 persons, as compared with 25,173 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 period of 3 months ended 31 March 2020 and in the comparable period was as follows:

Financial income	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Interest income on investments in debt securities and bank deposits carried at amortized cost	3.7	4.0
Interest income on other investments in debt securities, leases and trade receivables	0.4	0.5
Other interest income	0.1	0.1
Positive foreign currency translation differences	34.5	6.7
Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss	0.3	1.6
Gain on revaluation of deferred and conditional payments for controlling interests in subsidiaries	0.4	0.1
Gain on sale of subsidiaries and associates	-	0.2
Gain on revaluation of liabilities from the acquisition of non-controlling interests (put options)	7.0	1.9
Other financial income	0.3	0.2
Total financial income	**46.7**	**15.3**

Financial expenses incurred during the period of 3 months ended 31 March 2020 and in the comparable period were as follows:

Financial expenses	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Interest expenses on bank loans, borrowings, debt securities, leases and trade payables	(21.2)	(17.4)
Other interest expenses	(3.0)	(2.5)
Negative foreign currency translation differences	(13.1)	(11.8)
Expenses related to obtaining control over subsidiaries	(2.0)	(0.4)
Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss	(11.9)	(2.3)
Loss on revaluation of deferred and conditional payments for controlling interests in subsidiaries	(3.1)	(0.7)
Loss on revaluation of liabilities from the acquisition of non-controlling interests (put options)	(5.4)	(1.8)
Other financial expenses	(7.1)	(3.0)
Total financial expenses	**(66.8)**	**(39.9)**

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 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Current income tax and prior years' adjustments	(68.2)	(53.8)
Deferred income tax	16.5	10.0
Income tax expense as disclosed in the statement of profit and loss	**(51.7)**	**(43.8)**

During the period of 3 months ended 31 March 2020, our effective tax rate equalled 22.5%, as compared with 21.9% 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 31 March 2020	3 months ended 31 March 2019
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	83,000,303	83,000,303
Net profit attributable to shareholders of the Parent Company for the reporting period (in millions of PLN)	81.7	79.6
Consolidated earnings per share for the reporting period (in PLN)	**0.98**	**0.96**

5.6. Information on dividends paid out

Until 31 March 2020, the General Meeting of Shareholders has not yet adopted a resolution on distribution of the Parent Company's net profit for the year 2019. The relevant resolution was adopted on 27 May 2020, as described in explanatory note 8.4 to these interim condensed consolidated financial statements.

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 of 3 months ended 31 March 2020 and in the comparable period, changed as a result of the following transactions:

	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Net book value of property, plant and equipment as at 1 January	**822.7**	**748.4**
Additions, of which:	**60.2**	**48.0**
Purchases and modernization	37.1	36.9
Obtaining control over subsidiaries	21.9	6.8
Other	1.2	4.3
Reductions, of which:	**(41.7)**	**(34.9)**
Depreciation charges for the reporting period	(38.7)	(32.8)
Disposal and liquidation	(2.3)	(1.0)
Impairment losses	(0.4)	(1.1)
Other	(0.3)	-
Differences on foreign currency translation of subsidiaries	**22.1**	**5.8**
Net book value of property, plant and equipment as at 31 March	**863.3**	**767.3**

6.2. Intangible assets

The net book value of intangible assets, during the period of 3 months ended 31 March 2020 and in the comparable period, changed as a result of the following transactions:

	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Net book value of intangible assets as at 1 January (restated)	**2,104.5**	**1,988.9**
Additions, of which:	**73.6**	**101.2**
Purchases and modernization	6.4	8.5
Obtaining control over subsidiaries	42.1	68.8
Costs of development projects in progress	25.1	23.9
Reductions, of which:	**(80.0)**	**(68.3)**
Amortization charges for the reporting period	(79.8)	(68.3)
Disposal and liquidation	(0.2)	-
Change in presentation	**(6.8)**	**(0.7)**
Differences on foreign currency translation of subsidiaries	**121.6**	**52.5**
Net book value of intangible assets as at 31 March	**2,212.9**	**2,073.6**

6.3. Right-of-use assets

The net book value of right-of-use assets, during the period of 3 months ended 31 March 2020 and in the comparable period, changed as a result of the following transactions:

	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Net book value of right-of-use assets as at 1 January	**686.6**	**674.1**
Additions, of which:	**43.1**	**11.4**
Conclusion of new lease contracts	30.0	7.9
Modification of existing contracts (lease extension, interest rate change)	12.7	0.5
Obtaining control over subsidiaries	0.4	3.0
Reductions, of which:	**(53.0)**	**(45.2)**
Depreciation charges for the reporting period	(52.7)	(44.1)
Loss of control over subsidiaries	-	(0.3)
Early termination of contracts	-	(0.8)
Other	(0.3)	-
Change in presentation	**-**	**0.2**
Differences on foreign currency translation of subsidiaries	**31.6**	**14.8**
Net book value of right-of-use assets as at 31 March	**708.3**	**655.3**

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”).

The Group’s Management has reviewed and analyzed the budgets and financial forecasts for individual segments to which goodwill was allocated, and concluded that the prevailing pandemic and related deterioration of the overall economic situation in the countries where the Group companies operate need to be monitored on an ongoing basis, but at this stage the Management has not found reasons to change the long-term forecasts and assumptions that were adopted for the impairment tests carried out and disclosed in the financial statements for the year ended 31 December 2019. The Management believes the assumptions adopted for impairment testing can still be fulfilled as at 31 March 2020, and thus they have decided that the results of recent goodwill impairment tests carried out as at 31 December 2019 are still valid and there is no need to recognize impairment charges on goodwill.

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

Goodwill	**31 March 2020** mPLN	**31 Dec. 2019** *restated* mPLN
Asseco Poland segment, of which:	**2,260.6**	**2,260.6**
Goodwill allocated to individual cash-generating units	**343.5**	**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.	4.4	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
Operating segments identified within the Parent Company	**1,917.1**	**1,917.1**
Goodwill allocated to the Banking and Finance segment	890.2	890.2
Goodwill allocated to the Public Administration segment	845.9	845.9
Goodwill allocated to the General Business segment	181.0	181.0
Asseco International segment, of which:	**1,490.6**	**1,427.3**
Asseco Central Europe Group	755.8	733.3
Asseco South Eastern Europe Group	592.7	561.1
Asseco Spain S.A.	19.4	18.2
Sintagma UAB [1)]	0.7	0.6
Asseco Danmark [2)]	34.5	32.2
Asseco PST Holding SGPS S.A. (former Exictos)	68.2	63.8
Tecnologia Sistemas y Aplicaciones (Tecsisa)	19.3	18.1
Formula Systems segment	**1,014.4**	**882.2**
Total goodwill	**4,765.6**	**4,570.1**

[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.

During the period of 3 months ended 31 March 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 mPLN	Obtaining of control / Loss of control / Other changes in the structure mPLN	Foreign currency translation differences mPLN	Goodwill at the end of the period mPLN
Asseco International segment				
Asseco Central Europe Group	733.3	-	22.5	**755.8**
Asseco South Eastern Europe Group	561.1	1.7	29.9	**592.7**
Asseco Spain S.A.	18.2	-	1.2	**19.4**
Sintagma UAB	0.6	-	0.1	**0.7**
Asseco Danmark	32.2	-	2.3	**34.5**
Asseco PST Holding SGPS S.A.	63.8	-	4.4	**68.2**
Tecnologia Sistemas y Aplicaciones (Tecsisa)	18.1	-	1.2	**19.3**
Formula Systems segment				
Formula Group	882.2	65.9	66.3	**1,014.4**

In the period of 3 months ended 31 March 2020, the balance of goodwill arising from consolidation was affected by the below described transactions. 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 shares in Bassilichi CEE LLC by ASEE Group

On 20 January 2020, Payten d.o.o. (Sarajevo) acquired 100% of shares in the company Bassilichi CEE LLC based in Bosnia and Herzegovina.

The transaction price amounted to EUR 1.

Until 31 March 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of Bassilichi may still be subject to change. The provisional values of identifiable assets and liabilities of Bassilichi as at the date of obtaining control were as follows (converted at the exchange rate of PLN/BAM effective as at the acquisition date):

	Provisional values as at the acquisition date mPLN
Assets acquired	
Property, plant and equipment	1.5
Intangible assets (incl. those identified under purchase price allocation (PPA))	0.2
Trade receivables	0.4
Cash and cash equivalents	0.3
Other assets	0.5
Total assets	**2.9**
Liabilities acquired	
Bank loans and borrowings	1.7
Lease liabilities	0.4
Trade payables	2.3
Other liabilities	0.2
Total liabilities	**4.6**
Net assets value	**(1.7)**
Equity interest acquired	**100%**
Purchase price	**0**
Goodwill as at the acquisition date	**1.7**

ii. Acquisition of sum.cumo GmbH by Sapiens Group

On 5 February 2020, Sapiens International (Sapiens Group) acquired 100% of shares in the company Sum.cumo GmbH based in Germany. The purchase price amounted to EUR 20.9 million (PLN 88.9 million) and it was fully paid in cash.

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 EUR 8.7 million (PLN 37 million), while the remaining amount of EUR 13.2 million (PLN 56.1 million) was allocated to goodwill.

Until 31 March 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 mEUR	Provisional values as at the acquisition date mPLN
Assets acquired		
Property, plant and equipment	0.9	3.8
Intangible assets identified under purchase price allocation (PPA)	8.7	37.0
Trade receivables	2.4	10.2
Cash and cash equivalents	0.9	3.8
Other assets	0.5	2.1
Total assets	**13.4**	**56.9**
Liabilities acquired		
Trade payables	0.5	2.0
Other liabilities	5.2	22.1
Total liabilities	**5.7**	**24.1**
Net assets value	**7.7**	**32.8**
Equity interest acquired	**100%**	**100%**
Purchase price	**20.9**	**88.9**
Goodwill as at the acquisition date	**13.2**	**56.1**

iii. Acquisition of Ofek Aerial Photography (1987) Ltd. by Formula Group

On 20 February 2020, Formula Systems acquired 86.02% of shares in the company Ofek Aerial Photography (1987) Ltd. based in Israel. The purchase price amounted to ILS 27.7 million (PLN 29.4 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 ILS 3.2 million (PLN 3.4 million), while the remaining amount of ILS 4.7 million (PLN 5.0 million) was allocated to goodwill.

Until 31 March 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 mILS	Provisional values as at the acquisition date mILS
Assets acquired		
Property, plant and equipment	14.3	15.2
Intangible assets identified under purchase price allocation (PPA)	3.2	3.4
Investments in associates accounted for using the equity method	3.0	3.2
Deferred tax assets	1.1	1.2
Trade receivables	15.1	16.0
Receivables from the state and local budgets	27.9	29.6
Cash and cash equivalents	13.4	14.2
Other assets	0.4	0.4
Total assets	**78.4**	**83.2**
Liabilities acquired		
Trade payables	3.1	3.3
Deferred tax liabilities	0.7	0.7
Provisions	1.1	1.2
Financial liabilities	25.7	27.3
Other liabilities	21.1	22.4
Total liabilities	**51.7**	**54.9**
Net assets value	**26.7**	**28.3**
Value of non-controlling interests	**3.7**	**3.9**
Equity interest acquired	**86.02%**	**86.02%**
Purchase price	**27.7**	**29.4**
Goodwill as at the acquisition date	**4.7**	**5.0**

iv. Change in allocation of the purchase price of SONET spol. s.r.o. z and SONET Slovakia s.r.o.

On 5 September 2019, Payten Sp. z o.o. sp.k. acquired 100% of shares in the company SONET spol. s.r.o. based in the Czech Republic as well as 50% of shares in SONET Slovakia s.r.o. based in Slovakia, in which the remaining 50% stake is held by SONET spol. s.r.o. The total purchase price amounted to EUR 5.6 million (PLN 24.4 million), of which EUR 0.2 million constitutes a conditional payment depending on the future financial results achieved by that company.

Both SONET spol. s.r.o. and SONET Slovakia s.r.o. are primarily engaged in the provision of services for online payments processing.

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 PLN 1.0 million, while the remaining amount of PLN 5.9 million was allocated to goodwill.

Until 31 March 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 mPLN
Assets acquired	
Property, plant and equipment	1.8
Right-of-use assets	0.9
Intangible assets (incl. those identified under purchase price allocation (PPA))	5.9
Trade receivables	4.4
Cash and cash equivalents	8.9
Other assets	0.6
Total assets	**22.5**
Liabilities acquired	
Bank loans and borrowings	0.2
Lease liabilities	0.9
Trade payables	0.9
Deferred tax liabilities	0.9
Other liabilities	1.1
Total liabilities	**4.0**
Net assets value	**18.5**
Equity interest acquired	**100%**
Purchase price	**24.4**
Goodwill as at the acquisition date	**5.9**

v. Change in allocation of the purchase price of shares in Monri Group d.o.o.

On 8 October 2019, Payten d.o.o. (Sarajevo) concluded a conditional agreement to acquire 80% of shares in Monri Group d.o.o. for the total consideration of EUR 1.96 million. The Group obtained control over Monri Group d.o.o. on 15 November 2019 upon satisfying all the conditions precedent. Monri Group holds 100% of shares in the company Monri Payments d.o.o. Zagreb.

Payten d.o.o. (Sarajevo) also signed a put option agreement with the non-controlling shareholders of Monri.

Until 31 March 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 Monri Group as at the date of obtaining control were as follows (converted at the exchange rate of PLN/BAM effective as at the acquisition date):

	Provisional values as at the acquisition date mPLN
Assets acquired	
Intangible assets (incl. those identified under purchase price allocation (PPA))	5.4
Trade receivables	0.6
Cash and cash equivalents	0.5
Other assets	1.1
Total assets	**7.6**
Liabilities acquired	
Bank loans and borrowings	2.6
Trade payables	0.8
Deferred tax liabilities	1.0
Other liabilities	1.0
Total liabilities	**5.4**
Net assets value	**2.2**
Value of non-controlling interests	**0.4**
Equity interest acquired	**80%**
Purchase price	**8.4**
Goodwill as at the acquisition date	**6.6**

vi. Accounting for the acquisition of Unique

On 18 November 2019, Michpal MicroComputers (a subsidiary of Formula Group) acquired 100% of shares in the company Unique Software Industries Ltd based in Israel. Unique Software Industries is a provider of software for human resources management.

The purchase price amounted to ILS 58.3 million (PLN 65.9 million), of which ILS 49 million (PLN 55.4 million) was paid in cash, and the remaining amount constitutes a deferred payment depending 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 ILS 29.2 million (PLN 33 million) and in deferred tax liabilities in the amount of ILS 6.7 million (PLN 7.6 million), while the remaining amount of ILS 33 million (PLN 37.4 million) was allocated to goodwill.

Until 31 March 2020, the process of purchase price allocation has not yet been completed by the Group. The provisional values and 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 mILS	Provisional values as at acquisition date mPLN	Fair values as at acquisition date mILS	Fair values as at the acquisition date mPLN
Assets acquired				
Property, plant and equipment	1.5	1.7	1.5	1.7
Intangible assets identified under purchase price allocation (PPA)	30.0	33.9	29.2	33.0
Trade receivables	9.0	10.2	9.0	10.2
Cash and cash equivalents	4.0	4.5	4.0	4.5
Other assets	0.3	0.3	0.3	0.3
Total assets	**44.8**	**50.6**	**44.0**	**49.7**
Liabilities acquired				
Deferred tax liabilities	6.9	7.8	6.7	7.6
Dividends payable	7.0	7.9	7.0	7.9
Other liabilities	5.0	5.7	5.0	5.7
Total liabilities	**18.9**	**21.4**	**18.7**	**21.2**
Net assets value	**25.9**	**29.2**	**25.3**	**28.5**
Equity interest acquired	**100%**	**100%**	**100%**	**100%**
Purchase price	**57.5**	**65.0**	**58.3**	**65.9**
Goodwill as at the acquisition date	**31.6**	**35.8**	**33.0**	**37.4**

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	31 March 2020 mPLN	31 Dec. 2019 mPLN
Non-current assets	270.1	251.2
Current assets	291.7	246.8
Non-current liabilities	97.5	79.2
Current liabilities	179.7	170.1
Net assets	**284.6**	**248.7**
Book value of investments	**160.0**	**145.0**

Financial data of associates and joint ventures	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Revenues	112.1	97.0
Operating profit	(3.0)	2.1

Net profit (loss)	(1.0)	2.3
Share of profits of associates and joint ventures	**(1.8)**	**0.9**

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 3 months ended 31 March 2020 and as at 31 March 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	**31 March 2020**	**31 Dec. 2019**
Matrix IT Ltd. *	87.45%	87.61%
Magic Software Enterprises Ltd. *	88.35%	88.50%
Sapiens International Corp. NV *	87.75%	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.*

	Carrying value of non-controlling interests*	
Group name	**31 March 2020**	**31 Dec. 2019**
Formula Group**	1,735.6	1,611.3
ASEE Group	427.9	394.6
ACE Group (including ABS)	219.4	210.0
Other individually insignificant	2.8	3.0
Total	**2,385.7**	**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 interest 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.*

	Net profit attributable to non-controlling interests 3 months ended		**Dividends paid out to non-controlling interests 3 months ended**	
Group name	**31 March 2020**	**31 March 2019**	**31 March 2020**	**31 March 2019**
Matrix IT Ltd.	39.7	31.5	(27.4)	(19.3)
Magic Software Enterprises Ltd.	21.0	18.2	(3.9)	(19.1)
Sapiens International Corp. NV	15.2	10.6	-	(0.2)
ASEE Group	11.6	9.1	(0.4)	-
ACE Group (including ABS)	10.4	10.0	-	(0.4)
Other individually insignificant	(3.1)	(1.8)	(38.8)	(20.5)
Total	**94.8**	**77.6**	**(70.5)**	**(59.5)**

	Matrix IT Ltd.	Magic Software Enterprises Ltd.	Sapiens International Corp. NV	ASEE Group	ACE Group
31 March 2020					
Non-current assets	1,417.3	791.2	1,327.0	824.0	878.0
Current assets	2,404.3	792.0	709.5	427.2	563.3
of which cash and cash equivalents	*898.1*	*317.8*	*329.9*	*172.4*	*193.3*
Non-current liabilities	1,033.1	189.8	478.8	129.1	176.6
Current liabilities	1,912.0	313.2	620.6	252.0	439.1
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
of which cash and cash equivalents	*504.7*	*311.1*	*251.8*	*199.7*	*157.1*
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 3 months ended 31 March 2020					
Cash provided by (used in) operating activities	132.6	77.6	36.3	3.1	58.9
Net cash provided by (used in) investing activities	(16.8)	4.3	4.2	(13.6)	(11.0)
Net cash provided by (used in) financing activities	239.5	(72.6)	32.5	(15.4)	(4.0)
Period of 3 months ended 31 March 2019					
Cash provided by (used in) operating activities	94.5	40.6	46.4	11.2	70.1
Net cash provided by (used in) investing activities	(79.0)	1.1	(7.4)	(28.8)	(9.5)
Net cash provided by (used in) financing activities	114.8	(33.7)	(42.2)	(6.9)	(21.1)

6.7. Other financial assets

Both as at 31 March 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.

	31 March 2020		31 Dec. 2019	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Financial assets carried at fair value through profit or loss, of which:				
Currency forward contracts	2.4	0.5	5.2	1.4
Corporate and Treasury bonds	4.6	-	4.2	-
Shares in companies quoted in an active market	0.7	0.1	0.8	0.1
Other assets	6.8	-	6.1	-
	14.5	**0.6**	**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	-	9.5	-	20.8
Other	-	-	-	86.9
	10.1	**13.2**	**10.1**	**107.7**
Financial assets carried at amortized cost, of which:				
Promissory notes	-	-	-	11.8
Other debt securities	5.4	3.4	4.9	0.1
Loans, of which:				
granted to related parties	13.2	3.4	12.3	3.2
granted to employees	1.2	2.5	1.1	2.6
granted to other entities	96.6	17.0	93.0	18.5
Short-term deposits	4.8	62.7	4.5	49.4
	121.2	**89.0**	**115.8**	**85.6**
Total	**145.8**	**102.8**	**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 3 months ended 31 March 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 31 March 2020 and 31 December 2019, the fair values of financial assets were not significantly different from their book values.

As at 31 March 2020	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	2.9	-	2.9	-
Corporate and Treasury bonds	4.6	4.6	-	-
Shares in companies quoted in an active market	0.8	0.8	-	-
Other assets	6.8	-	6.8	-
Total	**15.1**	**5.4**	**9.7**	**-**
Financial assets carried at fair value through other comprehensive income				
Shares in companies not listed on regulated markets	13.8	-	-	13.8
Corporate bonds	9.5	-	9.5	-
Total	**23.3**	**-**	**9.5**	**13.8**

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 previous table.

6.8. Prepayments and accrued income

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

	31 March 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN
Prepaid services, of which:	76.2	246.8	68.2	203.5
maintenance services and license fees	*74.4*	*202.8*	*66.2*	*164.2*
rents	*0.2*	*2.8*	*0.1*	*2.5*
insurances	*0.2*	*9.4*	*0.2*	*5.4*
other services	*1.4*	*31.8*	*1.7*	*31.4*
Expenses related to services performed for which revenues have not been recognized yet	-	22.5	0.2	20.5
Other prepayments and accrued income	-	27.9	-	18.9
Total	**76.2**	**297.2**	**68.4**	**242.9**

6.9. Receivables and contract assets

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

	31 March 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN
Trade receivables, of which:				
Invoiced receivables	**5.3**	**2,312.6**	**8.8**	**2,233.1**
from related parties	-	15.7	-	19.0
from other entities	5.3	2,296.9	8.8	2,214.1
Uninvoiced receivables	**0.8**	**493.2**	**2.6**	**474.9**
from related parties	-	2.2	-	7.0
from other entities	0.8	491.0	2.6	467.9
Receivables from operating leases	**-**	**11.4**	**-**	**8.8**
from related parties	-	-	-	-
from other entities	-	11.4	-	8.8
Allowances for trade receivables	**-**	**(92.6)**	**-**	**(84.4)**
Total trade receivables	**6.1**	**2,724.6**	**11.4**	**2,632.4**
Corporate income tax receivable	**-**	**56.8**	**-**	**71.5**
Receivables from the state and local budgets	**-**	**36.4**	**-**	**34.5**
Value added tax	-	21.7	-	19.5
Other	-	14.7	-	15.0
Other receivables	**104.8**	**81.3**	**98.9**	**73.4**
Other receivables	104.8	93.5	98.9	87.3
Allowances for other doubtful receivables (-)	-	(12.2)	-	(13.9)
Total receivables	**110.9**	**2,899.1**	**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.

	31 March 2020		31 Dec. 2019	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Contract assets				
from related parties	-	3.0	-	0.3
from other entities	-	275.7	-	212.3
Total contract assets	**-**	**278.7**	**-**	**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 reliable customers only. In the Management's opinion, as at 31 March 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 3 months ended 31 March 2020 and in the comparable period are presented in the table below:

Allowances for trade receivables	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
As at 1 January	**(84.4)**	**(76.4)**
Recognized during the reporting period	(8.8)	(10.1)
Utilized during the reporting period	(0.4)	2.9
Reversed during the reporting period	5.2	10.5
Acquisition of subsidiaries	-	(1.3)
Foreign currency translation differences	(4.2)	(0.8)
As at the end of the reporting period	**(92.6)**	**(75.2)**

6.10. Inventories

The table below presents inventories as at 31 June 2020 and in the comparable period:

Inventories	31 March 2020 mPLN	31 Dec. 2019 mPLN
Computer hardware, third-party software licenses and other goods for resale	127.8	126.6
Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services	18.5	16.0
Impairment losses on inventories	(23.1)	(20.0)
Total	**123.2**	**122.6**

Changes in the amount of impairment losses on inventories during the period of 3 months ended 31 March 2020 and in the comparable period are presented in the table below:

Impairment losses on inventories	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
As at 1 January	**(20.0)**	**(18.1)**
Recognized during the reporting period	(1.0)	(0.9)
Utilized during the reporting period	-	0.3

Reversed during the reporting period	0.7	1.6
Acquisition of subsidiaries	(1.7)	-
Foreign currency translation differences	(1.1)	-
As at the end of the reporting period	**(23.1)**	**(17.1)**

6.11. Cash and cash equivalents

The table below presents cash and cash equivalents as at 31 March 2020 and in the comparable period:

	31 March 2020 mPLN	31 Dec. 2019 mPLN
Cash at bank accounts	2,087.5	1,528.7
Cash at split payment accounts	4.4	8.5
Cash on hand	0.7	0.5
Short-term bank deposits (up to 3 months)	541.5	615.1
Other cash equivalents	0.7	0.7
Total cash and cash equivalents as disclosed in the statement of financial position	**2,634.8**	**2,153.5**
Interest accrued on cash and cash equivalents	-	0.1
Bank overdraft facilities utilized for current liquidity management	(22.4)	(35.4)
Total cash and cash equivalents as disclosed in the cash flow statement	**2,612.4**	**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 31 March 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 31 March 2020 as well as at 31 December 2019.

Lease liabilities	31 March 2020		31 Dec. 2019	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Leases of real estate	472.4	181.7	436.1	193.2
Leases of transportation vehicles	28.8	18.9	29.7	18.4
Leases of IT hardware and other assets	5.7	5.1	6.5	5.1
Total	**506.9**	**205.7**	**472.3**	**216.7**

6.13. Bank loans, borrowings and debt securities

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

	31 March 2020		31 Dec. 2019	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Bank loans	890.1	757.0	696.3	457.1
- overdraft facilities	-	*350.5*	-	147.5
- non-revolving loans	*890.1*	*406.5*	*696.3*	309.6
Bonds and other debt securities	671.7	177.2	666.4	228.8
Borrowings	2.9	2.8	3.5	3.5
Total	**1,564.7**	**937.0**	**1,366.2**	**689.4**

The Group's total liabilities under all bank loans and borrowings obtained and debt securities issued aggregated at PLN 2,501.7 million as at 31 March 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 31 March 2020 and 31 December 2019 are presented in the tables below:

Loan currency	Effective interest rate	Actual amount of debt as at 31 March 2020 mPLN	Maximum debt limit available mPLN	Unused amount of credit facilities mPLN
EUR	EONIA + margin	-	9.1	9.1
	EURIBOR + margin	9.4	134.8	125.4
	Fixed interest rate	9.0	37.9	28.9
ILS	Prime (Israel) + margin	328.2*	n/a*	n/a*
PLN	WIBOR + margin	0.3	646.4	646.1
MKD	Fixed interest rate	-	0.2	0.2
TRY	Fixed interest rate	0.1	0.1	-
HUF	BUBOR + margin	3.4	3.8	0.4
CZK	PRIBOR + margin	-	16.7	16.7
COP	Fixed interest rate	0.1	0.2	0.1
		350.5	**849.2**	

* Debt in the amount of PLN 328.2 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 account overdrafts and non-revolving loans), and as at 31 March 2020 the total limit of such credit facilities reached ILS 1,474 million (PLN 1,714.5 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 31 March 2020 and 31 December 2019 are presented in the table below.

Loan currency	Effective interest rate	31 March 2020		31 Dec. 2019	
		Long-term	Short-term	Long-term	Short-term
		mPLN	mPLN	mPLN	mPLN
EUR	EURIBOR + margin	31.0	25.6	25.7	28.6
	Fixed interest rate	69.1	39.0	43.3	28.1
HRK/EUR	EURIBOR + margin	-	-	10.9	3.1
	Fixed interest rate	-	-	2.6	1.7
ILS	Fixed interest rate	789.5	258.8	613.3	248.0
USD	Fixed interest rate	0.2	83.0	0.2	-
JVP	Fixed interest rate	0.3	-	0.3	-
COP	Fixed interest rate	-	0.1	-	0.1
		890.1	**406.5**	**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	31 March 2020	31 Dec. 2019	Effective interest rate	Currency
			mPLN	mPLN		
Formula Systems	long-term portion	Series A	161.1	152.6	2.38%	ILS
		Series C	307.6	290.4	2.53%	ILS
	short-term portion	Series A	41.2	40.0	2.38%	ILS
		Series C	41.0	36.9	2.53%	ILS
Formula Systems subtotal			**550.9**	**519.9**		
Sapiens International	long-term portion	Series B	203.0	223.4	3.69%	ILS/USD
	short-term portion	Series B	43.1	42.0	3.69%	ILS/USD
Sapiens International subtotal			**246.1**	**265.4**		
Matrix IT	short-term portion	n/a	51.9	109.9	Prime (Israel) + margin	ILS
Matrix IT subtotal			**51.9**	**109.9**		
Total bonds and other debt securities			**848.9**	**895.2**		

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

Loan currency	Effective interest rate	Repayment date	31 March 2020		31 Dec. 2019	
			Long-term	Short-term	Long-term	Short-term
			mPLN	mPLN	mPLN	mPLN
EUR	Fixed interest rate	Q1 2020			0.1	-
		Q2 2020	-	0.1	-	0.3
		Q4 2020			0.5	-
		2021	0.4	0.2	0.6	0.3
		2022	1.7	0.5	1.5	0.4
		2030	0.8	-	0.8	-
ILS	fixed interest rate	Q1 2020	-	1.8	-	2.1
UZS	LIBOR + margin	Q2 2020	-	0.2	-	0.2
CZK	fixed interest rate	2021	-	-	-	0.1
		2022	-	-	-	0.1
			2.9	**2.8**	**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	
	31 March 2020	31 Dec. 2019	31 March 2020	31 Dec. 2019
	mPLN	mPLN	mPLN	mPLN
Software and licenses	0.2	-		-
Land and buildings	85.6	110.2	0.1	2.1
Computers and other office equipment	0.1	-	-	-
Transportation vehicles	0.1	-	-	-
Other tangible assets	8.0	8.2	3.5	4.5
Long-term investments	1,344.4	1,683.6	563.1	583.5
Shares as available for sale	0.4	-		-
Other financial assets	4.6	3.0	-	1.8
Inventories	0.2	2.5	-	-
Current and future receivables	4.6	47.0	3.7	4.0
Total	**1,448.2**	**1,854.5**	**570.4**	**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 31 March 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 3 months ended 31 March 2020, the Group did not transfer any debt instruments between individual levels of the fair value hierarchy. Both as at 31 March 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 31 March 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	1,647.1	-	-	1,647.1
- overdraft facilities	*350.5*	-	-	*350.5*
- non-revolving loans	*1,296.6*	-	-	*1,296.6*
Bonds	848.9	848.9	-	-
Loans	5.7	-	-	5.7
Total	**2,501.7**	**848.9**	**-**	**1,652.8**

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	895.2	895.2	-	-
Loans	7.0	-	-	7.0
Total	**2,055.6**	**758.3**	**-**	**1,270.3**

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

6.14. Other financial liabilities

Other financial liabilities	31 March 2020		31 Dec. 2019 *restated*	
	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN
Dividend payment liabilities	-	16.7	-	22.3
Liabilities under deferred and/or conditional payments for controlling interests	83.8	56.2	84.5	61.1
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	187.6	143.6	159.4	181.4
Other financial liabilities	6.4	1.5	3.8	0.1
	277.8	**218.0**	**247.7**	**264.9**

Both as at 31 March 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 31 March 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 31 March 2020 and 31 December 2019:

Liabilities under deferred and/or conditional payments for controlling interests	31 March 2020	31 Dec. 2019 *restated*
	mPLN	mPLN
Liabilities from acquisitions made by Asseco Poland S.A. in international market	2.3	6.9
Liabilities from acquisitions made within the Asseco International segment	38.7	38.4
Liabilities from acquisitions made within the Formula Systems segment	99.0	100.3
	140.0	**145.6**

As at 31 March 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 31 March 2020 and 31 December 2019:

Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	31 March 2020	31 Dec. 2019
	mPLN	mPLN
Liabilities of companies within the Asseco Poland segment	65.3	61.2
Liabilities of companies within the Asseco International segment	78.8	72.0
Liabilities of companies within the Formula Systems segment	187.1	207.6
	331.2	**340.8**

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

As at 31 March 2020	Carrying value mPLN	Level 1 i) mPLN	Level 2 ii) mPLN	Level 3 iii) mPLN
Financial liabilities				
dividend payment liabilities	16.7	-	-	16.7
liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	140.0	-	-	140.0
liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	331.2	-	-	331.2
other financial liabilities	7.9	-	7.9	-
Total	**495.8**	**-**	**7.9**	**487.9**

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 *restated*	Carrying value mPLN	Level 1 i) mPLN	Level 2 ii) mPLN	Level 3 iii) mPLN
Financial liabilities				
dividend payment liabilities	22.3	-	-	22.3
liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	145.6	-	-	145.6
liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	340.8	-	-	340.8
other financial liabilities	3.9	-	3.9	-
Total	**512.6**	**-**	**3.9**	**508.7**

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

6.15. Trade payables, state budget liabilities and other liabilities

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

	31 March 2020		31 Dec. 2019	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Trade payables, of which:	**2.4**	**952.8**	**2.6**	**983.5**
Invoiced payables	**1.2**	**625.0**	**1.4**	**662.7**
from related parties	-	2.1	-	0.8
from other entities	1.2	622.9	1.4	661.9
Uninvoiced payables	**1.2**	**325.5**	**1.2**	**318.9**
from related parties	-	0.6	-	0.7
from other entities	1.2	324.9	1.2	318.2
Liabilities arising from contractual penalties	**-**	**2.3**	**-**	**1.9**
Corporate income tax payable	**-**	**83.7**	**-**	**89.5**
Liabilities to the state and local budgets	**-**	**212.8**	**-**	**231.0**
Value added tax (VAT)	-	96.1	-	126.5
Personal income tax (PIT)	-	54.0	-	50.1
Social insurance	-	52.1	-	47.2
Withholding income tax	-	2.8	-	1.7
Other	-	7.8	-	5.5
Other liabilities	**8.4**	**394.3**	**7.8**	**372.8**
Liabilities to employees (including salaries payable)	-	358.9	-	333.3
Other liabilities	8.4	35.4	7.8	39.5

Total	**10.8**	**1,643.6**	**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 31 March 2020 and 31 December 2019:

	31 March 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN
Liabilities from valuation of IT contracts, of which:	**-**	**46.6**	**-**	**57.0**
From related parties	-	9.1	-	9.7
From other entities	-	37.5	-	47.3
Deferred income from IT projects, of which:	**77.2**	**753.0**	**57.7**	**570.3**
Maintenance services and license fees	77.2	680.2	57.7	513.5
Other prepaid services	-	72.8	-	56.8
Total contract liabilities	**77.2**	**799.6**	**57.7**	**627.3**

6.17. Provisions

Changes in the amount of provisions during the period of 3 months ended 31 March 2020 and in the comparable period are presented in the table below:

	3 months ended 31 March 2020	3 months ended 31 March 2019 *(restated)*
	mPLN	mPLN
As at 1 January	**121.1**	**113.4**
Obtaining control over subsidiaries	1.2	4.5
Provisions created during the reporting period	16.1	3.2
Discount change and actuarial gains/losses	2.0	0.5
Provisions utilized during the reporting period	(5.4)	(3.7)
Provisions reversed during the reporting period	(0.4)	(1.5)
Change in presentation	(0.2)	1.2
Differences on foreign currency translation of subsidiaries	7.5	2.3
As at the end of the reporting period, of which:	**141.9**	**119.9**
Short-term	**48.0**	**47.0**
Long-term	**93.9**	**72.9**

6.18. Accruals and deferred income

	31 March 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN
Accruals, of which:				
Accrual for unused holiday leaves	-	180.7	-	145.1
Accrual for employee and management bonuses	2.0	133.8	1.9	195.4
	2.0	**314.5**	**1.9**	**340.5**
Deferred income, of which:				
Grants related to assets	50.5	4.7	41.0	4.8
Other	-	5.1	-	5.0
	50.5	**9.8**	**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	
	3 months ended 31 March 2020	3 months ended 31 March 2019	3 months ended 31 March 2020	3 months ended 31 March 2019
	mPLN	mPLN	mPLN	mPLN
Transactions with associates and jointly controlled entities	9.3	1.6	4.4	0.2
Transactions with entities or individuals related through the Group's Key Management Personnel	0.4	0.1	1.5	2.7
Transactions with Members of the Management Board and Supervisory Board and Commercial Proxies of Asseco Poland S.A.	-	-	0.4	0.2
Transactions with Members of Management Boards and Supervisory Boards and Commercial Proxies of other companies of the Group	-	-	2.0	0.8
Transactions with capital-related entities	12.1	-	0.3	-
Total related party transactions	**21.8**	**1.7**	**8.6**	**3.9**

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	
	31 March 2020	31 Dec. 2019	31 March 2020	31 Dec. 2019
	mPLN	mPLN	mPLN	mPLN
Transactions with associates and jointly controlled entities	5.8	16.6	1.0	9.8
Transactions with entities or individuals related through the Group's Key Management Personnel	6.7	7.6	14.9	14.6
Transactions with Members of the Management Board and Supervisory Board and Commercial Proxies of Asseco Poland S.A.	-	-	0.7	0.7
Transactions with Members of Management Boards and Supervisory Boards and Commercial	78.5	73.7	11.9	10.0

Proxies of other companies of the Group				
Transactions with subsidiaries	14.7	8.2	0.3	0.2
Total related party transactions	**105.7**	**106.1**	**28.8**	**35.3**

As at 31 March 2020, receivables from related parties comprised trade receivables and contract assets amounting to PLN 20.9 million, as compared with PLN 26.3 million outstanding as at 31 December 2019.

As at 31 March 2020, liabilities to related parties comprised trade payables amounting to PLN 2.7 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	
	31 March 2020	31 Dec. 2019	31 March 2020	31 Dec. 2019
	mPLN	mPLN	mPLN	mPLN
Transactions with associates	16.0	14.9	-	-
Transactions with entities or individuals related through the Group's Key Management Personnel	-	-	1.9	2.1
Total related party transactions	**16.0**	**14.9**	**1.9**	**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':

	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Change in inventories	7.8	(3.7)
Change in receivables and non-financial assets	(9.7)	181.1
Change in liabilities	(97.2)	(237.9)
Change in prepayments and accruals	44.8	64.9
Change in provisions	3.2	(1.3)
Total	**(51.1)**	**3.1**

7.2. Cash flows – investing activities

In the period of 3 months ended 31 March 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 expenditures for development projects:

	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Acquisition of property, plant and equipment	(61.5)	(40.3)
Acquisition of intangible assets	(2.6)	(8.3)
Expenditures for development projects	(24.8)	(23.9)
Total	**(88.9)**	**(72.5)**

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 3 months ended 31 March 2020	Acquisition of subsidiaries mPLN	Cash in subsidiaries acquired mPLN
Acquisitions made within the Asseco Poland segment	(4.6)	-
Acquisitions made within the Asseco International segment	(3.4)	0.2
Acquisitions made within the Formula Systems segment	(12.4)	19.4
Total	**(20.4)**	**19.6**

for the period of 3 months ended 31 March 2019	Acquisition of subsidiaries mPLN	Cash in subsidiaries acquired mPLN
Acquisitions made within the Asseco Poland segment	-	-
Acquisitions made within the Asseco International segment	(1.1)	-
Acquisitions made within the Formula Systems segment	(167.7)	64.0
Total	**(168.8)**	**64.0**

The following table presents detailed cash flows relating to loans and cash deposits during the period of 3 months ended 31 March 2020 and in the comparable period:

for the period of 3 months ended 31 March 2020	Loans collected mPLN	Loans granted mPLN
Loans for employees	0.5	(0.7)
Loans for other entities	0.7	-
Term cash deposits with original maturities exceeding 3 months	-	(10.1)

Total	**1.2**	**(10.8)**

for the period of 3 months ended 31 March 2019	Loans collected mPLN	Loans granted mPLN
Loans for employees	0.4	(0.4)
Loans for other entities	1.7	-
Term cash deposits with original maturities exceeding 3 months	28.1	-
Total	**30.2**	**(0.4)**

7.3. Cash flows – financing activities

In the period of 3 months ended 31 March 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	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Bank loans and borrowings obtained within the Asseco Poland segment	-	2.2
Bank loans and borrowings obtained within the Asseco International segment	20.6	7.6
Bank loans and borrowings obtained within the Formula Systems segment	514.1	225.0
Total	**534.7**	**234.8**

- Repayments of bank loans and borrowings:

Repayments of bank loans and borrowings	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Bank loans repaid within the Asseco Poland segment	-	(29.7)
Bank loans repaid within the Asseco International segment	(13.2)	(26.1)
Bank loans repaid within the Asseco International segment	(97.4)	(81.3)
Total	**(110.6)**	**(137.1)**

- Expenditures for the acquisition of non-controlling interests in subsidiaries within the Formula Systems segment amounted to PLN 80.7 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, were made within the Asseco Poland segment.
- In addition, in the period of 3 months ended 31 March 2020, Formula Group redeemed its previously issued bonds and other debt securities. In the first quarter of 2020, cash outflows for this purpose amounted to PLN 102.7 million (of which PLN 63.2 million were spent by companies of Matrix IT Group, and PLN 39.5 million by Sapiens Group).

8. Other explanatory notes

8.1. Off-balance-sheet liabilities

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

Contingent liabilities	31 March 2020 mPLN	31 Dec. 2019 mPLN
Liabilities from guarantees of due performance of contracts		
Liabilities falling due within 3 months	15.9	14.7
Liabilities falling due within 3 to 12 months	70.0	56.4
Liabilities falling due within 1 to 5 years	106.6	117.0
Liabilities falling due after 5 years	21.7	21.4
Total	**214.2**	**209.5**
Liabilities arising from bank guarantees and guarantee bonds		
Liabilities falling due within 3 months	0.8	0.3
Liabilities falling due within 3 to 12 months	2.0	1.4
Liabilities falling due within 1 to 5 years	2.2	2.8
Liabilities falling due after 5 years	-	-
Total	**5.0**	**4.5**
Other contingent liabilities	**-**	**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 31 March 2020 and 31 December 2019.

In the period reported, none of the Group's companies granted any new significant guarantees and/or sureties. As at 31 March 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 1.7 million.

Disputes in litigation as at the end of the reporting period

As at 31 March 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 31 March 2020.

As at 31 March 2020, claims brought in court against Asseco Data Systems S.A. amounted in total to PLN 19.5 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, 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 6.1 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 20.9 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 18.7 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 23.6 million (PLN 27.4 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 36 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	31 March 2020	31 Dec. 2019
Management Board of the Parent Company	10	10
Management Boards of the Group companies	164	172
Production departments	23,681	23,370
Sales departments	1,396	1,369
Administration departments	1,965	1,922
Total	**27,216**	**26,843**

Number of employees in the Group companies as at	31 March 2020	31 Dec. 2019
Asseco Poland segment	**3,492**	**3,521**
Asseco Poland S.A.	2,327	2,324
Asseco Data Systems S.A.	850	891
DahliaMatic Sp. z o.o.	52	52
ZUI Novum Sp. z o.o.	75	74
SKG S.A.	38	37
Park Wodny Sopot Sp. z o.o.	60	58
Podkarpacki Fundusz Nieruchomości Sp. z o.o.*	2	1
Gdyński Klub Koszykówki "Arka" S.A.	8	7
Asseco Resovia S.A.	7	7

GSTN Consulting Sp. z o.o.	3	4
Eversoft sp. z o.o.	57	59
ComCERT S.A.	13	7
Asseco International segment	**7,012**	**6,862**
Asseco Central Europe Group	3,286	3,232
Asseco South Eastern Europe Group	2,755	2,675
Asseco International, a.s.	4	4
Asseco Western Europe Group	154	142
Tecnologia Sistemas y Aplicaciones (Tecsisa)	42	40
Asseco Danmark A/S	30	29
Peak Consulting ApS	55	50
Asseco PST Holding SGPS Group (former Exictos)	439	443
Sintagma UAB	178	176
Asseco Georgia LLC	41	47
Asseco Software Nigeria Ltd.	20	17
Asseco Central Asia	8	7
Formula Systems segment	**16,712**	**16,460**
Formula Systems Group	16,712	16,460
Total	**27,216**	**26,843**

** 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

- Declaration and payment of a dividend by Asseco Data Systems

On 23 April 2020, the Annual General Meeting of Asseco Data Systems S.A. decided on the distribution of net profit for the financial year 2019 amounting to PLN 15.7 million in the following way: the amount of PLN 15.6 million shall be paid out as dividend to its sole shareholder, while the remaining portion of net profit in the amount of PLN 0.1 million shall be allocated to reserve capital. The declared amount of dividend was paid out to Asseco Poland S.A. on 30 April 2020.

- Declaration of a dividend by Asseco Business Solutions

On 28 April 2020, the Annual General Meeting of Asseco Business Solutions S.A. decided on the distribution of net profit for the financial year 2019 amounting to PLN 73.4 million in the following way: the amount of PLN 60.1 million or PLN 1.80 per share shall be paid out as dividend to the company's shareholders, while the remaining portion of net profit in the amount of PLN 13.3 million shall be allocated to reserve capital. The dividend record date was set for 19 May 2020; whereas, the dividend payment was scheduled for 5 June 2020.

- Declaration of a dividend in Magic Group

On 26 May 2020, Magic Software Enterprises Ltd. announced payment of a semi-annual dividend in the total amount of USD 3.9 million or USD 0.08 per share. The dividend record date was set for 9 June 2020; whereas, the dividend payment was scheduled for 25 June 2020.

- Declaration of a dividend in Matrix Group

On 26 May 2020, Matrix IT Ltd. announced payment of a quarterly dividend in the total amount of ILS 29.2 million or ILS 0.047 per share.

- Declaration of a dividend by Asseco Poland S.A.

On 27 April 2020, the General Meeting of Shareholders of Asseco Poland S.A. resolved that the whole net profit for the financial year 2019 in the amount of PLN 206.8 million shall be distributed as dividend to its shareholders. 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 43 million. This means that the

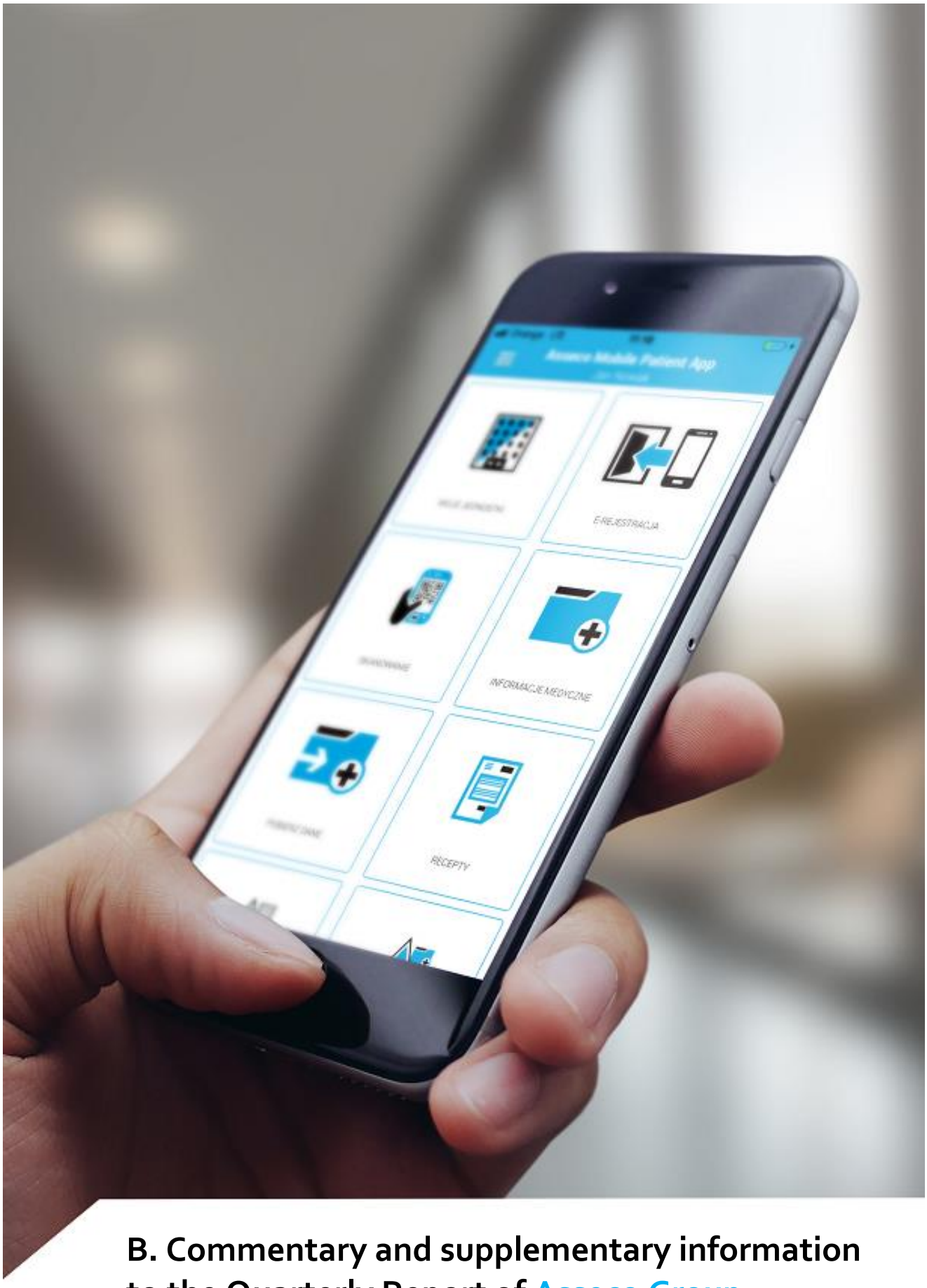
total amount allocated to dividend payment reached PLN 249.8 million or PLN 3.01 per share. The dividend record date was set for 5 June 2020; whereas, the dividend payment was scheduled for 17 June 2020.

- Approval of the merger of Asseco Poland S.A. with SKG S.A.

On 27 May 2020, the General Meeting of Shareholders also gave its consent to the merger of Asseco Poland S.A. (the taking-over company) with SKG S.A. based in Bielsko Biała (the acquired company) to be carried out by transferring all the assets of the acquired company to the taking-over company, without increasing the share capital of Asseco Poland S.A. SKG S.A. is a subsidiary company in which Asseco Poland S.A. holds 100% of the share capital. Hence, this business combination will have no impact on the consolidated financial statements of Asseco Group.

8.5. Significant events related to prior years

Until the date of preparing these interim condensed consolidated financial statements for the period of 3 months ended 31 March 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 first quarter 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 3 months ended 31 March 2020 (non-IFRS)

Financial and operational summary:

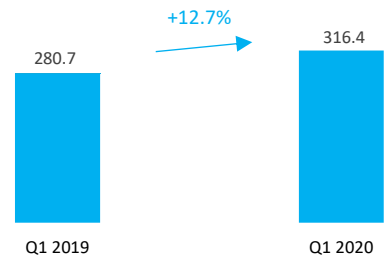
- **Favourable** financial results:
  - sales revenues grew by **19.1%** to the level of **PLN 2,920 million**
  - operating profit surged by **11.3%** to **PLN 250 million** (non-IFRS EBIT increased by **12.7%** to **PLN 316 million**)
  - net profit improved by **2.6%** to **PLN 82 million** (non-IFRS net profit increased by **5.7%** to **PLN 95 million**)
- Strong business **diversification** (by geographical regions, sectors, products)
  - **90%** of revenues from foreign markets
  - **40%** of revenues from general business, **36%** – banking and finance, **24%** – public institutions
  - **81%** of revenues from sales of proprietary software and services

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

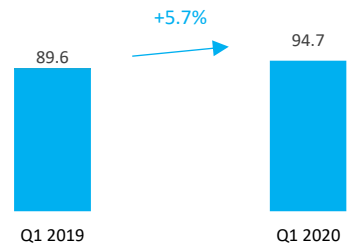
Key financial data published on a non-IFRS basis provide crucial information for assessing the financial position and business development of Asseco Group. They are complementary to data reported in accordance with IFRS standards.

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).

EBIT (non-IFRS)



Net profit attributable to shareholders of the parent company (non-IFRS)



Consolidated financial results of Asseco Group (non-IFRS)

mPLN	Q1 2020	Q1 2019	Change (%)
Revenues	**2,919.5**	**2,452.2**	**19.1%**
Proprietary software and services	2,353.9	1,981.2	18.8%
Non-IFRS EBIT	**316.4**	**280.7**	**12.7%**
PPA & SBP	66.3	56.0	18.4%
Non-IFRS net profit attributable to shareholders of the Parent Company	**94.7**	**89.6**	**5.7%**
PPA & SBP & M&A	13.0	10.0	30.0%
EBITDA	**420.1**	**369.1**	**13.8%**

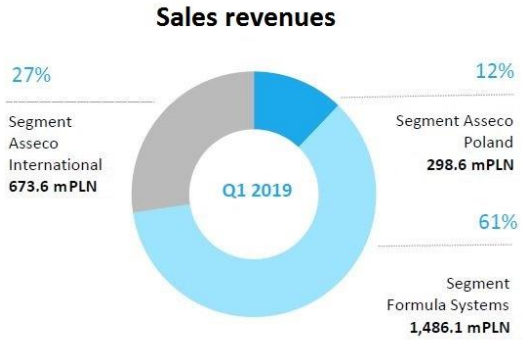
2. Summary and analysis of financial results of Asseco Group for the period of 3 months ended 31 march 2020

Revenue structure in the first quarter of 2020

Asseco Group segments

The table below presents sales revenues generated by individual operating segments in the period of 3 months ended 31 March 2020 and in the comparable period last year:

Sales revenues by segments	3 months ended 31 March 2020	3 months ended 31 March 2019	Change Q1 2020 vs. Q1 2019
Asseco Poland segment	308.8	298.6	3.4%
Formula Systems segment	1,862.5	1,486.1	25.3%
Asseco International segment	754.2	673.6	12.0%
Eliminations	(6.0)	(6.1)	(1.6%)
Total	**2,919.5**	**2,452.2**	19.1%

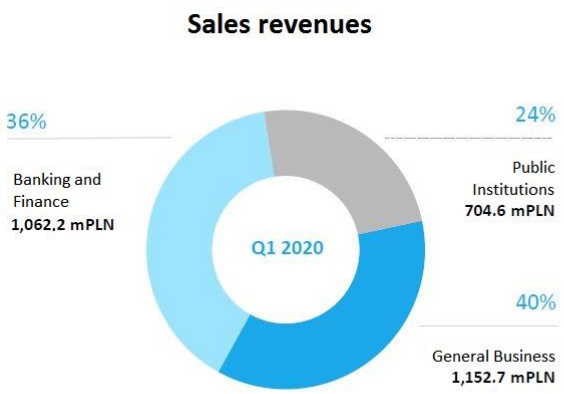


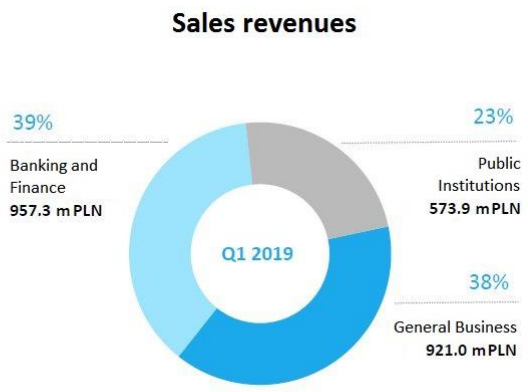
Figures including intersegment sales.

Business sectors

The table below presents sales revenues generated in particular business sectors in the period of 3 months ended 31 March 2020 and in the comparable period last year:

Sales revenues by sectors	3 months ended 31 March 2020	3 months ended 31 March 2019	Change Q1 2020 vs. Q1 2019
Banking and Finance	1,062.2	957.3	11.0%
General Business	1,152.7	921.0	25.2%
Public Institutions	704.6	573.9	22.8%
Total	**2,919.5**	**2,452.2**	**19.1%**





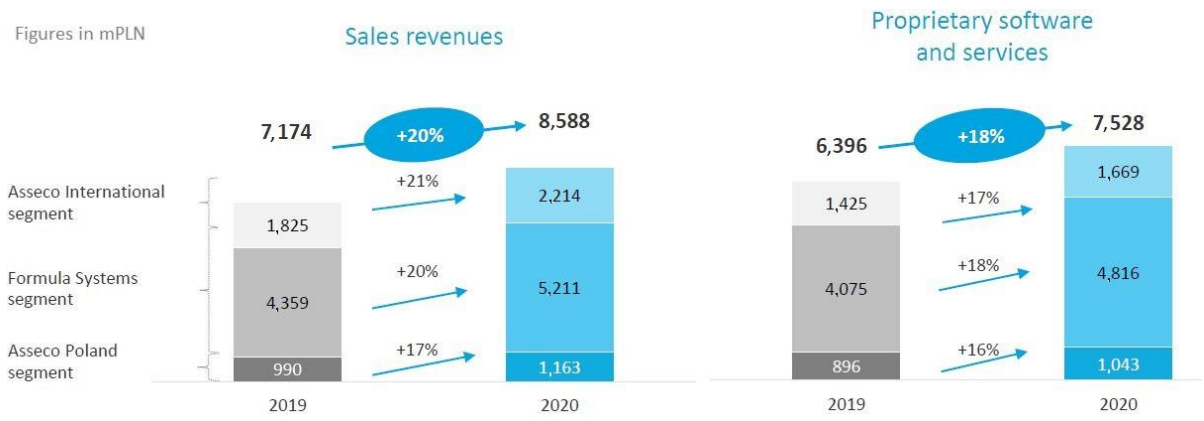
Products

The table below presents sales revenues achieved from particular types of products in the period of 3 months ended 31 March 2020 and in the comparable period last year:

Sales revenues by type of products	3 months ended 31 March 2020	3 months ended 31 March 2019	Change Q1 2020 vs. Q1 2019
Proprietary software and services	2,353.9	1,981.2	18.8%
Third-party software and services	186.8	174.9	6.8%
Hardware and infrastructure	378.8	296.1	27.9%
Total	**2,919.5**	**2,452.2**	**19.1%**

Consolidated order backlog for 2020

In comparison to the order backlog presented in May 2019



If the order backlog for 2020 was translated at the same currency exchange rates as the order backlog for 2019, the respective changes would be +13% for total sales revenues and +11% for proprietary software and services. Value of the order backlog for 2020 as at 22 May 2020; value of the order backlog for 2019 as at 17 May 2019.

The consolidated financial results of Asseco Group for the period of 3 months ended 31 March 2020 as well as for the last year's comparable period are presented in the table below:

mPLN	3 months ended 31 March 2020	3 months ended 31 March 2019	Change Q1 2020 vs. Q1 2019 (%)
Revenues	**2,919.5**	**2,452.2**	**19.1%**
Proprietary software and services	2,353.9	1,981.2	18.8%
Gross profit (loss) on sales	**608.2**	**528.8**	**15.0%**
Selling costs	(148.1)	(130.2)	13.7%
General and administrative expenses	(205.1)	(168.9)	21.4%
Other operating activities	(4.9)	(5.0)	(2.0%)
Operating profit	**250.1**	**224.7**	**11.3%**
Net profit attributable to Shareholders of the Parent Company	**81.7**	**79.6**	**2.6%**
EBITDA	**420.1**	**369.1**	**13.8%**

EBITDA = EBIT + depreciation and amortization

Profitability ratios

The table below presents the key profitability ratios achieved by the Group for the period of 3 months ended 31 March 2020 and for the comparable period:

	3 months ended 31 March 2020	3 months ended 31 March 2019	Change Q1 2020 vs. Q1 2019
Gross profit margin	20.8%	21.6%	(0.8) pp
EBITDA margin	14.4%	15.1%	(0.7) pp
Operating profit margin	8.6%	9.2%	(0.6) pp
Net profit margin	6.0%	6.4%	(0.4) 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 period of the first three months of 2020, EBITDA margin equalled 14.4% (compared with 15.1% a year ago), operating profit margin equalled 8.6% (compared with 9.2% a year ago), while net profit margin stood at 6.0% (compared with 6.4% a year ago).

Liquidity ratios

As at the end of March, our key liquidity ratios remained at similar levels as at the end of the previous year as well as at the end of the first quarter of 2019. In comparison to the end of March last year, our working capital increased substantially 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 significantly 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) remained at a similar level as in the comparable period of the previous year. At the end of March 2020, this ratio equalled 78% and was 10 pp lower than at the end of March last year.

The table below presents the key liquidity ratios achieved by the Group as at 31 March 2020 and in the comparable periods:

	31 March 2020	31 Dec. 2019	31 March 2019
Working capital (in millions of PLN)	2,172.4	1,886.4	1,982.3
Current liquidity ratio	1.5	1.5	1.6
Quick liquidity ratio	1.4	1.4	1.5
Absolute liquidity ratio	0.6	0.6	0.5
Cash conversion rate	78%	104%	88%

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 31 March 2020 and in the comparable periods:

	31 March 2020	31 Dec. 2019	31 March 2019
Total debt ratio	46.6%	45.3%	43.2%
Debt/equity ratio	38.5%	34.4%	33.4%
Debt/(debt + equity) ratio	27.8%	25.6%	25.0%

Total debt ratio = (long-term liabilities + short-term 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 the first quarter of 2020, the total debt ratio stood at 46.6% as compared with 45.3% at the end of last year and 43.2% at the end of the first quarter of 2019.

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.

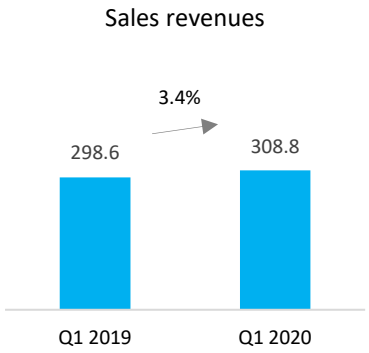
Currency structure of sales revenues

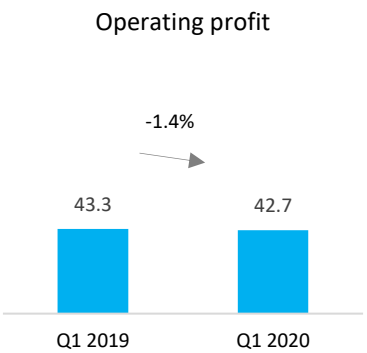
Presented below is the foreign currency structure of our sales revenues in the period of 3 months ended 31 March 2020 as well as in the comparable period last year:

	3 months ended 31 March 2020	3 months ended 31 March 2019
NIS (Israeli new shekel)	39.9%	37.6%
USD (US dollar)	17.7%	17.9%
EUR (euro)	17.3%	16.2%
PLN (Polish zloty)	11.9%	14.3%
CZK (Czech crown)	2.3%	3.4%
RSD (Serbian dinar)	2.2%	2.1%
GBP (British pound)	1.9%	2.4%
DKK (Danish krone)	1.3%	1.0%
Other currencies	5.5%	5.1%
	100.0%	**100.0%**

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

Asseco Poland segment





The table below presents the selected financial data of the Asseco Poland segment for the period of 3 months ended 31 March 2020 and for the comparable period:

mPLN	3 months ended 31 March 2020	3 months ended 31 March 2019	Change Q1 2020 / Q1 2019 (%)
Sales revenues*	**308.8**	**298.6**	**3.4%**
EBIT	**42.7**	**43.3**	**(1.4%)**
EBIT margin	*13.8%*	*14.5%*	*(0.7) pp*
Non-IFRS EBIT	46.7	47.0	(0.6%)
Non-IFRS EBIT margin	*15.1%*	*15.7%*	*(0.6) pp*
EBITDA	**65.9**	**66.7**	**(1.2%)**
EBITDA margin	*21.3%*	*22.3%*	*(1.0) pp*
CFO BT	64.6	68.4	(5.6%)
CAPEX	(18.2)	(21.4)	(15.0%)
Lease expenditures	(9.2)	(8.8)	4.5%
FCF	37.2	38.2	(2.6%)
Cash conversion rate	79.7%	81.3%	(1.6) pp
Cash and cash equivalents (comparable data as at 31 December 2019)	241.7	215.2	12.3%
Interest-bearing debt (comparable data as at 31 December 2019)**	(87.7)	(93.7)	(6.4%)
of which bank loans, borrowings and bonds issued	(0.5)	-	-
of which leases	(87.2)	(93.7)	(6.9%)

** Revenues from sales to external customers as well as inter-segment sales*
*** Liabilities towards external entities*
EBIT = operating profit
Adjusted 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) / (adjusted EBIT)

In the first quarter of 2020, sales revenues generated by the Asseco Poland segment reached PLN 308.8 million as compared with PLN 298.6 million reported in the comparable period of the previous year. Operating profit amounted to PLN 42.7 million as compared with PLN 43.3 million earned in the first quarter of 2019. The Asseco Poland segment accounted for 10% of the Group's total sales in the first 3 months of 2020.

In the first quarter of 2020, the Company continued to cooperate with its existing customers by performing, among others, long-term service contracts which accounted for approx. 40% of revenues from the entire finance sector. A good example would be our long-term cooperation with the largest bank in the region, namely PKO BP, where the Company 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.

Furthermore, in the first quarter of this year, Asseco Poland expanded its business with such institutions as Idea Bank, Volkswagen Bank, or Raiffeisen Bank International AG. During the reporting period, the Company's sales force engaged in activities aimed at acquiring new projects both in Poland and foreign markets. Moreover, at the same time, the Company continually developed its "Bank out of the Box" system which provides technology to start a new bank in a very short time (even in just a couple of weeks).

The cooperative banking market is another important business area for the segment of Asseco Poland. Asseco Poland and its subsidiary ZUI Novum provide core banking systems to approx. 420 banks and support nearly 330 banks in the area of modern e-banking offered in the Software-as-a-Service (SaaS) model. In the first quarter 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, customer care desk, defined workflow processes, data warehouse, and risk management systems. The Company is about to complete the implementation of this banking platform at Cooperative Bank in Płońsk and Cooperative Bank in Lubaczów. In the reporting period, the Company also signed new deals, including for migration of databases, implementation of Asseco AML anti-money laundering system, and implementation of Asseco cSS which helps 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. Due to the increased demand for banking services performed in remote mode, Asseco focused on developing the functionality of its systems that enables the transfer of customer service into the digital world as much as possible. In April of this year, the Company made available the "Requests" mini-application within 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.

Asseco Poland holds a leading position among providers of IT solutions for institutions operating in the Polish capital market. In the first quarter of 2020, the Company 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. During the reporting period, Asseco also made efforts to expand the functionality of its PROMAK family systems. In the first three 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.

In the first quarter 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 three 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 March 2020, the Company has performed 7 execution contracts under the 2018 framework agreement for the modification and development of the KSI system software, 3 of which were awarded in the first quarter 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;
- 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;
- 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.

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 first quarter of this year, the Company concluded a supplementary contract for this project.

In March 2020, Asseco signed another agreement with ZUS to make their IT systems and the 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.

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 – 6 system modification orders and 19 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 under a framework agreement. In the first quarter of 2020, 10 execution contracts were signed as part of this cooperation. 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. This system will have been implemented by November 2020.

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 January 2020, 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 improve remote contact with patients during the pandemic, we created packages of IT services called "#StayAtHome Patient" that are dedicated to hospitals using the Asseco Medical Management Solutions (AMMS), as well as to medical practitioners and outpatient clinics using the mMedica system. Medical centers will be able to use a number of functionalities designed to streamline the work during this challenging time and this will be free of charge until 31 July. One of the key elements of those packages is the Teleconsultation module developed by Asseco which, with the help of audio-visual communication technology, allows doctors to provide advice remotely and ensures access to the patient's electronic health record. Thanks to Asseco's cooperation with the National Cloud Operator, this solution is provided as a service over the National Cloud. This ensures the highest level of data security and allows patients to use the Teleconsultation service from any place, without having to leave home.

Asseco has consistently strengthened its presence in the healthcare market. In the first quarter of 2020, Asseco 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, and at the Skłodowska-Curie National Oncology Institute – National Research Institute in Gliwice. Under such agreements, Asseco implements software that is primarily intended to improve 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).

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 March 2020, Asseco continued cooperation with more than 400 hospitals across Poland. Whereas, in the segment of doctor offices, small and medium clinics, and medical practices, the Company provides services to 9.8 thousand facilities (32 thousand 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 AMMS and mMedica systems 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 made available by medical centers), and Home Medicine Chest (personal administration of medicines).

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

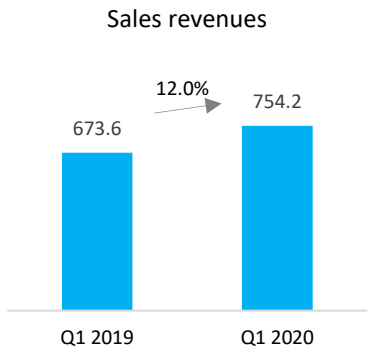
The Company continued to work for leading energy industry groups under previously signed contracts and new orders gained during the reporting period – we focused, among others, on implementing various functionalities related to the power market or the Comprehensive Customer Service Systems.

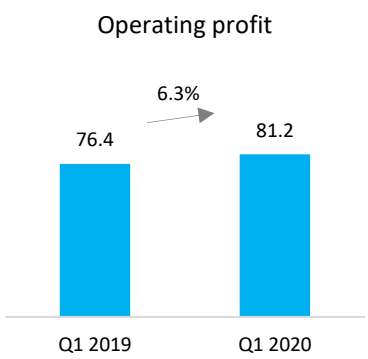
In the first quarter of 2020, Asseco Poland concluded a bridging agreement with Cyfrowy Polsat Group under which a team of approx. 100 specialists of Asseco performs tasks in the project of IT systems transformation at

Polsat Group. In addition, dedicated, separate teams also implement projects for other telecommunications and media customers of Asseco.

The first quarter of 2020 was also a period of intensive work 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. ADS expands its portfolio of qualified services. Currently, the company works on the methods of remote identity verification and one-time signatures in order to enrich its electronic signature offering. The new solutions are planned to be available shortly. During the reporting period, 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. Moreover, in the first quarter of 2020, this 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 Stops Video Monitoring System and the Bus Station Management System that have been deployed in Rzeszów, as the first in Poland.

Asseco International segment





The table below presents the selected financial data of the Asseco International segment for the period of 3 months ended 31 March 2020 and for the comparable period:

mPLN	3 months ended 31 March 2020	3 months ended 31 March 2019	Change Q1 2020 / Q1 2019 (%)
Sales revenues*	**754.2**	**673.6**	**12.0%**
EBIT	**81.2**	**76.4**	**6.3%**
EBIT margin	*10.8%*	*11.3%*	*(0.5) pp*
Non-IFRS EBIT	84.7	79.4	6.7%
Non-IFRS EBIT margin	*11.2%*	*11.8%*	*(0.6) pp*
EBITDA	**123.7**	**110.9**	**11.5%**
EBITDA margin	*16.4%*	*16.5%*	*(0.1) pp*
CFO BT	66.0	80.5	(18.0%)
CAPEX	(21.4)	(28.7)	(25.4%)
Lease expenditures	(14.4)	(11.1)	29.7%

FCF	30.2	40.7	(25.8%)
Cash conversion rate	35.7%	51.3%	(15.6) pp
Cash and cash equivalents (comparable data as at 31 December 2019)	583.5	546.7	6.7%
Interest-bearing debt (comparable data as at 31 December 2019)**	(386.1)	(370.5)	4.2%
of which bank loans, borrowings and bonds issued	(191.1)	(178.6)	7.0%
of which leases	(195.0)	(191.9)	1.6%

** Revenues from sales to external customers as well as inter-segment sales*
*** Liabilities towards external entities*
EBIT = operating profit
Adjusted 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) / (adjusted EBIT)

In the first quarter of 2020, the Asseco International segment generated PLN 754.2 million in sales revenues, achieving an increase by 12.0%. Operating profit improved by 6.3% and amounted to PLN 81.2 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 quarter of 2020 at a similar as a year ago, while managing to improve its profitability.

During the reporting period, our companies operating in the Czech Republic and Slovakia continued their cooperation with the public sector institutions in these countries, and also implemented new projects, among others, for the Public Health Office of the Slovak Republic (development of an integrated IT system for public health centers), and the Czech Ministry of Labour and Social Policy (regulatory adaptations related to the coronavirus pandemic). 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. In the banking and finance sector, in the first three months of 2020 Asseco Central Europe concluded an agreement with one of the largest banks in Uzbekistan, namely Xalq Bank. The company will design and implement a modern call center system for the bank. Apart from Asseco Central Europe, projects for Xalq Bank are implemented also by Asseco South Eastern Europe and Asseco Central Asia, which emphasizes the importance and development of cooperation between companies within the entire Asseco Group.

Asseco Central Europe Group has observed strong demand for ERP solutions that are marketed by Asseco Enterprise Solutions. Asseco Business Solutions, which specializes in enterprise management systems, reported favourable results for the first quarter of 2020, increasing its revenues by 4.7% year on year. Such revenue growth resulted from stronger sales of proprietary products of this company which cooperates with tens of thousands of Polish companies of various sizes that use the company's ERP, sales support and factoring software. At the same time, Asseco Business Solutions is increasingly offering its products abroad. In the first quarter of 2020, foreign market sales generated by this company increased by 14.2%. Its software solutions have already been deployed in 50 countries worldwide, in regions such as Europe, Middle East, Asia, Australia, and Latin America. Asseco Solutions companies operating in German-speaking countries, Czech Republic and Slovakia also improved their sales revenues.

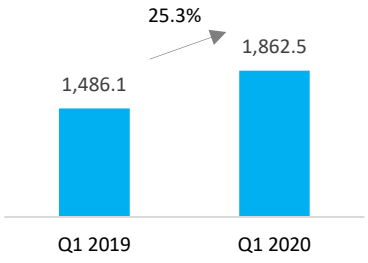
Asseco South Eastern Europe Group, which operates in the **South Eastern European markets**, reported much stronger financial results for the first quarter of 2020 than in the comparable period last year. Such improvement in financial performance resulted from expanding the scale of operations across all operating segments (banking solutions, dedicated solutions and payment solutions), as well as from higher efficiency achieved in the banking solutions segment. The growing scale of operations is also partly attributable to the consolidation of several new companies in ASEE Group. Since 1 February 2019, ASEE Group has consolidated the financial results of Necomplus companies, whereas since 1 September 2019, the Group has consolidated the financial results of Sonet companies (Czech Republic and Slovakia). Furthermore, during

the year 2019 and the first quarter of 2020, ASEE Group conducted a number of smaller, local acquisitions, including in Serbia, Montenegro, Croatia, Turkey, and Bosnia and Herzegovina, which contributed to its financial results for the reporting period.

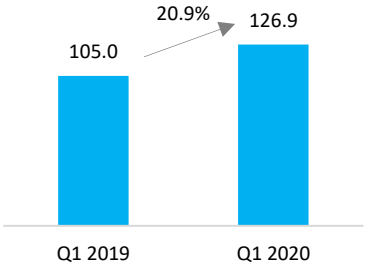
In the first quarter of 2020, the Group generated higher revenues in the **Western European markets**. Asseco PST, which is present in Portugal and Portuguese-speaking countries in Africa, continued its cooperation with banks including the maintenance of core banking systems as well as large migration projects. Asseco Spain, a subsidiary of Asseco Western Europe, gained several new contracts for the supply of IT hardware, software and related services. The Company 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 as well as development of new e-Services, and for the National Library of Lithuania involving development of the Virtual Electronic Heritage System. The company has signed several new contracts, including with Ignitis, the Lithuanian supplier of electricity and natural gas, 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. Another contract was signed with the National Land Service at the Ministry of Agriculture, for support services and further development of the land management information system. Peak Consulting, which operates in the Danish market, implemented projects, among others, for the Danish military forces, police and financial institutions.

Formula Systems segment

Sales revenues



Operating profit



The table below presents the selected financial data of the Formula Systems segment for the period of 3 months ended 31 March 2020 and for the comparable period:

mPLN	3 months ended 31 March 2020	3 months ended 31 March 2019	Change Q1 2020 / Q1 2019 (%)
Sales revenues*	1,862.5	1,486.1	25.3%
EBIT	126.9	105.0	20.9%
EBIT margin	*6.8%*	*7.1%*	*(0.3) pp*
Non-IFRS EBIT	185.7	154.3	20.3%
Non-IFRS EBIT margin	*10.0%*	*10.4%*	*(0.4) pp*
EBITDA	231.7	192.5	20.4%
EBITDA margin	*12.4%*	*13.0%*	*(0.6) pp*
CFO BT	257.4	218.1	18.0%
CAPEX	(45.9)	(22.4)	104.9%
Lease expenditures	(31.9)	(28.3)	12.7%
FCF	179.6	167.4	7.3%

Cash conversion rate	96.7%	108.5%	(11.8) pp
Cash and cash equivalents (comparable data as at 31 December 2019)	1,809.6	1,391.6	30.0%
Interest-bearing debt (comparable data as at 31 December 2019)**	(2,756.9)	(2,294.0)	20.2%
of which bank loans, borrowings and bonds issued	(2,310.1)	(1,877.0)	23.1%
of which leases	(446.8)	(417.0)	7.1%

** Revenues from sales to external customers as well as inter-segment sales*
*** Liabilities towards external entities*
EBIT = operating profit
Adjusted 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) / (adjusted EBIT)

In the first quarter of 2020, revenues generated by the companies of Formula Systems Group reached PLN 1,862.5 million and were 25.3% higher than in the corresponding period last year. The Formula Systems segment accounted for 64% of the Group's consolidated sales in the first quarter of the year.

Operating profit surged by 20.9% to the level of PLN 126.9 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 quarter of 2020, the impact of PPA and SBP reduced the segment's EBIT by PLN 58.8 million.

In the first quarter of 2020, 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 statement of profit and loss for the first quarter of 2020. Such improvement resulted from both organic development as well as acquisitions conducted in 2019. During the reporting period, the company focused on supporting its existing customers and gaining new orders. In the period from January to March 2020, Matrix IT generated higher sales of infrastructure and hardware along with related services. In connection with the coronavirus pandemic, in the second half of March the company recorded increased sales of third-party licenses (Microsoft Teams, Zoom) along with services.

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 customers and gaining new business. Sapiens recorded growth both in the segment of property and casualty insurance, and in the segment of life and annuity insurance. 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 its strategy of expansion through acquisitions by taking over sum.cumo GmbH, a German technology provider offering digital, innovative and consumer-oriented solutions for the insurance sector. 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 slightly revised its annual revenue guidance for 2020 to the range of USD 368-377 million.

Magic Software, a provider of technological solutions for the enterprise sector, reported double-digit growth in revenues for the first quarter of 2020. This is due to focusing on building long-term relationships with customers and completion of acquisitions in previous reporting periods. Magic also continues the strategy of increasing its equity interest in subsidiary companies to the level of at least 75-80%, while maintaining the local nature of businesses, with the offerings adapted to the needs of local markets and managers with many years of on-site relations. The company slightly revised its 2020 guidance for full year revenues to the range of USD 350-360 million.

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

The outbreak of the coronavirus pandemic during the reporting period ended 31 March 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 are not related to the Group's core business (IT services), 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 3 months ended 31 March 2020, the financial results achieved by the Group were not affected by any other one-time events.

5. Corporate officers of Asseco Poland S.A.

During the period of 3 months ended 31 March 2020, the Management Board of Asseco Poland was composed of the following persons:

Management Board	Period of service
Adam Góral	01.01.2020 - 31.03.2020
Andrzej Dopierała	01.01.2020 - 31.03.2020
Krzysztof Groyecki	01.01.2020 - 31.03.2020
Sławomir Szmytkowski	01.01.2020 - 31.03.2020
Rafał Kozłowski	01.01.2020 - 31.03.2020
Marek Panek	01.01.2020 - 31.03.2020
Paweł Piwowar	01.01.2020 - 31.03.2020
Zbigniew Pomianek	01.01.2020 - 31.03.2020
Artur Wiza	01.01.2020 - 31.03.2020
Gabriela Żukowicz	01.01.2020 - 31.03.2020

Since the publication of the last financial report, i.e. from 23 March 2020, till the date of publication of this report, the composition of the Management Board of Asseco Poland has remained unchanged.

During the period of 3 months ended 31 March 2020, the Company's Supervisory Board was composed of the following persons:

Supervisory Board	Period of service
Jacek Duch	01.01.2020 - 31.03.2020
Adam Noga	01.01.2020 - 31.03.2020
Izabela Albrycht	01.01.2020 - 31.03.2020
Piotr Augustyniak	01.01.2020 - 31.03.2020
Dariusz Brzeski	01.01.2020 - 31.03.2020
Artur Kucharski	01.01.2020 - 31.03.2020

On 27 May 2020, the Annual General Meeting of Shareholders of Asseco Poland passed a resolution on amendment of the Company's Articles of Association, by extending the composition of the Supervisory Board to 8 members at the maximum (5 members at the minimum). Once the amendment of the Articles of Association is registered in the court, Mr. Piotr Żak shall become a Member of the Supervisory Board in accordance with his appointment for the current term of office running from 2017 to 2021.

6. Shareholders structure of Asseco Poland S.A.

Since the publication of the last financial report, i.e. from 23 March 2020, till the date of publication of this report, i.e. to 28 May 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 23 March 2020, 31 March 2020 and 28 May 2020.

Major shareholders as at 23 March 2020, 31 March 2020 and 28 May 2020	Number of shares held / number of votes attached	Equity interest / percentage of total voting rights
Reddev Investments Limited	19,047,373	22.95%
(holds shares directly and indirectly through Cyfrowy Polsat S.A. in connection with the Agreement concluded on 27 December 2019 pursuant to art. 87 sect. 1 item 5 of the Act on public offering) [1), 2)], of which:		
Reddev Investments Limited	184,127	0.22%
Cyfrowy Polsat S.A.	18,863,246	22.73%
AVIVA Pension Fund [3)]	8,299,733	9.9996%
Adam Góral, President of the Management Board [4)]	8,083,000	9.74%
NN Pension Fund [5)]	4,171,121	5.03%
Other shareholders	43,399,076	52.29%
Total	**83,000,303**	**100.00%**

1) In accordance with the regulatory filing no. 1/2020 of 3 January 2020
2) In accordance with the regulatory filing no. 3/2020 of 7 January 2020, Cyfrowy Polsat S.A. is a subsidiary of Reddev Investments Limited, which concurrently is a subsidiary of TiVi Foundation. TiVi Foundation is an entity controlled by Mr. Zygmunt Solorz
3) In accordance with the regulatory filing no. 6/2020 of 20 March 2020
4) In accordance with the regulatory filing no. 51/2012 of 15 December 2012
5) 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 report and at the end of the previous financial year.

	28 May 2020	31 March 2020	23 March 2020	31 Dec. 2019
Jacek Duch – Chairman of the Supervisory Board	31,458	31,458	31,458	31,458
Adam Góral – President of the Management Board	8,083,000	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.

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 3 months ended 31 March 2020.

7.4. Related party transactions

Transactions with our related parties have been presented in explanatory note 6.19 to the interim condensed consolidated financial statements of Asseco Group for the period of 3 months ended 31 March 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 disclosed in explanatory notes 6.13 and 8.1 to the interim condensed consolidated financial statements of Asseco Group for the period of 3 months ended 31 March 2020.

7.6. Changes in the Group management policies

During the period of 3 months ended 31 March 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 ability to continue as a going concern throughout the year 2020.

At the date of publication of this report, the Group has not yet completed the analysis and quantification of the impact that the SARS-CoV-2 coronavirus may have on its future financial position and financial results. Such impact will depend on the development of the epidemiological situation in Poland and worldwide, as well as on the actions that will be undertaken by the governments of the countries where the Group operates and the legislative measures they will ultimately enact. The Management Board has assessed that coronavirus-related situation may cause some delays in the implementation of those IT projects whose initiation phases were supposed to be started in the year 2020. Apart from Sopot Water Park, whose activities are not related to the Group's core business (IT services), all other companies of our Group operate on an ongoing basis and fulfill their contractual obligations within the deadlines specified in relevant contracts. The Group has sufficient financial resources to continue its business operations, including the settlement of current liabilities. The managements of the Group companies precisely analyze this dynamically developing situation, yet at the date of publication of this report, they see no fundamental problems with the continuation of the provision of services in the future. Asseco has a stable financial

situation, enabling a balanced approach to the challenges posed by the current crisis, and will continually monitor developments and adjust its activities to changing market conditions. However, in the event of prolonged occurrence of the pandemic and its negative impact on the global economy, this situation may have an adverse impact on both the organizational and financial aspects of the Group's operations.

There are numerous factors, both internal and external, 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 3 months ended 31 March 2020

Standalone Interim Statement of Profit and Loss and Other Comprehensive Income

Asseco Poland S.A.

STATEMENT OF PROFIT AND LOSS	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Operating revenues	203.9	195.1
Cost of sales	(142.4)	(135.6)
Gross profit on sales	**61.5**	**59.5**
Selling costs	(9.8)	(10.9)
General and administrative expenses	(20.9)	(18.9)
Net profit on sales	**30.8**	**29.7**
Other operating income	1.4	0.2
Other operating expenses	(0.8)	(0.8)
Operating profit	**31.4**	**29.1**
Financial income	109.5	82.9
Financial expenses	(6.3)	(2.8)
Pre-tax profit	**134.6**	**109.2**
Corporate income tax	(5.6)	(5.8)
Net profit for the reporting period	**129.0**	**103.4**
Earnings per share (in PLN):		
Basic earnings per share for the reporting period	1.55	1.25
Diluted earnings per share for the reporting period	1.55	1.25
Other comprehensive income:		
Net profit for the reporting period	**129.0**	**103.4**
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	-	(0.2)
Total other comprehensive income	**-**	**(0.2)**
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	**129.0**	**103.2**

Standalone Interim Statement of Financial Position

Asseco Poland S.A.

ASSETS	31 March 2020 mPLN	31 Dec. 2019 mPLN
Non-current assets		
Property, plant and equipment	284.4	284.6
Intangible assets	2,215.6	2,216.1
of which goodwill from business combinations	*1,932.5*	*1,932.5*
Right-of-use assets	83.6	87.0
Investment property	0.4	0.4
Investments in subsidiaries and associates	2,081.5	2,073.9
Other receivables and trade receivables	72.5	69.6
Prepayments and accrued income	13.3	14.1
Other financial assets	25.6	28.3
	4,776.9	**4,774.0**
Current assets		
Inventories	9.0	8.1
Trade receivables	139.9	170.9
Contract assets	76.9	50.1
Receivables from the state and local budgets	-	1.4
Other receivables	119.6	21.1
Prepayments and accrued income	43.7	38.8
Other assets	3.2	2.6
Cash and bank deposits	179.7	168.7
	572.0	**461.7**
Assets held for sale	-	-
	572.0	**461.7**
TOTAL ASSETS	**5,348.9**	**5,235.7**

Standalone Interim Statement of Financial Position

Asseco Poland S.A.

EQUITY AND LIABILITIES	31 March 2020 mPLN	31 Dec. 2019 mPLN
TOTAL EQUITY		
Share capital	83.0	83.0
Share premium	4,180.1	4,180.1
Retained earnings	758.3	629.3
	5,021.4	**4,892.4**
Non-current liabilities		
Lease liabilities	54.2	55.0
Other financial liabilities	8.3	6.0
Deferred tax liabilities	25.2	22.3
Contract liabilities	11.8	17.5
Other liabilities	0.1	0.1
Provisions	3.1	3.6
Deferred income	41.8	32.7
	144.5	**137.2**
Current liabilities		
Lease liabilities	22.5	27.6
Other financial liabilities	1.5	0.7
Trade payables	51.7	70.4
Contract liabilities	48.1	34.9
Corporate income tax payable	0.6	4.6
Other liabilities	19.0	24.7
Provisions	8.6	8.7
Accruals and deferred income	31.0	34.5
	183.0	**206.1**
TOTAL LIABILITIES	**327.5**	**343.3**
TOTAL EQUITY AND LIABILITIES	**5,348.9**	**5,235.7**

Standalone Interim Statement of Changes in Equity

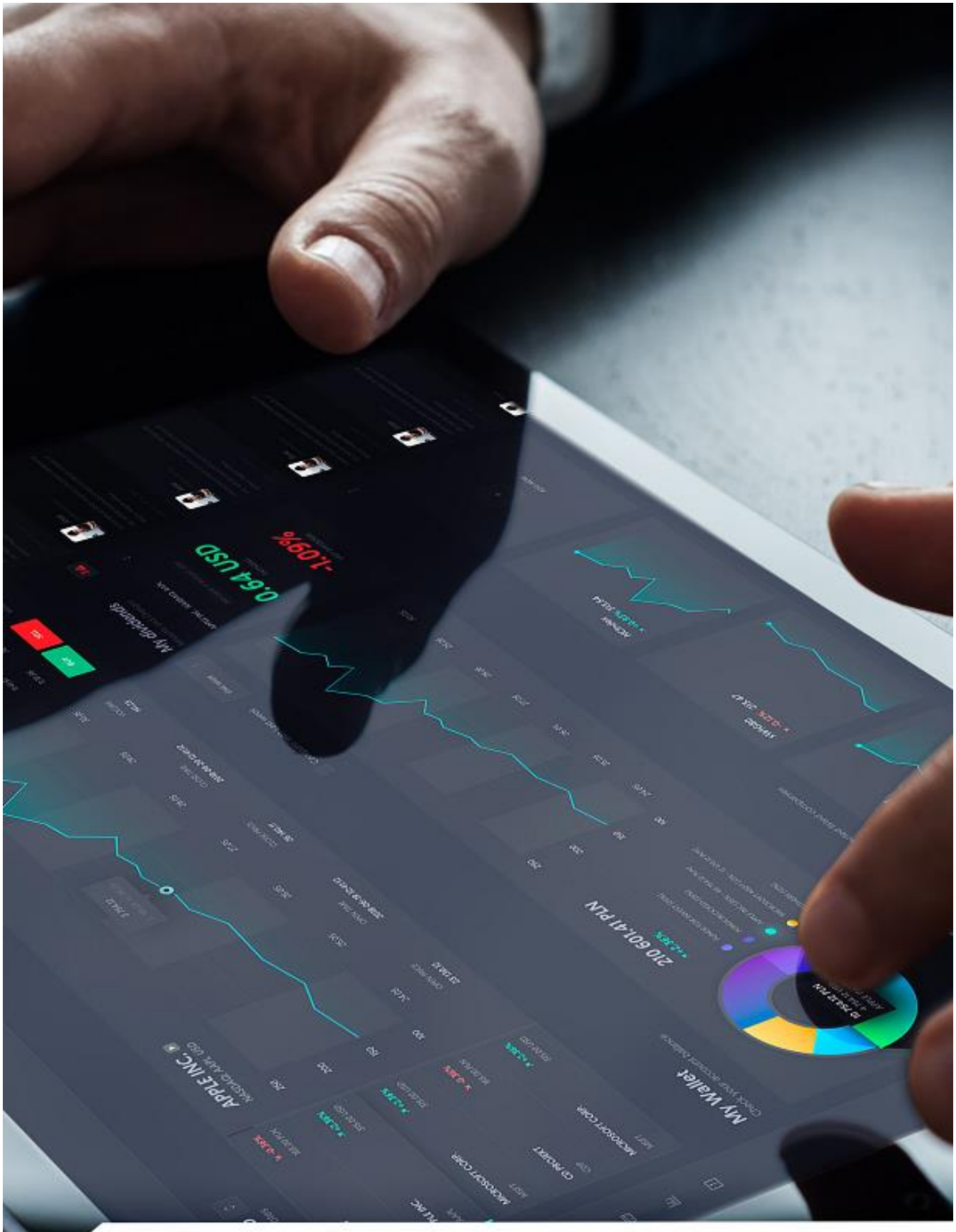
Asseco Poland S.A.

	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	**-**	**-**	129.0	**129.0**
As at 31 March 2020	**83.0**	**4,180.1**	**758.3**	**5,021.4**
As at 1 January 2019	**83.0**	**4,180.1**	**679.7**	**4,942.8**
Net profit	-	-	103.4	**103.4**
Total other comprehensive income	-	-	(0.2)	**(0.2)**
As at 31 March 2019	**83.0**	**4,180.1**	**782.9**	**5,046.0**

Standalone Interim Statement of Cash Flows

Asseco Poland S.A.

	3 months ended 31 March 2020 mPLN	3 months ended 31 March 2019 mPLN
Cash flows – operating activities		
Pre-tax profit	134.6	109.2
Total adjustments:	**(98.0)**	**(71.7)**
Depreciation and amortization	15.9	16.8
Changes in working capital	(12.7)	(7.5)
Interest income/expenses	(0.2)	0.1
Gain (loss) on foreign currency translation differences	(0.8)	(2.7)
Dividend income	(104.8)	(79.3)
Other financial income/expenses	5.1	0.8
Gain (loss) on investing activities	(0.5)	-
Other adjustments	-	0.1
Net cash generated from operating activities	**36.6**	**37.5**
Corporate income tax (paid) / recovered	(6.4)	(5.3)
Net cash provided by (used in) operating activities	**30.2**	**32.2**
Cash flows – investing activities		
Inflows:		
Disposal of property, plant and equipment, and intangible assets	0.7	3.0
Disposal of investments in related companies	0.5	0.4
Loans collected	2.0	0.4
Dividends received	6.5	4.7
Interest received	0.8	1.2
Outflows:		
Acquisition of property, plant and equipment, and intangible assets	(11.1)	(11.1)
Expenditures for development projects in progress	(4.9)	(8.1)
Acquisition of shares in related companies	(7.7)	(0.3)
Loans granted	(0.6)	(1.9)
Other outflows	-	(0.1)
Net cash provided by (used in) investing activities	**(13.8)**	**(11.8)**
Cash flows – financing activities		
Inflows:		
Grants received	3.4	-
Outflows:		
Repayments of bank loans and borrowings	-	(28.0)
Payments of lease liabilities	(8.2)	(7.8)
Interest paid	(0.8)	(1.6)
Net cash provided by (used in) financing activities	**(5.6)**	**(37.4)**
Net change in cash and cash equivalents	**10.8**	**(17.0)**
Net foreign currency translation differences	0.2	0.1
Cash and cash equivalents as at 1 January	168.7	264.7
Cash and cash equivalents as at 31 March	**179.7**	**247.8**



Approval for publication by the Management Board

These interim condensed consolidated financial statements of Asseco Group for the period of 3 months ended 31 March 2020 have been approved for publication by the Management Board of Asseco Poland S.A. on 28 May 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 Marek 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

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