

A hand holding a white stylus pointing at a tablet displaying a colorful network diagram. The background is a blurred indoor setting with a green plant and a wooden table.

# Financial Statements of Asseco Poland S.A.

for the year ended 31 December 2023

ASSECO

# Financial Statements of ASSECO POLAND S.A.

|  |           |
|--|-----------|
| STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME .....                                      | 4         |
| STATEMENT OF FINANCIAL POSITION .....  | 5         |
| STATEMENT OF CHANGES IN EQUITY .....   | 7         |
| STATEMENT OF CASH FLOWS .....  | 8         |
| EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS.....   | 10        |
| <b>I.    GENERAL INFORMATION.....</b>  | <b>10</b> |
| <b>II.   BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES APPLIED.....</b>    | <b>11</b> |
| 2.1. Basis for preparation.....  | 11        |
| 2.2. Impact of the war in Ukraine on the Company's business operations .....                           | 11        |
| 2.3. Compliance statement.....   | 11        |
| 2.4. Functional currency and presentation currency.....  | 12        |
| 2.5. Professional judgement and estimates .....  | 12        |
| 2.6. Accounting policies applied.....  | 13        |
| 2.7. New standards and interpretations published but not in force yet .....                            | 14        |
| 2.8. Impact of climate change .....  | 15        |
| 2.9. Correction of errors.....   | 15        |
| <b>III.  INFORMATION ON OPERATING SEGMENTS .....</b>   | <b>16</b> |
| <b>IV.  EXPLANATORY NOTES TO THE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME .....</b> | <b>18</b> |
| 4.1. Structure of operating revenues .....   | 18        |
| 4.2. Structure of operating costs.....   | 24        |
| 4.3. Other operating income and expenses .....   | 26        |
| 4.4. Financial income and expenses .....   | 27        |
| 4.5. Corporate income tax.....   | 28        |
| 4.6. Earnings per share.....   | 32        |
| 4.7. Information on dividends paid out.....  | 32        |
| <b>V.   EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION .....</b>                             | <b>33</b> |
| 5.1. Property, plant and equipment.....  | 33        |
| 5.2. Intangible assets.....  | 35        |
| 5.3. Right-of-use assets .....   | 42        |
| 5.4. Investments in subsidiaries and associates .....  | 44        |
| 5.5. Impairment testing of assets.....   | 47        |
| 5.6. Receivables and contract assets.....  | 53        |
| 5.7. Prepayments and accrued income .....  | 58        |
| 5.8. Other assets .....  | 59        |
| 5.9. Inventories .....   | 63        |
| 5.10. Cash and bank deposits.....  | 63        |
| 5.11. Non-current assets and liabilities held for sale .....   | 64        |
| 5.12. Assets and liabilities of the Company Social Benefits Fund.....                                  | 64        |
| 5.13. Share capital and other components of equity .....   | 64        |
| 5.14. Bank loans and debt securities issued.....   | 66        |
| 5.15. Lease liabilities .....  | 67        |
| 5.16. Other financial liabilities.....   | 69        |
| 5.17. Trade payables and other liabilities.....  | 70        |
| 5.18. Contract liabilities .....   | 72        |
| 5.19. Provisions.....  | 73        |
| 5.20. Accruals and deferred income.....  | 75        |
| 5.21. Related party transactions .....   | 76        |
| <b>VI.  EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS .....</b>                                     | <b>78</b> |
| 6.1. Cash flows – operating activities .....   | 78        |
| 6.2. Cash flows – investing activities .....   | 79        |
| 6.3. Cash flows – financing activities.....  | 80        |
| <b>VII. EXPLANATORY NOTES ON OBJECTIVES AND PRINCIPLES OF FINANCIAL RISK MANAGEMENT .....</b>          | <b>82</b> |
| <b>VIII. OTHER EXPLANATORY NOTES .....</b>   | <b>88</b> |
| 8.1. Off-balance-sheet liabilities.....  | 88        |

|  |           |
|--|-----------|
| 8.2. Seasonal and cyclical business .....                                      | 90        |
| 8.3. Employment .....  | 90        |
| 8.4. Remuneration of the entity authorized to audit financial statements ..... | 90        |
| 8.5. Remuneration of the Key Personnel .....                                   | 91        |
| 8.6. Capital management .....  | 92        |
| 8.7. Significant events after the reporting period .....                       | 92        |
| 8.8. Significant events related to prior years.....                            | 92        |
| <b>APPROVAL FOR PUBLICATION BY THE MANAGEMENT BOARD .....</b>                  | <b>93</b> |

# Statement of Profit and Loss and Other Comprehensive Income of Asseco Poland S.A.

| STATEMENT OF PROFIT AND LOSS               | Note       | 12 months ended  | 12 months ended  |
|--|------------|------------------|------------------|
|  |            | 31 December 2023 | 31 December 2022 |
|  |            | PLN mn           | PLN mn           |
| Operating revenues                         | <u>4.2</u> | 1,380.1          | 1,202.8          |
| Cost of sales                              | <u>4.2</u> | (1,042.6)        | (863.7)          |
| <b>Gross profit on sales</b>               |            | <b>337.5</b>     | <b>339.1</b>     |
| Selling costs                              | <u>4.2</u> | (54.8)           | (53.3)           |
| General and administrative expenses        | <u>4.2</u> | (96.8)           | (95.8)           |
| <b>Net profit on sales</b>                 |            | <b>185.9</b>     | <b>190.0</b>     |
| Other operating income                     | <u>4.3</u> | 3.2              | 6.1              |
| Other operating expenses                   | <u>4.3</u> | (1.3)            | (3.9)            |
| <b>Operating profit</b>                    |            | <b>187.8</b>     | <b>192.2</b>     |
| Financial income                           | <u>4.4</u> | 235.0            | 217.4            |
| Financial expenses                         | <u>4.4</u> | (31.8)           | (24.9)           |
| <b>Pre-tax profit</b>                      |            | <b>391.0</b>     | <b>384.7</b>     |
| Corporate income tax                       | <u>4.5</u> | (39.0)           | (44.1)           |
| <b>Net profit for the reporting period</b> |            | <b>352.0</b>     | <b>340.6</b>     |
| <b>Earnings per share (in PLN):</b>        |            |                  |                  |
| basic earnings per share                   | <u>4.6</u> | 4.46             | 4.10             |
| diluted earnings per share                 | <u>4.6</u> | 4.46             | 4.10             |

| OTHER COMPREHENSIVE INCOME  | 12 months ended  | 12 months ended  |
|---|------------------|------------------|
|   | 31 December 2023 | 31 December 2022 |
|   | PLN mn           | PLN mn           |
| <b>Net profit for the reporting period</b>                        | <b>352.0</b>     | <b>340.6</b>     |
| <i>Components that may be reclassified to profit or loss</i>      | -                | -                |
| <i>Components that will not be reclassified to profit or loss</i> | <b>(1.1)</b>     | <b>(0.2)</b>     |
| Actuarial gains/losses  | (1.4)            | (0.2)            |
| Income tax relating to components of other comprehensive income   | 0.3              | -                |
| <b>Total other comprehensive income</b>                           | <b>(1.1)</b>     | <b>(0.2)</b>     |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>        | <b>350.9</b>     | <b>340.4</b>     |

## Statement of Financial Position of Asseco Poland S.A.

| ASSETS  | Note        | 31 December 2023<br>PLN mn | 31 December 2022<br>PLN mn |
|---|-------------|----------------------------|----------------------------|
| <b>Non-current assets</b>                           |             |                            |                            |
| Property, plant and equipment                       | <u>5.1</u>  | 286.7                      | 289.6                      |
| Intangible assets                                   | <u>5.2</u>  | 2,203.7                    | 2,212.0                    |
| <i>of which goodwill from business combinations</i> | <u>5.2</u>  | 1,936.9                    | 1,936.9                    |
| Right-of-use assets                                 | <u>5.3</u>  | 104.9                      | 86.5                       |
| Investments in subsidiaries and associates          | <u>5.4</u>  | 1,975.1                    | 2,073.0                    |
| Other receivables and trade receivables             | <u>5.6</u>  | 1.8                        | 10.6                       |
| Prepayments and accrued income                      | <u>5.7</u>  | 37.5                       | 32.4                       |
| Other assets  | <u>5.8</u>  | 15.9                       | 15.8                       |
|   |             | <b>4,625.6</b>             | <b>4,719.9</b>             |
| <b>Current assets</b>                               |             |                            |                            |
| Inventories   | <u>5.9</u>  | 3.3                        | 10.6                       |
| Trade receivables                                   | <u>5.6</u>  | 241.2                      | 175.0                      |
| Contract assets                                     | <u>5.6</u>  | 172.8                      | 228.1                      |
| Other receivables                                   | <u>5.6</u>  | 21.9                       | 19.5                       |
| Prepayments and accrued income                      | <u>5.7</u>  | 22.9                       | 26.4                       |
| Other assets  | <u>5.8</u>  | 6.2                        | 3.8                        |
| Cash and bank deposits                              | <u>5.10</u> | 260.7                      | 306.4                      |
|   |             | <b>729.0</b>               | <b>769.8</b>               |
| Non-current assets held for sale                    | <u>5.11</u> | 20.1                       | 20.1                       |
|   |             | <b>749.1</b>               | <b>789.9</b>               |
| <b>TOTAL ASSETS</b>                                 |             | <b>5,374.7</b>             | <b>5,509.8</b>             |

# Statement of Financial Position of Asseco Poland S.A.

| EQUITY AND LIABILITIES               | Note        | 31 December 2023 | 31 December 2022 |
|--------------------------------------|-------------|------------------|------------------|
|                                      |             | <i>PLN mn</i>    | <i>PLN mn</i>    |
| <b>TOTAL EQUITY</b>                  |             |                  |                  |
| Share capital                        | <u>5.13</u> | 83.0             | 83.0             |
| Share premium                        |             | 4,180.1          | 4,180.1          |
| Treasury shares                      | <u>5.13</u> | (1,186.2)        | -                |
| Retained earnings and other capitals | <u>5.13</u> | 824.5            | 764.1            |
|                                      |             | <b>3,901.4</b>   | <b>5,027.2</b>   |
| <b>Non-current liabilities</b>       |             |                  |                  |
| Bank loans                           | 5.14        | 826.1            | -                |
| Lease liabilities                    | <u>5.15</u> | 76.0             | 60.1             |
| Other financial liabilities          | <u>5.16</u> | -                | 0.2              |
| Deferred tax liabilities             | <u>4.5</u>  | 21.1             | 37.6             |
| Contract liabilities                 | <u>5.18</u> | 36.2             | 27.1             |
| Corporate income tax payable         | <u>5.17</u> | 5.6              | 2.6              |
| Trade payables and other liabilities | <u>5.17</u> | 0.6              | 0.9              |
| Provisions                           | <u>5.19</u> | 6.9              | 4.9              |
| Accruals and deferred income         | <u>5.20</u> | 45.0             | 47.2             |
|                                      |             | <b>1,017.5</b>   | <b>180.6</b>     |
| <b>Current liabilities</b>           |             |                  |                  |
| Bank loans                           | 5.14        | 100.4            | -                |
| Lease liabilities                    | <u>5.15</u> | 13.4             | 12.8             |
| Other financial liabilities          | <u>5.16</u> | -                | 0.2              |
| Trade payables                       | <u>5.17</u> | 101.6            | 84.6             |
| Contract liabilities                 | <u>5.18</u> | 73.4             | 71.7             |
| Corporate income tax payable         | <u>5.17</u> | 32.3             | 9.0              |
| Other liabilities                    | <u>5.17</u> | 72.7             | 70.4             |
| Provisions                           | <u>5.19</u> | 9.7              | 5.7              |
| Accruals and deferred income         | <u>5.20</u> | 49.2             | 44.5             |
| Liabilities held for sale            | <u>5.11</u> | 3.1              | 3.1              |
|                                      |             | <b>455.8</b>     | <b>302.0</b>     |
| <b>TOTAL LIABILITIES</b>             |             | <b>1,473.3</b>   | <b>482.6</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |             | <b>5,374.7</b>   | <b>5,509.8</b>   |

## Statement of Changes in Equity of **Asseco Poland S.A.**

|  | Note        | Share capital | Share premium  | Treasury shares  | Retained earnings | Total equity     |
|--|-------------|---------------|----------------|------------------|-------------------|------------------|
| <b>As at 1 January 2023</b>                                |             | <b>83.0</b>   | <b>4,180.1</b> | -                | <b>764.1</b>      | <b>5,027.2</b>   |
| Net profit for the reporting period                        |             | -             | -              | -                | 352.0             | <b>352.0</b>     |
| Total other comprehensive income                           |             | -             | -              | -                | (1.1)             | <b>(1.1)</b>     |
| <b>Total comprehensive income for the reporting period</b> |             | -             | -              | -                | <b>350.9</b>      | <b>350.9</b>     |
| Dividend for the year 2022                                 | <u>4.7</u>  | -             | -              | -                | (290.5)           | <b>(290.5)</b>   |
| Acquisition of treasury shares                             | <u>5.13</u> | -             | -              | (1,186.2)        | -                 | <b>(1,186.2)</b> |
| <b>As at 31 December 2023</b>                              |             | <b>83.0</b>   | <b>4,180.1</b> | <b>(1,186.2)</b> | <b>824.5</b>      | <b>3,901.4</b>   |
| <b>As at 1 January 2022</b>                                |             | <b>83.0</b>   | <b>4,180.1</b> | -                | <b>702.6</b>      | <b>4,965.7</b>   |
| Net profit for the reporting period                        |             | -             | -              | -                | 340.6             | <b>340.6</b>     |
| Total other comprehensive income                           |             | -             | -              | -                | (0.2)             | <b>(0.2)</b>     |
| <b>Total comprehensive income for the reporting period</b> |             | -             | -              | -                | <b>340.4</b>      | <b>340.4</b>     |
| Dividend for the year 2021                                 | <u>4.7</u>  | -             | -              | -                | (278.9)           | <b>(278.9)</b>   |
| <b>As at 31 December 2022</b>                              |             | <b>83.0</b>   | <b>4,180.1</b> | -                | <b>764.1</b>      | <b>5,027.2</b>   |

## Statement of Cash Flows of Asseco Poland S.A.

|   | Note        | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|---|-------------|-------------------------------------|-------------------------------------|
|   |             | PLN mn                              | PLN mn                              |
| <b>Cash flows – operating activities</b>                            |             |                                     |                                     |
| Pre-tax profit  |             | 391.0                               | 384.7                               |
| <b>Total adjustments:</b>   |             | <b>(84.1)</b>                       | <b>(161.0)</b>                      |
| Depreciation and amortization                                       | <u>4.2</u>  | 60.4                                | 58.1                                |
| Changes in working capital  | <u>6.1</u>  | 42.0                                | (28.9)                              |
| Interest income/expenses  |             | 19.5                                | 0.5                                 |
| Gain/loss on foreign exchange differences                           |             | (1.5)                               | 5.0                                 |
| Dividend income   | <u>4.4</u>  | (215.8)                             | (191.3)                             |
| Other financial income/expenses                                     |             | 9.0                                 | (1.8)                               |
| Gain/loss on investing activities                                   |             | 2.3                                 | (2.6)                               |
| <b>Cash generated from operating activities</b>                     |             | <b>306.9</b>                        | <b>223.7</b>                        |
| Corporate income tax paid   | <u>4.5</u>  | (28.5)                              | (29.4)                              |
| <b>Net cash provided by (used in) operating activities</b>          |             | <b>278.4</b>                        | <b>194.3</b>                        |
| <b>Cash flows – investing activities</b>                            |             |                                     |                                     |
| <b>Inflows:</b>   |             |                                     |                                     |
| Disposal of property, plant and equipment, and intangible assets    | <u>6.2</u>  | 5.7                                 | 10.6                                |
| Sale of shares in related companies                                 | <u>6.2</u>  | 11.6                                | 27.2                                |
| Loans collected   | <u>6.2</u>  | 1.7                                 | 20.2                                |
| Dividends received  |             | 215.3                               | 192.2                               |
| Interest received   |             | 0.8                                 | 1.4                                 |
| Return of capital invested in a subsidiary company                  | <u>6.2</u>  | 88.9                                | -                                   |
| Proceeds from sale of equity instruments                            |             | -                                   | 2.0                                 |
| <b>Outflows:</b>  |             |                                     |                                     |
| Acquisition of property, plant and equipment, and intangible assets | <u>6.2</u>  | (32.5)                              | (42.6)                              |
| Expenditures for development projects in progress                   | <u>6.2</u>  | (13.6)                              | (26.2)                              |
| Acquisition of shares in related entities                           | <u>6.2</u>  | (13.9)                              | (8.3)                               |
| Loans granted   | <u>6.2</u>  | (3.5)                               | (4.9)                               |
| <b>Net cash provided by (used in) investing activities</b>          |             | <b>260.5</b>                        | <b>171.6</b>                        |
| <b>Cash flows – financing activities</b>                            |             |                                     |                                     |
| <b>Inflows:</b>   |             |                                     |                                     |
| Proceeds from bank loans  | <u>6.3</u>  | 944.6                               | -                                   |
| <b>Outflows:</b>  |             |                                     |                                     |
| Acquisition of treasury shares                                      | <u>5.13</u> | (1,186.2)                           | -                                   |
| Dividends paid out  | <u>6.3</u>  | (290.5)                             | (278.9)                             |
| Repayments of bank loans  | <u>6.3</u>  | (23.7)                              | -                                   |
| Payments of lease liabilities                                       | <u>6.3</u>  | (13.5)                              | (11.2)                              |
| Interest paid   | <u>6.3</u>  | (15.2)                              | (2.5)                               |
| <b>Net cash provided by (used in) financing activities</b>          |             | <b>(584.5)</b>                      | <b>(292.6)</b>                      |
| <b>Net change in cash and cash equivalents</b>                      |             | <b>(45.6)</b>                       | <b>73.3</b>                         |
| Net foreign exchange differences                                    |             | (0.1)                               | -                                   |
| Cash and cash equivalents as at 1 January                           |             | 306.4                               | 233.1                               |
| <b>Cash and cash equivalents as at 31 December</b>                  | <u>5.10</u> | <b>260.7</b>                        | <b>306.4</b>                        |





**Explanatory Notes**  
**to the Financial Statements**

**ASSECO**

# Explanatory Notes to the Financial Statements

## I. General information

| General information on the Company |                         |
|------------------------------------|-------------------------|
| Name                               | Asseco Poland S.A.      |
| Registered 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  |

Asseco Poland S.A. (the “Company”, “Issuer”, “Asseco”) with registered office at 14 Olchowa St., Rzeszów, Poland, 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.

Since 1998, the Company’s shares have been listed on the main market of the Warsaw Stock Exchange S.A.

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.

Asseco Poland S.A. focuses on the production and development of proprietary software, dedicated for each sector of the economy. As one of the very few companies in Poland, Asseco Poland S.A. develops and implements integrated core banking systems that are operated by over half of domestic banks. Furthermore, Asseco offers software solutions for the insurance industry and implements dedicated systems for the public administration, among others for the Polish Social Insurance Institution (ZUS) or the Ministry of Finance. Asseco implements numerous IT projects for the energy industry, telecommunications, healthcare, local governments, agriculture, uniformed services, as well as for international organizations and institutions.

As a leader of Asseco Group, Asseco Poland S.A. is actively engaged in mergers and acquisitions both in the Polish and foreign markets, seeking to strengthen its position across Europe and worldwide. 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.

## II. Basis for the preparation of financial statements and accounting policies applied

### 2.1. Basis for preparation

These 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 liabilities carried at fair value through profit or loss, as well as investment property measured at fair value.

These financial statements have been prepared on a going-concern basis, assuming the Company will continue its business activities in the foreseeable future. As at the date of approving these financial statements for publication, the Management has also considered the impact of the economic and political situation in the territory of Ukraine on business operations conducted by the Company and has found no circumstances that would threaten the Company's ability to continue as a going concern.

The Company also prepared the consolidated financial statements for the year ended 31 December 2023, which have been approved for publication on 27 March 2024.

### 2.2. Impact of the war in Ukraine on the Company's business operations

On 24 February 2022, the Russian invasion of Ukraine caused a radical change in the geopolitical situation of the entire region in which the Company is located. The Company does not conduct any significant business operations in Russia, Belarus or in Ukraine, nor does it hold any cash in Russian banks.

This situation had no direct impact on these financial statements. At the time of publication of these financial statements, the Company has not observed any significant impact of the current economic and political situation in Ukraine or the sanctions imposed on Russia on the Company's operations.

At the publication date, the situation is dynamic and therefore it is difficult to determine the long-term economic effects of the war in Ukraine and their impact on the overall macroeconomic situation, which indirectly affects the Company's financial results.

On a global scale, the war in Ukraine has translated into a less stable economic environment, rising inflation and higher interest rates. The Company's exposure to interest rate changes as well as other financial risks (including foreign currency risk and financial liquidity risk) are presented in section VII. For obvious reasons, the Company cannot exclude the possibility that in the long run an undoubtedly negative impact of the war on the overall economic situation in Poland and in the world may also have an adverse effect on the operations or financial results of the Company in the future.

### 2.3. Compliance statement

These financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU IFRS").

IFRS include standards and interpretations accepted by the International Accounting Standards Board ("IASB").

The scope of these standalone financial statements 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 annual reporting period from 1 January to 31 December 2023, as well as the comparable period from 1 January to 31 December 2022.

As at the date of approving publication of these financial statements, given the ongoing process of implementing IFRS in the European Union as well as the Company's operations, in the scope of accounting policies applied by the Company there is no difference between IFRS that came into force and IFRS endorsed by the EU.

These standalone financial statements provide a true and fair view of the Company's assets and financial position as at 31 December 2023, as well as the financial results of its operations and cash flows for the year ended 31 December 2023.

## 2.4. Functional currency and presentation currency

The presentation currency of these financial statements is the Polish zloty (PLN), and all figures are presented in millions of PLN (PLN mn) with one decimal place, unless stated otherwise. The Polish zloty is also the functional currency applied by Asseco Poland S.A. Any inaccuracies in totals, amounting to PLN 0.1 million, are due to the adopted rounding of numbers.

Transactions denominated in currencies other than the Polish zloty are, at the time of initial recognition, translated into Polish zlotys using the exchange rate effective on the transaction date.

At the reporting date:

- monetary items denominated in a foreign currency are translated at the closing exchange rate, this is at the mid exchange rate of that currency as quoted by the National Bank of Poland on the reporting date;
- non-monetary items carried at historical cost denominated in a foreign currency are translated using the exchange rate effective on the transaction date;
- non-monetary items carried at fair value denominated in a foreign currency are translated using the exchange rate effective on the fair value measurement date.

For valuation purposes, we have adopted the following exchange rates of euro and US dollar (and analogically the exchange rates of other currencies as quoted by the National Bank of Poland):

- ✓ exchange rate effective on 31 December 2023: EUR 1 = PLN 4.3480
- ✓ exchange rate effective on 31 December 2022: EUR 1 = PLN 4.6899
- ✓ exchange rate effective on 31 December 2023: USD 1 = PLN 3.9350
- ✓ exchange rate effective on 31 December 2022: USD 1 = PLN 4.4018

## 2.5. Professional judgement and estimates

Preparation of 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 Company's management best knowledge on the current activities and occurrences, the actual results may differ from those anticipated.

In relevant explanatory notes, we have disclosed the main areas which in the process of applying the accounting policies were subject to accounting estimates and professional judgement made by our management, and whose estimates, if changed, could significantly affect the Company's future results.

The table below provides a list of estimates made by the Company, along with explanatory notes in which they have been described.

| Selected estimates and judgements | Note        | Page number |
|-----------------------------------|-------------|-------------|
| Operating revenues                | <u>4.1</u>  | 18          |
| Corporate income tax              | <u>4.5</u>  | 27          |
| Property, plant and equipment     | <u>5.1</u>  | 33          |
| Intangible assets                 | <u>5.2</u>  | 35          |
| Right-of-use assets               | <u>5.3</u>  | 42          |
| Impairment testing of assets      | <u>5.5</u>  | 47          |
| Receivables and contract assets   | <u>5.6</u>  | 53          |
| Other assets                      | <u>5.8</u>  | 59          |
| Lease liabilities                 | <u>5.15</u> | 67          |
| Provisions                        | <u>5.19</u> | 73          |
| Accruals and deferred income      | <u>5.20</u> | 74          |

In the period of 12 months ended 31 December 2023, our approach to making estimates was not subject to any substantial modification in relation to the financial statements for the period of 12 months ended 31 December 2022.

## 2.6. Accounting policies applied

The table below provides a list of accounting policies applied by the Company, along with explanatory notes in which they have been described.

| Selected accounting policies                     | Note        | Page number |
|--|-------------|-------------|
| Operating revenues                               | <u>4.1</u>  | 18          |
| Operating costs                                  | <u>4.2</u>  | 24          |
| Other operating income and expenses              | <u>4.3</u>  | 26          |
| Financial income and expenses                    | <u>4.4</u>  | 26          |
| Corporate income tax                             | <u>4.5</u>  | 27          |
| Property, plant and equipment                    | <u>5.1</u>  | 33          |
| Intangible assets                                | <u>5.2</u>  | 35          |
| Right-of-use assets                              | <u>5.3</u>  | 42          |
| Investments in subsidiaries and associates       | <u>5.4</u>  | 44          |
| Impairment testing of assets                     | <u>5.5</u>  | 47          |
| Receivables and contract assets                  | <u>5.6</u>  | 53          |
| Prepayments and accrued income                   | <u>5.7</u>  | 58          |
| Other assets                                     | <u>5.8</u>  | 59          |
| Inventories                                      | <u>5.9</u>  | 63          |
| Cash and cash equivalents                        | <u>5.10</u> | 63          |
| Non-current assets and liabilities held for sale | <u>5.11</u> | 64          |
| Share capital                                    | <u>5.13</u> | 64          |
| Bank loans and debt securities issued            | <u>5.14</u> | 65          |
| Lease liabilities                                | <u>5.15</u> | 67          |
| Other financial liabilities                      | <u>5.16</u> | 69          |
| Trade payables and other liabilities             | <u>5.17</u> | 70          |
| Contract liabilities                             | <u>5.18</u> | 72          |
| Provisions                                       | <u>5.19</u> | 73          |
| Accruals and deferred income                     | <u>5.20</u> | 74          |

Accounting policies adopted in the preparation of these financial statements are consistent with those followed when preparing the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2023.

## ***Amendments to the International Financial Reporting Standards effective from 1 January 2023***

The amended standards and interpretations that were first applied in 2023:

- IFRS 17 'Insurance Contracts';
- Amendments to IAS 1 'Presentation of Financial Statements' and the IASB's 'Practice Statement on Disclosure of Accounting Policies';
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- Amendments to IAS 12 'Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction';
- Amendments to IAS 12 'Income Taxes: International Tax Reform – Pillar II Model Rules'. As of today, we are unable to estimate the possible impact of the implementation of Pillar II.

The amended standards and interpretations that were first applied in 2023, following their endorsement by the European Union, had no significant impact of these financial statements.

### **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;
- Amendments to IAS 1 'Presentation of Financial Statements – Classification of Liabilities as Current or Non-current' and 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date' and 'Non-current Liabilities with Covenants' (issued on 23 January 2020 and 15 July 2020 and on 31 October 2022, respectively) – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IFRS 16 'Leases – Lease Liability in a Sale and Leaseback' (issued on 22 September 2022) – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures: Supplier Finance Arrangements' (issued on 25 May 2023) – 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 2024;
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability' (issued on 15 August 2023) – 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 2025.

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 Company did not decide on early adoption of any standard, interpretation or amendment which has been published but has not yet become effective. The Company does not expect the amendments to IAS 1 'Presentation of Financial Statements – Classification of Liabilities as Current or Non-current' and 'Classification of Liabilities as Current or Non-current' to have a material impact on its financial statements. In the case of other changes, the Company is currently conducting an analysis of how they are going to impact its financial statements.

## 2.8. Impact of climate change

Considering the industry in which the Company operates and the nature of its business (production of software and provision of IT services), its impact on the environment is quite limited. For the same reason, in the Company's Management opinion neither environmental changes nor climate regulations will significantly affect the Company's operations in the short to medium term, particularly given that the Company has not made any significant climate commitments.

Nevertheless, climate change may affect the Company's operations in the following areas:

- new climate legislation may be introduced, imposing new obligations on the Company;
- increasing electricity costs may affect the Company's operating expenses;
- extreme weather phenomena may hinder our ability to provide on-site support services or affect the supply of purchased equipment.

On the other hand, the Company's operations may affect climate change in the following areas:

- use of electricity to run servers and maintain infrastructure associated with the services provided;
- use of energy, heating and air conditioning at many offices;
- fuel consumption by company cars;
- business trips;
- management of waste materials.

In 2023, the risk management process focused more on assessing threats and opportunities related to climate change. Due to the lack of energy-intensive production lines, the relevance of climate issues is quite limited. The Company took climate risks into account and analyzed the impact of climate change on its financial statements, in particular focusing on the following issues:

- useful life of assets;
- expected credit losses, including primarily allowances for receivables;
- impairment of non-financial assets;
- provisions, contingent liabilities and contingent assets;
- impact on revenues in the reporting period;
- impact on expenses (particularly energy costs) in the reporting period.

Based on the conducted analysis, the Company has concluded that the impact of climate change on the Company's financial statements is insignificant. Impact exerted by climate change on the Company's operations as well as the impact of Asseco's business on the climate have been described in more detail in the 'Non-Financial Information Report', section 'Environment', which was published on 27 March 2024.

## 2.9. Correction of errors

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

### III. Information on operating segments

According to IFRS 8, an operating segment is a separable component of the Company'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. The Company has identified the following reportable segments:

**Finance and Banking** – this segment offers comprehensive banking systems, capital market systems (for brokerage houses, banks, firms and institutions engaged in investing activities) as well as highly specialized solutions and IT services for the commercial insurance sector. During the period of 12 months ended 31 December 2023, the segment's major clients included: Bank PKO BP S.A., Bank Gospodarstwa Krajowego, SGB-Bank S.A., and VeloBank S.A. Revenues from none of the above-mentioned clients exceeded 10% of the Company's total sales in the period of 12 months ended 31 December 2023.

**Healthcare and Public Administration** – within this segment Asseco Poland S.A. carries out projects including the design, development, implementation and operation of dedicated IT systems. During the period of 12 months ended 31 December 2023, the segment's major clients included: Social Insurance Institution (ZUS), Agency for Restructuring and Modernization of Agriculture (ARiMR), National Healthcare Fund (NFZ), the Ministry of Justice, and the Chamber of Tax Administration in Cracow. Only revenues obtained from the Social Insurance Institution exceeded the threshold of 10% of the Company's total sales in the period of 12 months ended 31 December 2023.

**General Business** – this segment is engaged in the provision of dedicated IT solutions for large and medium-sized industrial enterprises. During the period of 12 months ended 31 December 2023, the segment's major clients included: Polsat Plus Group (telecom and media), Tauron Group (power industry), Enea Group (power industry), and PGE Group (power industry). Revenues from none of the above-mentioned clients exceeded 10% of the Company's total sales in the period of 12 months ended 31 December 2023.

None of the Company's operating segments needed to be combined with another operating segment in order to be identified as a reportable segment. The results achieved by individual segments are regularly monitored by the management in order to decide on allocation of resources among operating segments as well as to assess their performance and effects of such allocation. Operating profit (loss) is the main measure in evaluation of the segment's performance.

Financing activities (including financial expenses and income) as well as income taxes are monitored at the whole company level and therefore they are not allocated to individual operating segments. The Management also does not analyze cash flows in a breakdown by segments.

The transfer prices applied in transactions conducted between our operating segments are determined on an arm's length basis just as in case of transactions with unrelated parties.

The table below presents the key financial information reviewed by the chief operating decision maker in the Company. Operating assets that are employed in the generation of operating cash flows are individually allocated by the Company to its operating segments which involves the following asset classes: goodwill, intangible assets recognized in business combinations, research and development expenditures, and capitalized costs of fulfilling contracts with customers. Other operating assets employed in the generation of operating cash flows, including in particular net working capital, are allocated to operating segments using the allocation key based on the 3-year average annual operating profit margin. In addition, the Company decided to identify common (corporate) assets that contribute to the generation of future cash flows by multiple cash-generating units. Therefore, corporate assets are tested for potential impairment at the aggregate level of operating segments identified in the Company, after taking into account revenues and costs from corporate activities. The Company's corporate assets include portions of the "ASSECO" trademark, land and buildings where our representative offices are located, as well as company-wide intangible assets that have been allocated to operating activities.



| Period of 12 months ended<br>31 December 2023  | Finance and<br>Banking segment | Healthcare<br>and Public<br>Administration<br>segment | General Business<br>segment | Other         | Total          |
|--|--------------------------------|---|-----------------------------|---------------|----------------|
|  | PLN mn                         | PLN mn  | PLN mn                      | PLN mn        | PLN mn         |
| Sales to external customers  | 428.7                          | 696.9   | 216.1                       | 38.4          | <b>1,380.1</b> |
| Settlements between segments   | 5.7                            | (0.8)   | 0.9                         | (5.8)         | -              |
| <b>Net profit on sales of reportable<br/>segment</b>                                 | <b>71.1</b>                    | <b>102.3</b>  | <b>33.3</b>                 | <b>(20.8)</b> | <b>185.9</b>   |
| Depreciation and amortization  | (19.0)                         | (28.7)  | (6.3)                       | (6.4)         | <b>(60.4)</b>  |
| Intangible assets recognized in<br>business combinations allocated to the<br>segment | -                              | 19.0  | -                           | -             | <b>19.0</b>    |
| Goodwill from business combinations<br>allocated to the segment                      | 896.8                          | 859.1   | 181.0                       | n/a           | <b>1,936.9</b> |
| Other net assets allocated to the<br>segment   | 50.4                           | 28.0  | 36.6                        | -             | <b>115.0</b>   |
| Average number of employees,<br>recalculated into full-time salaried jobs            | 910                            | 1,092   | 272                         | 62            | <b>2,336</b>   |

| Period of 12 months ended<br>31 December 2022  | Banking and<br>Finance segment | Healthcare<br>and Public<br>Administration<br>segment | General Business<br>segment | Other         | Total          |
|--|--------------------------------|---|-----------------------------|---------------|----------------|
|  | PLN mn                         | PLN mn  | PLN mn                      | PLN mn        | PLN mn         |
| Sales to external customers  | 353.5                          | 643.1   | 180.2                       | 26.0          | <b>1,202.8</b> |
| Settlements between segments   | 1.8                            | (1.5)   | 3.2                         | (3.5)         | -              |
| <b>Net profit on sales of reportable<br/>segment</b>                                 | <b>71.0</b>                    | <b>113.0</b>  | <b>29.1</b>                 | <b>(23.1)</b> | <b>190.0</b>   |
| Depreciation and amortization  | (16.8)                         | (29.3)  | (5.9)                       | (6.1)         | <b>(58.1)</b>  |
| Intangible assets recognized in<br>business combinations<br>allocated to the segment | -                              | 25.4  | -                           | -             | <b>25.4</b>    |
| Goodwill from business<br>combinations allocated to the<br>segment                   | 896.8                          | 859.1   | 181.0                       | n/a           | <b>1,936.9</b> |
| Other net assets allocated to the<br>segment   | 59.3                           | 31.7  | 46.6                        | -             | <b>137.6</b>   |
| Average number of employees,<br>recalculated into full-time salaried<br>jobs         | 861                            | 1,031   | 267                         | 55            | <b>2,214</b>   |

## IV. Explanatory notes to the statement of profit and loss and other comprehensive income

### 4.1. Structure of operating revenues

#### *Selected accounting policies*

Revenues are recognized by the Company in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to customers, in accordance with the 'Five-Step Model'.

The Company is engaged in the sale of licenses and broadly defined IT services, and distinguishes the following types of revenues:

- revenues from the sale of proprietary licenses and services,
- revenues from the sale of third-party licenses and services, and
- revenues from the sale of hardware.

#### **a) Sale of proprietary licenses and services**

The category of 'Proprietary licenses and services' includes revenues from contracts with customers under which we supply our own software and/or provide related services.

- **Comprehensive IT projects**

A large portion of those revenues is generated from the performance of comprehensive IT projects, whereby the Company is committed to provide the customer with a functional IT system. In those situations the customer can only benefit from a functional system, being the final product that is comprised of our proprietary licenses and significant related services (for example, modifications or implementation). Under such contracts, the Company is virtually always required to provide the customer with comprehensive goods or services, including the supply of proprietary licenses and/or own modification services and/or own implementation services. This means that the so-called comprehensive IT contracts most often result in a separate performance obligation that consists in providing the customer with a functional IT system. In the case of a performance obligation that involves the provision of a functional IT system, we closely examine the promise in granting a licence under each contract. Each license is analyzed for being distinct from other goods or services promised in the contract. As a general rule, the Company considers that a commitment to sell a license under such performance obligation does not satisfy the criteria of being distinct, because the transfer of the license is only part of a larger performance obligation, and services sold together with the license present such a significant value so that it is impossible to determine whether the license itself is a predominant obligation.

Revenues from a performance obligation to provide a functional IT system are recognized over time, during the period of its development. This is because, in accordance with IFRS 15, revenues may be recognized over time of transferring control of the supplied goods/services, as long as the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date throughout the duration of the contract. In the Management's opinion, in the case of execution of comprehensive IT projects the provider cannot generate an asset with an alternative use because such systems together with the accompanying implementation services are "tailor-made". Concurrently, the analysis carried out so far showed that essentially all contracts concluded by the Company meet the criterion of ensuring an enforceable right to payment for performance completed throughout the duration of the contract. This means that revenues from comprehensive IT projects, which include the sale of proprietary licenses and own services, shall be recognized according to the percentage of completion method (based on the costs incurred so far) over time of transferring control of the sold goods/services to the customer. Relatively small IT projects, which are usually completed within one year or generate revenues that are insignificant in the Management's opinion, constitute a specific case where revenues may be recognized in the amount the Company is entitled to invoice, at the point in time of issuing the invoice or obtaining the right to issue the invoice.

- **Sale of proprietary licenses without significant related services**

In the event the sale of a proprietary license is distinct from other significant modification and/or implementation services, and thereby it constitutes a separate performance obligation, the Company considers whether the promise in granting the licence is to provide the customer with either:

- ✓ a right to access the entity's intellectual property in the form in which it exists throughout the licensing period; or
- ✓ a right to use the entity's intellectual property in the form in which it exists at the time of granting the license.

The vast majority of licenses sold separately by the Company (thus representing a separate performance obligation) are intended to provide the customer with a right to use the intellectual property, which means revenues from the sale of such licenses are recognized at the point in time at which control of the licence is transferred to the customer.

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This is tantamount to stating that in the case of proprietary licenses sold without significant related services, regardless of the licensing period, the arising revenues are recognized on a one-off basis at the point in time of transferring control of the licence. There are also instances where the Company sells licenses the nature of which is to provide a right to access the intellectual property and such licenses are sold for a definite period of time. In such cases, revenues are recognized over time throughout the duration of the sold license. In accordance with IFRS 15, licensing revenues are recognized by the Company based on the determination whether a license provides the customer with a right to access or a right to use.

▪ **Maintenance services and warranties**

The category of 'Proprietary licenses and services' also presents revenues from own maintenance services, including revenues from warranties. In the Management's opinion, such services generally constitute a separate performance obligation where the customer consumes the benefits of goods/services as they are delivered by the provider, as a consequence of which revenues are recognized over time during the service performance period.

In many cases, the Company also provides a warranty for goods and services sold. Based on the conducted analysis, we have ascertained that most warranties granted by the Company meet the definition of service, these are the so-called extended warranties the scope of which is broader than just an assurance to the customer that the product/service complies with agreed-upon specifications. The conclusion regarding the extended nature of a warranty is made whenever the Company contractually undertakes to repair any errors in the delivered software within a strictly specified time limit and/or when such warranty is more extensive than the minimum required by Polish law. The fact of granting an extended warranty indicates that the Company actually provides an additional service. In accordance with IFRS 15, this means the Company needs to recognize an extended warranty as a separate performance obligation and allocate a portion of the transaction price to such service. In all cases where an extended warranty is accompanied by a maintenance service, which is even a broader category than an extended warranty itself, revenues are recognized over time because the customer consumes the benefits of such service as it is performed by the provider. If this is the case, the Company continues to allocate a portion of the transaction price to such maintenance service. Likewise, in cases where a warranty service is provided after the project completion and is not accompanied by any maintenance service, then a portion of the transaction price and analogically recognition of a portion of contract revenues will have to be deferred until the warranty service is actually fulfilled.

In the case of warranties the scope of which is limited to the statutory minimum, the arising future and contingent obligations are covered by provisions for warranty repairs which, if materialized, will be charged as operating costs.

**b) Sale of third-party licenses and services**

The category of 'Third-party licenses and services' includes revenues from the sale of third-party licenses as well as from the provision of services which, due to technological or legal reasons, must be carried out by subcontractors (this applies to hardware and software maintenance and outsourcing services provided by their manufacturers). Revenues from the sale of third-party licenses are as a rule accounted for as sales of goods, which means that such revenues are recognized at the point in time at which control of the licence is transferred to the customer. Concurrently, revenues from third-party services, including primarily third-party maintenance services, are recognized over time when such services are provided to the customer. Whenever the Company is involved in the sale of third-party licenses or services, we consider whether the Company acts as a principal or an agent; however, in most cases the conclusion is that the Company is the main party required to satisfy a performance obligation and therefore the resulting revenues are recognized in the gross amount of consideration. If it is concluded that the Company is acting as an agent, only revenue in the amount of margin is recognized.

**c) Sale of hardware**

The category of the 'Sale of hardware' includes revenues from contracts with customers for the supply of infrastructure. In this category, revenues are recognized basically at the point in time at which control of the equipment is transferred. However, this does not apply to situations where hardware is not delivered separately from services provided alongside, in which case the sale of hardware is part of a performance obligation involving the supply of a comprehensive infrastructure system. Nonetheless, such comprehensive projects are a rare practice in the Company as the sale of hardware is predominantly performed on a distribution basis.

In the case of contracts that contain a component of providing a service or equipment, the entity considers whether such arrangements contain a lease (i.e. whether the entity conveys the right to control the use of an identified asset for a period of time in exchange for consideration). The Company has not identified any lease components within contracts concluded with customers.

**Variable consideration**

In accordance with IFRS 15, if a contract consideration encompasses any amount that is variable, the Company shall estimate the amount of consideration to which it will be entitled in exchange for transferring promised goods or services to the customer, and shall include a portion or the whole amount of variable consideration in the transaction price but only to the extent that it is highly probable a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Company is party to a number of contracts which provide for penalties for non-performance or improper

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performance of contractual obligations. Any contractual penalties may therefore affect the consideration, which has been determined as a fixed amount in the contract, and make it subject to change. Therefore, as part of estimating the amount of consideration receivable under a contract, the Company estimates the expected amount of consideration while taking into account the probability of paying such contractual penalties as well as other factors that might potentially change the consideration. This may consequently cause a reduction in revenues. Apart from contractual penalties, there are no other significant factors that may affect the amount of consideration (such as rebates or discounts), but in the event they were identified, they would also affect the amount of revenues recognized by the Company.

**Allocating the transaction price to performance obligations**

The Company allocates the transaction price to each performance obligation (distinct good or service) in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer.

**Significant financing component**

In determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Company with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract is deemed to contain a significant financing component.

As a practical expedient allowed under IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at the contract inception, that the period between when a promised good or service is transferred to the customer and when the customer pays for that good or service will be one year or less.

A contract with a customer does not contain a significant financing component if, among other factors, the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to the customer, and the difference between those amounts is proportional to the reason for the difference. This usually occurs when the contractual payment terms provide the customer with protection from the other party failing to adequately complete some or all of its obligations under the contract.

**Costs of contracts with customers**

The costs of obtaining a contract are those additional (incremental) costs incurred by the Company in order to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Company recognizes such costs as an asset if it expects to recover those costs. Such capitalized costs of obtaining a contract shall be amortized over a period when the Company satisfies the performance obligations arising from the contract.

As a practical expedient, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company would have otherwise recognized is one year or less.

Costs to fulfill a contract are the costs incurred in fulfilling a contract with a customer. The Company recognizes such costs as an asset if they are not within the scope of another standard (for example, IAS 2 'Inventories', IAS 16 'Property, Plant and Equipment' or IAS 38 'Intangible Assets') and if those costs meet all of the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract with a customer,
- b) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and
- c) the costs are expected to be recovered.

Such an asset is depreciated on a systematic basis over the period of delivering the related goods and services to the customer.

**Other practical expedients used by the Company**

When appropriate, the Company also applies a practical expedient permitted under IFRS 15 whereby if the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date (for example, a service contract in which an entity bills a fixed amount for each hour of service provided), the Company may recognize revenue in the amount it is entitled to invoice.

**Revenues other than revenues from contracts with customers (not subject to IFRS 15)**

Revenues other than revenues from contracts with customers are generated by the Company primarily from letting of own office space. Each time the Company determines whether all the risks and rewards incidental to the use of rented office space have been transferred to the customer. Most often, the Company concludes that space rental agreements have the characteristics of operating leases, and therefore revenues from such services are recognized in accordance with IFRS 16 (the Company acting as a lessor).

The Company generates revenues, among others, from lease contracts whereby the Company's assets are leased to customers for a fee. In accordance with IFRS 16, the Company determines whether the concluded contract transfers substantially all the risks and rewards incidental to ownership of the leased asset to the customer, and consequently makes an appropriate classification of contracts as operating or finance leases.

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**Company as a lessor**

The Company classifies each lease contract as an operating or finance lease at the lease commencement date. Lease contracts, whereby the Company retains substantially all the risks and rewards incidental to ownership of the leased asset are classified as operating leases. Lease payments receivable under operating leases are recognized as operating revenues on a straight-line basis over the lease term.

**Sublease contracts**

Sublease contracts are contracts whereby the Company acts both as a lessee and a lessor in relation to one and the same right-of-use asset. Such contracts are accounted for using the same classification criteria as applied by the lessor. If the main lease contract is a short-term lease, then it is classified by the Company as an operating lease.

**Estimates and judgements**

As described above, the Company fulfils performance obligations, a large number of which (including those for the provision of a functional IT system) are measured using the percentage of completion method. Such valuation requires making estimates of the remaining costs and revenues in order to measure the progress of project execution. The percentage of completion shall be measured as the relation of costs already incurred (provided such costs contribute to the progress of work) to the total costs planned, or as a portion of man-days worked out of the total work effort required. Making a valuation which results in revenue recognition each time requires the exercise of professional judgment and a significant amount of estimates.

Similarly, estimates and professional judgment are required in determining the expected amount of revenues from contracts with customers, in cases where the consideration is variable usually due to the determination of contractual penalties for delayed delivery of IT systems or performance of related services.

Estimates and professional judgment are also used in allocating the contract consideration to individual performance obligations. This applies in particular to the allocation of consideration to extended warranty services which, as a rule, are not specified separately within a contract.

Estimates of revenues other than revenues from contracts with customers are related to the assessment of the nature of contracts involving the provision of assets to customers (the Company acting as a lessor). The lease term is in most cases shorter than the substantial useful life of leased assets, and significant risks and rewards incidental to ownership of leased assets have not been transferred to the Company's customers, therefore the Company has concluded that these contracts are operating leases.

**Classification of lease contracts (the Company as a lessor)**

The Company classifies its lease contracts as operating or finance leases depending on whether substantially all the risks and rewards incidental to ownership of the leased asset are retained by the lessor or transferred to the lessee. Such assessment is based on the economic substance of each leasing transaction.

Operating revenues generated during the year ended 31 December 2023 and in the comparable period were as follows:

|   | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|---|-------------------------------------|-------------------------------------|
|   | PLN mn                              | PLN mn                              |
| <b>Operating revenues by type of products</b> |                                     |                                     |
| Proprietary software and services*            | 1,261.6                             | 1,106.8                             |
| Third-party software and services             | 99.4                                | 72.1                                |
| Hardware and infrastructure                   | 19.1                                | 23.9                                |
| <b>Total operating revenues</b>               | <b>1,380.1</b>                      | <b>1,202.8</b>                      |

\* including operating revenues from leases recognized in accordance with IFRS 16 which amounted to PLN 12.0 million in 2023, as compared to PLN 11.8 million in 2022

**i. Segment revenues in a breakdown by type of products**

|   | Finance and<br>Banking segment | Healthcare and<br>Public<br>Administration<br>segment | General Business<br>segment | Other       | Total          |
|---|--------------------------------|---|-----------------------------|-------------|----------------|
|   | PLN mn                         | PLN mn  | PLN mn                      | PLN mn      | PLN mn         |
| <b>12 months ended 31 December 2023</b> |                                |   |                             |             |                |
| Proprietary software and services*      | 413.7                          | 626.3   | 193.1                       | 28.5        | <b>1,261.6</b> |
| Third-party software and services       | 9.9                            | 57.0  | 22.7                        | 9.8         | <b>99.4</b>    |
| Hardware and infrastructure             | 5.1                            | 13.6  | 0.3                         | 0.1         | <b>19.1</b>    |
| <b>Total operating revenues</b>         | <b>428.7</b>                   | <b>696.9</b>  | <b>216.1</b>                | <b>38.4</b> | <b>1,380.1</b> |
| <b>12 months ended 31 December 2022</b> |                                |   |                             |             |                |
| Proprietary software and services*      | 350.5                          | 565.2   | 167.2                       | 23.9        | <b>1,106.8</b> |
| Third-party software and services       | 2.9                            | 54.7  | 12.5                        | 2.0         | <b>72.1</b>    |
| Hardware and infrastructure             | 0.1                            | 23.2  | 0.5                         | 0.1         | <b>23.9</b>    |
| <b>Total operating revenues</b>         | <b>353.5</b>                   | <b>643.1</b>  | <b>180.2</b>                | <b>26.0</b> | <b>1,202.8</b> |

\* including operating revenues from leases recognized in accordance with IFRS 16 which amounted to PLN 12.0 million in 2023, as compared to PLN 11.8 million in 2022. Such revenues are presented in the "Other" segment.

**ii. Revenues from contracts with customers by the method of recognition in the statement of profit and loss**

|  | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|--|-------------------------------------|-------------------------------------|
|  | PLN mn                              | PLN mn                              |
| <b>Revenues from contracts with customers recognized in accordance with IFRS 15:</b> |                                     |                                     |
| From goods and services transferred over the passage of time, of which:              | 1,259.4                             | 1,126.3                             |
| <i>Finance and Banking segment</i>   | 403.4                               | 347.0                               |
| <i>Healthcare and Public Administration segment</i>                                  | 643.0                               | 594.0                               |
| <i>General Business segment</i>  | 196.0                               | 172.0                               |
| <i>Other segment</i>   | 17.0                                | 13.3                                |
| From goods and services transferred at a specific point in time, of which:           | 108.7                               | 64.7                                |
| <i>Finance and Banking segment</i>   | 25.3                                | 6.5                                 |
| <i>Healthcare and Public Administration segment</i>                                  | 53.9                                | 49.1                                |
| <i>General Business segment</i>  | 20.1                                | 8.2                                 |
| <i>Other segment</i>   | 9.4                                 | 0.9                                 |
| <b>Revenues from operating leases recognized in accordance with IFRS 16</b>          | <b>12.0</b>                         | <b>11.8</b>                         |
| <b>Total operating revenues</b>  | <b>1,380.1</b>                      | <b>1,202.8</b>                      |

**iii. Other performance obligations**

The table below provides information on the total transaction price allocated to other performance obligations which remained unfulfilled (or partially unfulfilled) at the end of the reporting period. The Company has applied a practical expedient whereby it is not obliged to disclose information about the transaction price allocated to unfulfilled performance obligations, if a performance obligation is part of a contract whose expected duration is one year or shorter, or if the Company recognizes revenues from the fulfilment of a performance obligation in the amount it is entitled to invoice.

| Value of unfulfilled performance obligations from which revenues will be recognized in the coming years | 31 December 2023 |
|---|------------------|
|   | <i>PLN mn</i>    |
| 2024*   | 430.5            |
| 2025  | 124.2            |
| 2026 and later  | 68.4             |
| <b>Total</b>  | <b>623.1</b>     |

\* The line of 2024 includes only revenues to be recognized in the coming year from contracts to be completed after 1 January 2025 or later, which means that this amount does not include any revenues from contracts to be completed in the course or by the end of 2024.

In the comparable period, the value of unfulfilled performance obligations from which revenues will be recognized in the coming years was as follows:

| Value of unfulfilled performance obligations from which revenues will be recognized in the coming years | 31 December 2022 |
|---|------------------|
|   | <i>PLN mn</i>    |
| 2023*   | 460.9            |
| 2024  | 174.6            |
| 2025 and later  | 161.1            |
| <b>Total</b>  | <b>796.6</b>     |

\* The line of 2023 includes only revenues to be recognized in the coming year from contracts to be completed after 1 January 2024 or later, which means that this amount does not include any revenues from contracts to be completed in the course or by the end of 2023.

As at 31 December 2023, the Company analyzed the total amount of the transaction price allocated to performance obligations which remained unfulfilled (or partially unfulfilled) at the end of the reporting period. The conducted analysis showed that, as at 31 December 2023, the majority of performance obligations involving the delivery of a comprehensive IT system (measured using the percentage of completion method) resulted from contracts to be completed before or on 31 December 2024. Similarly, a significant majority of contracts for maintenance of IT systems are concluded for an indefinite period with a termination notice period shorter than 12 months, or for a definite period ending before or on 31 December 2024. Therefore, the Company considers such performance obligations to be short-term ones and thus subject to the above-described practical expedient. This means that as a result of applying the practical expedient, the table above presents in a breakdown by years only the portion of performance obligations arising from contracts to be completed in 2025 or later, or from contracts concluded for an indefinite period with a termination notice period longer than one year.

#### **iv. Operating revenues in a breakdown by countries in which they were generated**

|                                      | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|--------------------------------------|-------------------------------------|-------------------------------------|
|                                      | <i>PLN mn</i>                       | <i>PLN mn</i>                       |
| <b>Poland</b>                        | <b>1,352.0</b>                      | <b>1,177.1</b>                      |
| <b>Foreign countries, including:</b> | <b>28.1</b>                         | <b>25.7</b>                         |
| Germany                              | 12.1                                | 12.7                                |
| Lithuania                            | 6.6                                 | 4.3                                 |
| Slovak Republic                      | 5.3                                 | 4.0                                 |
| Belgium                              | 0.7                                 | 0.5                                 |
| Czech Republic                       | 0.7                                 | 0.5                                 |
| Austria                              | 0.2                                 | 0.4                                 |
| Luxembourg                           | 0.1                                 | 0.4                                 |
| Other                                | 2.4                                 | 2.9                                 |



|              |                |                |
|--------------|----------------|----------------|
| <b>Total</b> | <b>1,380.1</b> | <b>1,202.8</b> |
|--------------|----------------|----------------|

**v. Future minimum lease payments (the Company acting as a lessor)**

The table below presents future lease payments from operating leases, by maturity, showing the amounts of undiscounted lease payments to be received by the Company in the future. These are mainly revenues from leases of real estate.

|  | 12 months<br>ended<br>31 December<br>2023<br>PLN mn | 12 months<br>ended<br>31 December<br>2022<br>PLN mn |
|--|---|---|
| <b>Future undiscounted lease payments from operating leases, of which:</b> |   |   |
| in the period shorter than 1 year  | 2.6   | 0.9   |
| within 1 to 2 years  | 1.1   | 2.1   |
| within 2 to 3 years  | 0.4   | -   |
| within 3 to 4 years  | 0.3   | -   |
| in the period longer than 4 years  | 0.1   | 0.4   |
| <b>Total future lease payments</b>   | <b>4.5</b>  | <b>3.4</b>  |

#### 4.2. Structure of operating costs

##### *Selected accounting policies*

The Company maintains cost accounting both by cost nature and by cost function. Cost of sales comprises the costs arising directly from purchases of goods sold and generation of services sold. Selling costs include the costs of distribution and marketing activities (including sponsorship). General and administrative expenses include the costs of the Company's management and administration activities.

Cost of goods, materials and third-party services sold (COGS) represents the costs of purchasing equipment, third-party licenses and services that must be performed by third-party resources – most often software or hardware producers. These costs are related to revenues from the sale of third-party software and services, as well as revenues from the sale of hardware.

Employee benefits comprise all sorts of benefits offered by the Company in exchange for work performed by their employees or for termination of employment. If an employee performs work for the Company's benefit, we recognize a cost equal to the undiscounted value of employee benefits expected to be paid in exchange for such work. In addition to remuneration, the costs of employee benefits include all paid absences, benefits resulting from the bonus schemes applied in the Company, as well as post-employment benefits.

Costs related to the operation of Employee Pension Plans (PPE) represent the costs of post-employment benefits in the form of a defined contribution plan, and are recognized in the 'Costs of pension benefits' (relevant commitments are disclosed under other liabilities).

Third-party services costs include the costs of human resources outsourcing, subcontractor costs, and the costs of non-project-related third-party services.

##### *Estimates and judgements*

Due to the fact that the Company's costs are accounted for on an accrual basis, a portion of costs disclosed in the statement of profit and loss represent costs recognized as a result of estimates regarding, for example, the costs expected to arise from a bonus scheme offered to some employees of the Company.



Operating costs incurred during the year ended 31 December 2023 and in the comparable period were as follows:

|   | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|---|-------------------------------------|-------------------------------------|
|   | <i>PLN mn</i>                       | <i>PLN mn</i>                       |
| <b>Operating costs</b>                                      |                                     |                                     |
| Cost of goods, materials and third-party services sold      | (100.6)                             | (80.4)                              |
| Employee benefits   | (536.0)                             | (463.1)                             |
| Depreciation and amortization                               | (60.4)                              | (58.1)                              |
| Third-party services  | (373.2)                             | (305.3)                             |
| Other   | (124.0)                             | (105.9)                             |
| <b>Total</b>  | <b>(1,194.2)</b>                    | <b>(1,012.8)</b>                    |
| Cost of sales   | (1,041.6)                           | (864.7)                             |
| Selling costs   | (54.8)                              | (53.3)                              |
| General and administrative expenses                         | (96.8)                              | (95.8)                              |
| Recognition (reversal) of allowances for trade receivables* | (1.0)                               | 1.0                                 |
| <b>Total</b>  | <b>(1,194.2)</b>                    | <b>(1,012.8)</b>                    |

\* allocated entirely to the Cost of sales

Third-party services costs include the costs of human resources outsourcing amounting to PLN 189.3 million as well as the costs of subcontractors involved in the execution of IT projects amounting to PLN 175.3 million in the period of 12 months ended 31 December 2023. In the comparable period, such costs amounted to PLN 141.1 million and PLN 152.9 million, respectively.

In 2023, other operating costs included primarily maintenance of property and company cars in the amount of PLN 89.3 million, as well as advertising expenses in the amount of PLN 20.0 million. Whereas, in the comparable period other operating costs included primarily maintenance of property and company cars in the amount of PLN 78.6 million, as well as advertising expenses in the amount of PLN 18.7 million.

#### ***i. Costs of employee benefits***

|   | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|---|-------------------------------------|-------------------------------------|
|   | <i>PLN mn</i>                       | <i>PLN mn</i>                       |
| Salaries                                | (442.1)                             | (384.3)                             |
| Social insurance contributions          | (36.3)                              | (27.9)                              |
| Costs of pension benefits               | (47.7)                              | (43.1)                              |
| Other post-employment benefits          | (0.6)                               | (0.7)                               |
| Other costs of employee benefits        | (9.3)                               | (7.1)                               |
| <b>Total costs of employee benefits</b> | <b>(536.0)</b>                      | <b>(463.1)</b>                      |
| Cost of sales                           | (439.6)                             | (371.9)                             |
| Selling costs                           | (30.6)                              | (29.0)                              |
| General and administrative expenses     | (65.8)                              | (62.2)                              |
|   | <b>(536.0)</b>                      | <b>(463.1)</b>                      |

## ii. Reconciliation of depreciation and amortization charges

The table below presents the reconciliation of depreciation and amortization charges recognized in the statement of profit and loss with those disclosed in the tables of changes in property, plant and equipment, intangible assets, as well as in right-of-use assets:

|   | Note       | 12 months ended<br>31 December<br>2023<br>PLN mn | 12 months ended<br>31 December<br>2022<br>PLN mn |
|---|------------|--|--|
| Depreciation charges for the year as disclosed in the table of changes in property, plant and equipment | <u>5.1</u> | (25.8)   | (26.6)   |
| Amortization charges for the year as disclosed in the table of changes in intangible assets             | <u>5.2</u> | (23.3)   | (22.2)   |
| Depreciation charges for the year as disclosed in the table of changes in right-of-use assets           | <u>5.3</u> | (14.1)   | (12.1)   |
| Reduction of amortization charges due to recognition of grants to internally generated licenses         |            | 2.1  | 2.1  |
| Capitalization of amortization charges on research and development projects in progress                 |            | 0.7  | 0.7  |
| <b>Total depreciation and amortization charges</b>  |            | <b>(60.4)</b>                                    | <b>(58.1)</b>                                    |
| Cost of sales   |            | (51.7)   | (50.0)   |
| Selling costs   |            | (1.6)  | (1.7)  |
| General and administrative expenses   |            | (7.1)  | (6.4)  |
| <b>Total</b>  |            | <b>(60.4)</b>                                    | <b>(58.1)</b>                                    |

## 4.3. Other operating income and expenses

### Selected accounting policies

In other operating activities, the Company discloses primarily income and expenses that are not related to our core IT operations, including gain or loss on disposal of non-current assets.

Other operating income and expenses in the period of 12 months ended 31 December 2023 and in the comparable period were as follows:

| Other operating income  | 12 months ended<br>31 December 2023<br>PLN mn | 12 months ended<br>31 December 2022<br>PLN mn |
|---|---|---|
| Gain on disposal of property, plant and equipment and right-of-use assets | 1.9   | 4.5   |
| Reversal of provisions  | 0.5   | 0.5   |
| Penalties and compensations received                                      | 0.7   | 0.8   |
| Other   | 0.1   | 0.3   |
| <b>Total</b>  | <b>3.2</b>                                    | <b>6.1</b>                                    |

| Other operating expenses       | 12 months ended<br>31 December 2023<br>PLN mn | 12 months ended<br>31 December 2022<br>PLN mn |
|--------------------------------|---|---|
| Charitable contributions made  | (0.4)   | (2.9)   |
| Costs of post-accident repairs | (0.7)   | (0.7)   |
| Other                          | (0.2)   | (0.3)   |
| <b>Total</b>                   | <b>(1.3)</b>                                  | <b>(3.9)</b>                                  |

#### 4.4. Financial income and expenses

##### *Selected accounting policies*

*Interest income comprises primarily interest on investments in debt securities (including in particular loans granted) and on bank deposits. Such income is measured at amortized cost using the effective interest rate.*

*Other interest income includes interest on trade receivables, as well as unwinding of discounts on revenues (receivables) accounted for using the effective interest rate method.*

*Dividends are recognized when the shareholder's right to receive payment is established (i.e. most often on the so-called dividend record date or, if such a date is not determined in the resolution of the shareholders meeting, on the date of adopting the resolution on the distribution of profit).*

*Interest expenses incurred on external financing obtained by the Company, including on lease liabilities, are charged at amortized cost.*

*Positive and negative foreign exchange differences are presented in net amounts (reflecting the excess of positive differences over negative differences or otherwise).*

*Other financial expenses include bank fees and commissions, other interest expenses (interest on trade payables and unwinding of discounts on liabilities accounted for using the effective interest rate method), as well as other financial expenses not disclosed in any of the above categories.*

Financial income earned during the period of 12 months ended 31 December 2023 and in the comparable period was as follows:

| Financial income  | 12 months ended  | 12 months ended  |
|---|------------------|------------------|
|   | 31 December 2023 | 31 December 2022 |
|   | PLN mn           | PLN mn           |
| Interest income on investments in debt securities and bank deposits carried at amortized cost | 14.6             | 10.5             |
| Other interest income   | 2.0              | -                |
| Positive foreign exchange differences   | 1.7              | -                |
| Dividends receivable  | 215.8            | 191.3            |
| Gain on sale of equity instruments  | -                | 0.9              |
| Gain on exercise and/or valuation of derivative instruments                                   | 0.9              | 7.2              |
| Reversal of impairment loss on financial instruments  | -                | 7.5              |
| <b>Total</b>  | <b>235.0</b>     | <b>217.4</b>     |

Financial expenses incurred during the period of 12 months ended 31 December 2023 and in the comparable period were as follows:

| Financial expenses                                 | 12 months ended  | 12 months ended  |
|--|------------------|------------------|
|  | 31 December 2023 | 31 December 2022 |
|  | PLN mn           | PLN mn           |
| Interest expenses on bank loans and trade payables | (18.1)           | (1.1)            |
| Interest expenses on leases                        | (2.6)            | (2.5)            |
| Negative foreign exchange differences              | -                | (6.7)            |
| Impairment loss on investments                     | (9.9)            | (13.1)           |
| Loss on sale of shares in subsidiaries             | -                | (0.6)            |
| Other financial expenses                           | (1.2)            | (0.9)            |
| <b>Total</b>                                       | <b>(31.8)</b>    | <b>(24.9)</b>    |

The impairment loss on investments resulted from writing down our investment in the company DahliaMatic Sp. z o.o. by the amount of PLN 7.8 million as well as writing down our investment in the company Asseco Innovation Fund Sp. z o.o. by the amount of PLN 2.1 million.

## 4.5. Corporate income tax

### Selected accounting policies

The Company recognizes and measures its current and deferred income tax assets and liabilities in accordance with the requirements of IAS 12 'Income Taxes' on the basis of taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account the assessment of uncertainty over tax treatments.

Income tax comprises current and deferred portion. The current income tax is the amount determined on the basis of tax regulations, which is calculated on the taxable income for a given period and recognized as a liability in the amount it was not paid, or as a receivable if the amount of current income tax already paid exceeds the amount to be paid. Deferred income tax assets and liabilities are treated in whole as long-term items and are not discounted. They can be compensated against each other if the entity holds an enforceable legal title to offset the amounts recognized.

Deferred tax assets and deferred tax liabilities shall be valued using the future tax rates anticipated to be applicable at the time when a deferred tax asset is realized or a deferred tax liability is reversed, based on the tax rates (and tax regulations) legally or factually in force at the reporting date.

Income tax relating to items that are recognized directly in equity shall be disclosed under equity and not in the statement of profit and loss.

Deferred tax assets arising from unused tax losses are recognized by the Company to the extent that it is probable that sufficient future taxable income will be available to offset unused tax losses.

### Estimates and judgements

The Company makes an assessment of realizability of deferred income tax assets at each reporting date. This assessment requires the exercise of professional judgment and estimates.

Pursuant to IFRIC 23, if the Company believes it is probable that its particular tax treatment or group of tax treatments will be accepted by the taxation authority, then the Company shall determine the taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates consistently with the tax treatment that it used or plans to use in its income tax filings. When assessing such probability, the company shall assume that the taxation authority which is authorized to inspect and challenge its tax treatments will carry out an inspection and will have access to all information.

If the Company concludes it is not probable that its particular tax treatment or group of tax treatments will be accepted by the taxation authority, then the Company shall reflect the effects of such uncertainty in accounting for income tax for the period when so ascertained. The Company shall recognize an income tax liability using one of the following two methods, depending on which approach provides better predictions of the resolution of the uncertainty:

- the Company determines the most likely scenario – the single most likely amount in a range of possible outcomes, or
- the Company recognizes the expected value – the sum of amounts weighted by the probability of possible outcomes.

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

|  | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|--|-------------------------------------|-------------------------------------|
|  | PLN mn                              | PLN mn                              |
| Current income tax and prior years' adjustments                            | (55.2)                              | (35.9)                              |
| Deferred income tax  | 16.2                                | (8.2)                               |
| <b>Income tax expense as disclosed in the statement of profit and loss</b> | <b>(39.0)</b>                       | <b>(44.1)</b>                       |

The table below presents the amount of current income tax expense for 2023 and 2022, as disclosed in the statement of profit and loss, in a breakdown by type of operations and other items:

|   | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|---|-------------------------------------|-------------------------------------|
|   | PLN mn                              | PLN mn                              |
| <b>Current corporate income tax expense</b>       |                                     |                                     |
| Current income tax – core operations, of which:   | (43.8)                              | (24.8)                              |
| - activities qualifying for the IP Box tax relief | 5.6                                 | 1.8                                 |
| Current income tax – capital gains                | -                                   | (3.7)                               |
| Corrections of CIT filings for prior years        | (1.2)                               | 0.2                                 |
| Income tax of controlled foreign companies (CFC)  | (10.2)                              | (7.6)                               |
| <b>Total current corporate income tax expense</b> | <b>(55.2)</b>                       | <b>(35.9)</b>                       |

On 15 July 2016, Poland's Tax Code was amended to include the provisions of General Anti-Abuse Rule (GAAR). GAAR is intended to prevent the creation and use of artificial legal arrangements aiming to avoid payment of taxes in Poland. GAAR defines tax avoidance as an action carried out for the essential purpose of obtaining a tax benefit that under the circumstances is inconsistent with the object and purpose of relevant tax provisions. According to GAAR, an action shall not result in achieving a tax advantage if it is conducted on a non-genuine basis. The occurrence of (i) an unjustified division of operations, (ii) involvement of intermediaries without an economic or commercial reason, (iii) mutually cancelling or offsetting elements, as well as (iv) any other actions of similar nature may be considered to indicate the undertaking of artificial actions that are subject to GAAR provisions. The new regulations will require much greater judgment when assessing the tax effects of each transaction.

The general anti-abuse rule shall apply to transactions conducted after its entry into force as well as to transactions that were carried out prior to its entry into force but brought tax benefits after that time or still continue to bring such benefits. The implementation of the above-mentioned regulations shall enable the Polish tax control authorities to put into question the legal arrangements and agreements undertaken by taxpayers, including the restructuring or reorganization of a group of companies.

Regulations pertaining to the value added tax, corporate income tax, personal income tax or social security are frequently amended, thereby depriving taxpayers of a possibility to refer to well established court decisions and precedents. The current regulations in force are not always unambiguous, which may cause additional discrepancies in their interpretation. Tax treatments are subject to audit by the taxation authorities. Should any irregularities in tax settlements be detected, a taxpayer is obliged to pay the outstanding amounts along with the statutory interest thereon. Payment of tax arrears does not always release a taxpayer from penal and fiscal liability. Due to such circumstances, tax treatments are subject to a relatively high risk. Settlement of tax liabilities may come under control in a period of five years, counting from the end of the year in which relevant tax returns were filed. In effect, the amounts of taxes payable disclosed in the financial statements may be later changed, after they are finally determined by the taxation authorities.

Presented below is the reconciliation of corporate income tax payable on pre-tax profit at the statutory tax rate, with corporate income tax computed at the effective tax rate.

|   | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|---|-------------------------------------|-------------------------------------|
| <b>Pre-tax profit</b>   | <b>391.0</b>                        | <b>384.7</b>                        |
| Statutory corporate income tax rate   | 19%                                 | 19%                                 |
| <b>Corporate income tax computed at the statutory tax rate</b>  | <b>74.3</b>                         | <b>73.1</b>                         |
| Dividends received from subsidiaries and associates   | (39.1)                              | (31.7)                              |
| IP Box – difference resulting from the application of a different tax rate  | (15.4)                              | (5.3)                               |
| Expenses related to tax-exempt dividend income  | 2.4                                 | 2.8                                 |
| R&D tax reliefs   | (3.5)                               | (3.6)                               |
| CIT (difference between income tax recognized and the estimate of income tax to be declared, relating to the previous year) | 0.1                                 | (0.9)                               |
| Reversal of an allowance for a loan granted   | -                                   | (1.4)                               |
| Impairment losses on investments in subsidiaries  | 1.9                                 | 2.5                                 |
| Withholding income tax  | -                                   | (1.2)                               |
| Income tax of controlled foreign companies (CFC)  | 10.2                                | 7.6                                 |
| Sale of shares  | -                                   | (0.8)                               |
| Write-down on equity basket assets (tax loss, interest on bank loan)  | 2.5                                 | -                                   |
| Other permanent differences   | 5.6                                 | 3.0                                 |
| <b>Corporate income tax computed at the effective tax rate</b>  | <b>39.0</b>                         | <b>44.1</b>                         |
| <b>Effective rate of corporate income tax</b>   | <b>10.0%</b>                        | <b>11.5%</b>                        |

The Company carried out research and development work resulting in the creation of intellectual property rights, i.e. copyrights to a computer program, that were deemed as qualified IP rights within the meaning of the corporate income tax regulations. Income generated by the Company in 2023 from fees or proceeds arising from contracts that involved qualified IP rights, multiplied by the Nexus ratio, was taxed with the preferential CIT rate of 5% permitted under the so-called IP Box tax relief. Revenues from qualified intellectual property rights include: fees or proceeds resulting from license agreements related to qualified IP rights; proceeds from the sale of qualified IP rights or the sale of qualified IP rights included in the selling price of products or services.

Deferred tax assets arising from tax losses which were not recognized by the Group amounted to PLN 2.5 million as at 31 December 2023. Such non-recognition was mainly due to the Company's inability to utilize a tax loss as well as interest on a bank loan in the portion allocated to expenses from the equity basket.

The table below presents information on deferred income tax assets and liabilities as well as impact of their changes on comprehensive income.

|   | Deferred tax liabilities |                  | Deferred tax assets |                  | Deferred income tax recognized in comprehensive income |                                  |
|---|--------------------------|------------------|---------------------|------------------|--|----------------------------------|
|   | 31 December 2023         | 31 December 2022 | 31 December 2023    | 31 December 2022 | 12 months ended 31 December 2023                       | 12 months ended 31 December 2022 |
|   | PLN mn                   | PLN mn           | PLN mn              | PLN mn           | PLN mn   | PLN mn                           |
| Property, plant and equipment   | 12.7                     | 12.5             | 6.7                 | 6.8              | (0.3)  | 2.4                              |
| Intangible assets   | 22.6                     | 24.4             | -                   | -                | 1.8  | (2.9)                            |
| Right-of-use assets   | 14.6                     | 11.1             | -                   | -                | (3.5)  | 1.0                              |
| Other assets  | 0.4                      | 0.3              | 0.8                 | 0.9              | (0.2)  | (1.4)                            |
| Inventories   | -                        | -                | 0.1                 | 0.1              | -  | -                                |
| Prepayments   | 8.6                      | 8.9              | 14.8                | 10.2             | 4.9  | 5.0                              |
| Trade receivables   | 0.5                      | 0.3              | 1.7                 | 1.6              | (0.1)  | 1.8                              |
| Contract assets   | 32.8                     | 43.3             | -                   | -                | 10.5   | (16.7)                           |
| Other receivables and cash  | 0.6                      | 0.5              | 2.7                 | 0.9              | 1.7  | 0.2                              |
| Non-current assets held for sale  | 3.1                      | 3.1              | -                   | -                | -  | (3.1)                            |
| Bank loans  | 0.4                      | -                | 1.0                 | -                | 0.6  | -                                |
| Provisions  | -                        | -                | 3.1                 | 2.0              | 1.1  | 0.5                              |
| Trade payables  | -                        | -                | 1.0                 | 4.2              | (3.2)  | (0.1)                            |
| Contract liabilities  | -                        | -                | 17.8                | 16.0             | 1.8  | 1.1                              |
| Lease liabilities   | -                        | -                | 17.6                | 14.4             | 3.2  | (0.4)                            |
| Other liabilities   | -                        | -                | -                   | 1.7              | (1.7)  | 1.7                              |
| Accruals and deferred income  | -                        | -                | 8.9                 | 8.0              | 0.9  | 2.7                              |
| <b>Losses deductible against future taxable income</b>                          | -                        | -                | <b>1.5</b>          | -                | <b>1.5</b>   | -                                |
| <b>Deferred tax liabilities, gross</b>  | <b>96.3</b>              | <b>104.4</b>     | -                   | -                | <b>8.1</b>   | <b>(12.0)</b>                    |
| <b>Deferred tax assets, gross</b>   | -                        | -                | <b>77.7</b>         | <b>66.8</b>      | <b>10.9</b>  | <b>3.8</b>                       |
| <b>Write-down due to inability to realize a deferred tax asset</b>              | -                        | -                | <b>(2.5)</b>        | -                | <b>(2.5)</b>   | -                                |
| Deferred tax assets (+) / liabilities (-), net                                  | <b>(21.1)</b>            | <b>(37.6)</b>    |                     |                  |  |                                  |
| <b>Change in deferred income tax in the reporting period, of which:</b>         |                          |                  |                     |                  | <b>16.5</b>  | <b>(8.2)</b>                     |
| change in deferred income tax recognized directly in other comprehensive income |                          |                  |                     |                  | 0.3  | -                                |
| change in deferred income tax recognized in the statement of profit and loss    |                          |                  |                     |                  | 16.2   | (8.2)                            |

## 4.6. Earnings per share

### *Selected accounting policies*

*Basic earnings per share for each reporting period shall be computed by dividing the net profit from continuing operations for the reporting period by the weighted average number of shares outstanding in the given reporting period.*

*Diluted earnings per share for each reporting period shall be calculated by dividing the net profit from continuing operations for the reporting period by the total of weighted average number of shares outstanding in the given reporting period and all shares of potential new issues.*

Due to the buy-back of 14,808,872 own shares conducted on 21 September 2023, the weighted average number of ordinary shares outstanding was calculated as follows:

- 83,000,303 shares were included in the calculation for the period from 1 January to 20 September 2023;
- 68,191,431 shares were included in the calculation for the period from 21 September to 31 December 2023.

Based on the above assumptions, the weighted average number of shares outstanding in the period of 12 months ended 31 December 2023 was calculated at 78,861,933 shares.

The table below presents net profits and numbers of shares used for the calculation of earnings per share:

|  | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|--|-------------------------------------|-------------------------------------|
| Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share | 78,861,933                          | 83,000,303                          |
| Net profit for the reporting period (in millions of PLN)   | 352.0                               | 340.6                               |
| <b>Net earnings per share (in PLN)</b>   | <b>4.46</b>                         | <b>4.10</b>                         |

## 4.7. Information on dividends paid out

On 30 May 2023, the Annual General Meeting of Shareholders of Asseco Poland S.A. resolved that the net profit for the financial year 2022, which equalled PLN 340.6 million, should be distributed as follows: the amount of PLN 290.5 million was allocated for distribution among the Company's Shareholders through the payment of a dividend amounting to PLN 3.50 per share, while the remaining portion of the net profit in the amount of PLN 50.1 million was allocated to the reserve capital. The dividend record date was set for 19 June 2023; whereas, the dividend payment was scheduled for 28 June 2023.

On 25 May 2022, the Annual General Meeting of Shareholders of Asseco Poland S.A. resolved that the net profit for the financial year 2021, which equalled PLN 320.9 million, should be distributed as follows: the amount of PLN 278.9 million was allocated for distribution among the Company's Shareholders through the payment of a dividend amounting to PLN 3.36 per share, while the remaining portion of the net profit in the amount of PLN 42.0 million was allocated to the reserve capital. The dividend record date was set for 10 June 2022; whereas, the dividend payment was scheduled for 21 June 2022.



## V. Explanatory notes to the statement of financial position

### 5.1. Property, plant and equipment

#### Selected accounting policies

##### Initial recognition and measurement

Property, plant and equipment are disclosed at purchase cost or production cost decreased by accumulated depreciation and any impairment losses. The initial value of a tangible asset corresponds to its purchase cost increased by expenditures related directly to the purchase and adaptation of such asset to its intended use. Such expenditures also include the cost of replacing parts of machinery or equipment at the time when incurred if the asset recognition criteria are met. Any costs incurred after a tangible asset is made available for use, such as maintenance or repair fees, are expensed in the statement of profit and loss at the time when incurred.

At the time of purchase tangible assets are divided into components of significant value for which separate periods of useful life may be adopted. General overhaul expenses constitute a component of assets as well.

##### Impairment

At each reporting date, the Company determines whether there are any indications of impairment of tangible assets. In the event such indications occur, or when it is necessary to carry out an annual impairment test, the Company estimates the recoverable amount of a given asset or cash-generating unit to which such asset has been allocated. Impairment losses on assets used in continuing operations are recognized as operating expenses.

##### Derecognition

A tangible asset may be derecognized from the balance sheet after it is disposed of or when no economic benefits are expected from its further use. Any gains or losses resulting from derecognition of an asset from the balance sheet (measured as the difference between net proceeds from disposal of such asset and its carrying value) are recognized through profit or loss in the period when such derecognition is made.

##### Tangible assets under construction

Investments in progress relate to tangible assets under construction or during assembly and are recognized at purchase cost or production cost, decreased by any potential impairment losses. Tangible assets under construction are not depreciated until being completed and available for use.

##### Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset, that requires substantial time to be prepared to its intended use or sale, are capitalized by the Company as part of such asset's purchase price or production cost. Other borrowing costs are recognized as expenses in the period in which they are incurred.

#### Estimates and judgements

At each reporting date, the Company determines if there are any objective indications of impairment of a given component of property, plant and equipment. In addition, at the end of each financial year, the Company verifies the periods of useful life of property, plant and equipment.

Such assets are depreciated using the straight-line method over their expected useful lives.

The periods of useful life are presented in the table below:

|                                      | Period<br>(in years) |
|--------------------------------------|----------------------|
| Buildings                            | 50                   |
| Computers and other office equipment | 3-7                  |
| Transportation vehicles              | 4-5                  |
| Other tangible assets                | 2-40                 |
| Leasehold improvements               | 3-10                 |

Land is not depreciated because its useful life is indefinite.

The Company verifies the adopted periods of useful life at least once a year, taking into account the current estimates of the expected useful life of individual assets.

In 2023, the depreciation rates of tangible assets used by the Company were not subject to any significant modifications.

Changes in the book value of property, plant and equipment that took place during the period of 12 months ended 31 December 2023 and in the comparable period are presented below:

|  | Land and buildings | Computers and other office equipment | Transportation vehicles | Other tangible assets | Tangible assets under construction | Total          |
|--|--------------------|--------------------------------------|-------------------------|-----------------------|------------------------------------|----------------|
| <b>Gross book value as at 1 January 2023</b>                                       | <b>248.4</b>       | <b>142.1</b>                         | <b>30.9</b>             | <b>24.4</b>           | <b>3.5</b>                         | <b>449.3</b>   |
| <b>Additions, of which:</b>  | <b>1.4</b>         | <b>15.8</b>                          | <b>9.8</b>              | <b>0.9</b>            | <b>8.5</b>                         | <b>36.4</b>    |
| Purchases and modernization  | 0.3                | 9.7                                  | 7.8                     | 0.5                   | 8.5                                | 26.8           |
| Transfers from tangible assets under construction                                  | 1.1                | 6.1                                  | 2.0                     | 0.4                   | -                                  | 9.6            |
| <b>Reductions, of which:</b>   | <b>(0.3)</b>       | <b>(3.7)</b>                         | <b>(7.8)</b>            | <b>(0.2)</b>          | <b>(9.6)</b>                       | <b>(21.6)</b>  |
| Disposals  | (0.3)              | (3.5)                                | (7.7)                   | (0.1)                 | -                                  | (11.6)         |
| Liquidation  | -                  | (0.2)                                | (0.1)                   | (0.1)                 | -                                  | (0.4)          |
| Transfers from tangible assets under construction to property, plant and equipment | -                  | -                                    | -                       | -                     | (9.6)                              | (9.6)          |
| <b>Gross book value as at 31 December 2023</b>                                     | <b>249.5</b>       | <b>154.2</b>                         | <b>32.9</b>             | <b>25.1</b>           | <b>2.4</b>                         | <b>464.1</b>   |
| <b>Accumulated depreciation as at 1 January 2023</b>                               | <b>(51.3)</b>      | <b>(87.8)</b>                        | <b>(9.4)</b>            | <b>(11.2)</b>         | <b>-</b>                           | <b>(159.7)</b> |
| <b>Additions, of which:</b>  | <b>(5.7)</b>       | <b>(13.9)</b>                        | <b>(3.1)</b>            | <b>(3.1)</b>          | <b>-</b>                           | <b>(25.8)</b>  |
| Depreciation charges for the reporting period                                      | (5.7)              | (13.9)                               | (3.1)                   | (3.1)                 | -                                  | (25.8)         |
| <b>Reductions, of which:</b>   | <b>-</b>           | <b>3.7</b>                           | <b>4.2</b>              | <b>0.2</b>            | <b>-</b>                           | <b>8.1</b>     |
| Disposals  | -                  | 3.5                                  | 4.2                     | 0.1                   | -                                  | 7.8            |
| Liquidation  | -                  | 0.2                                  | -                       | 0.1                   | -                                  | 0.3            |
| <b>Accumulated depreciation as at 31 December 2023</b>                             | <b>(57.0)</b>      | <b>(98.0)</b>                        | <b>(8.3)</b>            | <b>(14.1)</b>         | <b>-</b>                           | <b>(177.4)</b> |
| <b>Net book value as at 1 January 2023</b>   | <b>197.1</b>       | <b>54.3</b>                          | <b>21.5</b>             | <b>13.2</b>           | <b>3.5</b>                         | <b>289.6</b>   |
| <i>of which net book value of tangible assets held under operating leases</i>      | <i>48.9</i>        | <i>-</i>                             | <i>-</i>                | <i>-</i>              | <i>-</i>                           | <i>48.9</i>    |
| <b>Net book value as at 31 December 2023</b>                                       | <b>192.5</b>       | <b>56.2</b>                          | <b>24.6</b>             | <b>11.0</b>           | <b>2.4</b>                         | <b>286.7</b>   |
| <i>of which net book value of tangible assets held under operating leases</i>      | <i>41.1</i>        | <i>-</i>                             | <i>-</i>                | <i>-</i>              | <i>-</i>                           | <i>41.1</i>    |

|  | Land and buildings | Computers and other office equipment | Transportation vehicles | Other tangible assets | Tangible assets under construction | Total          |
|--|--------------------|--------------------------------------|-------------------------|-----------------------|------------------------------------|----------------|
| <b>Gross book value as at 1 January 2022</b>                                       | <b>282.8</b>       | <b>148.3</b>                         | <b>26.0</b>             | <b>18.9</b>           | <b>6.8</b>                         | <b>482.8</b>   |
| <b>Additions, of which:</b>  | <b>0.8</b>         | <b>12.2</b>                          | <b>11.2</b>             | <b>7.1</b>            | <b>5.8</b>                         | <b>37.1</b>    |
| Purchases and modernization  | 0.4                | 10.2                                 | 9.6                     | 1.4                   | 5.8                                | 27.4           |
| Transfers from tangible assets under construction                                  | 0.4                | 1.2                                  | 1.6                     | 5.7                   | -                                  | 8.9            |
| Acquisition of right-of-use assets   | -                  | 0.8                                  | -                       | -                     | -                                  | 0.8            |
| <b>Reductions, of which:</b>   | <b>-</b>           | <b>(17.0)</b>                        | <b>(6.3)</b>            | <b>(1.1)</b>          | <b>(9.1)</b>                       | <b>(33.5)</b>  |
| Disposals  | -                  | (3.3)                                | (6.3)                   | (0.8)                 | -                                  | (10.4)         |
| Liquidation  | -                  | (13.7)                               | -                       | (0.3)                 | (0.2)                              | (14.2)         |
| Transfers from tangible assets under construction to property, plant and equipment | -                  | -                                    | -                       | -                     | (8.9)                              | (8.9)          |
| Reclassification to assets held for sale   | (35.2)             | (1.4)                                | -                       | (0.5)                 | -                                  | (37.1)         |
| <b>Gross book value as at 31 December 2022</b>                                     | <b>248.4</b>       | <b>142.1</b>                         | <b>30.9</b>             | <b>24.4</b>           | <b>3.5</b>                         | <b>449.3</b>   |
| <b>Accumulated depreciation as at 1 January 2022</b>                               | <b>(63.3)</b>      | <b>(90.5)</b>                        | <b>(10.0)</b>           | <b>(9.6)</b>          | <b>-</b>                           | <b>(173.4)</b> |
| <b>Additions, of which:</b>  | <b>(6.5)</b>       | <b>(15.2)</b>                        | <b>(2.8)</b>            | <b>(2.9)</b>          | <b>-</b>                           | <b>(27.4)</b>  |
| Depreciation charges for the reporting period                                      | (6.5)              | (14.4)                               | (2.8)                   | (2.9)                 | -                                  | (26.6)         |
| Acquisition of right-of-use assets   | -                  | (0.8)                                | -                       | -                     | -                                  | (0.8)          |
| <b>Reductions, of which:</b>   | <b>-</b>           | <b>16.8</b>                          | <b>3.4</b>              | <b>0.8</b>            | <b>-</b>                           | <b>21.0</b>    |
| Disposals  | -                  | 3.2                                  | 3.4                     | 0.6                   | -                                  | 7.2            |
| Liquidation  | -                  | 13.6                                 | -                       | 0.2                   | -                                  | 13.8           |
| Reclassification to assets held for sale   | 18.5               | 1.1                                  | -                       | 0.5                   | -                                  | 20.1           |
| <b>Accumulated depreciation as at 31 December 2022</b>                             | <b>(51.3)</b>      | <b>(87.8)</b>                        | <b>(9.4)</b>            | <b>(11.2)</b>         | <b>-</b>                           | <b>(159.7)</b> |
| <b>Net book value as at 1 January 2022</b>   | <b>219.5</b>       | <b>57.8</b>                          | <b>16.0</b>             | <b>9.3</b>            | <b>6.8</b>                         | <b>309.4</b>   |
| <i>of which net book value of tangible assets held under operating leases</i>      | <i>49.1</i>        | <i>-</i>                             | <i>-</i>                | <i>-</i>              | <i>-</i>                           | <i>49.1</i>    |
| <b>Net book value as at 31 December 2022</b>                                       | <b>197.1</b>       | <b>54.3</b>                          | <b>21.5</b>             | <b>13.2</b>           | <b>3.5</b>                         | <b>289.6</b>   |
| <i>of which net book value of tangible assets held under operating leases</i>      | <i>48.9</i>        | <i>-</i>                             | <i>-</i>                | <i>-</i>              | <i>-</i>                           | <i>48.9</i>    |

## 5.2. Intangible assets

### Selected accounting policies

#### Intangible assets purchased

Intangible assets purchased in a separate transaction shall be capitalized at purchase cost. The purchase cost of intangible assets acquired under a business combination shall be equal to their fair value as at the merger date.

#### Goodwill

Goodwill is an asset representing future economic benefits arising from assets acquired as part of a business combination that cannot be individually identified or separately recognized.

In the standalone financial statements, goodwill is an asset arising from combinations of businesses under common control. The amount of goodwill is initially measured as the excess of the purchase price paid over the net value of identifiable assets acquired and, in the standalone accounting books, it is recognized at the date of merger of the acquired businesses.

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A business combination involving business entities under common control is a business combination whereby all of the combining business entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory. This refers in particular to transactions such as a transfer of companies or ventures between individual companies within a capital group, or a merger of a parent company with its subsidiary. The effects of combinations of businesses under common control are accounted for by the Company by the pooling of interests method, assuming that:

- assets and liabilities of the combining business entities are measured at their carrying values as disclosed in the Company's consolidated financial statements. This means that goodwill previously recognized in the consolidated financial statements as well as any other intangible assets recognized in the merger accounting process are transferred to the standalone financial statements;
- merger-related transaction costs are expensed in the statement of profit and loss (financial expenses);
- mutual balances of accounts receivable/ payable are eliminated;
- any difference between the purchase price paid or transferred and the value of net assets acquired (at their carrying values disclosed in the consolidated financial statements) shall be recognized in equity of the acquirer (such amounts recognized in equity are not included in reserve capital, and therefore they are not distributable);
- the statement of profit and loss presents the financial results of both combined entities from the date when their merger was effected; whereas, the results for earlier reporting periods are not restated.

In the event of a business combination in which an investment in one subsidiary is contributed to another subsidiary or in which two subsidiaries of Asseco Poland S.A. are combined, the carrying value of investment in the acquiree subsidiary is only transferred to the value of investment in the acquirer subsidiary. Hence, a takeover of one subsidiary by another subsidiary has no impact on the Company's financial results whatsoever.

#### **"ASSECO" trademark**

The "ASSECO" trademark is the only intangible asset considered by the Management Board to have an indefinite useful life. Therefore, this asset is not amortized and only tested for impairment on an annual basis.

#### **Internally generated intangible assets**

The Company presents in separate categories the final products of development projects ("internally generated software") and the products which have not been finished yet ("costs of development projects in progress"). An intangible asset generated internally as a result of development work (or completion of the development phase of an internal project) may be recognized if, and only if, the Company is able to demonstrate:

- the technical feasibility of completing such intangible asset so that it would be available for use or sale;
- the intention to complete the construction of such intangible asset;
- the ability to use or sell such intangible asset;
- how such intangible asset is going to generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development work and to make the intangible asset ready for use or sale;
- its ability to reliably measure the expenditure for the development work attributable to such intangible asset.

The cost of an internally generated intangible asset is the sum of expenditures incurred from the date when the intangible asset first meets the above-mentioned recognition criteria. Expenditures previously recognized as expenses may not be capitalized. The cost of an internally generated intangible asset comprises directly attributable costs necessary to create, produce, and prepare that asset to be capable of operating in the manner intended by management.

Such costs shall include basically employee benefits, expenditures for materials and services that are used or consumed directly in the project implementation, depreciation charges on equipment used in the generation process, as well as costs of any office space utilized by the development team.

Until completion of the development work, accumulated costs directly attributable to such development work are disclosed as "costs of development projects in progress". Upon completion of the development work, the ready-made product of the development work is reclassified to the category of "Internally generated software" and from that time the Company begins to amortize such internally generated software. Costs of development work which satisfy the above-mentioned criteria are capitalized at purchase cost less accumulated amortization and accumulated impairment losses. All the expenditures related to completed development projects are subject to amortization over the estimated period in which the related undertaking generates sales revenues.

Amortization charges against intangible assets with a definite period of useful life are recognized in profit or loss, in the category which corresponds to the function of each individual intangible asset.

Intangible assets with an indefinite period of useful life and those which are no longer used are tested for possible impairment at least once a year and whenever there are indications to do so. The remaining intangible assets shall be tested for impairment when there are indications of a possible impairment. Should the carrying value exceed the estimated recoverable amount (the higher of the following two amounts: net sales price or value in use), the value of these assets shall be reduced to the recoverable amount.

Any gains or losses resulting from derecognition of an intangible asset from the statement of financial position are measured as the difference between net proceeds from the sale of such an asset and its carrying value, and are recognized as other operating income or expenses in the statement of profit and loss at the time when such derecognition is made.

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## Estimates and judgements

At each reporting date, the Company determines if there are any objective indications of impairment of a given component of intangible assets, as described in note 5.5 below.

The period of useful life of an intangible asset shall be assessed and classified as definite or indefinite. Intangible assets with a definite period of useful life are amortized using the straight-line method over their expected useful life, and amortization charges are expensed adequately in the statement of profit and loss.

The periods of useful life are presented in the table below:

| Type                                   | Period<br>(in years) |
|--|----------------------|
| Purchased licenses and software        | 2-10                 |
| Costs of research and development work | 2-15                 |
| Customer relations                     | 14-19                |
| Other                                  | 4-18                 |

The Company verifies the adopted periods of useful life on an annual basis, taking into account the current estimates. In 2023, the amortization rates of intangible assets used by the Company were not subject to any significant modifications.

The costs of internally generated intangible assets are measured and capitalized in line with the Company's accounting policy. The determination of when to begin the capitalization of such costs is subject to the management's professional judgement as to the technological and economic feasibility of completing the development project. This moment is determined by reaching a stage (milestone) of the project, at which the Company is reasonably certain of being able to complete the intangible asset so that it will be available for use or sale, and that future economic benefits to be obtained from use or sale of such intangible asset will exceed its production cost.

Thus, when determining the amount of capitalizable expenditures, the Management Board needs to estimate the present value of future cash flows to be generated by the intangible asset.

Goodwill as well as intangible assets with an indefinite period of useful life and intangible assets under construction are tested for impairment on an annual basis as well as at each reporting date when there is a justified indication to do so. Performing such a test requires estimating the recoverable amount of a cash-generating unit and is usually carried out using the discounted cash flow method, which entails the need to make estimates for future cash flows, changes in working capital and the weighted average cost of capital.

The Management Board has decided that the useful life of this trademark is indefinite, because it is expected to contribute to the generation of net cash flows by the Company in the future for an indefinite period of time.

### Intangible assets recognized in business combinations

The table below presents intangible assets recognized in business combinations of Asseco Poland S.A. with other companies:

|   | Customer relations | Internally generated software | Total       |
|---|--------------------|-------------------------------|-------------|
| <b>As at 1 January 2023:</b>                  |                    |                               |             |
| Gross value                                   | 127.0              | 60.1                          | 187.1       |
| Accumulated amortization                      | (101.6)            | (60.1)                        | (161.7)     |
| <b>Net book value as at 1 January 2023</b>    | <b>25.4</b>        | <b>-</b>                      | <b>25.4</b> |
| <b>As at 31 December 2023:</b>                |                    |                               |             |
| Gross value                                   | 120.2              | 60.1                          | 180.3       |
| Accumulated amortization                      | (101.2)            | (60.1)                        | (161.3)     |
| <b>Net book value as at 31 December 2023</b>  | <b>19.0</b>        | <b>-</b>                      | <b>19.0</b> |
| Amortization charges for the reporting period | (6.4)              | -                             | (6.4)       |
| <b>As at 1 January 2022:</b>                  |                    |                               |             |
| Gross value                                   | 127.0              | 60.1                          | 187.1       |
| Accumulated amortization                      | (95.3)             | (60.0)                        | (155.3)     |
| <b>Net book value as at 1 January 2022</b>    | <b>31.7</b>        | <b>0.1</b>                    | <b>31.8</b> |
| <b>As at 31 December 2022:</b>                |                    |                               |             |
| Gross value                                   | 127.0              | 60.1                          | 187.1       |
| Accumulated amortization                      | (101.6)            | (60.1)                        | (161.7)     |
| <b>Net book value as at 31 December 2022</b>  | <b>25.4</b>        | <b>-</b>                      | <b>25.4</b> |
| Amortization charges for the reporting period | (6.3)              | (0.1)                         | (6.4)       |

Changes in the book value of intangible assets that took place during the period of 12 months ended 31 December 2023 and in the comparable period are presented below:

|  | Goodwill       | Internally generated software and licenses | Costs of R&D projects in progress | Purchased software, patents, licenses and other intangibles | Intangible assets recognized in business combinations | "ASSECO" trademark | Total          |
|--|----------------|--|-----------------------------------|---|---|--------------------|----------------|
| <b>Gross book value as at 1 January 2023</b>                                 | <b>2,017.1</b> | <b>158.3</b>                               | <b>41.2</b>                       | <b>120.5</b>  | <b>187.1</b>  | <b>137.6</b>       | <b>2,661.8</b> |
| <b>Additions, of which:</b>  | -              | <b>30.2</b>                                | <b>14.2</b>                       | <b>5.0</b>  | <b>3.2</b>  | -                  | <b>52.6</b>    |
| Purchases and modernization  | -              | -  | -                                 | 5.0   | -   | -                  | <b>5.0</b>     |
| Capitalization of the costs of research and development projects             | -              | -  | 14.2                              | -   | -   | -                  | <b>14.2</b>    |
| Transfers from the costs of research and development projects in progress    | -              | 30.2                                       | -                                 | -   | -   | -                  | <b>30.2</b>    |
| Impairment losses  | -              | -  | -                                 | -   | 3.2   | -                  | <b>3.2</b>     |
| <b>Reductions, of which:</b>   | -              | <b>(6.4)</b>                               | <b>(30.2)</b>                     | <b>(12.2)</b>   | <b>(10.0)</b>   | -                  | <b>(58.8)</b>  |
| Liquidation  | -              | (6.4)                                      | -                                 | (12.2)  | (10.0)  | -                  | <b>(28.6)</b>  |
| Transfers to internally generated software                                   | -              | -  | (30.2)                            | -   | -   | -                  | <b>(30.2)</b>  |
| <b>Gross book value as at 31 December 2023</b>                               | <b>2,017.1</b> | <b>182.1</b>                               | <b>25.2</b>                       | <b>113.3</b>  | <b>180.3</b>  | <b>137.6</b>       | <b>2,655.6</b> |
| <b>Accumulated amortization and impairment losses as at 1 January 2023</b>   | <b>(80.2)</b>  | <b>(90.9)</b>                              | <b>(9.4)</b>                      | <b>(107.6)</b>  | <b>(161.7)</b>  | -                  | <b>(449.8)</b> |
| <b>Additions, of which:</b>  | -              | <b>(16.8)</b>                              | <b>(0.5)</b>                      | <b>(3.5)</b>  | <b>(6.4)</b>  | -                  | <b>(27.2)</b>  |
| Amortization charges for the reporting period                                | -              | (13.4)                                     | -                                 | (3.5)   | (6.4)   | -                  | <b>(23.3)</b>  |
| Impairment losses  | -              | (3.4)                                      | (0.5)                             | -   | -   | -                  | <b>(3.9)</b>   |
| <b>Reductions, of which:</b>   | -              | <b>6.4</b>                                 | -                                 | <b>11.9</b>   | <b>10.0</b>   | -                  | <b>28.3</b>    |
| Liquidation  | -              | 6.4  | -                                 | 8.6   | 6.8   | -                  | <b>21.8</b>    |
| Impairment losses  | -              | -  | -                                 | 3.3   | -   | -                  | <b>3.3</b>     |
| <b>Accumulated amortization and impairment losses as at 31 December 2023</b> | <b>(80.2)</b>  | <b>(101.3)</b>                             | <b>(9.9)</b>                      | <b>(99.2)</b>   | <b>(161.3)</b>  | -                  | <b>(451.9)</b> |
| <b>Net book value as at 1 January 2023</b>                                   | <b>1,936.9</b> | <b>67.4</b>                                | <b>31.8</b>                       | <b>12.9</b>   | <b>25.4</b>   | <b>137.6</b>       | <b>2,212.0</b> |
| <b>Net book value as at 31 December 2023</b>                                 | <b>1,936.9</b> | <b>80.8</b>                                | <b>15.3</b>                       | <b>14.1</b>   | <b>19.0</b>   | <b>137.6</b>       | <b>2,203.7</b> |

|  | Goodwill       | Internally generated software and licenses | Costs of R&D projects in progress | Purchased software, patents, licenses and other intangibles | Intangible assets recognized in business combinations | “ASSECO” trademark | Total          |
|--|----------------|--|-----------------------------------|---|---|--------------------|----------------|
| <b>Gross book value as at 1 January 2022</b>                               | <b>2,017.1</b> | <b>144.9</b>                               | <b>27.6</b>                       | <b>119.6</b>  | <b>187.1</b>  | <b>137.6</b>       | <b>2,633.9</b> |
| <b>Additions, of which:</b>  | -              | <b>13.4</b>                                | <b>27.0</b>                       | <b>3.4</b>  | -   | -                  | <b>43.8</b>    |
| Purchases and modernization  | -              | -  | -                                 | 3.4   | -   | -                  | <b>3.4</b>     |
| Capitalization of the costs of research and development projects           | -              | -  | 27.0                              | -   | -   | -                  | <b>27.0</b>    |
| Transfers from the costs of research and development projects in progress  | -              | 13.4                                       | -                                 | -   | -   | -                  | <b>13.4</b>    |
| <b>Reductions, of which:</b>   | -              | -  | <b>(13.4)</b>                     | <b>(2.5)</b>  | -   | -                  | <b>(15.9)</b>  |
| Sales  | -              | -  | -                                 | (0.1)   | -   | n/a                | <b>(0.1)</b>   |
| Liquidation  | -              | -  | -                                 | (2.4)   | -   | -                  | <b>(2.4)</b>   |
| Transfers to internally generated software                                 | -              | -  | (13.4)                            | -   | -   | -                  | <b>(13.4)</b>  |
| <b>Gross book value as at 31 December 2022</b>                             | <b>2,017.1</b> | <b>158.3</b>                               | <b>41.2</b>                       | <b>120.5</b>  | <b>187.1</b>  | <b>137.6</b>       | <b>2,661.8</b> |
| <b>Accumulated amortization and impairment losses as at 1 January 2022</b> | <b>(80.2)</b>  | <b>(78.0)</b>                              | <b>(9.4)</b>                      | <b>(105.8)</b>  | <b>(155.3)</b>  | -                  | <b>(428.7)</b> |
| <b>Additions, of which:</b>  | -              | <b>(12.9)</b>                              | -                                 | <b>(4.3)</b>  | <b>(6.4)</b>  | -                  | <b>(23.6)</b>  |
| Amortization charges for the reporting period                              | -              | (11.5)                                     | -                                 | (4.3)   | (6.4)   | -                  | <b>(22.2)</b>  |
| Impairment losses  | -              | (1.4)                                      | -                                 | -   | -   | -                  | <b>(1.4)</b>   |
| <b>Reductions, of which:</b>   | -              | -  | -                                 | <b>2.5</b>  | -   | -                  | <b>2.5</b>     |
| Sales  | n/a            | -  | -                                 | 0.1   | -   | n/a                | <b>0.1</b>     |
| Liquidation  | -              | -  | -                                 | 2.4   | -   | -                  | <b>2.4</b>     |
| <b>Accumulated amortization as at 31 December 2022</b>                     | <b>(80.2)</b>  | <b>(90.9)</b>                              | <b>(9.4)</b>                      | <b>(107.6)</b>  | <b>(161.7)</b>  | -                  | <b>(449.8)</b> |
| <b>Net book value as at 1 January 2022</b>                                 | <b>1,936.9</b> | <b>66.9</b>                                | <b>18.2</b>                       | <b>13.8</b>   | <b>31.8</b>   | <b>137.6</b>       | <b>2,205.2</b> |
| <b>Net book value as at 31 December 2022</b>                               | <b>1,936.9</b> | <b>67.4</b>                                | <b>31.8</b>                       | <b>12.9</b>   | <b>25.4</b>   | <b>137.6</b>       | <b>2,212.0</b> |



The largest portion of intangible assets is constituted by goodwill recognized in business combinations that were carried out in the years 2007-2020. Goodwill arising from business combinations amounted to PLN 1,936.9 million both as at 31 December 2023 and 31 December 2022.

Goodwill is allocated to the following operating segments which are treated as cash-generating units:

|   | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
|   | <i>PLN mn</i>    | <i>PLN mn</i>    |
| Goodwill allocated to the Finance and Banking segment   | 896.8            | 896.8            |
| Goodwill allocated to the Public Administration segment | 859.1            | 859.1            |
| Goodwill allocated to the General Business segment      | 181.0            | 181.0            |
| <b>Goodwill presented in intangible assets</b>          | <b>1,936.9</b>   | <b>1,936.9</b>   |

Goodwill is tested for impairment whenever there are indications of impairment, but at least once a year. The assessment of circumstances and indications that may require performing an impairment test as at 31 December 2023 has been described in explanatory note 5.5 to these financial statements.

#### Costs of development projects in progress

In the year ended 31 December 2023, capitalized expenditures for development projects totalled PLN 14.2 million, of which PLN 6.1 million were spent in the Finance and Banking segment, PLN 2.8 million in the Healthcare and Public Administration segment, and PLN 5.3 million in the General Business segment. In the year ended 31 December 2022, capitalized expenditures for development projects totalled PLN 27.0 million, of which PLN 8.9 million were spent in the Finance and Banking segment, PLN 7.1 million in the Healthcare and Public Administration segment, and PLN 11.0 million in the General Business segment.

The Company analyzed its development projects in progress with regard to impairment and concluded that these projects are being carried out on schedule and there is no need to recognize any impairment charges.

The largest development projects conducted during the year ended 31 December 2023 included the following:

- **ACSE-eCommerce**

This project is aimed to upgrade the ACSE-eCommerce software with modules to enable the implementation of VOICE and DATA telecom sales and after-sales services. The ACSE system is a solution for large, medium as well as small-sized telecom operators.

Until 31 December 2023, total expenditures that have been capitalized as intangible assets amounted to PLN 5.8 million, of which PLN 0.7 million in 2023. The project was completed in December 2023.

- **Asseco Medical Patient and Personnel Portal**

The aim of the project is to create a new product dedicated to managing standalone healthcare centers, as well as healthcare networks. The project will result in the development of software enabling e-services.

Until 31 December 2023, total expenditures that have been capitalized as intangible assets amounted to PLN 2.5 million, of which PLN 1.6 million in 2023. The project will be completed in the second quarter of 2024.

- **Road2cloud**

The goal of this project is to design and implement a new version of the Asseco CMR reporting system, featuring a module to handle AnaCredit and National Credit Register reporting in an architecture integrated with public cloud solutions.

Until 31 December 2023, total expenditures that have been capitalized as intangible assets amounted to PLN 2.5 million, of which PLN 1.7 million in 2023. The project will be completed in the second quarter of 2024.

### 5.3. Right-of-use assets

#### Selected accounting policies

A contract is a lease or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use is transferred under a contract if the lessee has both of the following:

- the right to obtain substantially all of the economic benefits from use of the identified asset; and
- the right to direct the use of the identified asset.

The Company recognizes right-of-use assets as at the lease commencement date (i.e. the date when the asset being leased is available for use by the Company). Right-of-use assets are initially recognized at cost. The cost of the right-of-use asset shall comprise: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. The Company shall measure the right-of-use asset applying a cost model, this is at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability (i.e. modifications that are not required to be accounted for as a separate lease).

#### Practical expedients for short-term leases and leases of low-value assets

The Company applies a practical expedient to rental contracts and other contracts of similar nature that are concluded for a period shorter than 12 months from the lease commencement date.

Whereas, the practical expedient for leases of low-value assets is applied primarily to leases of IT hardware and other equipment with a low initial value. Low-value assets are considered by the Company to be items with a value not exceeding USD 5,000.

Lease payments are recognized as operating expenses basically on a straight-line basis, in the period to which they are related. The recognition of costs in the appropriate category, by function or nature, depends on the purpose of the leased asset. In such case, no right-of-use assets and corresponding financial liabilities are recognized.

#### Exemptions from applying IFRS 16

The Company does not apply the provisions of IFRS 16 to rental contracts and other contracts of similar nature for which the underlying assets are recognized as intangible assets. Moreover, IFRS 16 does not apply to intellectual property licensing agreements which are within the scope of IAS 38.

Accounting policies regarding the lease term in contracts concluded for an indefinite period have been described in explanatory note 5.15.

#### Estimates and judgements

At each reporting date, the Company determines if there are any objective indications of impairment of a given right-of-use asset. The Company applies the provisions of IAS 36 'Impairment of Assets' to determine whether the right-of-use asset is impaired. At each reporting date, the Company determines if there are any objective indications of impairment of a given right-of-use asset. In addition, at the end of each financial year, the Company's Management makes judgments for contracts concluded for an indefinite period in order to determine their duration with reasonable certainty. Right-of-use assets are depreciated by the Company basically using the straight-line method. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company shall depreciate the right-of-use asset from the lease commencement date to the end of the useful life of the underlying asset. Otherwise, the Company shall depreciate the right-of-use asset from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The periods of useful life are presented in the table below:

|                                      | Period<br>(in years) |
|--------------------------------------|----------------------|
| Land and buildings                   | 2-70                 |
| Computers and other office equipment | 3-4                  |
| Transportation vehicles              | 5                    |

In addition, at the end of each financial year, the Company's Management makes judgments for contracts concluded for an indefinite period in order to determine their duration with reasonable certainty.

Changes in the book value of right-of-use assets that took place during the period of 12 months ended 31 December 2023 and in the comparable period are presented below:

|  | Land and buildings | Transportation vehicles | Total         |
|--|--------------------|-------------------------|---------------|
| <b>Gross book value as at 1 January 2023</b>   | <b>118.7</b>       | <b>0.2</b>              | <b>118.9</b>  |
| <b>Additions, of which:</b>  | <b>32.7</b>        | <b>-</b>                | <b>32.7</b>   |
| Conclusion of new lease contracts  | 7.6                | -                       | 7.6           |
| Modification of existing contracts (lease extension, interest rate change, indexation) | 25.1               | -                       | 25.1          |
| <b>Reductions, of which:</b>   | <b>(7.4)</b>       | <b>-</b>                | <b>(7.4)</b>  |
| Modification of existing contracts (lease shortening, interest rate change)            | (0.1)              | -                       | (0.1)         |
| Other  | (7.3)              | -                       | (7.3)         |
| <b>Gross book value as at 31 December 2023</b>   | <b>144.0</b>       | <b>0.2</b>              | <b>144.2</b>  |
| <b>Accumulated depreciation as at 1 January 2023</b>                                   | <b>(32.3)</b>      | <b>(0.1)</b>            | <b>(32.4)</b> |
| <b>Additions, of which:</b>  | <b>(14.1)</b>      | <b>-</b>                | <b>(14.1)</b> |
| Depreciation charges for the reporting period  | (14.1)             | -                       | (14.1)        |
| <b>Reductions, of which:</b>   | <b>7.2</b>         | <b>-</b>                | <b>7.2</b>    |
| Other  | 7.2                | -                       | 7.2           |
| <b>Accumulated depreciation as at 31 December 2023</b>                                 | <b>(39.2)</b>      | <b>(0.1)</b>            | <b>(39.3)</b> |
| <b>Net book value as at 1 January 2023</b>   | <b>86.4</b>        | <b>0.1</b>              | <b>86.5</b>   |
| <b>Net book value as at 31 December 2023</b>   | <b>104.8</b>       | <b>0.1</b>              | <b>104.9</b>  |

The largest portion of the Company's right-of-use assets is constituted by land and buildings. In the case of land, the balance disclosed as at 31 December 2023 includes mainly contracts for perpetual usufruct of land. The remaining contractual period of the perpetual usufruct of land is long (67 years) and we have constructed our own office buildings on such perpetually leased land, as a result of which we have relatively small flexibility as regards the option to terminate such lease contracts.

Whereas, assets representing the right to use buildings result from contracts for rental of office space. Our office space lease contracts contain just standard provisions which are in line with the market practice, and therefore they do not generate any unusual risks.

The higher number of modifications to existing contracts on land and buildings is mainly due to changes in the annual fee on the right of perpetual usufruct of land.

Financial liabilities corresponding to the value of right-of-use assets have been presented in explanatory note 5.15.

|  | Land and buildings | Computers and other office equipment | Transportation vehicles | Total         |
|--|--------------------|--------------------------------------|-------------------------|---------------|
| <b>Gross book value as at 1 January 2022</b>   | <b>117.0</b>       | <b>2.9</b>                           | <b>0.2</b>              | <b>120.1</b>  |
| <b>Additions, of which:</b>  | <b>9.5</b>         | <b>-</b>                             | <b>-</b>                | <b>9.5</b>    |
| Conclusion of new lease contracts  | 7.7                | -                                    | -                       | 7.7           |
| Modification of existing contracts (lease extension, interest rate change, indexation) | 1.8                | -                                    | -                       | 1.8           |
| <b>Reductions, of which:</b>   | <b>(1.7)</b>       | <b>(2.9)</b>                         | <b>-</b>                | <b>(4.6)</b>  |
| Early termination of contracts   | (1.1)              | -                                    | -                       | (1.1)         |
| Modification of existing contracts (lease shortening, interest rate change)            | (0.6)              | -                                    | -                       | (0.6)         |
| Acquisition of right-of-use assets   | -                  | (0.8)                                | -                       | (0.8)         |
| Other  | -                  | (2.1)                                | -                       | (2.1)         |
| Reclassification to assets held for sale   | (6.1)              | -                                    | -                       | (6.1)         |
| <b>Gross book value as at 31 December 2022</b>   | <b>118.7</b>       | <b>-</b>                             | <b>0.2</b>              | <b>118.9</b>  |
| <b>Accumulated depreciation as at 1 January 2022</b>                                   | <b>(21.7)</b>      | <b>(2.9)</b>                         | <b>(0.1)</b>            | <b>(24.7)</b> |
| <b>Additions, of which:</b>  | <b>(12.1)</b>      | <b>-</b>                             | <b>-</b>                | <b>(12.1)</b> |
| Depreciation charges for the reporting period  | (12.1)             | -                                    | -                       | (12.1)        |
| <b>Reductions, of which:</b>   | <b>1.1</b>         | <b>2.9</b>                           | <b>-</b>                | <b>4.0</b>    |
| Early termination of contracts   | 1.1                | -                                    | -                       | 1.1           |
| Acquisition of right-of-use assets   | -                  | 0.8                                  | -                       | 0.8           |
| Other  | -                  | 2.1                                  | -                       | 2.1           |
| Reclassification to assets held for sale   | 0.4                | -                                    | -                       | 0.4           |
| <b>Accumulated depreciation as at 31 December 2022</b>                                 | <b>(32.3)</b>      | <b>-</b>                             | <b>(0.1)</b>            | <b>(32.4)</b> |
| <b>Net book value as at 1 January 2022</b>   | <b>95.3</b>        | <b>-</b>                             | <b>0.1</b>              | <b>95.4</b>   |
| <b>Net book value as at 31 December 2022</b>   | <b>86.4</b>        | <b>-</b>                             | <b>0.1</b>              | <b>86.5</b>   |

#### 5.4. Investments in subsidiaries and associates

##### *Selected accounting policies*

*Subsidiaries are entities in which the Company possess all the following three elements of control:*

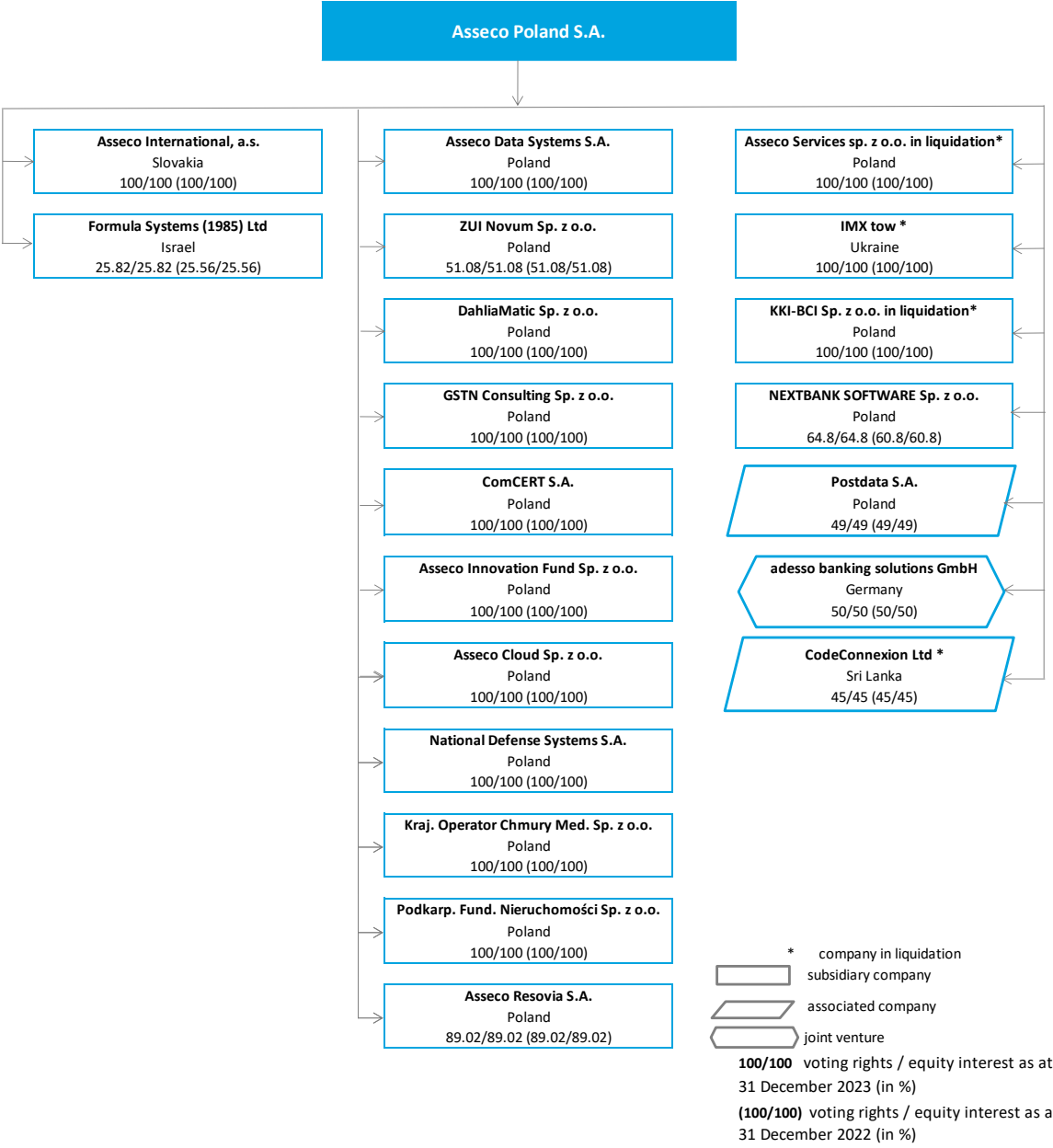
- *power over the investee;*
- *rights to variable returns from involvement with the investee; and*
- *the ability to use power over the investee to affect the amount of the investor's returns.*

*Associates are entities on which the Company exerts a significant influence; however, without the ability to control them solely or jointly. This means they are neither subsidiaries nor joint ventures. These are typically entities in which the Company holds more than 20% and no more than 50% of voting rights at the general meeting of shareholders. Investments in subsidiaries and associates are recognized by the Company at historical cost less any impairment charges.*

*Joint ventures are joint contractual arrangements whereby the parties that have joint control of the arrangement have rights to net assets of the arrangement. Investments in joint ventures are accounted for by the Company using the equity method.*

*In the event of a business combination in which an investment in one subsidiary is contributed to another subsidiary or in which two subsidiaries of Asseco Poland S.A. are combined, the carrying value of investment in the acquiree subsidiary is only transferred to the value of investment in the acquirer subsidiary. Hence, a takeover of one subsidiary by another subsidiary has no impact on the Company's financial results whatsoever.*

The Company's investments in subsidiaries and associates are presented in the chart below:



The Company's equity investments held as at 31 December 2023 and 31 December 2022 are disclosed in the table below:

|  | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
|  | <i>PLN mn</i>    | <i>PLN mn</i>    |
| <b>Investments in companies quoted in an active market</b> |                  |                  |
| Formula Systems (1985), Ltd                                | 261.3            | 249.2            |
| <b>Investments in non-listed companies</b>                 |                  |                  |
| Asseco International a.s.                                  | 1,089.8          | 1,178.7          |
| Asseco Data Systems S.A.                                   | 395.3            | 395.3            |
| Podkarpacki Fundusz Nieruchomości Sp. z o.o.               | 76.2             | 89.2             |
| DahliaMatic Sp. z o.o.                                     | 60.4             | 68.2             |
| GSTN Consulting Sp. z o.o.                                 | 33.8             | 33.8             |
| Asseco Cloud Sp. z o.o.                                    | 26.7             | 26.7             |
| Nextbank Software Sp. z o.o.                               | 18.8             | 17.3             |
| ComCERT S.A.   | 5.0              | 5.0              |
| ZUI Novum Sp. z o.o.                                       | 3.9              | 3.9              |
| Krajowy Operator Chmury Medycznej Sp. z o.o.               | 1.3              | 1.0              |
| Postdata S.A. (associated company)                         | 1.0              | 1.0              |
| adesso banking solutions GmbH                              | 0.9              | 0.9              |
| Asseco Services Sp. z o.o. (in liquidation)                | 0.6              | 0.6              |
| National Defense Systems S.A.                              | 0.1              | 0.1              |
| Asseco Innovation Fund Sp. z o.o.                          | -                | 2.1              |
|  | <b>1,975.1</b>   | <b>2,073.0</b>   |

During the period of 12 months ended 31 December 2023, Asseco Poland's investments in subsidiaries and associates changed as follows:

- **Issuance of shares under the employee stock option plan at Formula Systems (1985) Ltd**

In the first quarter of 2023, equity interest held by Asseco Poland S.A. in Formula Systems (1985) Ltd dropped following an issuance of shares under the employee stock option plan. As a result of this transaction, Asseco Poland's equity interest in Formula Systems dropped to 25.54%.

- **Acquisition of shares in Formula Systems (1985) Ltd**

On 31 March 2023, Asseco Poland S.A. acquired 42,553 shares (or a 0.28% stake) in Formula Systems (1985) Ltd for the amount of NIS 10 million (PLN 12.1 million). As a result of this transaction, Asseco Poland's equity interest in Formula Systems increased to 25.82%.

- **Return of capital invested in Asseco International a.s.**

On 30 August 2023, the sole shareholder of Asseco International a.s. approved the payment of PLN 88.9 million from the share premium capital of that company. As a result of this transaction, the investment of Asseco Poland S.A. in Asseco International a.s. decreased by PLN 88.9 million; however, its equity interest and voting rights held in that subsidiary remained unchanged at 100%.

- **Increase of the share capital of Krajowy Operator Chmury Medycznej Sp. z o.o.**

On 26 September 2023, the share capital of the company Krajowy Operator Chmury Medycznej Sp. z o.o. was raised by PLN 0.3 million and all the newly issued shares were acquired by Asseco Poland S.A.

- **Sale of shares in Podkarpacki Fundusz Nieruchomości Sp. z o.o.**

On 16 November 2023, Asseco Poland S.A. sold 260,000 shares with a par value of PLN 50 each to Podkarpacki Fundusz Nieruchomości Sp. z o.o. for the purpose of their cancellation. The selling price amounted to PLN 13.0 million.

- **Acquisition of shares in Nextbank Software Sp. z o.o.**

On 17 November 2023, Asseco Poland S.A. acquired 10 shares (i.e. 4% of share capital) in the company Nextbank Software Sp. z o.o. for PLN 1.5 million. As a result of this transaction, Asseco Poland's equity interest in Nextbank Software Sp. z o.o. increased to 64.8%.

## 5.5. Impairment testing of assets

### *Selected accounting policies*

*At each reporting date, the Company determines whether there are any indications of impairment of non-financial fixed assets. In the event such indications occur, or when it is necessary to carry out an annual impairment test, the Company estimates the recoverable amount of a given asset or cash-generating unit to which such asset has been allocated.*

*The recoverable amount of an asset or cash-generating unit corresponds to the fair value of such asset or cash-generating unit less the costs necessary to make the sale of such asset or cash-generating unit, or to the value in use of such asset or cash-generating unit, whichever is higher. The recoverable amount is measured for individual assets unless a given asset does not generate cash flows significantly independent from cash flows generated by other assets or groups of assets. Impairment takes place when the carrying value of an asset is higher than its recoverable amount, in which case such asset shall be written-down to the determined recoverable amount. In order to determine the value in use, estimated future cash flows shall be discounted to their present value by applying a discount rate that reflects the current market assessments of the time value of money and the risks related to the given asset. Impairment losses on assets used in continuing operations are recognized as operating expenses. Impairment losses on equity instruments are recognized as financial expenses.*

*At each reporting date, the Company determines whether there are any indications for reversal or reduction of an impairment charge that was recognized on a given asset in the prior periods. If such indications exist, the Company needs to estimate the recoverable amount of the relevant asset. A formerly recognized impairment charge may be reversed only when estimates applied for determination of the recoverable amount of the relevant asset have changed since the time of the last recognition of impairment. If this is the case, the carrying value of such asset shall be increased to its recoverable amount. The increased amount cannot exceed the given asset's book value (net of depreciation) that would be carried in case no impairment charge was recognized on such asset in the prior years. A reversal of an impairment charge shall be immediately recognized as a reduction of operating expenses. Following a reversal of an impairment loss, the depreciation charges made on the relevant asset during subsequent financial periods shall be adjusted in such a way as to enable systematic depreciation of the asset's verified book value (net of residual value) over the remaining period of its useful life. A reversal of an impairment loss on equity instruments shall be recognized as a reduction of financial expenses.*

#### **Goodwill – impairment tests**

*After initial recognition, goodwill is accounted for at purchase cost less any accumulated impairment charges. Goodwill is tested for impairment on an annual basis, or more frequently if there are indications to do so. Goodwill is not subject to amortization. As at the acquisition date, the acquired goodwill is allocated to every cash-generating unit which may benefit from synergy effects of the related business combination. Each cash-generating unit or group of units to which goodwill is so allocated shall represent the lowest level within the Company at which goodwill is monitored for internal management purposes; and not be larger than any operating segment identified in accordance with IFRS 8 'Operating Segments'. An impairment loss is determined by estimating the recoverable amount of a cash-generating unit to which goodwill has been allocated. In the event the recoverable amount of a cash-generating unit is lower than its carrying value, an impairment charge shall be recognized. Such an impairment charge increases other operating expenses in the Company. It is not possible to reverse any impairment loss that was previously recognized on goodwill.*

*In the event a cash-generating unit contains goodwill and a part of operation of this cash-generating unit is sold, goodwill related to the operation disposed shall be included in its carrying value for the purpose of determining a gain or loss on disposal of that operation. In such circumstances the value of goodwill sold shall be measured as a proportion of the value of business disposed to the value of the cash-generating unit retained.*

#### **"ASSECO" trademark – impairment tests**

*The "ASSECO" trademark has partially been classified under corporate assets which represent assets that contribute to the generation of future cash flows by multiple cash-generating units. Therefore, a portion of the trademark value, just like other corporate assets, is tested for potential impairment at the aggregate level of operating segments identified in the Company, after taking into account revenues and costs from corporate activities. The remainder of the "ASSECO" trademark value is classified as a holding asset and allocated to dividend income for impairment testing purposes.*

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### Estimates and judgements

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Each impairment test requires making estimates of the value in use of a cash-generating unit or a group of cash-generating. The value in use is estimated by determining both the future cash flows expected to be achieved from the cash-generating unit or units and a discount rate to be subsequently used in order to calculate the net present value of those cash flows.

Moreover, conducting an impairment test requires the allocation of common (corporate) assets and corresponding liabilities to cash-generating units. In the case of assets that cannot be explicitly allocated to any cash-generating unit, the Company performs such allocation using the ratio of margin IV for the last 3 financial years.

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Both as at 31 December 2023 and during the period of 12 months ended 31 December 2023, the stock market capitalization of Asseco Poland S.A. remained above the book value of the Company's net assets.

In order to analyze the indications of possible impairment, the Company's assets were divided into two groups:

1. assets employed in operating activities. Such assets represent net operating assets that have been allocated to individual operating segments (e.g. goodwill, working capital) as well as common (corporate) assets as described in section III of these financial statements;
2. assets related to investing activities, representing mainly financial assets and equity investments in subsidiaries and associates.

#### **Ref. 1 Assets employed in operating activities**

As described above, goodwill arising from business combinations has been allocated to the Company's operating segments. The value of individual cash-generating units has been subsequently increased by net operating assets, which are used by such units to generate cash flows. Net operating assets allocated to operating segments do not include common (corporate) assets which are allocated to the entire Company, and not to individual segments.

Concurrently, for impairment testing purposes, the results as well as goodwill and net operating assets of our subsidiary ComCERT S.A. have been added to the Healthcare and Public Administration segment. Because Asseco Poland S.A. has necessary resources to perform contracts and projects are implemented jointly, it constitutes one cash-generating unit together with the aforementioned operating segment. A similar approach has been applied to the company GSTN Consulting, which was included in the Banking and Finance segment for the impairment analysis.

Each of the identified cash-generating units was tested for impairment by estimating the value in use of a given unit/segment.

The key assumptions adopted in the calculation of the recoverable amount:

- The recoverable amount of cash-generating units was estimated as their value in use, by applying the model of discounted cash flows which had been forecast in the financial budgets for 2024 as approved by the Management Board and Supervisory Board.
- Detailed forecasts covered the period of 5 years with an assumed increase in cash flows, while the residual value for later operations of each subsidiary was computed assuming a steady growth in cash flows by 3%;
- The assumed increases in cash flows depend upon the strategy of the entire Company and tactical plans of its individual operating segments, and at the same time reflect the present and potential order backlog. The potential order backlog presumes gaining new clients whilst keeping the present ones. In addition, due to the high level of inflation, significant revenue increases have been assumed based on the indexation mechanisms contained in existing contracts. This is particularly evident in the Finance and Banking segment.
- Due to the fact that both in the Healthcare and Public Administration segment and in the General Business segment, the execution of budgets and forecasts largely depends on gaining several major contracts with the Company's key clients which will have a significant share in the planned revenues and margins in the future, it should be noted that the forecasts for testing assumed the scenario of continuing cooperation with these clients in the long term and acquiring such significant contracts.



- In the case of the Banking and Finance segment, the Management considered all significant internal and external factors which affect the expected growth in demand for the Company's products and services in this segment. In particular, the Management assumed a significant increase in such demand during the forecast period to be driven by digital transformation and regulatory changes in the financial sector, not only in Poland but also in other markets where the Company operates or intends to operate in the near future. Another assumption was that the Banking and Finance segment will complete significant investment processes during the forecast period which, in combination with macroeconomic factors, will enable optimization of the cost structure and higher profitability of this cash-generating unit/segment. Taking into account the adopted operating strategy for the coming years, the Management sees no significant risk of failure to meet the assumptions adopted for the test.
- The discount rate applied to determine the present value of expected future cash flows was equivalent to the Company's estimated weighted average cost of capital. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the beta coefficient (deleveraged  $\beta$  of 0.98 was adopted that was subsequently leveraged to reflect the average market debt/equity ratio) as well as the expected market yield.

The average rates of growth in free cash flows as well as the weighted average cost of capital are presented for each individual segment in the table below.

The conducted impairment tests, which involved the estimation of the value in use by applying the model of discounted free cash flow to firm (FCFF), indicated that the value in use of our cash-generating units is higher than their book value.

#### **Analysis of sensitivity**

Additionally, the Company carried out a sensitivity analysis in relation to the conducted impairment test. Such sensitivity analysis examined the impact of changes in:

- discount rate applied for the residual period, i.e. for cash flows generated after 2028;
- compound annual growth rate (CAGR) of free cash flows over the period of forecast, i.e. in the years 2024-2028;

as factors with influence on the recoverable amount of a cash-generating unit, assuming other factors remain unchanged.

The objective of such a sensitivity analysis was to find the threshold values showing how much the selected parameters applied in the model could be changed so that the estimated value in use of each cash-generating unit was equal to its carrying value.

The results of such sensitivity analysis carried out as at 31 December 2023 are presented in the following table:

|  | Discount rate for the residual period |                   | Compound annual growth rate of free cash flows (FCFF) |                   |
|--|---------------------------------------|-------------------|---|-------------------|
|  | applied in the model %                | threshold value % | applied in the model %                                | threshold value % |
| Finance and Banking segment                  | 10.06%                                | 12.69%            | 8.50%   | (1.16)%           |
| Healthcare and Public Administration segment | 10.06%                                | 22.07%            | 11.97%  | (14.52)%          |
| General Business segment                     | 10.06%                                | 25.62%            | 5.70%   | (23.01)%          |

The table below presents the comparable data as at 31 December 2022:

|  | Discount rate for the residual period |                   | Compound annual growth rate of free cash flows (FCFF) |                   |
|--|---------------------------------------|-------------------|---|-------------------|
|  | applied in the model %                | threshold value % | applied in the model %                                | threshold value % |
| Finance and Banking segment                  | 11.67%                                | 14.00%            | 27.41%  | 19.37%            |
| Healthcare and Public Administration segment | 11.67%                                | 16.97%            | 16.24%  | 1.20%             |
| General Business segment                     | 11.67%                                | 18.23%            | 24.37%  | 4.29%             |

The performed impairment test shows that, at the aggregate level of our three operating segments, the excess of the present value of discounted future cash flows over the book value of the cash-generating units amounted to PLN 1,162.3 million in 2023, as compared to PLN 406.7 million in 2022.

In addition, the table below presents the analysis of sensitivity of our models for the calculation of the recoverable amounts of cash-generating units, to changes in discount rates as well as to percentage changes in the expected free cash flows.

| Finance and Banking segment                                       | Change in discount rate for the residual period (in percentage points) |         |         |         |         |         |         |
|---|--|---------|---------|---------|---------|---------|---------|
|   | -1.5 pp  | -1.0 pp | -0.5 pp | 0.0 pp  | +0.5 pp | +1.0 pp | +1.5 pp |
| Present value of FCFF (in millions of PLN)                        | 1,743.3  | 1,601.9 | 1,482.7 | 1,439.2 | 1,293.4 | 1,217.2 | 1,150.3 |
| Excess/deficit against the unit's book value (in millions of PLN) | 717.0  | 575.6   | 456.4   | 412.9   | 267.1   | 190.9   | 124.0   |

| Finance and Banking segment                                       | Change in the value of FCFF in the years 2024-2028 (in percentage) |         |         |         |         |         |         |
|---|--|---------|---------|---------|---------|---------|---------|
|   | -5%  | -3%     | -1%     | 0%      | +1%     | +3%     | +5%     |
| Present value of FCFF (in millions of PLN)                        | 1,367.3  | 1,396.1 | 1,424.8 | 1,439.2 | 1,453.6 | 1,482.4 | 1,511.2 |
| Excess/deficit against the unit's book value (in millions of PLN) | 341.0  | 369.8   | 398.5   | 412.9   | 427.3   | 456.1   | 484.9   |

| Healthcare and Public Administration segment                      |  | Change in discount rate for the residual period (in percentage points) |         |         |         |         |         |         |
|---|--|--|---------|---------|---------|---------|---------|---------|
|   |  | -1.5 pp  | -1.0 pp | -0.5 pp | 0.0 pp  | +0.5 pp | +1.0 pp | +1.5 pp |
| Present value of FCFF (in millions of PLN)                        |  | 2,989.3  | 2,742.2 | 2,534.0 | 2,458.1 | 2,203.4 | 2,070.3 | 1,953.5 |
| Excess/deficit against the unit's book value (in millions of PLN) |  | 2,002.9  | 1,755.8 | 1,547.6 | 1,471.7 | 1,217.0 | 1,083.9 | 967.1   |

| Healthcare and Public Administration segment                      |  | Change in the value of FCFF in the years 2024-2028 (in percentage) |         |         |         |         |         |         |
|---|--|--|---------|---------|---------|---------|---------|---------|
|   |  | -5%  | -3%     | -1%     | 0%      | +1%     | +3%     | +5%     |
| Present value of FCFF (in millions of PLN)                        |  | 2,335.2  | 2,384.4 | 2,433.5 | 2,458.1 | 2,482.7 | 2,531.9 | 2,581.0 |
| Excess/deficit against the unit's book value (in millions of PLN) |  | 1,348.8  | 1,398.0 | 1,447.1 | 1,471.7 | 1,496.3 | 1,545.5 | 1,594.6 |

| General Business segment  |  | Change in discount rate for the residual period (in percentage points) |         |         |        |         |         |         |
|---|--|--|---------|---------|--------|---------|---------|---------|
|   |  | -1.5 pp  | -1.0 pp | -0.5 pp | 0.0 pp | +0.5 pp | +1.0 pp | +1.5 pp |
| Present value of FCFF (in millions of PLN)                        |  | 729.2  | 671.6   | 623.0   | 605.4  | 546.0   | 515.0   | 487.8   |
| Excess/deficit against the unit's book value (in millions of PLN) |  | 491.2  | 433.6   | 385.0   | 367.4  | 308.0   | 277.0   | 249.8   |

| General Business segment  |  | Change in the value of FCFF in the years 2024-2028 (in percentage) |       |       |       |       |       |       |
|---|--|--|-------|-------|-------|-------|-------|-------|
|   |  | -5%  | -3%   | -1%   | 0%    | +1%   | +3%   | +5%   |
| Present value of FCFF (in millions of PLN)                        |  | 575.1  | 587.2 | 599.3 | 605.4 | 611.4 | 623.5 | 635.6 |
| Excess/deficit against the unit's book value (in millions of PLN) |  | 337.1  | 349.2 | 361.3 | 367.4 | 373.4 | 385.5 | 397.6 |

## **Ref. 2 Assets related to investing activities**

Each impairment test on investments in subsidiaries requires making estimates of the recoverable amount of a cash-generating unit or a group of cash-generating units constituted by individual subsidiary companies or groups of companies.

In the case of cash-generating units constituted by companies quoted in an active market, the recoverable amount may equal the market value (i.e. stock market capitalization) of a company or its value in use, whichever is higher. Therefore, for cash-generating units constituted by companies quoted in an active market, impairment testing was performed in two stages. First of all, the book value of an investment in a company was compared to its market value (stock market capitalization). If the market value exceeded the book value, the investment was deemed not to have been impaired. Otherwise, the value in use of such investment in a company was estimated by applying the model of discounted free cash flow to firm (FCFF).

The table below compares the market values of our equity investments against their book values as at 31 December 2023 as well as at the date of the last annual impairment test, this is as at 31 December 2022:

| Formula Systems (1985), Ltd                                   | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| <b>31 December 2023</b>                                       |                  |                  |
| book value  | 261.3            | 249.2            |
| market capitalization*  | 1,059.0          | 1,417.3          |
| <b>excess (+) / deficit (-) of fair value over book value</b> | <b>797.7</b>     | <b>1,168.1</b>   |

\* stake of shares held by Asseco Poland S.A.

In the case of investments in companies not quoted in an active market, the recoverable amount was determined as their value in use by applying the model of discounted free cash flow to firm (FCFF).

As at 31 December 2023, indications of impairment occurred for our investment in DahliaMatic Sp. z o.o. (which is a separate cash-generating unit) and therefore an impairment test was performed for this investment and its value in use was estimated. In the calculation of the value in use, the following assumptions have been adopted:

- the so-called business units were analyzed which, when put together, comprise the budget and forecasts of the whole subsidiary company;
- detailed forecasts covered the period of 5 years with an assumed increase in cash flows, while the residual value for later operations of that subsidiary was computed assuming a steady growth in cash flows by 3%;
- the assumed increases in cash flows depend upon the strategy of the entire company and tactical plans of individual companies, taking due account of conditions prevailing in particular geographical markets and sectors, and at the same time reflecting the present and potential order backlog. The potential order backlog presumes gaining new clients while keeping the present ones;
- the discount rate applied was equivalent to the weighted average cost of capital for the company. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the beta coefficient leveraged to reflect the average market debt/equity ratio, as well as the expected market yield.

The conducted impairment test, which involved the estimation of the value in use by applying the model of discounted free cash flow to firm (FCFF), indicated that the value in use of our investments is higher than their carrying value.

#### **Analysis of sensitivity**

Additionally, the Company carried out a sensitivity analysis in relation to the impairment test performed for our investing activity assets. Such sensitivity analysis examined the impact of changes in:

- a. discount rate applied for the residual period, i.e. for cash flows generated after 2028;
- b. compound annual growth rate (CAGR) of free cash flows over the period of forecast, i.e. in the years 2024-2028;

as factors with influence on the recoverable amount of a cash-generating unit, assuming other factors remain unchanged.

The objective of such a sensitivity analysis was to find the threshold values showing how much the selected parameters applied in the model could be changed so that the estimated value in use of each cash-generating unit was equal to its carrying value. The results of the conducted analysis are presented in the table below:

|  | Book value of investment | Discount rate for the residual period |                 | Threshold value of annual growth rate of free cash flows (FCFF) |
|--|--------------------------|---------------------------------------|-----------------|---|
|  |                          | applied in the model                  | threshold value | threshold value   |
| <i>Investments in non-listed companies</i> |                          |                                       |                 |   |
| DahliaMatic Sp. z o.o.                     | 60.4                     | 13.0%                                 | 23.6%           | 17.9%   |

As a result of impairment tests conducted during the reporting period, the Company recognized an impairment loss on its investment in DahliaMatic Sp. z o.o. in the amount of PLN 7.8 million. In 2022 the value of investment in DahliaMatic Sp. z o.o. was written down by PLN 5.4 million.

The analogous analysis performed as at 31 December 2022 was as follows:

|  | Book value of investment | Discount rate for the residual period |                 | Threshold value of annual growth rate of free cash flows (FCFF) |
|--|--------------------------|---------------------------------------|-----------------|---|
|  |                          | applied in the model                  | threshold value | threshold value   |
| <i>Investments in non-listed companies</i> |                          |                                       |                 |   |
| DahliaMatic Sp. z o.o.                     | 68.2                     | 14.1%                                 | 14.1%           | (0.4%)  |

In addition, during the reporting period, the Company's Management analyzed the indications of impairment with regard to our investment in Asseco Innovation Fund Sp. z o.o. As a result of such review, this investment was found to be totally impaired and the value of our investment in this company was written down by 100% or PLN 2.1 million. This decision was taken due to the poor operating performance and the lack of prospects for future profits.

## 5.6. Receivables and contract assets

### *Selected accounting policies*

**Contract assets** represent the right to payment in exchange for goods or services that the entity transferred to the customer.

Assets from contracts with customers result from the excess of the percentage of completion of implementation contracts over invoices issued. In the case of such assets, the Company has fulfilled its performance obligation but the right to payment is conditioned on something other than just the passage of time, which distinguishes contract assets from trade receivables.

**Trade receivables**, usually with payment terms ranging from 14 and 30 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for doubtful receivables. Receivables with remote payment terms are recognized at the present value of expected payments, less any allowances for expected credit losses.

**Receivables from uninvoiced deliveries** arise from the supply of services which were performed during the reporting period (the Company has completed its performance obligation), but have not been invoiced until the end of the reporting period. However, if as at the reporting date the Company deems it has an unconditional right to payment for its performance, the respective amounts are classified as receivables.

#### **Allowances for expected credit losses on receivables and contract assets**

In estimating an allowance for expected credit losses on trade receivables, the Company applies the simplified approach whereby the impairment allowance is measured at an amount equal to expected credit losses over the lifetime of receivables. In order to estimate such expected credit losses, the Company uses a provisioning matrix prepared on the basis of historical payments received from customers, where appropriate adjusted by the impact of forward-looking information. For this purpose, the Company allocates its customers into homogeneous groups from which receivables are statistically analyzed in respect of aging and collection, based on data from minimum 2 years back.

The amounts of allowances for expected credit losses on trade receivables are revised at each reporting date.

For trade receivables that are past-due more than 180 days, apart from the statistical method of estimating the amount of expected credit losses based on the provisioning matrix, the Company also applies individual approach. For all trade receivables that are past-due more than 180 days and significant in amount, the management shall exercise professional judgment while analyzing the financial condition of the contractor, type of collateral held, progress of contract completion, customer rating, as well as other relevant facts and circumstances.

The procedure for recognizing an additional loss allowance in excess of the amounts resulting directly from the provisioning matrix is a supplementary verification mechanism used by the Company which allows to identify those

receivables for which the risk of non-collection is higher than the statistical average.

In the case of additional control procedure, the Company takes into account all the facts and circumstances that may indicate the risk related to given receivables is higher than statistical. Such facts and circumstances include:

- questioning the amount of receivables by the customer, especially if the Company has entered into a dispute with the customer before any court or arbitration authority;
- individual financial standing of the customer, including in particular the fact of entering into restructuring or bankruptcy proceedings, or information about the deteriorating financial liquidity of the customer;
- situation in the geographical market or sector in which the customer operates;
- specifics of the contract under which payment is receivable, including any security mechanisms provided for in the contract (e.g. software copyrights are transferred to the customer only upon receiving the payment);
- any collateral held as security for payment.

Allowances for expected credit losses on trade receivables and contract assets are recognized under operating activities.

In the case of other receivables and other financial assets, loss allowances are measured at an amount equal to the 12-month expected credit losses. Where the credit risk on a financial instrument has increased significantly since initial recognition, the Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

Allowances for other receivables are recognized under other operating activities or under financial activities if such receivables resulted from the sale of investments or other activities whose costs and revenues are by principle disclosed in financial activities. Allowances for accrued interest receivables are recognized as financial expenses.

If the cause for recognition of an allowance is no longer valid, such allowance shall be reversed in the whole amount or appropriate portion, and increase in the value of the relevant asset.

#### Estimates and judgements

Each time, the Company exercises professional judgment involving the assessment of the percentage of completion of IT implementation contracts in relation to invoices issued. Similarly, a certain amount of estimates and professional judgment is needed in allocating the transaction price to individual performance obligations.

The Company estimates the amount of expected credit losses on receivables and contract assets in accordance with the requirements of IFRS 9 'Financial Instruments'. In the simplified approach, this requires a statistical analysis which in principle involves making certain assumptions and applying professional judgment.

The table below presents the balances of trade receivables as at 31 December 2023 and as at 31 December 2022, in a breakdown to receivables from subsidiaries, associates and other related parties.

|  | 31 December 2023 |              | 31 December 2022 |              |
|--|------------------|--------------|------------------|--------------|
|  | Long-term        | Short-term   | Long-term        | Short-term   |
|  | PLN mn           | PLN mn       | PLN mn           | PLN mn       |
| <b>Trade receivables</b>                         | <b>1.4</b>       | <b>251.0</b> | <b>3.3</b>       | <b>184.1</b> |
| <b>From related parties, of which:</b>           | <b>0.6</b>       | <b>24.5</b>  | <b>1.7</b>       | <b>28.4</b>  |
| Invoiced receivables                             | 0.6              | 10.5         | 1.7              | 18.3         |
| <i>from subsidiaries</i>                         | -                | 3.5          | -                | 3.1          |
| <i>from associates</i>                           | -                | -            | -                | 1.2          |
| <i>from other related parties</i>                | 0.6              | 7.0          | 1.7              | 14.0         |
| Uninvoiced receivables                           | -                | 14.0         | -                | 10.1         |
| <i>from subsidiaries</i>                         | -                | 5.1          | -                | 1.3          |
| <i>from associates</i>                           | -                | 0.6          | -                | 0.3          |
| <i>from other related parties</i>                | -                | 8.3          | -                | 8.5          |
| <b>From other entities, of which:</b>            | <b>0.8</b>       | <b>226.5</b> | <b>1.6</b>       | <b>155.7</b> |
| Invoiced receivables                             | 0.5              | 133.4        | 0.6              | 109.0        |
| Uninvoiced receivables                           | 0.3              | 93.1         | 1.0              | 46.7         |
| <b>Allowances for expected credit losses (-)</b> | <b>-</b>         | <b>(9.8)</b> | <b>-</b>         | <b>(9.1)</b> |
| <b>Total trade receivables</b>                   | <b>1.4</b>       | <b>241.2</b> | <b>3.3</b>       | <b>175.0</b> |

The table below presents assets from contracts with customers as at 31 December 2023 as well as at 31 December 2022:

|  | 31 December 2023 |              | 31 December 2022 |              |
|--|------------------|--------------|------------------|--------------|
|  | Long-term        | Short-term   | Long-term        | Short-term   |
|  | PLN mn           | PLN mn       | PLN mn           | PLN mn       |
| <b>Contract assets</b>                 |                  |              |                  |              |
| <b>From related parties, of which:</b> | -                | <b>54.1</b>  | -                | <b>37.8</b>  |
| Contract assets                        | -                | 54.1         | -                | 37.8         |
| <i>from subsidiaries</i>               | -                | -            | -                | 1.9          |
| <i>from associates</i>                 | -                | 0.3          | -                | 0.1          |
| <i>from other related parties</i>      | -                | 53.8         | -                | 35.8         |
| <b>From other entities</b>             | -                | <b>118.7</b> | -                | <b>190.3</b> |
| Contract assets                        | -                | 118.7        | -                | 190.3        |
| <b>Total contract assets</b>           | -                | <b>172.8</b> | -                | <b>228.1</b> |

Both as at 31 December 2023 and 31 December 2022, the carrying values of receivables and contract assets were not different from their fair values.

Assets from contracts with customers result from the excess of the percentage of completion of implementation contracts over invoices issued. The decrease in contract assets as at 31 December 2023, as compared to those of 31 December 2022, resulted from the completion of projects or project phases and obtaining the right to issue the invoice, which is also reflected in the increase of trade receivables.

Related party transactions have been presented in explanatory note 5.21 to these financial statements.

Changes in the value of assets from contracts with customers that took place during the period of 12 months ended 31 December 2023 and in the comparable period are presented below:

|  | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|--|-------------------------------------|-------------------------------------|
|  | PLN mn                              | PLN mn                              |
| <b>Contract assets as at 1 January</b>   | <b>228.1</b>                        | <b>140.0</b>                        |
| Reclassification of contract assets due to obtaining an unconditional right to payment   | (413.2)                             | (282.8)                             |
| Fulfilment of new uninvoiced performance obligations, changes in estimated transaction prices, modification of other assumptions | 357.9                               | 370.9                               |
| <b>Contract assets at the end of the period</b>  | <b>172.8</b>                        | <b>228.1</b>                        |

The table below presents changes in allowances for expected credit losses on trade receivables and contract assets during the period of 12 months ended 31 December 2023 and in the comparable period of the previous year.

|                                     | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|-------------------------------------|-------------------------------------|-------------------------------------|
|                                     | PLN mn                              | PLN mn                              |
| <b>Balance as at 1 January</b>      | <b>(9.1)</b>                        | <b>(13.3)</b>                       |
| Created (-)                         | (3.3)                               | (3.0)                               |
| Reversed / utilized (+)             | 2.4                                 | 7.2                                 |
| Reclassified from other receivables | (0.2)                               | -                                   |
| Foreign exchange differences        | 0.4                                 | -                                   |
| <b>Balance as at 31 December</b>    | <b>(9.8)</b>                        | <b>(9.1)</b>                        |

The Company has adopted a relevant policy that allows for selling products and services to verified customers only. In the Management's opinion, as at 31 December 2023 there is no additional credit risk above the level determined by allowances for expected credit losses. However, due to the dynamic macroeconomic and geopolitical situation prevailing in Poland and globally, the Company has implemented a process of even stricter monitoring of its receivables and has intensified its standard debt collection procedures.

The table below presents the ageing structure of receivables along with allowances for expected credit losses as at 31 December 2023 and 31 December 2022.

In addition, the table discloses the percentages of gross receivables that have been covered by allowances for expected credit losses.

|  | Gross amount |               | 31 December 2023<br>Allowance |                        | Net amount   |               |
|--|--------------|---------------|-------------------------------|------------------------|--------------|---------------|
|  | PLN mn       | %             | PLN mn                        | % covered by allowance | PLN mn       | %             |
| <b>Ageing of trade receivables</b>       |              |               |                               |                        |              |               |
| Receivables not yet due                  | 221.7        | 87.8%         | (1.1)                         | 0.5%                   | 220.6        | 90.9%         |
| Past-due receivables                     | 30.7         | 12.2%         | (8.7)                         | 28.3%                  | 22.0         | 9.1%          |
| Receivables past-due up to 3 months      | 17.7         | 7.0%          | (0.1)                         | 0.6%                   | 17.6         | 7.3%          |
| Receivables past-due from 3 to 6 months  | 3.8          | 1.5%          | (0.2)                         | 5.3%                   | 3.6          | 1.5%          |
| Receivables past-due from 6 to 12 months | 1.9          | 0.8%          | (1.1)                         | 57.9%                  | 0.8          | 0.3%          |
| Receivables past-due over 12 months      | 7.3          | 2.9%          | (7.3)                         | 100.0%                 | -            | -%            |
| <b>Total</b>                             | <b>252.4</b> | <b>100.0%</b> | <b>(9.8)</b>                  | <b>3.9%</b>            | <b>242.6</b> | <b>100.0%</b> |



|  | Gross amount |               | 31 December 2022<br>Allowance |                           | Net amount   |               |
|--|--------------|---------------|-------------------------------|---------------------------|--------------|---------------|
|  | PLN mn       | %             | PLN mn                        | % covered<br>by allowance | PLN mn       | %             |
|  |              |               |                               |                           |              |               |
| <b>Ageing of trade receivables</b>       |              |               |                               |                           |              |               |
| <b>Receivables not yet due</b>           | <b>162.1</b> | <b>86.4%</b>  | <b>(0.7)</b>                  | <b>0.4%</b>               | <b>161.4</b> | <b>90.6%</b>  |
| <b>Past-due receivables</b>              | <b>25.3</b>  | <b>13.6%</b>  | <b>(8.4)</b>                  | <b>33.2%</b>              | <b>16.9</b>  | <b>9.4%</b>   |
| Receivables past-due up to 3 months      | 13.6         | 7.3%          | (0.2)                         | 1.5%                      | 13.4         | 7.5%          |
| Receivables past-due from 3 to 6 months  | 2.6          | 1.4%          | (0.2)                         | 7.7%                      | 2.4          | 1.3%          |
| Receivables past-due from 6 to 12 months | 1.5          | 0.8%          | (1.1)                         | 73.3%                     | 0.4          | 0.2%          |
| Receivables past-due over 12 months      | 7.6          | 4.1%          | (6.9)                         | 90.8%                     | 0.7          | 0.4%          |
| <b>Total</b>                             | <b>187.4</b> | <b>100.0%</b> | <b>(9.1)</b>                  | <b>4.9%</b>               | <b>178.3</b> | <b>100.0%</b> |

The table below presents other receivables as at 31 December 2023 and as at 31 December 2022:

| Other receivables   | 31 December 2023 |              | 31 December 2022 |              |
|---|------------------|--------------|------------------|--------------|
|   | Long-term        | Short-term   | Long-term        | Short-term   |
|   | PLN mn           | PLN mn       | PLN mn           | PLN mn       |
| Receivables from disposal of property, plant and equipment                | 0.2              | -            | -                | 0.3          |
| Receivables from disposal of financial instruments and equity investments | -                | 16.9         | 6.7              | 9.3          |
| Receivables from security deposits paid-in                                | -                | 0.3          | -                | 4.2          |
| Receivables from grants   | 0.2              | 2.4          | 0.5              | -            |
| Receivables in court litigation   | -                | 0.2          | -                | 0.4          |
| Other receivables   | -                | 2.4          | 0.1              | 5.7          |
| <b>Allowances for expected credit losses on other receivables (-)</b>     | <b>-</b>         | <b>(0.3)</b> | <b>-</b>         | <b>(0.4)</b> |
| <b>Total other receivables</b>  | <b>0.4</b>       | <b>21.9</b>  | <b>7.3</b>       | <b>19.5</b>  |

Receivables from disposal of financial instruments and equity investments include primarily receivables from the sale of shares in the companies: Asseco Central Europe in the amount of PLN 2.6 million, Asseco South Eastern Europe – PLN 1.1 million, Podkarpacki Fundusz Nieruchomości Sp. z o.o. – PLN 13.0 million, and in Eversoft Sp. z o.o. PLN 0.2 million.

The table below presents changes in allowances for expected credit losses on other receivables during the period of 12 months ended 31 December 2023 and in the comparable period of the previous year.

|                                   | 12 months ended<br>31 December 2023<br>PLN mn | 12 months ended<br>31 December 2022<br>PLN mn |
|-----------------------------------|---|---|
| <b>Balance as at 1 January</b>    | <b>(0.4)</b>                                  | <b>(0.3)</b>                                  |
| Created                           | (0.1)   | (0.1)   |
| Reclassified to trade receivables | 0.2   | -   |
| <b>Balance as at 31 December</b>  | <b>(0.3)</b>                                  | <b>(0.4)</b>                                  |

## 5.7. Prepayments and accrued income

### Selected accounting policies

Prepayments comprise expenses incurred before the end of the reporting period that relate to future periods or to future revenues. Prepayments include in particular: (i) prepaid third-party services (inclusive of maintenance services) which shall be provided in future periods, (ii) advance payments of insurance, subscription, rental fees, etc., and (iii) any other expenses incurred in the current period but related to future periods.

Moreover, the Company capitalizes the costs incurred in obtaining a contract with a customer or in fulfilling a contract with a customer, if those costs are expected to be recovered by the Company.

#### Costs of contracts with customers

The costs of obtaining a contract are those additional (incremental) costs incurred by the Company in order to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Company recognizes such costs as an asset if it expects to recover those costs. Capitalized costs of obtaining a contract are amortized over a period when the Company satisfies the performance obligations arising from the contract, and their recognition in the statement of profit and loss depends on the cost center.

As a practical expedient, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company would have otherwise recognized is one year or less.

Costs to fulfil a contract are the costs incurred in fulfilling a contract with a customer. The Company recognizes such costs as an asset if they are not within the scope of another standard (for example, IAS 2 'Inventories', IAS 16 'Property, Plant and Equipment' or IAS 38 'Intangible Assets') and if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract with a customer,
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and
- the costs are expected to be recovered.

Costs capitalized in the statement of financial position are subsequently expensed in the statement of profit and loss, basically as the cost of sales in correspondence to the recognition of revenues as goods and services are transferred to the customer.

As at 31 December 2023 and 31 December 2022, prepayments and accrued income included the following items:

|   | 31 December 2023    |                      | 31 December 2022    |                      |
|---|---------------------|----------------------|---------------------|----------------------|
|   | Long-term<br>PLN mn | Short-term<br>PLN mn | Long-term<br>PLN mn | Short-term<br>PLN mn |
| Prepaid services, of which:   | 9.7                 | 15.9                 | 9.4                 | 17.6                 |
| <i>maintenance services and license fees</i>  | 8.2                 | 10.0                 | 8.4                 | 13.1                 |
| <i>insurances</i>   | -                   | 0.8                  | 0.1                 | 0.7                  |
| <i>other services</i>   | 1.5                 | 5.1                  | 0.9                 | 3.8                  |
| Expenses related to services performed for which revenues have not been recognized yet, of which: | 27.6                | 5.7                  | 22.8                | 7.5                  |
| <i>Costs of fulfilling contracts with customers</i>   | 27.6                | 5.2                  | 22.8                | 5.4                  |
| <i>Costs of other services</i>  | -                   | 0.5                  | -                   | 2.1                  |
| Other prepayments and accrued income  | 0.2                 | 1.3                  | 0.2                 | 1.3                  |
| <b>Total</b>  | <b>37.5</b>         | <b>22.9</b>          | <b>32.4</b>         | <b>26.4</b>          |

As at 31 December 2023 and 31 December 2022, prepayments and accrued income included primarily the costs of performing projects from which revenues will be recognized in future periods, and which qualify for capitalization in accordance with IFRS 15, as well as the costs of prepaid maintenance services and license fees that will be successively expensed in future periods. The costs of fulfilling contracts with customers amounting to PLN 32.8 million in 2023 included mainly capitalized expenditures for the development and adaptation of a banking solution, revenues from which will be recognized by the Company in the future, over time as the solution is made available to banks that declared their willingness to use it in the SaaS model (PLN 32.6 million).

The table below presents changes in assets arising from capitalized costs incurred in obtaining and fulfilling contracts with customers in the period of 12 months ended 31 December 2023 and in the comparable period:

|   | 12 months ended<br>31 December 2023<br>PLN mn | 12 months ended<br>31 December 2022<br>PLN mn |
|---|---|---|
| <b>Balance as at 1 January</b>                        | <b>28.2</b>                                   | <b>27.0</b>                                   |
| Costs incurred in fulfilling contracts with customers | 10.5  | 11.8  |
| Depreciation and amortization                         | (5.9)   | (10.6)  |
| <b>Balance as at 31 December</b>                      | <b>32.8</b>                                   | <b>28.2</b>                                   |

## 5.8. Other assets

### Selected accounting policies

The Company classifies its financial assets to the following measurement categories specified in IFRS 9:

- measured at fair value through other comprehensive income
- measured at amortized cost
- measured at fair value through profit or loss.

The Company classifies its financial assets based on the Company's business model for managing financial assets and considering the characteristics of contractual cash flows for a particular financial asset. The Company reclassifies its investments in debt securities if, and only if, the model adopted for managing such assets is modified.

At initial recognition, the Company classifies its investments in equity instruments (other than investments in subsidiaries and associates), which are not held for trading and not quoted in an active market, as measured at fair value through other comprehensive income.

Whereas, investments in derivative instruments and equity instruments quoted in an active market are measured at fair value through profit or loss.

#### **Measurement at initial recognition**

With the exception of some trade receivables, the Company's financial assets are initially recognized at fair value. In the case of financial assets that are not classified as measured at fair value through profit or loss, at the time of initial recognition, the Company may increase their fair value by transaction costs directly attributable to their acquisition.

#### **Recognition and presentation of financial assets at each reporting date**

##### Measurement of financial assets at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met: (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that are measured by the Company at amortized cost include: cash and cash equivalents, loans granted (which pass the SPPI classification test), assets from contracts with customers, trade receivables, as well as other receivables which are in the scope of IFRS 9, to the extent the standard applies to a given component.

Trade receivables with a maturity of less than 12 months are measured at an amount due for payment, less any allowance for expected losses. Long-term receivables that are within the scope of IFRS 9 are discounted as at the reporting date.

The Company measures its financial assets at amortized cost using the effective interest method.

Interest income on investments in debt securities is recognized by the Company as financial income. On disposal of investments in debt securities, the Company recognizes cumulative gains/losses through profit or loss.

##### Measurement of financial assets at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met: (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that are measured by the Company at fair value through other comprehensive income include: treasury and corporate bonds, as well as investments in equity instruments of companies not quoted in an active market.

Investments in equity instruments of companies quoted in an active market are also recognized by the Company as financial assets carried at fair value through other comprehensive income, provided such investments are not held for trading and are not a contingent consideration recognized by the acquirer in a business combination. After modifying the policy, investments in equity instruments of companies quoted in an active market may be carried at fair value through profit or loss or – following the Company's irrevocable election made at initial recognition – through other comprehensive income.

Interest income on investments in debt securities is recognized by the Company as financial income. Dividends on equity instruments measured at fair value through other comprehensive income are recognized by the Company as financial income.

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On disposal of investments in debt securities, the Company recognizes cumulative gains/losses through profit or loss. At the time of derecognition of an investment in equity instruments measured at fair value through other comprehensive income, cumulative gains or losses arising from the fair value measurement of that investment that were previously recognized in other comprehensive income, are not reclassified by the Company to profit or loss. However, such revaluation gains and losses may be transferred to another item within equity, for example to retained earnings.

#### Measurement of financial assets at fair value through profit or loss

Changes in the fair values of financial assets classified to this category are recognized through profit or loss. Interest income and dividends received on equity instruments quoted in an active market are recognized as financial income.

#### **Derecognition**

A financial asset is derecognized by the Company when: (i) the contractual rights to the cash flows from the financial asset expire, or (ii) the contractual rights to the cash flows from the financial asset have been transferred by the Company along with substantially all the risks and rewards of ownership of the financial asset.

#### **Impairment of financial assets**

The expected loss impairment model applies to financial assets measured at amortized cost as well as to financial assets measured at fair value through other comprehensive income, except for investments in equity instruments.

In order to estimate impairment losses on financial assets, the Company applies the following approaches:

- general approach,
- simplified approach.

The Company applies the general approach for financial assets measured at fair value through other comprehensive income as well as for financial assets measured at amortized cost, except for trade receivables and contract assets.

Under the general approach, the Company estimates impairment losses on financial assets using a three-stage model based on changes in the credit risk of financial assets since their initial recognition.

Where the credit risk of financial assets has not increased significantly since initial recognition (stage 1), the Company estimates an allowance for 12-month expected credit losses. Where the credit risk of financial assets has increased significantly since initial recognition (stages 2 and 3), the Company estimates an allowance for expected credit losses over the lifetime of financial instruments.

At each reporting date, the Company analyzes if there are indications of a significant increase in the credit risk of financial assets held.

In the case of trade receivables and assets from contracts with customers, the Company applies the simplified approach and therefore changes in credit risk are not monitored, while an impairment allowance is measured at an amount equal to expected credit losses over the lifetime of receivables. Detailed information on estimating impairment losses has been provided in explanatory note 5.6 to these standalone financial statements.

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#### Estimates and judgements

As required by IFRS 9 'Financial Instruments', the Company classifies and measures loans granted at each reporting date, as well as estimates the amount of impairment losses. Derivative financial instruments are measured at fair value at each reporting date.

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i. *Other financial assets*

As at 31 December 2023, the Company held the categories and classes of financial assets listed in the table below (in addition to contract assets, trade receivables and cash and cash equivalents which are presented in explanatory notes 5.6 and 5.10 to these financial statements).

|   | 31 December 2023 |            | 31 December 2022 |            |
|---|------------------|------------|------------------|------------|
|   | Long-term        | Short-term | Long-term        | Short-term |
|   | PLN mn           | PLN mn     | PLN mn           | PLN mn     |
| <b>Financial assets carried at amortized cost, of which:</b>                                | <b>6.2</b>       | <b>2.0</b> | <b>5.9</b>       | <b>0.5</b> |
| Loans granted to related parties  | 4.7              | 1.7        | 5.1              | 0.1        |
| Loans granted to employees  | 1.5              | 0.3        | 0.8              | 0.4        |
| <b>Financial assets carried at fair value through profit or loss, of which:</b>             | <b>-</b>         | <b>1.1</b> | <b>0.2</b>       | <b>0.9</b> |
| Forward contracts   | -                | 1.1        | 0.2              | 0.9        |
| <b>Financial assets carried at fair value through other comprehensive income, of which:</b> | <b>9.4</b>       | <b>-</b>   | <b>9.4</b>       | <b>-</b>   |
| Shares in non-listed companies (except for subsidiaries and associates)                     | 9.4              | -          | 9.4              | -          |
| <b>Total</b>  | <b>15.6</b>      | <b>3.1</b> | <b>15.5</b>      | <b>1.4</b> |

**Loans granted**, which meet the characteristics of contractual cash flows (under the SPPI test), are measured at amortized cost at each reporting date. Loans to related parties were granted on an arm's length basis.

**Loans granted to related parties**

Loans granted to related parties include only loans granted to companies which are controlled by Asseco Poland S.A. The balance of loans granted to related parties as at 31 December 2023 and 31 December 2022 includes loans that were provided to Nextbank Sp. z o.o. and adesso banking solutions GmbH. Nextbank Sp. z o.o. was granted a loan in the amount of PLN 1.6 million bearing an interest rate of 3M WIBOR plus margin, and a loan in the amount of PLN 4.2 million bearing an interest rate based on the average interest rate for new and renegotiated loans in Polish zlotys as published by the National Bank of Poland. These loans shall be ultimately repaid by 31 December 2025. The loan granted to adesso banking solutions GmbH bears an interest rate of 3M EURIBOR plus margin and it shall be ultimately repaid by 31 April 2027.

**Financial assets carried at fair value through profit or loss** include forward transactions for the purchase or sale of foreign currencies, and investments in equity instruments quoted in an active market. Such forward transactions have been concluded in order to hedge against our foreign currency risk resulting from trade contracts as well as from other contracts.

The fair values of currency forward contracts and embedded derivatives are determined at each reporting date using calculation models based on inputs that are directly observable in active markets. Whereas, the fair value of the portfolio of financial assets is determined on the basis of quoted prices for such assets in active markets. Investments in companies quoted in an active market, which are not under the Company's control or significant influence, are measured at fair value at each reporting date, on the basis of their closing prices at the end of the reporting period. Valuation changes are recognized through profit or loss in the statement of profit and loss.

**Financial assets carried at fair value through other comprehensive income** include primarily investments in equity instruments not quoted in an active market. The Company does not intend to sell these shares in the foreseeable future because it is not the Company's goal to generate short-term gains/losses from trading in shares. As at 31 December 2023, such assets comprised mainly shares held in Bank Polskiej Spółdzielczości S.A. The fair value of these shares has been determined based on their latest issuance price. In the Management's opinion, the value of these shares has not changed significantly from that time.

### 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 12 months ended 31 December 2023, the Company did not change its methods for measuring the fair value of financial instruments carried at fair value, did not transfer any instruments between individual levels of the fair value hierarchy, nor did it reclassify any financial instruments.

Both as at 31 December 2023 and 31 December 2022, the fair values of financial assets were not significantly different from their book values.

| As at 31 December 2023   | Carrying value | Level 1 <sup>i)</sup> | Level 2 <sup>ii)</sup> | Level 3 <sup>iii)</sup> |
|--|----------------|-----------------------|------------------------|-------------------------|
|  | PLN mn         | PLN mn                | PLN mn                 | PLN mn                  |
| <b>Financial assets carried at fair value through profit or loss</b>             |                |                       |                        |                         |
| Currency forward contracts   | 1.1            | -                     | 1.1                    | -                       |
| <b>Total</b>   | <b>1.1</b>     | <b>-</b>              | <b>1.1</b>             | <b>-</b>                |
| <b>Financial assets carried at fair value through other comprehensive income</b> |                |                       |                        |                         |
| Shares in companies not listed on regulated markets                              | 9.4            | -                     | -                      | 9.4                     |
| <b>Total</b>   | <b>9.4</b>     | <b>-</b>              | <b>-</b>               | <b>9.4</b>              |

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 2022   | Carrying value | Level 1 <sup>i)</sup> | Level 2 <sup>ii)</sup> | Level 3 <sup>iii)</sup> |
|--|----------------|-----------------------|------------------------|-------------------------|
|  | PLN mn         | PLN mn                | PLN mn                 | PLN mn                  |
| <b>Financial assets carried at fair value through profit or loss</b>             |                |                       |                        |                         |
| Currency forward contracts   | 1.1            | -                     | 1.1                    | -                       |
| <b>Total</b>   | <b>1.1</b>     | <b>-</b>              | <b>1.1</b>             | <b>-</b>                |
| <b>Financial assets carried at fair value through other comprehensive income</b> |                |                       |                        |                         |
| Shares in companies not listed on regulated markets                              | 9.4            | -                     | -                      | 9.4                     |
| <b>Total</b>   | <b>9.4</b>     | <b>-</b>              | <b>-</b>               | <b>9.4</b>              |

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

#### ii. Non-financial assets

The balance of other assets as at 31 December 2023 and as at 31 December 2022 comprised:

|  | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
|  | PLN mn           | PLN mn           |
| Investment property (entirely long-term)     | 0.3              | 0.3              |
| Trade advance payments (entirely short-term) | 3.1              | 1.8              |
| <b>Total</b>                                 | <b>3.4</b>       | <b>2.1</b>       |

## 5.9. Inventories

### *Selected accounting policies*

*Inventories are measured by the Company at the lower of the following two values: purchase cost/production cost or net value realizable upon sale.*

*The Company distinguishes two categories of inventories: goods for resale, and service parts (spare parts and computer hardware that have been purchased for the purposes of maintenance service contracts).*

*The initial value of service parts is expensed on a straight-line basis over the duration of the maintenance service contract, for which such parts have been purchased.*

*The value of consumed inventories is measured using the specific identification method.*

*At each reporting date, the Company analyzes whether the carrying value of inventories is higher than or equal to their net realizable value. Impairment losses on inventories are recognized as operating expenses.*

The category of goods for resale includes mainly computer hardware and third-party software licenses intended for resale under the implementation or supply contracts. Hence, majority of goods for resale are purchased for the purpose of execution of already signed or highly probable contracts.

|  | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
|  | PLN mn           | PLN mn           |
| Computer hardware, third-party software licenses and other goods for resale                                    | 3.6              | 10.9             |
| Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services | 0.4              | 0.6              |
| Impairment loss (-)  | (0.7)            | (0.9)            |
| <b>Total</b>   | <b>3.3</b>       | <b>10.6</b>      |

## 5.10. Cash and bank deposits

### *Selected accounting policies*

*Cash and cash equivalents presented in the statement of financial position comprise cash at bank, short-term bank deposits with original maturities not exceeding 3 months, and other highly liquid instruments.*

*The balance of cash and cash equivalents disclosed in the statement of cash flows consists of the above-defined cash and cash equivalents. For purposes of the statement of cash flows, the Company decided not to include bank overdraft facilities (used as an element of financing for current operations) nor restricted cash in the balance of cash and cash equivalents. The Company treats as cash equivalents only those revolving loans that are obtainable on demand, constituting an integral part of cash management in the Company. The Company consistently applies this approach and, in particular, classifies revolving loans as cash equivalents for presentation in the statement of cash flows, when the actual balance of the bank account is subject to frequent fluctuations and the Company's management uses bank overdraft facilities for managing the current financial liquidity.*

|   | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
|   | PLN mn           | PLN mn           |
| Cash at bank accounts   | 31.2             | 44.6             |
| Cash at split payment accounts  | 9.4              | 12.1             |
| Short-term bank deposits  | 220.1            | 249.7            |
| <b>Total cash and cash equivalents as disclosed in the statement of financial position and in the cash flow statement</b> | <b>260.7</b>     | <b>306.4</b>     |

Interest earned on cash at bank is variable and depends on interest rates offered on bank deposits. Short-term bank deposits are made for varying periods of between one day and three months and earn interest at their respective fixed interest rates. The Company holds cash in highly reputable banks only; hence the impact of any estimates of expected credit losses is insignificant.

### 5.11. Non-current assets and liabilities held for sale

#### Selected accounting policies

Non-current assets or groups of assets are classified as held for sale when their carrying value will be recovered principally through a sale transaction rather than through continuing use. Non-current assets that have been classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

As at 31 December 2023 and 31 December 2022, the value of non-current assets held for sale equalled PLN 20.1 million and the related financial liabilities amounted to PLN 3.1 million. This item comprises tangible assets and right-of-use assets relating to a real estate property located in Wrocław.

### 5.12. Assets and liabilities of the Company Social Benefits Fund

#### Selected accounting policies

The Social Benefits Fund Act of 4 March 1994 (with subsequent amendments) requires the employers that employ more than 50 full-time employees to establish and operate a social benefits fund. The purpose of the social benefits fund is to finance social activities, loans to employees, as well as other social expenditures. Contributions made to the Company Social Benefits Fund during a year are expensed in the period to which they are related. The Company has offset the fund assets against its liabilities towards the fund, because such assets do not qualify as the Company's assets.

The assets, liabilities and costs of the social benefits fund are presented in the table below.

|  | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
|  | PLN mn           | PLN mn           |
| Cash and cash equivalents                                      | 1.7              | 1.6              |
| Liabilities of the Fund  | (0.6)            | (0.7)            |
| <b>Balance after netting off</b>                               | <b>1.1</b>       | <b>0.9</b>       |
| <b>Amounts contributed to the Fund in the reporting period</b> | <b>(1.8)</b>     | <b>(1.8)</b>     |

### 5.13. Share capital and other components of equity

#### Share capital

The Company's share capital as at 31 December 2023 and in the comparable period amounted to PLN 83,000,303 and has been fully paid up. The share capital is divided into 83,000,303 ordinary shares with a par value of PLN 1 each. The Company has not issued any preference shares.

During the year ended 31 December 2023, our share capital remained unchanged in relation to its amount of 31 December 2022. The Company's authorized capital is equal to its share capital.

#### Treasury shares

The acquisition of treasury shares by Asseco Poland S.A. was settled on 21 September 2023. This transaction was conducted outside the regulated market, through a buy-back of own shares following the tender offer announced by the Company on 6 September 2023. In the buy-back transaction, the Company acquired a total of 14,808,872 own shares, representing approximately 17.84% of the share capital and 17.84% of total voting rights at the Company's general meeting. The price per share was PLN 80.00 and the total acquisition price equalled PLN 1,184.7 million, while the buy-back related expenses amounted to PLN 1.5 million.

The acquisition of treasury shares was carried out as a result of the implementation of Resolution No. 5 of the Extraordinary General Meeting of Asseco Poland S.A. that was adopted on 15 June 2023. In accordance with this resolution, treasury shares may be purchased in order to be cancelled as well as to be resold or offered as part of an employee incentive plan.



### Reserve capital

The reserve capital was established in accordance with the Commercial Companies Code (CCC), from the premium of issuance price over the par value on shares (less the share issuance-related expenses) as well as from prior years' profits that have been appropriated to reserve capital by the Company's General Meeting of Shareholders. The remaining portion of reserve capital is presented as retained earnings and is related to the accounting for prior years' profits in compliance with the CCC.

### Capital reserve

On 15 June 2023, the Extraordinary General Meeting of Shareholders of Asseco Poland S.A. decided to create a capital reserve in the amount of PLN 1,185.6 million, which may be used for future dividend payments or for acquisitions of the Company's own shares.

### Dividend capacity

The table below presents the components and total amount of the Company's reserve capital and capital reserve as at 31 December 2023 and 31 December 2022.

|  | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
|  | PLN mn           | PLN mn           |
| Share premium  | 4,180.1          | 4,180.1          |
| Retained earnings appropriated to reserve capital by the General Meeting of Shareholders       | -                | 1,135.5          |
| Result on settlement of transactions in treasury shares  | (734.0)          | (734.0)          |
| Capital reserve appropriated for dividend payments or for buy-back of the Company's own shares | 1,185.6          | -                |
| <b>Reserve capital and capital reserve</b>   | <b>4,631.7</b>   | <b>4,581.6</b>   |

In accordance with the Commercial Companies Code, the Company is required to create a reserve capital in order to be able to cover its losses. At least 8% of the net profit reported for each financial year must be appropriated to such reserve capital until the amount thereof reaches at least one-third of the Company's share capital. Because the value of reserve capital exceeded one-third of the Company's share capital, our statutory obligation to pay in additional amounts from net profits to the reserve capital has expired. The General Meeting may decide on how the Company's reserve capital, including capital reserves, shall be used. Furthermore, as described in the accounting policy above, capital arising from business combinations does not increase the amount of reserve capital and therefore cannot be distributed in the future.

In conclusion, it should be noted that the dividend capacity of Asseco Poland S.A. as at 31 December 2023 is equal to the amount of prior years' profits that have been appropriated to the reserve capital pursuant to resolutions of the General Meeting of Shareholders plus the current net profit, but assuming that any negative results from the settlement of treasury shares transactions will be covered from the share premium. The share premium (excess of the issuance price over the par value on shares) can only be used to cover potential losses disclosed in the financial statements and therefore it does not increase the Company's capacity to pay out dividends. Moreover, the amount of reserve capital that equals one-third of the share capital cannot be distributed to shareholders. As at 31 December 2023, there were no other restrictions regarding the payment of dividends.

## 5.14. Bank loans and debt securities issued

### Selected accounting policies

The Company classifies its financial liabilities to the following categories:

- measured at amortized cost,
- measured at fair value through profit or loss.

Financial liabilities measured by the Company at amortized cost include bank loans, borrowings and debt securities. Other financial liabilities are measured at fair value through profit or loss.

All bank loans, borrowings and debt securities are initially recognized at their purchase cost, representing the fair value of cash received net of any transaction costs directly attributable to obtaining a bank loan or issuing debt securities.

Subsequently to initial recognition, bank loans, borrowings as well as debt securities are measured at amortized cost using the effective interest method. Determination of the amortized cost shall take into account the costs related to obtaining a bank loan or borrowing, or issuing debt securities, as well as any discounts or bonuses received upon repayment of the liability.

A financial liability is removed by the Company from its statement of financial position when it is extinguished, this is when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying value of a financial liability extinguished and the consideration paid, including any non-cash assets transferred, shall be recognized in profit or loss.

|                                  | Maximum debt limit available | Effective interest rate % | Repayment date | 31 December 2023 |              | 31 December 2022 |            |
|----------------------------------|------------------------------|---------------------------|----------------|------------------|--------------|------------------|------------|
|                                  |                              |                           |                | Long-term        | Short-term   | Long-term        | Short-term |
| <b>Bank overdraft facilities</b> |                              |                           |                |                  |              |                  |            |
| Bank overdraft facility          | 150.0                        | 1M WIBOR + margin         | 2025-11-30     | -                | -            | -                | -          |
| Bank overdraft facility          | 50.0                         | 1M WIBOR + margin         | 2024-06-30     | -                | -            | -                | -          |
| Bank overdraft facility          | 70.0                         | 1M WIBOR + margin         | 2025-10-31     | -                | -            | -                | -          |
| Bank overdraft facility          | 200.0                        | 1M WIBOR + margin         | 2024-07-31     | -                | -            | -                | -          |
| Bank overdraft facility          | 70.0                         | 1M WIBOR + margin         | 2024-06-25     | -                | -            | -                | -          |
| <b>Non-revolving bank loan</b>   | <b>540.0</b>                 |                           |                |                  |              |                  |            |
| Bank loan                        | n/a                          | 1M WIBOR + margin         | 2028-09-06     | 826.1            | 100.4        | -                | -          |
| <b>TOTAL</b>                     | <b>540.0</b>                 |                           |                | <b>826.1</b>     | <b>100.4</b> | -                | -          |

As at 31 December 2023, total funds available to Asseco Poland S.A. under bank account overdraft facilities amounted to PLN 540.0 million, of which PLN 24.3 million were used as collateral for bank guarantees. As at 31 December 2022, total funds available to Asseco Poland S.A. under bank account overdraft facilities amounted to PLN 540.0 million, of which PLN 23.3 million were used as collateral for bank guarantees. As at 31 December 2023 and 31 December 2022, we had no liabilities outstanding under such bank overdrafts and no other assets served as collateral for bank loans and borrowings.

As at 31 December 2023, the Company's total debt amounted to PLN 926.5 million which resulted from a bank loan taken out by Asseco Poland S.A. This bank loan was granted by PKO Bank Polski S.A. on 6 September 2023, and proceeds obtained in the amount of PLN 946.7 million were used to finance the Company's share buy-back which was conducted on 21 September 2023. This bank loan bears an interest rate of 1M WIBOR plus margin. The final repayment of the loan shall be made by 6 September 2028. The bank loan will be repaid in monthly instalments and the last instalment will equal 50% of the amount of loan used.

The Company's liabilities under this loan agreement have been secured by the Company's declaration of voluntary submission to enforcement pursuant to art. 777 of the Code of Civil Procedure, however the bank may demand additional security as stipulated in the agreement.

Under the bank loan agreement, the Company has undertaken to:

- maintain the Financial Leverage Ratio (Total net debt/EBITDA) at a level not exceeding 3.5;
- maintain the Debt-Service Coverage Ratio (EBITDA – Income tax paid/Debt-service cost) at a level of not less than 1.10.

The ratios and values mentioned above refer to data from the standalone financial statements of Asseco Poland S.A. and shall be calculated in accordance with the definitions contained in the bank loan agreement.

The total net debt of Asseco Poland S.A. is defined as the excess of financial liabilities over the amount of cash and cash equivalents, less financial liabilities to related parties and less lease liabilities. EBITDA of Asseco Poland S.A. shall be defined as the total of operating profit before tax (i.e. operating profit/loss stated in the published financial statements) and depreciation and amortization charges, less gains on disposal of non-current assets and less goodwill impairment charges reversed, plus losses on disposal of non-financial non-current assets and plus goodwill impairment charges recognized, less (excluding) depreciation charges on right-of-use assets under IFRS 16, and plus all dividend income. The total debt and EBITDA ratios shall be calculated using the values of the aforementioned items the last 12 months ended on the date for which the ratio is calculated.

The definitions provided above are abbreviated while the full and precise definitions of the indicators are contained in the loan agreement. As at the reporting date, the Financial Leverage Ratio was below 2.0 and the Debt-Service Coverage Ratio was above 10.

Pursuant to the agreement, the bank may reduce the amount of the granted loan or terminate the agreement in whole or in part and demand repayment of the loan in the event:

- there is a change in control over the Company, understood as an event or series of events as a result of which any person or persons acting in concert control more than 33% of voting rights at the Company's general meeting;
- when the Financial Leverage Ratio is higher than or equal to 3.0 and the Company, without the Bank's prior written consent, makes a dividend payment or an advance payment for dividend, or redeems shares for a cash consideration payable to a shareholder; or
- when the Financial Leverage Ratio reaches or exceeds the level of 3.0 as referred above as a result of a dividend payment or an advance payment for dividend, or the redemption of shares for a cash consideration payable to a shareholder which has not been consented by the Bank.

## 5.15. Lease liabilities

### *Selected accounting policies*

*A contract is a lease or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use is transferred under a contract if the lessee has both of the following:*

- *the right to obtain substantially all of the economic benefits from use of the identified asset; and*
- *the right to direct the use of the identified asset.*

#### **Lease liabilities – initial recognition**

*At the lease commencement date, the Company measures the lease liability at the present value of lease payments outstanding at that date. The lease payments are discounted by the Company using the incremental borrowing rate.*

*The lease payments comprise: fixed payments (including in-substance fixed lease payments), less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable under residual value guarantees; the exercise price of a purchase option (if the Company is reasonably certain to exercise that option); and payments of penalties for terminating the lease (if the Company is reasonably certain to exercise that option).*

*Variable lease payments that do not depend on an index or a rate are immediately recognized as expenses in the period in which the event or condition that triggers those payments occurs.*

#### **Lease liabilities – subsequent measurement**

*In subsequent periods, the amount of the lease liability is reduced by the lease payments made and increased by interest accrued on that liability. Such interest is calculated by the Company using the lessee's incremental borrowing rate, which constitutes the sum of the risk-free interest rate (being determined by the Company based on the quotations of relevant IRS derivatives or interest rates on government bonds for relevant currencies) and the credit risk premium for the Company (being quantified on the basis of margins offered to the Company on investment loans adequately secured with assets).*

*If a lease contract is subject to modification involving a change in the lease term, a revised amount of in-substance*

fixed lease payments, or a change in the assessment of an option to purchase the underlying asset, then the lease liability shall be remeasured to reflect such changes. Remeasurement of the lease liability requires making a corresponding adjustment to the right-of-use asset.

**Lease term for contracts with an option to extend the lease**

The Company determines the lease term as the non-cancellable period of the lease, including periods covered by an option to extend the lease if it is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if it is reasonably certain not to exercise that option.

Under some lease contracts, the Company has an option to extend the duration of the lease of assets. The Company makes judgements in assessing whether there is reasonable certainty that the option to extend the lease will be exercised. This means it considers all relevant facts and circumstances that create an economic incentive for extending the lease, or an economic penalty for not extending the lease. After the commencement date, the Company shall revise the lease term if there is a significant event or a change in circumstances under its control that affects its ability to exercise (or not to exercise) the option to extend the lease (e.g. a change in business strategy).

**Lease term for contracts for an indefinite period**

The Company has lease contracts concluded for an indefinite period, as well as contracts that have evolved into contracts for an indefinite period under which both parties have the option to terminate the lease. In determining the lease term, the Company determines the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty. The Company assesses the significance of broadly understood penalties, i.e. apart from strictly contractual or financial matters, it considers all other significant economic factors discouraging the termination of the contract (e.g. significant investments in the underlying asset, availability of alternative solutions, relocation costs). If neither the Company acting as the lessee nor the lessor incurs a significant (broadly understood) penalty for terminating the contract, then the lease ceases to be enforceable and the lease term is limited to the period of termination notice. However, in a situation where any of the parties, according to professional judgment, incurs a significant (broadly understood) penalty for terminating the contract, the Company shall determine the lease term as the period over which it is reasonably certain the lease will be continued.

**Lessee's incremental borrowing rate**

The Company is not able to readily determine the interest rate implicit in lease contracts, and therefore in measuring the lease liability it uses the lessee's incremental borrowing rate. This is the rate of interest that the Company would have to pay to borrow over a similar term, in the same currency and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

**Estimates and judgements**

In order to adopt and apply IFRS 16, the Company is required to make miscellaneous estimates and exercise professional judgment. This regards mainly the assessment of the lease term in contracts concluded for an indefinite period as well as in contracts providing the Company with an option to extend the lease. In determining the lease term, the Company has to consider all relevant facts and circumstances that create an economic incentive to exercise or not to exercise the option to extend the lease or the option to terminate the lease. When determining the lease term, the Company also takes into account the amount of expenditures incurred to adapt the leased asset to individual needs, and in the case of real estate leases – size of the market in a given location and the specific features of rented property.

As at 31 December 2023, assets used under lease contracts where the Company is a lessee, included:

- real estate,
- cars.

The table below presents the amounts of lease liabilities as at 31 December 2023 as well as at 31 December 2022.

|                       | 31 December 2023 |             | 31 December 2022 |             |
|-----------------------|------------------|-------------|------------------|-------------|
|                       | Long-term        | Short-term  | Long-term        | Short-term  |
|                       | PLN mn           | PLN mn      | PLN mn           | PLN mn      |
| Leases of real estate | 76.0             | 13.2        | 60.1             | 12.7        |
| Leases of cars        | -                | 0.2         | -                | 0.1         |
| <b>Total</b>          | <b>76.0</b>      | <b>13.4</b> | <b>60.1</b>      | <b>12.8</b> |

### Leases of real estate

The net value of real estate held under lease contracts amounted to PLN 104.8 million as at 31 December 2023, as compared to PLN 86.4 million as at 31 December 2022.

Future cash flows and liabilities arising from leases of real estate are as follows:

|   | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
|   | PLN mn           | PLN mn           |
| <b>Minimum lease payments</b>             |                  |                  |
| in the period shorter than 1 year         | 16.6             | 15.0             |
| in the period from 1 to 5 years           | 38.4             | 36.1             |
| in the period longer than 5 years         | 100.5            | 88.8             |
| <b>Future minimum lease payments</b>      | <b>155.5</b>     | <b>139.9</b>     |
| <b>Future interest expenses</b>           | <b>66.3</b>      | <b>67.1</b>      |
| <b>Present value of lease liabilities</b> |                  |                  |
| in the period shorter than 1 year         | 13.2             | 12.7             |
| in the period from 1 to 5 years           | 26.2             | 29.8             |
| in the period longer than 5 years         | 49.8             | 30.3             |
| <b>Lease liabilities</b>                  | <b>89.2</b>      | <b>72.8</b>      |

The incremental interest rate on leases of real estate equalled 3.9% as at 31 December 2023, as compared to 3.4 % as at 31 December 2022.

The table below presents the amounts of costs arising from lease contracts that were recognized in the statement of profit and loss for the period of 12 months ended 31 December 2023 and for the comparable period:

|   | 12 months ended 31 December 2023 | 12 months ended 31 December 2022 |
|---|----------------------------------|----------------------------------|
|   | PLN mn                           | PLN mn                           |
| Depreciation of right-of-use assets           | <u>5.3</u>                       | (14.1)                           |
| Interest expenses on lease liabilities        | <u>4.4</u>                       | (2.6)                            |
| Costs arising from leases of low-value assets | (0.3)                            | (0.4)                            |
| Costs arising from short-term leases          | (1.2)                            | (1.0)                            |
| <b>Total</b>                                  | <b>(18.2)</b>                    | <b>(16.0)</b>                    |

### 5.16. Other financial liabilities

#### Selected accounting policies

##### **Deferred payments for the acquisition of shares**

Liabilities under deferred payments for the acquisition of shares are recognized at the present value of the expected payment.

##### **Financial derivative instruments**

Derivative instruments utilized by the Company in order to hedge against the risk of changes in foreign currency exchange rates include primarily currency forward contracts. Such financial derivatives are measured at fair value.

Derivative instruments are recognized as assets if their value is positive or as liabilities if their value is negative.

Gains and losses resulting from changes in the fair value of derivatives are recognized directly in profit or loss for the reporting period.

The fair value of currency forward contracts is determined on the basis of the forward exchange rates available currently for contracts with similar maturity.

| Other financial liabilities                 | 31 December 2023 |            | 31 December 2022 |            |
|---|------------------|------------|------------------|------------|
|   | Long-term        | Short-term | Long-term        | Short-term |
|   | PLN mn           | PLN mn     | PLN mn           | PLN mn     |
| Liabilities from currency forward contracts | -                | -          | 0.2              | 0.2        |
| <b>Total</b>                                | -                | -          | <b>0.2</b>       | <b>0.2</b> |

Liabilities from currency forward contracts correspond to forward transactions in foreign currencies that have been concluded in order to hedge against our foreign currency risk.

The fair value of currency forward contracts is determined at each reporting date using calculation models based on inputs that are directly observable in active markets. The fair value is determined on the basis of quoted prices offered in active markets. Valuation changes are recognized through profit or loss in the statement of profit and loss.

The fair values of financial assets and liabilities held by the Company both as at 31 December 2023 and 31 December 2022 did not significantly differ from their carrying values.

| As at 31 December 2022                      | Carrying value | Level 1 <sup>i)</sup> | Level 2 <sup>ii)</sup> | Level 3 <sup>iii)</sup> |
|---|----------------|-----------------------|------------------------|-------------------------|
|   | PLN mn         | PLN mn                | PLN mn                 | PLN mn                  |
| <b>Financial liabilities</b>                |                |                       |                        |                         |
| Liabilities from currency forward contracts | 0.4            | -                     | 0.4                    | -                       |
| <b>Total</b>                                | <b>0.4</b>     | <b>-</b>              | <b>0.4</b>             | <b>-</b>                |

*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.*

## 5.17. Trade payables and other liabilities

### Selected accounting policies

**Trade payables** related to operating activities are recognized and disclosed at the amounts due for payment. Such liabilities result from goods and services provided to the Company, which have already been invoiced or have not been invoiced yet but receiving such invoices is considered as highly probable by the Management and their amount can be precisely determined.

**Liabilities to the state and local budgets** represent liabilities resulting from taxes and public levies, as well as from social security contributions and customs duties. Such liabilities are recognized at the amounts due for payment, determined in accordance with applicable regulations.

**Liabilities arising from project-related penalties** constitute compensation for failure to fulfill or improper fulfilment of a performance obligation, and they result from contracts concluded with customers rather than from the provisions of law of a given country.

Project-related penalties are a variable component of consideration which decreases the transaction price, whereas a liability arising from contractual penalties is a kind of a refund liability, but not a contract liability.

**Other liabilities** include liabilities to employees arising from unpaid salaries as at the reporting date, liabilities from purchases of tangible and intangible assets, as well as other liabilities.

As at 31 December 2023 and 31 December 2022, the Company had the following trade payables:

|                                      | 31 December 2023 |             | 31 December 2022 |             |
|--------------------------------------|------------------|-------------|------------------|-------------|
|                                      | Long-term        | Short-term  | Long-term        | Short-term  |
|                                      | PLN mn           | PLN mn      | PLN mn           | PLN mn      |
| <b>To related parties, of which:</b> | <b>0.5</b>       | <b>14.0</b> | <b>0.8</b>       | <b>14.6</b> |
| Invoiced payables                    | 0.5              | 7.5         | 0.8              | 11.4        |
| to subsidiaries                      | 0.4              | 6.8         | 0.8              | 10.9        |

|  |            |              |            |             |
|--|------------|--------------|------------|-------------|
| <i>to other related parties</i>                | 0.1        | 0.7          | -          | 0.5         |
| Uninvoiced payables                            | -          | 6.5          | -          | 3.2         |
| <i>to subsidiaries</i>                         | -          | 6.3          | -          | 3.0         |
| <i>to other related parties</i>                | -          | 0.2          | -          | 0.2         |
| <b>To other entities, of which:</b>            | -          | <b>87.6</b>  | -          | <b>70.0</b> |
| Invoiced payables                              | -          | 34.0         | -          | 22.5        |
| Uninvoiced payables                            | -          | 49.5         | -          | 43.1        |
| Liabilities arising from contractual penalties | -          | 4.1          | -          | 4.4         |
| <b>Total trade payables</b>                    | <b>0.5</b> | <b>101.6</b> | <b>0.8</b> | <b>84.6</b> |

Trade payables are non-interest bearing. Related party transactions have been presented in explanatory note 5.21 to these financial statements.

The table below discloses the Company's gross trade payables as at 31 December 2023 and 31 December 2022, by maturity based on contractual undiscounted payments.

|  | 31 December 2023 |               | 31 December 2022 |               |
|--|------------------|---------------|------------------|---------------|
|  | PLN mn           | %             | PLN mn           | %             |
| <b>Trade payables</b>                            |                  |               |                  |               |
| Liabilities due already                          | 13.9             | 13.6%         | 5.0              | 5.9%          |
| Liabilities falling due within 3 months          | 87.2             | 85.4%         | 79.1             | 92.6%         |
| Liabilities falling due within 3 to 6 months     | 0.2              | 0.2%          | 0.2              | 0.2%          |
| Liabilities falling due after more than 6 months | 0.8              | 0.8%          | 1.1              | 1.3%          |
|  | <b>102.1</b>     | <b>100.0%</b> | <b>85.4</b>      | <b>100.0%</b> |

As at 31 December 2023 and 31 December 2022, the Company had the following other liabilities:

|   | 31 December 2023 |             | 31 December 2022 |             |
|---|------------------|-------------|------------------|-------------|
|   | Long-term        | Short-term  | Long-term        | Short-term  |
|   | PLN mn           | PLN mn      | PLN mn           | PLN mn      |
| <b>Corporate income tax payable</b>                                 | <b>5.6</b>       | <b>32.3</b> | <b>2.6</b>       | <b>9.0</b>  |
| <b>Other liabilities to the state and local budgets</b>             |                  |             |                  |             |
| Value added tax (VAT)   | -                | 6.0         | -                | 9.3         |
| Personal income tax (PIT)   | -                | 10.9        | -                | 10.4        |
| Social security contributions                                       | -                | 26.7        | -                | 22.8        |
| Other   | -                | 0.4         | -                | 0.4         |
| <b>Total liabilities to the state and local budgets</b>             | <b>-</b>         | <b>44.0</b> | <b>-</b>         | <b>42.9</b> |
| <b>Other liabilities</b>  |                  |             |                  |             |
| Received advances for the sale of non-current assets                | -                | 3.1         | -                | -           |
| Salaries payable  | -                | 22.9        | -                | 20.3        |
| Liabilities from purchases of tangible assets and intangible assets | -                | 1.7         | -                | 2.5         |
| Other liabilities   | 0.1              | 1.0         | 0.1              | 4.7         |
| <b>Total other liabilities</b>                                      | <b>0.1</b>       | <b>28.7</b> | <b>0.1</b>       | <b>27.5</b> |

## 5.18. Contract liabilities

### Selected accounting policies

Liabilities from contracts with customers represent obligations to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

Contract liabilities include liabilities arising from the valuation of IT contracts, deferred income from right-to-access licenses that have not been recognized as at the reporting date, as well as future revenues from the provision of services such as IT support (maintenance) which are recognized over time.

Due to the large variety of performance obligations, it is difficult to determine the point in time at which the Company's performance obligations are satisfied. Most often, in the case of contracts for the implementation of comprehensive IT systems and maintenance contracts, the Company fulfils its performance obligations while providing services to customers. In the case of an obligation to provide the customer with a software license (with a right to use), the Company considers its performance obligation to have been fulfilled at the time of granting the license, but not earlier than at the beginning of the period when the customer can start using that software (usually when the license key is provided), which in the Company's opinion is tantamount to transferring the control of the license to the customer.

### Estimates and judgements

Each time, the Company exercises professional judgment involving the assessment of the percentage of completion of IT implementation contracts in relation to invoices issued, as well as the allocation of the transaction price.

As at 31 December 2023 and 31 December 2022, the Company's liabilities from contracts with customers resulted from obligations listed in the table below:

|   | 31 December 2023 |             | 31 December 2022 |             |
|---|------------------|-------------|------------------|-------------|
|   | Long-term        | Short-term  | Long-term        | Short-term  |
|   | PLN mn           | PLN mn      | PLN mn           | PLN mn      |
| <b>Contract liabilities</b>                           |                  |             |                  |             |
| <b>To related parties, of which:</b>                  | <b>1.3</b>       | <b>4.7</b>  | <b>1.0</b>       | <b>10.1</b> |
| Deferred income arising from contracts with customers | 1.3              | 4.0         | 1.0              | 9.2         |
| Liabilities arising from valuation of IT contracts    | -                | 0.7         | -                | 0.9         |
| <b>To other entities, of which:</b>                   | <b>34.9</b>      | <b>68.7</b> | <b>26.1</b>      | <b>61.6</b> |
| Deferred income arising from contracts with customers | 34.9             | 48.2        | 26.1             | 46.1        |
| Liabilities arising from valuation of IT contracts    | -                | 20.5        | -                | 15.5        |
| <b>Total contract liabilities</b>                     | <b>36.2</b>      | <b>73.4</b> | <b>27.1</b>      | <b>71.7</b> |

Changes in the value of liabilities from contracts with customers that took place during the period of 12 months ended 31 December 2023 and in the comparable period are presented below:

|  | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|--|-------------------------------------|-------------------------------------|
|  | PLN mn                              | PLN mn                              |
| <b>Contract liabilities as at 1 January</b>  | <b>98.8</b>                         | <b>94.7</b>                         |
| Invoices issued above the level of performance obligations satisfied   | 706.5                               | 555.7                               |
| Fulfillment of new uninvoiced performance obligations;<br>changes in estimated transaction prices, modification of other assumptions | (695.7)                             | (551.6)                             |
| <b>Contract liabilities at the end of the period</b>   | <b>109.6</b>                        | <b>98.8</b>                         |



## 5.19. Provisions

### *Selected accounting policies*

A provision should be recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision shall be determined by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks related to the liability. Where the discounting method is used, an increase in a provision due to the passage of time is recognized as a financial cost.

#### **Onerous contracts**

The Company recognizes provisions for onerous contracts in which the total unavoidable direct costs of meeting the obligations under the contract exceed the economic benefits expected to be received therefrom.

A contract with a customer is onerous when the total amount of revenues is lower than the total of the cost of goods and services sold (COGS) and production costs.

Once an onerous contract is identified (which may happen at any time during the contract execution), the entire loss expected to be incurred on such contract should be immediately recognized as a cost in the current reporting period.

The amount of provision for onerous contracts is verified at each reporting date (the amount of provision should be equal to the difference between the entire expected loss and the loss already incurred till the reporting date), which may result in an increase or decrease in the provision.

#### **Provision for warranty repairs**

The provision for warranty repairs is created to cover any anticipated future costs of warranty or service obligations resulting from the executed IT contracts, provided such warranty obligations meet the definition of a standard warranty under IFRS 15.

If the warranty meets the definition of a service (is an extended warranty in accordance with IFRS 15), i.e. the warranty scope is broader than just an assurance to the customer that the product/service complies with agreed-upon specifications, then no provision is created. This is due to the fact that revenue from an extended warranty is recognized over the extended warranty period, and consequently the costs of warranty services provided under such extended warranty are recognized in the statement of profit and loss at the point in time of incurring those costs.

The provision for (standard) warranty repairs is set aside in the cases where:

- (i) no contract for maintenance services has been signed with the customer, or
- (ii) the scope of the maintenance services contract does not fully cover all anticipated costs of the fulfilment of warranty obligations; or
- (iii) the scope of the manufacturer's warranty for any equipment resold is narrower than the scope of warranty the Company is contractually committed to provide to its customer.

The provision amount recognized at the reporting date shall be proportional to the progress of IT contract execution.

Any costs associated with the provision of our warranty services shall be, when incurred, deducted from the previously created provision. At each reporting date, the Company verifies the amount of carried provision for warranty repairs. If the actual costs of warranty services or anticipated future costs are lower/higher than assumed at the time of initial recognition of a provision, such provision shall be decreased/increased accordingly to reflect the Company's current expectations in respect of fulfilment of its warranty obligations in future periods.

#### **Post-employment benefits**

The provision for post-employment benefits is created for employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment. The Company has a defined contribution plan under which it pays fixed contributions into a separate entity (in Poland – the social insurance fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Company creates the provision for post-employment benefits based on calculations made by an independent actuary. Any actuarial gains or losses resulting from the remeasurement of obligations under defined benefit plans shall be recognized in other comprehensive income and cannot be later reclassified to profit or loss.

#### **Provision for contractual penalties**

Provisions for contractual penalties only include provisions for non-project penalties, i.e. provisions for penalties that are not directly related to the fulfilment of a performance obligation. Hence, non-project penalties constitute compensation for damages rather than for failure to fulfill a performance obligation. The potential amount of contractual non-project penalties and the time of their occurrence are not known to the Company. Non-project penalties arise from the provisions of law rather than from the contract itself and any contractual penalties provided for therein. Provisions for contractual penalties are presented in other provisions and recognized as other operating costs.

#### **Provisions for risks of litigation and other provisions**

Other provisions include mainly provisions for pending court proceedings and are created on the basis of available information, in particular the opinions of lawyers and independent experts. The Company creates a provision if at the end of the reporting period the Company has a present obligation arising from past events which can be measured with sufficient reliability, and it is probable that an outflow of resources embodying economic benefits will be required to

settle the obligation.

#### Estimates and judgements

It should be taken into account that all provisions estimated by the Company, in particular provisions for contractual penalties and onerous contracts, required the exercise of professional judgment and estimates in order to determine the most probable amount of the future outflow of economic benefits from the Company. However, such estimates may change in the future and the actual outflow of benefits may turn out to be larger or smaller than disclosed in these financial statements.

Changes in the amounts of provisions that took place during the period of 12 months ended 31 December 2023 and in the comparable period are presented below:

|  | Post-employment benefits | Provision for warranty repairs | Provision for onerous contracts | Other provisions | Total       |
|--|--------------------------|--------------------------------|---------------------------------|------------------|-------------|
|  | PLN mn                   | PLN mn                         | PLN mn                          | PLN mn           | PLN mn      |
| <b>As at 1 January 2023</b>              | <b>4.0</b>               | <b>0.6</b>                     | <b>5.9</b>                      | <b>0.1</b>       | <b>10.6</b> |
| Provisions created (+)                   | 2.9                      | -                              | 13.3                            | -                | 16.2        |
| Provisions utilized / reversed (-)       | -                        | (0.4)                          | (8.7)                           | -                | (9.1)       |
| Actuarial gains/losses                   | (1.1)                    | -                              | -                               | -                | (1.1)       |
| <b>As at 31 December 2023, of which:</b> | <b>5.8</b>               | <b>0.2</b>                     | <b>10.5</b>                     | <b>0.1</b>       | <b>16.6</b> |
| Short-term                               | 0.6                      | 0.2                            | 8.8                             | 0.1              | 9.7         |
| Long-term                                | 5.2                      | -                              | 1.7                             | -                | 6.9         |
| <b>As at 1 January 2022</b>              | <b>3.7</b>               | <b>0.1</b>                     | <b>4.0</b>                      | <b>0.1</b>       | <b>7.9</b>  |
| Provisions created (+)                   | 0.3                      | 0.6                            | 5.8                             | -                | 6.7         |
| Unwinding of discount (+)                | -                        | -                              | 0.1                             | -                | 0.1         |
| Provisions utilized / reversed (-)       | -                        | (0.1)                          | (4.0)                           | -                | (4.1)       |
| <b>As at 31 December 2022, of which:</b> | <b>4.0</b>               | <b>0.6</b>                     | <b>5.9</b>                      | <b>0.1</b>       | <b>10.6</b> |
| Short-term                               | 0.5                      | 0.4                            | 4.7                             | 0.1              | 5.7         |
| Long-term                                | 3.5                      | 0.2                            | 1.2                             | -                | 4.9         |

In compliance with the Labour Code provisions, Asseco Poland S.A. makes a severance payment in the amount of one-month average salary to each retiring employee.

In order to measure the value of such liabilities as at the reporting date, the actuary made the following main assumptions:

|  | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Discount rate (%)  | 5.00%            | 6.38%            |
| Forecast inflation rate (%)  | 4.00%            | 4.00%            |
| Probability of leaving the job prior to becoming eligible for benefits (%) | 12.60%           | 10.40%           |
| Projected rate of salaries increase (%)*                                   | 8.00%            | 8.00%            |

\* In the first year, the projected rate of salaries increase is 8% and in the following years 5%.

## 5.20. Accruals and deferred income

### Selected accounting policies

#### Accruals for unused holiday leaves

The Company creates a "provision" (recognized as a component of accruals) for unused holiday leaves, which relate to periods preceding the reporting date and will be used in the future, for all of the Company's employees because in Poland unused holiday leaves constitute accumulating paid absences (absences that are carried forward and can be used in future periods if the current period's entitlement is not used in full). The amount of such provision depends on the average monthly salary and the number of leave days eligible but not used by an employee as at the end of the reporting period. The Company recognizes the costs of unused holiday leaves on an accrual basis, based on estimated amounts, and discloses them in the statement of profit and loss under salaries (where they occur).

#### Accruals for employee bonuses

An obligation under bonus plans results from employee service and not from a transaction with the Company's owners. Therefore, the cost of such plans (even if they provide for profit-sharing payments) is always recognized as an expense and not as a distribution of profit.

The Company shall recognize the expected cost of profit-sharing and bonus payments when, and only when:

- it has a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the obligation can be made.

A present obligation exists when, and only when, the Company has no realistic alternative but to make the payments.

#### Grants related to assets

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held.

Grants are recognized when there is reasonable assurance that the Company will comply with the conditions attaching to them, and that the grants will be received. The manner in which a grant is received does not affect the accounting method to be adopted in regard to the grant. While the purpose of allocating a grant received is an important issue.

Therefore, a grant shall be accounted for in the same manner whether it is received in cash or as a reduction of a liability.

If a grant received by the Company is related to assets, then it is accounted for as deferred income which is afterwards systematically, by way of equal annual write-offs, recognized in profit or loss over the estimated useful life of the related asset as a reduced depreciation expense.

### Estimates and judgements

The Company estimates the amount of its obligations based on the adopted assumptions and methodology, assessing the probability of an outflow of resources embodying economic benefits and, as at the reporting date, recognizes liabilities for which such outflow is highly probable.

Accruals for employee bonuses, in a large number of cases, depend on the estimates of profits achieved at various levels by the Company.

The Company does not recognize any grant until there is reasonable assurance that the Company will comply with the conditions attaching to the grant, and that the grant will be received. The assessment of compliance with such conditions requires professional judgment and is often associated with making estimates.

|  | 31 December 2023 |             | 31 December 2022 |             |
|--|------------------|-------------|------------------|-------------|
|  | Long-term        | Short-term  | Long-term        | Short-term  |
|  | PLN mn           | PLN mn      | PLN mn           | PLN mn      |
| <b>Accruals, of which:</b>                   | -                | 47.0        | -                | 42.4        |
| Accruals for unused holiday leaves           | -                | 23.5        | -                | 24.9        |
| Accruals for employee and management bonuses | -                | 23.5        | -                | 17.5        |
| <b>Deferred income, of which:</b>            | 45.0             | 2.2         | 47.2             | 2.1         |
| Grants related to assets                     | 45.0             | 2.2         | 47.2             | 2.1         |
| <b>Total</b>                                 | <b>45.0</b>      | <b>49.2</b> | <b>47.2</b>      | <b>44.5</b> |

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

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

### 5.21. Related party transactions

Revenues from related parties include sales of goods and IT services related to ongoing IT projects, as well as income from letting of own office space and from other activities. Transactions with management board members of other companies of the Group are associated with proceeds from the sale of shares.

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

|  | Sales                               |                                     | Purchases                           |                                     |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|  | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|  | PLN mn                              | PLN mn                              | PLN mn                              | PLN mn                              |
| Transactions with capital-related entities   | 146.2                               | 130.7                               | 74.1                                | 61.1                                |
| Transactions with associates   | 7.2                                 | 7.7                                 | 0.1                                 | 0.2                                 |
| Transactions with entities related through the Key Management Personnel and Members of the Supervisory Board | 26.3                                | -                                   | 2.3                                 | 0.5                                 |
| Transactions with Members of the Management Board and Commercial Proxies of Asseco Poland S.A.               | -                                   | -                                   | 0.5                                 | 0.9                                 |
| Transactions with Members of the Supervisory Board   | -                                   | -                                   | -                                   | 0.5                                 |
| <b>Total related party transactions</b>  | <b>179.7</b>                        | <b>138.4</b>                        | <b>77.0</b>                         | <b>63.2</b>                         |

‘Transactions with capital-related entities’ presented in the table above and in the following tables in this explanatory note disclose the outstanding balances of receivables and payables between the Company and its subsidiaries as well as entities of Polsat Plus Group which held 22.95% of equity interest and voting rights at the Company’s General Meeting of Shareholders. On 21 September 2023, Asseco Poland S.A. bought back a portion of shares that were owned by Cyfrowy Polsat S.A. as a result of which the equity interest and voting rights held by Cyfrowy Polsat S.A. at the General Meeting of Shareholders of the Parent Company decreased to 10.13%. Therefore, from the date of that transaction, entities belonging to Polsat Plus Group have no longer been considered as capital-related entities. Since 21 September 2023, the above-mentioned entities have only been related with the Company through personnel, because persons related to Polsat Plus Group sit on the Supervisory Board of Asseco Poland S.A. ‘Transactions with capital-related entities’ presented in the table above for 2023 disclose purchases from and sales to entities of Polsat Plus Group for the period of 9 months ended 30 September 2023. Whereas, transactions with the aforementioned entities which were conducted in the fourth quarter of 2023 are disclosed in the line ‘Transactions with entities related through the Key Management Personnel and Members of the Supervisory Board’.

|  | Trade receivables, other receivables and contract assets as at |                  | Trade payables, other liabilities and contract liabilities as at |                  |
|--|--|------------------|--|------------------|
|  | 31 December 2023   | 31 December 2022 | 31 December 2023   | 31 December 2022 |
|  | PLN mn   | PLN mn           | PLN mn   | PLN mn           |
| Transactions with capital-related entities   | 22.5   | 67.0             | 16.2   | 26.3             |
| Transactions with associates   | 0.8  | 1.5              | -  | -                |
| Transactions with the Group’s Key Management Personnel   | 3.4  | 13.1             | -  | -                |
| Transactions with entities related through the Key Management Personnel and Members of the Supervisory Board         | 69.7   | -                | 4.3  | 0.1              |
| Transactions with Members of the Management Board and Supervisory Board and Commercial Proxies of Asseco Poland S.A. | -  | -                | -  | 0.1              |
| <b>Total related party transactions</b>  | <b>96.4</b>  | <b>81.6</b>      | <b>20.5</b>  | <b>26.5</b>      |

As at 31 December 2023, total receivables from related parties comprised trade receivables and contract assets amounting to PLN 79.2 million, as well as other receivables amounting to PLN 17.2 million. As at 31 December 2022, total receivables from related parties comprised trade receivables amounting to PLN 67.9 million, as well as other receivables amounting to PLN 13.7 million.

Receivables arising from transactions with the Group's Key Management Personnel 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 5.6.

As at 31 December 2023, total liabilities to related parties comprised trade payables and contract liabilities amounting to PLN 20.5 million. As at 31 December 2022, total liabilities to related parties comprised trade payables and contract liabilities amounting to PLN 26.5 million.

The table below presents the amounts of loans granted to related parties as at 31 December 2023 and 31 December 2022.

|                               | 31 December 2023 | 31 December 2022 |
|-------------------------------|------------------|------------------|
|                               | <i>PLN mn</i>    | <i>PLN mn</i>    |
| Nextbank Software Sp. z o.o.  | 5.9              | 4.7              |
| Adesso banking solutions GmbH | 0.5              | 0.5              |
| <b>Total</b>                  | <b>6.4</b>       | <b>5.2</b>       |

The terms and conditions of loans granted are described in explanatory note 5.8.

All transactions with related parties are carried out on an arm's length basis.

## VI. Explanatory notes to the statement of cash flows

### 6.1. Cash flows – operating activities

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

|   | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|---|-------------------------------------|-------------------------------------|
|   | PLN mn                              | PLN mn                              |
| Change in inventories                       | 7.3                                 | (7.8)                               |
| Change in receivables and contract assets   | (3.6)                               | (51.3)                              |
| Change in other non-financial assets        | (0.1)                               | (0.8)                               |
| Change in payables and contract liabilities | 30.6                                | 9.2                                 |
| Change in prepayments and accruals          | 3.3                                 | 19.2                                |
| Change in provisions                        | 4.5                                 | 2.6                                 |
| <b>Total</b>                                | <b>42.0</b>                         | <b>(28.9)</b>                       |

The table below presents the reconciliation between changes disclosed in the statement of financial position and changes in the statement of cash flows in the period of 12 months ended 31 December 2023 as well as in the comparable period:

|  | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|--|-------------------------------------|-------------------------------------|
|  | PLN mn                              | PLN mn                              |
| Change in inventories in the statement of cash flows                                     | 7.3                                 | (7.8)                               |
| Change in inventories as per the statement of financial position                         | 7.3                                 | (7.8)                               |
| Change in receivables and contract assets in the statement of cash flows                 | (3.6)                               | (51.3)                              |
| Change in receivables and contract assets as per the statement of financial position     | (4.5)                               | (22.6)                              |
| <b>Adjustments</b>   | <b>0.9</b>                          | <b>(28.7)</b>                       |
| <i>Receivables from disposal of property, plant and equipment, and intangible assets</i> | <i>(0.1)</i>                        | <i>(0.5)</i>                        |
| <i>Receivables from sale of shares</i>   | <i>0.9</i>                          | <i>(25.5)</i>                       |
| <i>Dividends receivable</i>  | <i>-</i>                            | <i>(2.6)</i>                        |
| <i>Other</i>   | <i>0.1</i>                          | <i>(0.1)</i>                        |
| Change in payables and contract liabilities in the statement of cash flows               | 30.6                                | 9.2                                 |
| Change in payables and contract liabilities as per the statement of financial position   | 55.9                                | (4.4)                               |
| <b>Adjustments</b>   | <b>(25.3)</b>                       | <b>13.6</b>                         |
| <i>Liabilities from purchases of tangible assets and intangible assets</i>               | <i>0.8</i>                          | <i>12.1</i>                         |
| <i>Liabilities from currency forward contracts</i>                                       | <i>0.4</i>                          | <i>6.7</i>                          |
| <i>Corporate income tax payable</i>  | <i>(26.3)</i>                       | <i>(4.1)</i>                        |
| <i>Other</i>   | <i>(0.2)</i>                        | <i>(1.1)</i>                        |
| Change in prepayments and accruals in the statement of cash flows                        | 3.3                                 | 19.2                                |
| Change in prepayments and accruals as per the statement of financial position            | 0.9                                 | 17.3                                |
| <b>Adjustments</b>   | <b>2.4</b>                          | <b>1.9</b>                          |
| <i>Grants related to assets</i>  | <i>2.3</i>                          | <i>2.0</i>                          |
| <i>Other</i>   | <i>0.1</i>                          | <i>(0.1)</i>                        |
| Change in provisions in the statement of cash flows                                      | 4.5                                 | 2.6                                 |

|   |              |              |
|---|--------------|--------------|
| Change in provisions as per the statement of financial position | 6.0          | 2.7          |
| <b>Adjustments</b>  | <b>(1.5)</b> | <b>(0.1)</b> |
| <i>Actuarial gains/losses</i>                                   | <i>(1.5)</i> | <i>(0.1)</i> |

## 6.2. Cash flows – investing activities

The table below presents proceeds and expenditures relating to property, plant and equipment, and intangible assets during the period of 12 months ended 31 December 2023 and in the comparable period:

|  | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|--|-------------------------------------|-------------------------------------|
|  | <i>PLN mn</i>                       | <i>PLN mn</i>                       |
| Disposal of property, plant and equipment    | 5.7                                 | 10.5                                |
| Disposal of intangible assets                | -                                   | 0.1                                 |
| Acquisition of property, plant and equipment | (27.2)                              | (36.4)                              |
| Acquisition of intangible assets             | (5.3)                               | (6.2)                               |
| Expenditures for development projects        | (13.6)                              | (26.2)                              |

The table below presents expenditures for the acquisition of shares as well as proceeds from the sale of shares during the period of 12 months ended 31 December 2023:

| Name of entity                               | Expenditures for the<br>acquisition of shares | Proceeds from the<br>sale of shares |
|--|---|-------------------------------------|
|  | <i>PLN mn</i>                                 | <i>PLN mn</i>                       |
| Komunikacja Masowa S.A.                      | -   | 2.0                                 |
| Asseco South Eastern Europe S.A.             | -   | 5.2                                 |
| Eversoft Poland Sp. z o.o.                   | -   | 0.1                                 |
| Asseco Central Europe, a.s.                  | -   | 4.3                                 |
| Krajowy Operator Chmury Medycznej Sp. z o.o. | (0.3)   | -                                   |
| Nextbank Software Sp. z o.o.                 | (1.5)   | -                                   |
| Formula Systems (1985) Ltd                   | (12.1)  | -                                   |
| <b>Total</b>                                 | <b>(13.9)</b>                                 | <b>11.6</b>                         |

- Return of capital invested in a subsidiary company includes the return of capital invested by the Company in Asseco International a.s. in the amount of PLN 88.9 million, which has been described in detail in explanatory note 5.4.

The table below presents expenditures for the acquisition of shares as well as proceeds from the sale of shares during the period of 12 months ended 31 December 2022:

| Name of entity                    | Expenditures for the acquisition of shares | Proceeds from the sale of shares |
|-----------------------------------|--|----------------------------------|
|                                   | PLN mn                                     | PLN mn                           |
| Komunikacja Masowa S.A.           | -  | 3.3                              |
| Asseco South Eastern Europe S.A.  | -  | 3.8                              |
| Asseco Innovation Fund Sp. z o.o. | (0.2)                                      | -                                |
| ComCERT S.A.                      | (0.3)                                      | -                                |
| National Defense Systems S.A.     | (0.1)                                      | -                                |
| Asseco Resovia S.A.               | (7.7)                                      | -                                |
| Eversoft Poland Sp. z o.o.        | -  | 0.1                              |
| Asseco Central Europe, a.s.       | -  | 3.7                              |
| Formula Systems (1985) Ltd        | -  | 16.3                             |
| <b>Total</b>                      | <b>(8.3)</b>                               | <b>27.2</b>                      |

The table below presents cash inflows from loans collected as well as outflows for loans granted during the period of 12 months ended 31 December 2023:

| Name of entity               | Loans collected | Loans granted |
|------------------------------|-----------------|---------------|
|                              | PLN mn          | PLN mn        |
| Nextbank Software Sp. z o.o. | -               | (1.2)         |
| Loans granted to employees   | 1.7             | (2.3)         |
| <b>Total</b>                 | <b>1.7</b>      | <b>(3.5)</b>  |

The table below presents cash inflows from loans collected as well as outflows for loans granted during the period of 12 months ended 31 December 2022:

| Name of entity                               | Loans collected | Loans granted |
|--|-----------------|---------------|
|  | PLN mn          | PLN mn        |
| Podkarpacki Fundusz Nieruchomości Sp. z o.o. | 11.3            | -             |
| Asseco Resovia S.A.                          | 7.5             | -             |
| adesso banking solutions GmbH                | -               | (0.5)         |
| Nextbank Software Sp. z o.o.                 | -               | (3.0)         |
| Loans granted to employees                   | 1.4             | (1.4)         |
| <b>Total</b>                                 | <b>20.2</b>     | <b>(4.9)</b>  |

### 6.3. Cash flows – financing activities

- Dividends paid out represent the dividend of PLN 290.5 million that was distributed by the Company for the year 2022, which has been described in detail in explanatory note 4.7;
- Proceeds from bank loans in the amount of PLN 944.6 million and repayments of bank loans in the amount of PLN 23.7 million are both related to the bank loan that was obtained for the acquisition of treasury shares as described in explanatory notes 5.14 and 5.13.

In 2023, total cash outflows for payment of lease liabilities amounted to PLN 17.5 million, of which:

- PLN 13.5 million for payment of liabilities recognized as lease liabilities;
- PLN 2.6 million for payment of interest on the above-mentioned liabilities;



- PLN 1.4 million for payment of lease liabilities under the practical expedient regarding short-term leases and leases of low-value assets.

In 2022, total cash outflows for payment of lease liabilities amounted to PLN 15.1 million, of which:

- PLN 11.2 million for payment of liabilities recognized as lease liabilities;
- PLN 2.5 million for payment of interest on the above-mentioned liabilities;
- PLN 1.4 million for payment of lease liabilities under the practical expedient regarding short-term leases and leases of low-value assets.

The table below explains changes in financial liabilities attributable to financing activities, including both changes arising from cash flows and non-cash changes:

|                               |  | Bank loans and borrowings | Lease liabilities | Dividends payable |
|-------------------------------|--|---------------------------|-------------------|-------------------|
|                               |  | PLN mn                    | PLN mn            | PLN mn            |
| <b>As at 1 January 2023</b>   |  | -                         | <b>72.9</b>       | -                 |
| Cash flows                    | Inflows (+)  | 944.6                     | -                 | -                 |
|                               | Repayment of principal amount  | (23.7)                    | (13.5)            | (290.5)           |
|                               | Interest paid  | (12.6)                    | (2.6)             | -                 |
| Non-cash changes              | Interest accrued   | 18.1                      | 2.6               | -                 |
|                               | New lease contracts  | -                         | 7.6               | -                 |
|                               | Modifications of lease contracts*                                    | -                         | 24.8              | -                 |
|                               | Dividends  | -                         | -                 | 290.5             |
|                               | Accounting for commission expenses                                   | 0.1                       | -                 | -                 |
|                               | Foreign exchange differences recognized in financial income/expenses | -                         | (2.4)             | -                 |
| <b>As at 31 December 2023</b> |  | <b>926.5</b>              | <b>89.4</b>       | -                 |

\* Modifications involving a change in the lease term or lease payments depending on an index or a rate

|                               |  | Bank loans and borrowings | Lease liabilities | Dividends payable |
|-------------------------------|--|---------------------------|-------------------|-------------------|
|                               |  | PLN mn                    | PLN mn            | PLN mn            |
| <b>As at 1 January 2022</b>   |  | -                         | <b>78.0</b>       | -                 |
| Cash flows                    | Inflows (+)  | -                         | -                 | -                 |
|                               | Repayment of principal amount  | -                         | (11.2)            | (278.9)           |
|                               | Interest paid  | -                         | (2.5)             | -                 |
| Non-cash changes              | Interest accrued   | -                         | 2.5               | -                 |
|                               | New lease contracts  | -                         | 7.7               | -                 |
|                               | Modifications of lease contracts*                                    | -                         | 1.4               | -                 |
|                               | Reclassification to assets held for sale                             | -                         | (3.1)             | -                 |
|                               | Dividends  | -                         | -                 | 278.9             |
|                               | Foreign exchange differences recognized in financial income/expenses | -                         | 0.1               | -                 |
| <b>As at 31 December 2022</b> |  | -                         | <b>72.9</b>       | -                 |

\* Modifications involving a change in the lease term or lease payments depending on an index or a rate

## VII. Explanatory notes on objectives and principles of financial risk management

Asseco Poland S.A. is exposed to various types of risks arising either from the macroeconomic situation in Poland and in the world as well as from the microeconomic situation within its own organization. The main market factors that may have an adverse impact on the Company's financial performance are: (i) fluctuations in foreign currency exchange rates versus the Polish zloty, and (ii) changes in market interest rates.

### ▪ Foreign currency risk

The Company's main functional currency is the Polish zloty, however, certain IT contracts and other agreements (e.g. leases or disposals of shares) are denominated in foreign currencies (EUR and USD). During the year, dividends receivable have a relatively high exposure to foreign currency risk. As the payment dates and the amounts of dividends receivable are known in advance, the Company concludes hedging transactions for relevant exchange rates. In 2023, the scale of contracts denominated in foreign currencies was insignificant.

With regard to the above, the Company is exposed to fluctuations in its financial performance resulting from differences in foreign currency exchange rates versus the Polish zloty in the period from concluding a contract until it is invoiced or paid for.

**Identification:** According to the Company's procedures pertaining to entering into commercial contracts, each agreement that is concluded or denominated in a foreign currency shall be subject to special registration.

**Measurement:** The exposure to foreign currency risk is measured by the value of a contract concluded in a foreign currency on one hand, and on the other by the nominal amount of currency derivative instruments concluded in the financial market. The procedures applicable to the execution of IT projects require making systematic updates of the project implementation schedules as well as of cash flows generated under individual projects.

**Objective:** The purpose of counteracting the risk of fluctuations in foreign currency exchange rates is to reduce their negative impact on the financial results of our contracts.

Contracts settled in foreign currencies are hedged with simple derivatives such as currency forward contracts (deliverable or non-deliverable, depending on a type of the hedged contract).

Foreign currency risk hedges are matched by purchasing suitable financial instruments to offset the impact of changes in the risk-causing factor on the Company's financial performance (the changes in embedded instruments and concluded instruments are balanced out). However, due to a considerable variability in project implementation schedules and the resulting variability in cash flows, the Company is prone to changes in its exposure to foreign exchange risk. Therefore, the Company dynamically transfers its existing hedging instruments or concludes new ones with the objective to ensure the most effective matching. It has to be taken into account that the valuation of embedded instruments changes with the reference to the parameters as at the contract signing date (spot rate and swap points), while transferring or conclusion of new instruments in the financial market may only be effected on the basis of current rates available. Hence, it is possible that the value of financial instruments will not be matched and the Company's financial result will be potentially exposed to foreign currency risk.

The tables below present the foreign currency exposure of our receivables and liabilities as at 31 December 2023 and 31 December 2022:

| 31 December 2023   | Carrying value | Foreign        | EUR    | USD    | NIS    |
|--|----------------|----------------|--------|--------|--------|
|  | as at          | currency       |        |        |        |
|  | 31 Dec. 2023   | exposure as at |        |        |        |
|  | PLN mn         | 31 Dec. 2023   | PLN mn | PLN mn | PLN mn |
|  |                | PLN mn         |        |        |        |
| Financial assets carried at fair value through profit or loss – currency forward contracts | 1.1            | 1.1            | 0.8    | 0.3    | -      |
| Financial assets carried at amortized cost   | 8.2            | 0.4            | 0.4    | -      | -      |
| Trade receivables and contract assets  | 415.4          | 5.8            | 2.0    | 3.8    | -      |
| Cash and cash equivalents  | 260.7          | 11.5           | 11.2   | 0.3    | -      |
| Lease liabilities  | 89.4           | 26.2           | 26.2   | -      | -      |

|  | 102.1                                   | 0.7   | 0.3    | 0.4    | -      |
|--|---|---|--------|--------|--------|
| 31 December 2022   | Carrying value<br>as at<br>31 Dec. 2022 | Foreign<br>currency<br>exposure as at<br>31 Dec. 2022 | EUR    | USD    | NIS    |
|  | PLN mn                                  | PLN mn  | PLN mn | PLN mn | PLN mn |
| Financial assets carried at fair value through profit or loss – currency forward contracts | 1.1                                     | 1.1   | 0.3    | 0.2    | 0.6    |
| Trade receivables and contract assets  | 406.4                                   | 2.9   | 2.7    | 0.2    | -      |
| Cash and cash equivalents  | 306.4                                   | 21.4  | 11.0   | 0.2    | 10.2   |
| Lease liabilities  | 72.9                                    | 34.7  | 34.7   | -      | -      |
| Other financial liabilities  | 0.4                                     | 0.4   | 0.4    | -      | -      |
| Trade payables   | 85.4                                    | 0.5   | 0.3    | 0.2    | -      |

As at 31 December 2023, the Company holds open forward and swap contracts to sell EUR for the total nominal amount of PLN 7.2 million which shall be finally settled by 17 June 2024. The Company also holds open forward contracts to sell USD for the total nominal amount of PLN 2.1 million to be finally settled on 28 February 2024.

#### ▪ **Interest rate risk**

The Company is exposed to the risk of interest rate changes primarily in two areas of its business activities: (i) change in the value of interest charged on loans granted to the Company, which are based on variable interest rates, and (ii) change in the valuation of concluded derivative instruments, which are based on the forward interest rate curve.

As at the reporting date, the Company is exposed to changes in the rates of interest on short-term cash deposits as well as on a bank loan. Both of these items are based on the WIBOR rate. The values of items exposed to interest rate risk are presented below, in the section “Analysis of sensitivity – interest rate risk”.

**Identification:** The interest rate risk arises and is recognized by the Company at the time of concluding a transaction or a financial instrument based on a variable interest rate.

**Measurement:** The Company measures its exposure to interest rate risk by preparing the statements of total amounts of all of its financial instruments based on a variable interest rate. Additionally, the Company maintains records of debt planned to be incurred during the next 12 months, and in the case of long-term instruments – for their effective period.

**Objective:** The purpose of reducing such risk is to minimize expenses arising from the concluded financial instruments based on a variable interest rate.

**Actions:** In order to reduce its interest rate risk, the Company may: (i) try to avoid incurring liabilities based on a variable interest rate or, if not possible, (ii) conclude forward rate agreements.

**Matching:** The Company gathers and analyzes the current market information concerning its present exposure to interest rate risk. For the time being, the Company does not hedge against changes of interest rates due to low predictability of the repayment schedules of its liabilities based on a variable interest rate.

#### ▪ **Counterparty credit risk**

The Company is exposed to the risk of defaulting contractors. This risk is first of all associated with the financial credibility of customers to whom the Company provides IT solutions. The credit risk is also involved in relations with suppliers and subcontractors whose credibility often determines the success and evaluation of the entire IT project for the end customer. The maximum exposure to credit risk is limited to the book value of financial assets.

**Identification:** The credit risk is identified each time when concluding a contract with a customer, during the contract execution, and afterwards at the settlement of payments.

**Measurement:** This type of risk is measured based on the analysis of historical cooperation with the customer, collection of receivables, as well as the customer's rating. We control the settlement of payments under the concluded contracts every two weeks, inclusive of the profit and loss analysis for individual projects.

**Objective:** Minimizing the amount of uncollectible receivables.

The Company has adopted a relevant policy that allows for selling products and services to verified customers only. The risk control involves monitoring of the timely execution of bank transfers and, if needed, sending a reminder of outstanding payment, or turning receivables over to debt collection agencies. Additionally, in accordance with the requirements of IFRS 9, the Company monitors the market situation on an ongoing basis, calculates statistical indicators of the credit default risk, and takes into account all available facts and circumstances in order to assess the probability of default.

A quantitative analysis of credit risk related to receivables has been presented in explanatory note 5.6.

▪ **Financial liquidity risk**

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool, which considers the maturity of its assets and liabilities as well as projected cash flows from its operations.

The Company's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funds, including mainly: bank account overdrafts, bank loans and borrowings.

The Company's activities in the field of financial liquidity management involve planning and monitoring of cash flows. The Company monitors cash balance, working capital and debt on a weekly basis in order to ensure funds for ongoing operations.

Liquidity management in the Company consists in particular in securing adequate immediate liquidity by having cash resources in bank accounts with appropriate ratings (current accounts and term deposits with different maturities) and in bank overdraft facilities (which were not been used during the reporting period). Bank overdraft facilities have been disclosed in explanatory note 5.14, specifying the maximum amounts of debt available but not used, as well as interest rates on possible overdrafts. All bank loans and their maturities are disclosed in the same explanatory note. Total cash and cash equivalents held by the Company as at 31 December 2023 are presented in explanatory note 5.10. Other financial liabilities are disclosed in explanatory note 5.16, while the maturities of financial liabilities as at the reporting date, broken down by categories of liabilities, are presented in the table below:

|                              | Liabilities falling due within 3 months | Liabilities falling due within 3 to 12 months | Liabilities falling due within 1 to 5 years | Liabilities falling due after 5 years |
|------------------------------|---|---|---|---------------------------------------|
|                              | PLN mn                                  | PLN mn  | PLN mn                                      | PLN mn                                |
| <b>Financial liabilities</b> |   |   |   |                                       |
| Bank loans                   | 29.0                                    | 71.4  | 826.1                                       | -                                     |
| Trade payables               | 101.1                                   | 0.5   | 0.5   | -                                     |
| Lease liabilities*           | 4.3                                     | 12.5  | 38.4  | 100.5                                 |
|                              | <b>134.4</b>                            | <b>84.4</b>                                   | <b>865.0</b>                                | <b>100.5</b>                          |

\* The amount analyzed for aging includes contractual undiscounted cash flows only, as opposed to the value presented in the statement of financial position

The analogous analysis was performed for the period of 12 months ended 31 December 2022:

|                                   | Liabilities falling due within 3 months | Liabilities falling due within 3 to 12 months | Liabilities falling due within 1 to 5 years | Liabilities falling due after 5 years |
|-----------------------------------|---|---|---|---------------------------------------|
|                                   | PLN mn                                  | PLN mn  | PLN mn                                      | PLN mn                                |
| <b>Financial liabilities</b>      |   |   |   |                                       |
| Trade payables                    | 84.1                                    | 0.5   | 0.8   | -                                     |
| Lease liabilities*                | 3.7                                     | 11.4  | 36.1  | 88.8                                  |
| Liabilities from currency forward | -                                       | 0.2   | 0.2   | -                                     |
|                                   | <b>87.8</b>                             | <b>12.1</b>                                   | <b>37.1</b>                                 | <b>88.8</b>                           |

\* The amount analyzed for aging includes contractual undiscounted cash flows only, as opposed to the value presented in the statement of financial position

Quantitative analyses of the Company's liquidity broken down by categories of liabilities and assets are presented: for receivables in explanatory note 5.6 to these financial statements, for liabilities in explanatory note 5.17, and for loans in explanatory note 5.14.

▪ **Analysis of sensitivity – foreign currency risk**

The Company tries to conclude contracts with its clients in the Polish currency in order to avoid exposure to the risk arising from fluctuations in foreign currency exchange rates versus the Polish zloty.

The Company has analyzed the impact of changes in the exchange rate of PLN vs. EUR on its pre-tax financial results both as at 31 December 2023 and 31 December 2022. Assuming PLN appreciated by 10% versus EUR, the Company would recognize a financial gain of PLN 1.3 million. Conversely, if PLN depreciated by 10% versus EUR, the Company's financial results would deteriorate by PLN 1.3 million.

| As at 31 December 2023    | Amount exposed to risk | Impact on financial results of the Company |              |
|---------------------------|------------------------|--|--------------|
| EUR                       | PLN mn                 | (10%)                                      | 10%          |
| <b>Financial assets</b>   |                        |  |              |
| Forward contracts*        | 0.8                    | -  | -            |
| Loans granted             | 0.4                    | -  | -            |
| Trade receivables         | 2.0                    | (0.2)                                      | 0.2          |
| Cash and cash equivalents | 11.2                   | (1.1)                                      | 1.1          |
| <b>Liabilities</b>        |                        |  |              |
| Trade payables            | 0.3                    | -  | -            |
| Lease liabilities         | 26.2                   | 2.6  | (2.6)        |
| <b>Net balance</b>        |                        | <b>1.3</b>                                 | <b>(1.3)</b> |

| As at 31 December 2022    | Amount exposed to risk | Impact on financial results of the Company |              |
|---------------------------|------------------------|--|--------------|
| EUR                       | PLN mn                 | (10%)                                      | 10%          |
| <b>Financial assets</b>   |                        |  |              |
| Forward contracts*        | 0.3                    | 0.2  | (0.2)        |
| Loans granted             | 0.5                    | -  | -            |
| Trade receivables         | 2.7                    | (0.3)                                      | 0.3          |
| Cash and cash equivalents | 11.0                   | (1.1)                                      | 1.1          |
| <b>Liabilities</b>        |                        |  |              |
| Forward contracts*        | 0.4                    | (0.7)                                      | 0.7          |
| Trade payables            | 0.3                    | -  | -            |
| Lease liabilities         | 34.7                   | 3.5  | (3.5)        |
| <b>Net balance</b>        |                        | <b>1.6</b>                                 | <b>(1.6)</b> |

\* Impact on financial results is calculated based on the nominal value of open forward contracts

The Company has analyzed the impact of changes in the exchange rate of PLN vs. USD on its pre-tax financial results as at 31 December 2023. Assuming PLN appreciated by 10% versus USD, the Company would recognize a financial gain of PLN 0.4 million. Conversely, if PLN depreciated by 10% versus USD, the Company's financial results would deteriorate by PLN 0.4 million.

| As at 31 December 2023    | Amount exposed to risk | Impact on financial results of the Company |            |
|---------------------------|------------------------|--|------------|
| USD                       | PLN mn                 | (10%)                                      | 10%        |
| <b>Financial assets</b>   |                        |  |            |
| Forward contracts*        | 0.3                    | -  | -          |
| Trade receivables         | 3.8                    | (0.4)                                      | 0.4        |
| Cash and cash equivalents | 0.3                    | -  | -          |
| <b>Liabilities</b>        |                        |  |            |
| Trade payables            | 0.4                    | -  | -          |
| <b>Net balance</b>        |                        | <b>(0.4)</b>                               | <b>0.4</b> |

| As at 31 December 2022    | Amount exposed to risk | Impact on financial results of the Company |              |
|---------------------------|------------------------|--|--------------|
| USD                       | PLN mn                 | (10%)                                      | 10%          |
| <b>Financial assets</b>   |                        |  |              |
| Forward contracts*        | 0.2                    | 0.4  | (0.4)        |
| Trade receivables         | 0.2                    | -  | -            |
| Cash and cash equivalents | 0.3                    | -  | -            |
| <b>Liabilities</b>        |                        |  |              |
| Trade payables            | 0.2                    | -  | -            |
| <b>Net balance</b>        |                        | <b>0.4</b>                                 | <b>(0.4)</b> |

\* Impact on financial results is calculated based on the nominal value of open forward contracts

#### ▪ **Analysis of sensitivity – interest rate risk**

The Company identifies and measures its interest rate risk on an ongoing basis. In case it is necessary to conclude a loan agreement based on a variable interest rate, the Company does not have a defined strategy for hedging against the risk involved. As at 31 December 2023, the Company's total liabilities under variable interest rate loans aggregated at PLN 926.5 million. Such liabilities resulted mainly from a specific purpose loan which was obtained in order to finance the acquisition of treasury shares.

The following table presents the impact of changes in the base interest rate (WIBOR) on our interest income and expenses recognized in 2023:

| As at 31 December 2023                          | Amount exposed to risk | Impact on financial results of the Company |        |
|---|------------------------|--|--------|
| Cash deposits based on a variable interest rate | PLN mn                 | -1.0 pp                                    | 1.0 pp |
| Loans granted                                   | 6.4                    | (0.1)                                      | 0.1    |
| Bank loan                                       | 926.5                  | 9.3  | (9.3)  |
| Cash deposits                                   | 220.1                  | (2.0)                                      | 2.0    |

The following table presents the impact of changes in the base interest rate (WIBOR) on our interest income recognized in 2022:

| As at 31 December 2022<br>Cash deposits based on a variable interest rate | Amount exposed to risk<br>PLN mn | Impact on financial results<br>of the Company |        |
|---|----------------------------------|---|--------|
|   |                                  | -1.0 pp                                       | 1.0 pp |
| Loans granted   | 5.2                              | (0.1)   | 0.1    |
| Cash deposits   | 249.7                            | (2.0)   | 2.0    |

▪ **Methods adopted for conducting the sensitivity analysis**

The analysis of sensitivity to fluctuations in foreign exchange rates with potential impact on our financial results was conducted using the percentage deviations of +/-10%, by which the reference exchange rates, effective as at the end of the reporting period, were increased or decreased. The sensitivity of interest rate exposure was analyzed using the percentage deviations of +/- 1 pp.

▪ **Other types of risk**

Other types of risk are not analyzed for sensitivity due to their nature and impossibility of absolute classification.

▪ **Items of income, expenses, gains and losses recognized in the statement of profit and loss**

As at 31 December 2023, the following items of income, expenses, gains and losses were recognized in the Company's statement of profit and loss:

| Items of income, expenses, gains and losses recognized in the statement of profit and loss for the year ended 31 December 2023: | Interest income (expenses) | Gain (loss) on foreign exchange differences | Reversal (recognition) of impairment losses | Gain (loss) on exercise and valuation | Total         |
|---|----------------------------|---|---|---------------------------------------|---------------|
| <b>Financial assets:</b>  | <b>14.7</b>                | <b>(0.4)</b>                                | <b>0.3</b>                                  | <b>0.5</b>                            | <b>15.1</b>   |
| Financial assets carried at fair value through profit or loss – currency forward contracts                                      | -                          | -   | -   | 0.5                                   | 0.5           |
| Cash and cash equivalents   | 13.5                       | -   | -   | -                                     | 13.5          |
| Loans granted to related parties  | 0.6                        | -   | -   | -                                     | 0.6           |
| Loans granted to other entities   | 0.3                        | -   | -   | -                                     | 0.3           |
| Trade receivables and other receivables   | 0.3                        | (0.4)                                       | 0.3   | -                                     | 0.2           |
| <b>Financial liabilities:</b>   | <b>(18.8)</b>              | <b>2.1</b>                                  | <b>-</b>                                    | <b>0.4</b>                            | <b>(16.3)</b> |
| Bank loans  | (18.2)                     | -   | -   | -                                     | (18.2)        |
| Financial derivative instruments  | -                          | -   | -   | 0.4                                   | 0.4           |
| Lease liabilities   | (2.6)                      | 2.3   | -   | -                                     | (0.3)         |
| Trade payables  | 2.0                        | (0.2)                                       | -   | -                                     | 1.8           |

As at 31 December 2022, the following items of income, expenses, gains and losses were recognized in the Company's statement of profit and loss:

| Items of income, expenses, gains and losses recognized in the statement of profit and loss for the year ended 31 December 2022: | Interest income (expenses) | Gain (loss) on foreign exchange differences | Reversal (recognition) of impairment losses | Gain (loss) on exercise and valuation | Total       |
|---|----------------------------|---|---|---------------------------------------|-------------|
| <b>Financial assets:</b>  | <b>10.5</b>                | <b>(5.8)</b>                                | <b>8.5</b>                                  | <b>1.4</b>                            | <b>14.6</b> |
| Financial assets carried at fair value through profit or loss – currency forward contracts                                      | -                          | -   | -   | 0.5                                   | 0.5         |
| Shares in companies quoted in an active market  | -                          | -   | -   | 0.9                                   | 0.9         |
| Cash and cash equivalents   | 8.4                        | (6.9)                                       | -   | -                                     | 1.5         |
| Loans granted to related parties  | 1.2                        | -   | 7.5   | -                                     | 8.7         |
| Loans granted to other entities   | 0.2                        | -   | -   | -                                     | 0.2         |
| Trade receivables and other receivables   | 0.7                        | 1.1   | 1.0   | -                                     | 2.8         |
| <b>Financial liabilities:</b>   | <b>(3.6)</b>               | <b>(0.9)</b>                                | <b>-</b>                                    | <b>6.7</b>                            | <b>2.2</b>  |
| Financial derivative instruments  | -                          | -   | -   | 6.7                                   | 6.7         |
| Lease liabilities   | (2.5)                      | (0.6)                                       | -   | -                                     | (3.1)       |
| Trade payables  | (1.1)                      | (0.3)                                       | -   | -                                     | (1.4)       |

## VIII. Other explanatory notes

### 8.1. Off-balance-sheet liabilities

#### *Selected accounting policies*

As far possible adverse events are concerned, the Company each time makes an assessment of the probability of their occurrence. If the Company considers that an adverse event is probable, it recognizes a provision in an appropriate amount, as described in explanatory note 5.19. If, in the Company's opinion, the occurrence of an adverse event is possible but not probable, a contingent liability is disclosed.

**Off-balance-sheet liabilities** are primarily contingent liabilities, by which the Company understands: a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not fully controlled by the Company, or a present obligation that arises from past events but is not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.

**Contingent liabilities** are not recognized in the statement of financial position; however, information about a contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

#### **Lease contracts subject to practical expedients for short-term leases and leases of low-value assets**

The Company applies a practical expedient to rental contracts and other contracts of similar nature that are concluded for a period shorter than 12 months from the lease commencement date. Furthermore, contracts for rental of office space within Asseco Group are treated by the Company as short-term contracts and therefore subject the above-mentioned practical expedient.

Whereas, the practical expedient for leases of low-value assets is applied primarily to leases of IT hardware and other equipment with a low initial value. Low-value assets are considered by the Company to be items with a value not exceeding USD 5,000.

In both the above-mentioned exceptions, the lease payments are expensed on a straight-line basis in the period to which they are related. In such case, no right-of-use assets and corresponding financial liabilities are recognized.

As at 31 December 2023, the Company had no contingent liabilities arising from any sureties granted.

The Company's contingent liabilities arising from guarantees of due performance of contracts as at 31 December 2023 and 31 December 2022 are presented in the table below:



| Contingent liabilities   | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
|  | PLN mn           | PLN mn           |
| <b>Liabilities from guarantees of due performance of contracts</b> |                  |                  |
| Liabilities falling due within 3 months                            | 2.4              | 8.7              |
| Liabilities falling due within 3 to 12 months                      | 15.9             | 44.8             |
| Liabilities falling due within 1 to 5 years                        | 86.4             | 79.6             |
| Liabilities falling due after 5 years                              | -                | 1.4              |
| <b>Total</b>   | <b>104.7</b>     | <b>134.5</b>     |

Guarantees of due performance of contracts granted by the Company were purchased from banks, hence the contingent liabilities disclosed in the table above may become due as a result of the bank's recourse to the Company in the event of failure to perform our contractual obligations.

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 financial statements.

None of the above-described guarantee obligations meets 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 Company as at 31 December 2023 nor as at 31 December 2022.

The table below presents the amounts of off-balance-sheet liabilities from lease contracts subject to practical expedients as at 31 December 2023 and 31 December 2022.

| Liabilities from rental of space        | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
|   | PLN mn           | PLN mn           |
| <b>Liabilities from rental of space</b> |                  |                  |
| In the period up to 1 year              | 0.2              | 0.7              |
| In the period from 1 to 5 years         | 0.5              | -                |
| Over 5 years                            | -                | -                |
| <b>Total</b>                            | <b>0.7</b>       | <b>0.7</b>       |

### Disputes in litigation during the reporting period

As at 31 December 2023, the Company was party to two court proceedings initiated by the same plaintiff, in which the total amount in dispute was approx. PLN 13.3 million. The 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 Company to be so small that there was no need to create any provision. In the said disputes, the plaintiff made unjustified demands upon the Company to transfer proprietary software copyrights and extend the licenses granted.

In the second quarter of 2023, the Second Instance Court resolved the first of these disputes dismissing the claim against the Company by an overwhelming margin, as anticipated by our Management. Consequently, there will be no outflow of any significant economic benefits from the Company which confirms that the Management's decision not to create any provision was correct and fully justified. Due to such favourable settlement of the first dispute, the Company has not changed its assessment as to a favourable outcome also in the second dispute, the value of which is PLN 7.1 million.

As at the reporting date, there was also another court dispute pending in which the plaintiff filed a claim for payment of PLN 17.1 million (the 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 concluded there was no need to create any provision for such claims as at 31 December 2023. Furthermore, in 2021, Asseco Poland S.A. along with Asseco Data Systems S.A. filed a counter-claim in this case for the payment of compensation for damages incurred as a result of

the plaintiff's unjustified withdrawal from the contract. After the reporting date, i.e. on 9 January 2024, the District Court in Warsaw approved a settlement agreement that was reached, based on which the District Court in Warsaw decided to discontinue the court proceedings on 22 February 2024. Both the settlement agreement and the discontinuation decision proved the claims were groundless. Consequently, there will be no outflow of any significant economic benefits from the Company which confirms that the Management's decision not to create any provision was correct and fully justified.

## 8.2. Seasonal and cyclical business

The Company's operating revenues are subject to some seasonality in individual quarters of the year. The fourth quarter revenues were higher than in other quarters because they were driven by stronger sales 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

| Average number of employees during the reporting period* | 12 months ended<br>31 December 2023 | 12 months ended<br>31 December 2022 |
|--|-------------------------------------|-------------------------------------|
| Management Board   | 11                                  | 11                                  |
| Production departments                                   | 1,955                               | 1,837                               |
| Sales departments  | 80                                  | 85                                  |
| Administration departments                               | 290                                 | 281                                 |
| <b>Total</b>   | <b>2,336</b>                        | <b>2,214</b>                        |

\* Average employment during the reporting period in full-time salaried jobs, i.e. employment in full-time jobs adjusted for (reduced by) positions which are not salaried by the Company (such as an unpaid leave, maternity leave, etc.)

| Number of employees as at  | 31 December 2023 | 31 December 2022 |
|----------------------------|------------------|------------------|
| Management Board           | 11               | 11               |
| Production departments     | 2,141            | 2,002            |
| Sales departments          | 88               | 90               |
| Administration departments | 352              | 310              |
| <b>Total</b>               | <b>2,592</b>     | <b>2,413</b>     |

## 8.4. Remuneration of the entity authorized to audit financial statements

The table below discloses the amounts of remuneration paid or payable to the entity authorized to audit the Company's financial statements for the years ended 31 December 2023 and 31 December 2022:

|   | 12 months ended<br>31 December 2023<br>PLN mn | 12 months ended<br>31 December 2022<br>PLN mn |
|---|---|---|
| Obligatory audit of annual financial statements | 1.8   | 1.5   |

## 8.5. Remuneration of the Key Personnel

The table below presents the amounts of remuneration paid to the key personnel of Asseco Poland S.A. for performing their duties during the years 2023 and 2022.

| Remuneration for the period of | 12 months ended<br>31 December 2023<br><i>PLN mn</i> | 12 months ended<br>31 December 2022<br><i>PLN mn</i> |
|--------------------------------|--|--|
| <b>Management Board</b>        |  |  |
| Adam Góral                     | 2.6  | 2.8  |
| Grzegorz Bartler               | 0.7  | 0.4  |
| Andrzej Dopierała              | 0.2  | 0.1  |
| Krzysztof Groyecki             | 1.8  | 1.6  |
| Marek Panek                    | 1.0  | 1.1  |
| Paweł Piwowar                  | 1.0  | 0.9  |
| Zbigniew Pomianek              | 2.8  | 2.8  |
| Karolina Rzońca-Bajorek        | 1.5  | 1.6  |
| Sławomir Szmytkowski           | 2.5  | 3.2  |
| Artur Wiza                     | 1.5  | 1.6  |
| Gabriela Żukowicz              | 1.5  | 1.6  |
| <b>Total</b>                   | <b>17.1</b>  | <b>17.7</b>  |
| <b>Supervisory Board</b>       |  |  |
| Izabela Albrycht               | 0.13   | 0.12   |
| Jacek Duch                     | 0.25   | 0.23   |
| Piotr Augustyniak              | 0.16   | 0.15   |
| Dariusz Brzeski                | 0.13   | 0.12   |
| Artur Gabor                    | 0.16   | 0.15   |
| Piotr Maciąg                   | 0.13   | 0.12   |
| Adam Noga                      | 0.17   | 0.16   |
| Tobias Solorz                  | 0.14   | 0.03   |
| Piotr Żak                      | 0.13   | 0.12   |
| <b>Total</b>                   | <b>1.40</b>  | <b>1.20</b>  |
| <b>Total</b>                   | <b>18.5</b>  | <b>18.8</b>  |

## 8.6. Capital management

The primary objective of the Company's capital management is to maintain a favourable credit rating, safe level of capital ratios and an effective financing structure in order to support the Company's business operations and maximize shareholder value.

The Company manages its capital structure and makes necessary adjustments in response to the changing economic conditions. In order to maintain or adjust its capital structure, the Company may decide to pay out a dividend, return some capital to shareholders, or issue new shares.

The Company consistently monitors the level of its capital using the leverage ratio, which is calculated as the relation of net debt to total equity increased by net debt. Net debt includes interest-bearing bank loans, borrowings and lease liabilities, decreased by cash and cash equivalents.

|                                     | 31 December 2023 | 31 December 2022 |
|-------------------------------------|------------------|------------------|
|                                     | PLN mn           | PLN mn           |
| Bank loans                          | 926.5            | -                |
| Lease liabilities                   | 89.4             | 72.9             |
| Minus cash and cash equivalents (-) | (260.7)          | (306.4)          |
| <b>Net debt</b>                     | <b>755.2</b>     | <b>(233.5)</b>   |
| Equity                              | 3,901.4          | 5,027.2          |
| <b>Equity and net debt</b>          | <b>4,656.6</b>   | <b>4,793.7</b>   |
| <b>Leverage ratio</b>               | <b>16.2%</b>     | <b>-4.9%</b>     |

During the reporting period covered by these financial statements, the Company's net debt ratio was positive due to obtaining a bank loan for the acquisition of treasury shares.

## 8.7. Significant events after the reporting period

### ▪ Concluding a settlement agreement

On 9 January 2024, the District Court in Warsaw approved a settlement agreement that was reached with regard to a court dispute for PLN 17.1 million, as described in explanatory note 8.1. Based on the said settlement agreement, the District Court in Warsaw decided to discontinue the related court proceedings on 22 February 2024. The settlement agreement and the discontinuance decision proved the claims were groundless. Consequently, there was no outflow of any significant economic benefits from the Company which confirms that the Management's decision not to create any provision was correct and fully justified.

### ▪ Sale of real estate located in Wrocław

On 5 March 2024, the Company signed a notarized deed to sell its property located in Wrocław. As at the reporting date, this property has been disclosed under non-current assets and liabilities held for sale. The transaction price was above the carrying value of the property.

## 8.8. Significant events related to prior years

Until the date of preparing these financial statements for the period of 12 months ended 31 December 2023, we have not observed any significant events related to prior years, which have not but should have been included in these financial statements.

**Approval for publication  
by the Management Board**

**ASSECO**

These financial statements of Asseco Poland S.A. for the period of 12 months ended 31 December 2023 have been approved for publication by the Management Board of Asseco Poland S.A. on 27 March 2024.

**Management Board:**

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Adam Góral  
President  
of the Management Board

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Grzegorz Bartler  
Vice President  
of the Management Board

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Andrzej Dopierała  
Vice President  
of the Management Board

---

Krzysztof Groyecki  
Vice President  
of the Management Board

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Marek Panek  
Vice President  
of the Management Board

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Paweł Piwowar  
Vice President  
of the Management Board

---

Zbigniew Pomianek  
Vice President  
of the Management Board

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Karolina Rzońca-Bajorek  
Vice President  
of the Management Board

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Sławomir Szmytkowski  
Vice President  
of the Management Board

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Artur Wiza  
Vice President  
of the Management Board

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Gabriela Żukowicz  
Vice President  
of the Management Board

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**Person responsible for maintaining the accounting books:**

Renata Bojdo  
Chief Accountant

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Contact information

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