



Asseco Group Annual Report

for the year ended December 31, 2018

ASSECO



Present in **55 countries**



Sales revenues
9,329 mPLN



24,302

highly committed
employees



Net profit attributable
to the parent company's
shareholders

333.3 mPLN



Order backlog for 2019
6,240 mPLN



4.4 bPLN
market capitalization

Asseco Group in 2018

non-IFRS measures (unaudited data)

Non-IFRS figures presented below have not been audited or reviewed by an independent auditor. Non-IFRS figures are not financial data in accordance with EU IFRS. Non-IFRS data are not uniformly defined or calculated by other entities, and consequently they may not be comparable to data presented by other entities, including those operating in the same sector as the Asseco Group. Such financial information should be analyzed only as additional information and not as a replacement for financial information prepared in accordance with EU IFRS. Non-IFRS data should not be assigned a higher level of significance than measures directly resulting from the Consolidated Financial Statements.

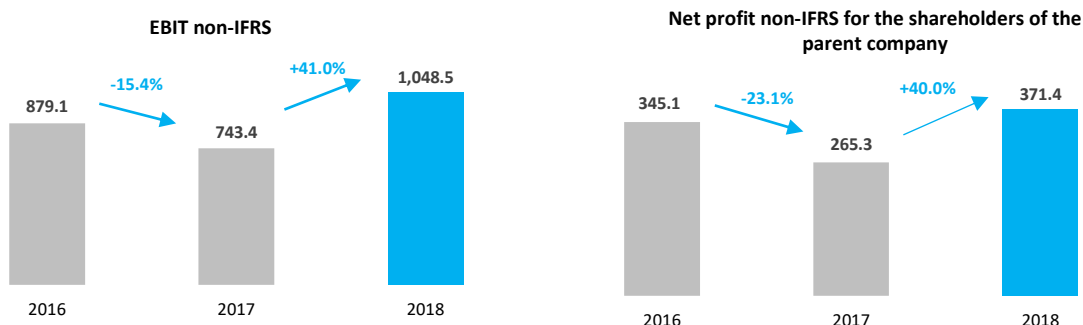
Financial and operational summary:

- Record-breaking revenues and EBIT, significant improvement of operating flows.
- Increase in the Group's revenues by **19%** to **PLN 9,329 million**.
- Increase in non-IFRS EBIT by **41%** to **PLN 1,048 million**.
- Increase in the Group's sales in all geographical segments and business sectors.
- Double-digit increase in sales in the Asseco International segment.
- Dynamic growth in the banking sector and increase in orders from public institutions.

Selected consolidated financial data for 2018 on a non-IFRS basis

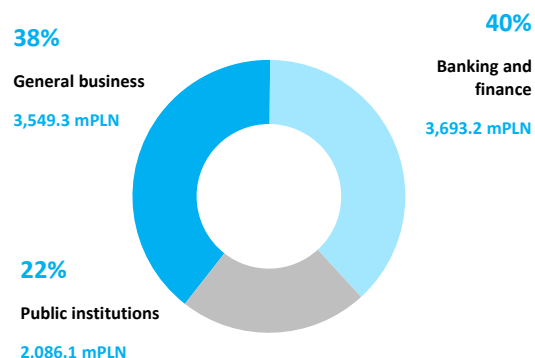
For the assessment of the financial position and business development of the Asseco Group, the basic data published on a non-IFRS basis constitute an important piece of information. They are complementary to the data reported under the IFRS standard.

Non-IFRS figures include adjustments for: the cost of amortization of intangible assets recognized under the combination settlement (PPA), the costs of share-based payment transactions with employees (SBP) and the costs and financial revenues resulting from the transactions of purchase and sales of companies (M&A) and tax effects associated with them.



The Group's revenue structure in 2018

Revenues by sectors



Revenues by products



*Figures do not include other sales.

PRESIDENT'S LETTER



Dear Shareholders,

It is my pleasure to present to you the Management Board's report on the business operations of Asseco Poland and the Asseco Capital Group in 2018. It was a successful year for us, we are satisfied with the results achieved in all geographical segments and areas of activity. The Group developed intensively on foreign markets and recorded significant growth in Poland. In 2018, for the first time in history, our revenues exceeded PLN 9 billion and we achieved record-breaking operating profit.

We are constantly focusing on the development of our business, both on existing and new markets. Our strategy is implemented by more than 24,000 people in 55 countries. The Group's core business remains the sale of proprietary IT products and services, which in the previous year amounted to over PLN 7.5 billion, which constitutes 80% of revenues.

Particularly noteworthy is the Polish market and very good results achieved in the banking and finance sector. We achieved significant growth thanks to the consistent development of the sales of our banking products, with which we have been becoming increasingly more active abroad. Recently, Asseco Poland has made an acquisition, thanks to which it has entered the Philippine market. Next Bank, acquired by us, provides cloud-based core banking solutions with mobile access for customers in that country.

We are glad to see good results in the Asseco International Segment, within which international operations have been developed. We have been strengthening our position in Central Europe thanks to recent acquisitions. The sales of enterprise management systems (ERP) and modern solutions for industry have been growing dynamically. Recently, Asseco Central Europe has also signed several important contracts with public sector institutions in the Czech Republic. Asseco SouthEastern Europe, representing the Group in the south-eastern European market, enjoyed another record-breaking year. The company has been consistently strengthening its position on the payment market and offers advanced solutions in this area under the new Payten brand. It also successfully implements the strategy of international expansion. It has recently entered the Spanish-speaking markets and is planning further acquisitions. Our companies in Spain, Portugal, Denmark and Lithuania are doing well, owing to which in the previous year we increased revenues on the Western European market and in Portuguese-speaking African countries.

The Formula Systems Group companies continue to grow, thanks to acquisitions on the Israeli and US markets and entry into new, prospective business areas, among other things. Sapiens, which is one of the world's largest providers of solutions for the insurance sector, returned to a growth path and significantly improved its performance after a difficult year 2017.

In the Asseco Group, we are actively looking for innovative solutions and we achieve this goal in many ways. The Group's companies develop advanced technologies as part of their business activities, by observing market trends and responding to the needs of customers. In 2018, Asseco Poland launched Asseco Innovation Hub, a dedicated program for start-ups, which focuses on products and services for the financial sector at an early stage of development and supports the teams which develop them. In addition, an R&D centre for the Group is being built in Rzeszów, which will

be a place for the development of such areas as artificial intelligence (AI), telemedicine, electromobility and the Internet of Things (IoT). Last year, we also joined the innovation programme implemented by Bank Gospodarstwa Krajowego (BGK), Start-UpNation Central - the world-famous Israeli non-governmental organization, and CREATORS IDEAtion Lab - a recognized innovation laboratory. Its aim is the cooperation between developed companies with young innovators from Poland and Israel and the search for new technological solutions.

On behalf of myself and the entire Management Board, I would like to thank all employees for their efforts to strengthen our market position and the financial results we have achieved. We would like to thank the investors for their trust. Our ambition is to continuously increase the Group's value, which we want to achieve by focusing on our proprietary advanced products and development based on innovative solutions.

With best regards,

Adam Góral,
President of the Management Board Asseco Poland S.A.

A handwritten signature in black ink, appearing to read 'Góral', written in a cursive style.



Management Report on Operations of Asseco Capital Group and Asseco Poland S.A.

Management Report on Operations of Asseco Capital Group and Asseco Poland S.A.

for the year ended December 31, 2018

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General Information
on Asseco Poland and Asseco Group

GENERAL INFORMATION ON ASSECO POLAND AND ASSECO GROUP

The parent company of Asseco Group (the "Group", "Asseco Group") is Asseco Poland S.A. (the "Company", "Asseco").

Asseco Poland (WSE: ACP) is a leading Polish information technology company listed on the Warsaw Stock Exchange (WSE). With a market capitalization reaching about PLN 4.4 billion (about EUR 1.0 billion), the Company is included in the WIG30 index. It is also the largest company listed in the IT industry index, WIG-Informatyka.

Asseco Poland leads international Asseco Group, which is present, via its subsidiaries, in 55 countries worldwide, including most of the European countries as well as Israel, the US and African countries. Asseco is one of the largest software producers in Europe and the largest supplier of modern IT solutions in Central Eastern Europe.

The Group's companies are listed not only on the Warsaw Stock Exchange, but also on the NASDAQ Global Markets as well as on the Tel Aviv Stock Exchange.

The Asseco Group is a unique combination of a software and service provider. It produces technologically advanced, top quality software which supports key business processes of companies in all key sectors of the economy. Revenues from proprietary software and services represent 80% of the Group's total sales.

The Asseco Group is a unique federation of companies which are allowed a great deal of independence in making business based on their local competencies, while taking advantage of synergies arising from their cooperation within the whole Asseco Group.

The Asseco Group is a European producer of software established and managed by Poles

- We focus on our proprietary software and services
- We develop our cross-sectoral competences
- We employ the best programmers and IT specialists
- We work with global providers of IT technology and solutions
- Our objective is to increase shareholder value; Asseco Poland is a dividend company
- We are a socially-engaged group, we support the development of local economies

AUTHORITIES OF ASSECO POLAND S.A.

Management Board



Adam Góral

President of the Management Board

As the President of the Management Board of Asseco Poland he is responsible for the development vision and strategy of the Asseco Group and the Internal Audit Division.

The founder and the President of the Management Board of Asseco Poland. Since 1991 he has been developing COMP Rzeszów, which, after a debut at the Warsaw Stock Exchange (WSE), as Asseco Poland, became a leader of the development of the Asseco Group on the international markets.

A graduate of the Academy of Economics in Cracow (major in economic cybernetics and IT); he is a PhD in economy. In 1979-1990 he worked in a branch of the Maria Skłodowska-Curie University in Rzeszów; at the beginning he was an assistant and when he ended cooperation with this university he already had a position of a lecturer. In 1991-1993 he was engaged in the Polish-American Project of Creating Entrepreneurship Institutes in Poland.

In 1999-2006 he was the Chairman or Member of the Supervisory Boards in ABAS, COMP Soft, Softlab, Softlab Trade, WA-PRO, Asseco Romania, Vistula & Wólczanka, ABG (previously DRQ) and Asseco Systems.

Currently, he is the Chairman of the Supervisory Board of Asseco International, Asseco Central Europe, Asseco South Eastern Europe, Asseco Western Europe, Asseco Data Systems, Asseco Enterprise Solutions and the Gdynia Basketball Club ARKA, as well as the Vice-Chairman of the Supervisory Board in Asseco Business Solutions. Member of the Supervisory Board of the Podkarpacki Business Club.

Adam Góral is a co-founder of the International School of Banking and Finances in Sandomierz and the Honorary Consul of the Slovak Republic.



Andrzej Dopierała

Vice-President of the Management Board

Responsible for the International Organizations and Security Sector Solutions Division, the Office for Infrastructure Projects and the Office for Protection of Non Public Information.

Andrzej Dopierała graduated from the Warsaw University of Technology's Electrical Faculty in 1988, when he obtained a Master of Electrical Engineering degree.

He began his professional career in the United States as a service engineer and as a service director at Hogan Technical Services (USA), a company dealing with repairs and maintenance of industrial electronics equipment. From 1989 to 1991 he worked in a Canadian company designing, manufacturing and selling electronic equipment for the mining industry. In 1992 and 1993 he worked in Bull Poland and Digital Equipment Polska.

From January 1994 to February 2006 he worked in HP Polska, having served on the following positions: Marketing and Partner Channel Director of HP Polska (January 1994-May 1996), Director of Computer Products Division of HP Polska (May 1996-July 1998) and the President of the Management Board (July 1998 - February 2006). In 2006, he was appointed as the President of the Management Board of Oracle Polska. From June 2006 to November 2007, he was the Director of Oracle Middleware in Central Europe. In the period from September 2013 to June 2016, he served as the Vice President of the Management Board of Asseco Poland responsible for the Infrastructure Division, the Data Processing Centre and the IT Department. Since January 4, 2016 he has been the President of the Management Board of Asseco Data Systems - a company established through the consolidation of six Polish companies of the Asseco Group and the Infrastructure Division of Asseco Poland. Since October 1, 2017 he has held the position of the Vice President of the Management Board of Asseco Poland S.A. Member of the Supervisory Board of CEIT, a.s.



Tadeusz Dyrga

Vice-President of the Management Board

Responsible for the Social Insurance Division, the Systems Maintenance Division, the Public Administration Division, the Agriculture Division and the ICT division.

A graduate of the Gdańsk University of Technology. In 1973-1986 he was a university teacher and a manager of a scientific-research team at the Gdańsk University of Technology. In 1987-1992 he was a manager and then the Deputy Director in the Innovative Institute of IT – PROKOM.

From 1992 onward he was the Director General at PROKOM Software System, at that time he managed large national-scale projects such as: information technology introduction to management processes at Telekomunikacja Polska (both in its central office and all branches); introduction of information technology to the Supreme Audit Office within the frameworks of its subject matter and managerial activities.

Since 1997 he has been the Director of the Software Production Division and a member of the Management Board of Prokom Software S.A. Since 1999 he has been responsible for a project of information technology introduction to the Social Insurance Institution together with implementation of pensions reform. From 2001 onward he was the Vice President of the Management Board in Prokom Software S.A. until this company merged with Asseco Poland S.A.

Since April 2008 he has been the Vice President of the Management Board of Asseco Poland S.A.



Krzysztof Groyecki

Vice-President of the Management Board

Responsible for the Healthcare Division.

A graduate of the Silesian University of Technology in Gliwice, Faculty of Automation, Electronics and Informatics, with a Master's degree in IT.

In 1981-1987 he was an assistant and senior assistant at the Institute of Computer Science of the Silesian University of Technology in Gliwice, in 1987-1998 he was the founder and co-owner and President of the Management Board of PiK Systemy Informatyczne Gliwice. Subsequently, in the years 1994-2000 he was the founder and co-owner and a member of the management board of PiK-Net Sp. z o.o., then in the years 1999-2001 he was the Vice President of the Management Board of ComputerLand Zdrowie Sp. z o.o., in the years 1999-2005 he was the General Director of the Healthcare Sector of ComputerLand S.A., in the years 2004-2006 he was a member of the management board of RUM IT Sp. z o.o. In 2005-2008, he was the Plenipotentiary of the Management Board for Health Care at ComputerLand S.A. and Sygnity S.A., in 2008-2010 he was the Director of the Health Care Solutions Division at ABG S.A. Since 2010 he has been the Director of the Healthcare Division in Asseco Poland S.A.

In addition, he was the Member of the Supervisory Board of Clinika S.A. (2002-2003), Serum Software (2008-2010) and 3S - Śląskie Sieci Światłowodowe (2007 - 2013).

Since June 2016, he has been the Vice President of Asseco Poland.



Rafał Kozłowski

Vice-President of the Management Board

As the Chief Financial Officer (CFO), he is responsible for the Finance Division of Asseco Poland and the Asseco Group, and the Logistics Division.

He graduated from the University of Warsaw, Faculty of Organization and Management, where he received his Master's degree in 1998. He completed a project management course organised by PMI in 2004 and a course on International Accounting Standards organised by Ernst&YoungAcademy of Business in 2005-2006.

In 1996-1998 he held the position of the Finance Director at Delta Software. In 1998-2003 he held the position of the Senior Manager at Veraudyt. In the years 2004-2006 he held the position of the Director of the Treasury Division in Softbank S.A. and was delegated to the subsidiary Sawan, where he held the position of the Vice President responsible for finance. From 2007 to June 2009 he was the Director of Controlling and Investment Division of Asseco Poland.

From 2008 to 2012, he was the Vice President of Asseco SouthEastern Europe, responsible for the company's finances. He was directly involved in the acquisition of the companies constituting the Asseco SouthEastern Europe holding and in the process of introducing the holding to the Warsaw Stock Exchange. At present he is the Vice President of the Management Board of Asseco Poland, and as the Chief Financial Officer of the Asseco Group, he supervises the finances of the Group companies. He was the President of the Management Board of UNIZETO Technologies and the Member of the Management Board of Infovide-Matrix. He is the Vice President of the Management Board of Asseco Western Europe, the Member of the Board of Directors of R-Style Softlab and Formula Systems, the Member of the Management Board of Asseco International and the Member of the Supervisory Board of DahliaMatic Sp. z o.o. and Park Wodny Sopot, Asseco Enterprise Solutions and GSTN Consulting.



Marek Panek

Vice-President of the Management Board

Responsible for the Development Division of the Asseco Group, and the EU Projects Office.

A graduate of the Rzeszów University of Technology, Faculty of Mechanical Engineering and Aeronautics, where in 1994 he received a master's degree in engineering. In 1995 he joined COMP, and from 1995 he worked for Asseco Poland (former COMP Rzeszów), where he progressed from the position of the Marketing Specialist, the Director of the Sales and Marketing Department, to the position of the Member of the Management Board in the years 2004-2007. Since January 2007 he has held the position of the Vice President of the Management Board of Asseco Poland. He holds managerial positions in the companies of the Asseco Group, he is: the Chairman of the Board of Directors of Formula Systems Ltd. and Asseco Danmark, the Chairman of the Supervisory Board of Asseco Kazakhstan LLP, Nextbank Software, the Member of the Supervisory Board of Sintagma and Asseco Lietuva, Peak Consulting Group A/S; Asseco Central Europe is also the Member of the Management Board of Asseco International, the President of the Management Board of GSTN Consulting.

Paweł Piwowar

Vice-President of the Management Board



Responsible for the Energy and Gas Industry Division, the Telecommunication and Media Division, and the ERP Projects Office.

He is a graduate of the Faculty of Electronics at the Warsaw University of Technology, where he received a master's degree in engineering. In 1991 he started working for Computerland, where he finished working as the Vice President of the Management Board. From 1998 to 2007 he was the President of the Management Board of Oracle Poland, from 2004 he was a team manager responsible for the group of Baltic States in Oracle Central Europe: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia. Between 2008 and 2010 he held the position of the First Vice President of the Management Board of ABG. He is also the Chairman of the Supervisory Board of PGS Software.

Since October 2009 he has been employed by Asseco Poland as the Vice President of the Management Board. The Chairman of the Supervisory Board of DahliaMatic.

Zbigniew Pomianek

Vice-President of the Management Board



Responsible for the Commercial Banks Division, the Cooperative Banks Division, the Business Intelligence and Capital Market Division, PKO BP Division, and the Data Processing Center Asseco Innovation Hub.

A graduate of the Faculty of Construction and Environmental Engineering at the Rzeszów University of Technology. In 1990-1992 he held the position of an assistant at the same faculty. Since 1992 he was a computer scientist at Jazcoop, from 1993 to 1995 at COMP.

He was a co-founder of Asseco Poland, where he has been working since September 1995, among others, in the following positions: Director of Banking Services, Deputy General Director, Director of Software Division, Director of Commercial Banks Division and Vice President of the Management Board.

In the years 2000-2004 the Member of the Supervisory Board of GALKOM Computer Studio. In 2007-2009

the Chairman of the Supervisory Board of Anica System. In the years 2007-2015 he was the Member of the Supervisory Board of Postdata. He is the Member of the Supervisory Board of Asseco Business Solutions and Nextbank Software.



Artur Wiza

Vice-President of the Management Board

Responsible for the PR, IR and Marketing Division, and Asseco Poland's cooperation with start-ups.

A graduate of the University of Szczecin, he completed economic studies in the field of Economic Cybernetics and Informatics. He started his professional career in 1994 in Computerland S.A. and was responsible for sales to corporate clients. Since 1997 he was associated with the Polish branch Hewlett-Packard Polska, where he was successively responsible for product marketing, SMB market development, marketing and cooperation with business partners. Since 2000 the Marketing Director of Hewlett Packard Polska responsible for Enterprise and Corporate Market. In the years 2002-2005 he was the Chairman of the Polish Board of Marketing Directors at The Conference Board. From September 2006 to March 2011 the Member of the Management Board of Getin Holding S.A., responsible for marketing, external and internal communication and investor relations. He was also the spokesman for Getin Holding S.A., Getin Noble Bank and LC Corp S.A.. He was the member of the supervisory boards of Fiolet Powszechny Dom Kredytowy S.A., Panorama Finansów S.A., OOO Carcade with its seat in Kaliningrad, SC Perfect Finance S.r.l. in Bucharest and LC Corp S.A. Since 2012, he has been the Managing Director of Asseco Poland S.A. responsible for Corporate Communication (marketing, PR and investor relations). He is also the Vice President of the Management Board of the Lewiatan Association of Digital Employers and the Chairman of the Committee of Polish Software Manufacturers and Programmers at the Polish Chamber of Information Technology and Telecommunications.

Since March 1, 2018 he has held the position of the Vice President of the Management Board of Asseco Poland S.A.



Gabriela Żukowicz

Vice-President of the Management Board

Responsible for the Organizational and Legal Division, the HR Division, the Administration Division, the Compliance, Maintenance and Development of Back-Office Systems Division, as well as the Purchase Office. She graduated in 1998 from the Faculty of Law of the Jagiellonian University in Kraków, and in 2002 - she completed a legal adviser apprenticeship. She has been working for Asseco Poland since 1998 as the Director of the Management Board Office (October 2004 - December 2009), and since January 2010 as the Director of the Legal and Organizational Department.

In addition, from August 2012 to September 2017, she was additionally the Proxy of the Company.

She is the Member of the Supervisory Boards in the companies of the Asseco Group: Asseco Western Europe, Sintagma, Asseco Lietuva, Asseco Kazakhstan, and Park Wodny Sopot. Since October 1, 2017 she has held the position of the Vice President of the Management Board of Asseco Poland.

During the period of 12 months ended December 31, 2018, Asseco Poland's Management Board was composed of the following persons:

Management Board	Period of service
Adam Góral	01.01.2018 – 31.12.2018
Andrzej Dopierała	01.01.2018 – 31.12.2018
Krzysztof Groyecki	01.01.2018 – 31.12.2018
Tadeusz Dyrga	01.01.2018 – 31.12.2018
Rafał Kozłowski	01.01.2018 – 31.12.2018

Marek Panek	01.01.2018 – 31.12.2018
Paweł Piwowar	01.01.2018 – 31.12.2018
Zbigniew Pomianek	01.01.2018 – 31.12.2018
Przemysław Sęczkowski ¹⁾	01.01.2018 – 01.02.2018
Artur Wiza ²⁾	01.03.2018 – 31.12.2018
Gabriela Żukowicz	01.01.2018 – 31.12.2018

1) In accordance with the regulatory filing 02/2018.

2) In accordance with the regulatory filing 03/2018.

Changes in the composition of the Management Board of Asseco Poland in 2018:

On February 1, 2018, Przemysław Sęczkowski filed his resignation from the membership in the Management Board of the Company and holding the function of the Vice President of the Management Board.

On February 21, 2018, the Supervisory Board of Asseco Poland appointed Artur Wiza to the Company's Management Board with effect from March 1, 2018.

Supervisory Board



Jacek Duch

Chairman of the Supervisory Board

A graduate of the Warsaw University of Technology (a specialization in information technology) with extensive, long-term technical experience in software engineering as well as in management of international and Polish IT corporations.

He began his professional career as a PhD student working at the Nixdorf Computer software development centre in Germany and then as a research worker at PSI AG in West Berlin. In 1978-1993 he worked for Digital Equipment Corporation (DEC), where he led projects in Munich, Vienna and Paris. From 1989 he supervised the creation of DEC branches in Central European countries, including Poland. From 1993 to 1998 he headed Oracle Polska and then served in the management boards of Prokom Software S.A. and Prokom Internet S.A., as well as in numerous supervisory boards: Postdata S.A., Bank Pocztowy S.A., PVT a.s, numerous companies of the Asseco Group (Asseco South Eastern Europe, Asseco Germany, Matrix42 AG. and others). He participated in work of sector organizations: the American Chamber of Commerce, the Polish Chamber of Information Technology and Telecommunications and the Polish Confederation of Private Employers.

He is a partner in Allterpower Sp. z o.o., Bioalter Sp. z o.o., Oxyllion S.A. and Vercom Sp. z o.o.o. Currently he is the Chairman of the Supervisory Board of Asseco Poland S.A., the Member of the Supervisory Board of Asseco Data Systems, Asseco South Eastern Europe and Asseco International.



Adam Noga

Vice Chairman of the Supervisory Board

A full professor of economic sciences. In 1991-1992 he completed a short MBA at L'Universite du Quebec in Montreal. In 1985 he was awarded the degree of Doctor of Economics, then the habilitation degree, the Associate Professor degree (the Warsaw School of Economics), and in 2009 the title of Full Professor. He was the director of the Institute of Finance. Since 2005 he has been the professor at the Koźminski University and its vice chancellor. He is the author of five books and over 100 scientific articles. He is also the first winner of the Bank Handlowy Award for outstanding achievements in the field of finance and economics.

In 1988-1989 he worked in the Ministry of Finance as a chief specialist. From 1991 to 1992 he lectured at the L'Universite du Quebec a Montreal. In 1996-1999, he was the vice chancellor for didactics and students of the Warsaw School of Economics.

In 1995 he worked as an expert of the Ministry of Ownership Transformations. In 1996, he was a representative of the President of the Republic of Poland in public debates on privatization and universal enfranchisement. In the years 1996-1999 he was the author of reports on privatisation of the Polish economy. From 1998 to 1999 he was the member of the Supervisory Board of PTE Epoka. In 2003-2005 he was the Chairman of the Supervisory Board of the Polish Information and Foreign Investment Agency. In 2002-2005 he was an advisor to the Deputy Prime Minister and Minister of Finance. Since 1987 he has been the editor of *Ekonomista*.

In 1998-2006, he served as the Chairman of the Supervisory Board of Asseco Poland. He was the member of the Supervisory Board of Prokom Software SA, he is the member of the Supervisory Board of Kredyt Bank S.A., and since 2005 he has been its Vice Chairman. He sat on the Supervisory Boards of Warta TUIR and Warta UnŻ. He was the member of the audit committees of Kredyt Bank (2000-2014), Warta TUIR and Warta UnŻ (2011-2013). Since January 2007 he has been the Vice Chairman of the Supervisory Board of Asseco Poland.

Izabela Albrycht

Member of the Supervisory Board

Izabela Albrycht has been the President of the Kosciuszko Institute since 2010, since 2014 she has also been the Chairperson of the Organizing Committee of the European and Polish Cyber Security Forum - CYBERSEC, and since 2016 she has been the Chairperson of the Council for Digitization of the second term. A co-author of reports, publications and analyses focusing on issues related to the EU policies and international relations. Her research interests include such issues as: the EU institutional system, energy policy, strategic challenges related to the digital transformation and construction of the cyber security system, including public-private cooperation, education system, innovation. Currently, she is also the deputy editor-in-chief of the European



Cybersecurity Journal, formerly she held the position of the editor-in-chief of the International Shale Gas & Oil Journal. Izabela Albrycht is a political scientist, the graduate of the Faculty of International and Political Studies at the Jagiellonian University, she also completed postgraduate studies in Public Relations at the Józef Tischner European University, as well as a course for members of Supervisory Boards and Management Boards Certified by the Ministry of the State Treasury, and professional training courses "Decision and legislative processes in the EU" and "the Lisbon Treaty" in the European Parliament. She is the alumni of the prestigious International Visitor Leadership Program (IVLP) of the US Department of State in the field of NGO management.

Mrs Izabela Albrycht meets the independence criteria set out in Annex II to the Recommendation of the European Commission on the role of non-executive directors or members of supervisory boards of listed companies and committees of the board and in the principles of Good Listed Companies 2016.



Piotr Augustyniak

Member of the Supervisory Board

Currently the member of supervisory boards in the following public companies: Asseco Poland S.A., Ciech S.A., Mercor S.A., PZ Cormay S.A., in the years 2013-2014 also Kopex S.A.

In 1994-2011, he worked for Enterprise Investors (EI). As EI's partner (2006-2011) he was responsible for monitoring, listing on the Warsaw Stock Exchange, sales of significant shareholdings in EI's portfolio companies on the public and private markets. He represented EI as the member of the supervisory boards of the following companies: Polfa Kutno S.A., Energoaparatura S.A., Elektrobudowa S.A., Wizów S.A., Sfinks S.A., CSS S.A., Bauma S.A., Comp Rzeszów SA (Asseco Poland S.A. at present), Agros Nova S.A., Teta S.A., Opoczno S.A., AB S.A., Siveco (Romania), STD Donivo (Slovakia), AVG Technologies (Netherlands).

In 2001, the President of the Management Board of Energoaparatura S.A., delegated as part of his work at EI to carry out restructuring of the company.

In 1993-1994, he worked for the Ministry of Ownership Transformations, successively as project manager and privatization project manager. In 1992-1993 he worked at the Foundation for Ownership Transformations at the Ministry of Ownership Transformations.

A graduate of the University of Warsaw in English Philology (1990) and Management (1994). In 1991-1992, a translator at the New York Times Warsaw.

Mr Piotr Augustyniak meets the independence criteria set out in Annex II to the Recommendation of the European Commission on the role of non-executive directors or members of supervisory boards of listed companies and committees of the board and in the principles of Good Listed Companies 2016.



Dariusz Brzeski

Member of the Supervisory Board

In 1988 he graduated from the Warsaw School of Planning and Statistics (now the Warsaw School of Economics) in the field of Organization and Management. In 1988-1990, he was a specialist for IT System Implementations in Microsystem JGU.

In 1991-1994 he was the Sales Network Director at InterAms Sp. z o.o. In 1995-1996, he was the President of the Management Board of Towarzystwo Finansowo Leasingowe Sp. z o.o. In 1995-2000 he held the position of the President of the Management Board of Financial Management S.A. Since 1994, he was the co-founder and President of the Management Board of ABG S.A., which merged with Asseco Poland S.A. in 2009. Since then, he has been the member of the Supervisory Board of Asseco Poland S.A. He is also the main shareholder and Chairman of the Supervisory Board of Fundusz Hipoteczny FAMILIA S.A..



Artur Kucharski

Member of the Supervisory Board

In 1995 he graduated from the University of Central London and the Warsaw University of Technology with a Master of Science degree.

In 2011 he completed Executive MBA studies at the Warsaw University of Technology Business School. In 1995-2002 he worked for PricewaterhouseCoopers Sp. z o.o. in the Financial Statements Department, taking up positions from Assistant to Manager. From 2002 to 2010 he worked at PwC Polska Sp. z o.o. in the Advisory Department in positions ranging from Senior Manager to Director. In 1999 he was awarded the title of Association of Chartered Certified Accountants (ACCA).

From July 2010 to May 2013 he was the Member of the Supervisory Board of Globe Trade Centre S.A., and

from August 2010 he has been the Member of the Supervisory Board and Audit Committee of Asseco Poland S.A., in the period 2010-2012 he was the Member of the Supervisory Board of Hydrapres S.A.. From February 2011 to September 2012 he held various positions in Kopex S.A. - he was the Vice Chairman and Chairman of the Supervisory Board, the Director for Development of Structures, Organization and Internal Control Systems, then the Member of the Management Board, the Director for Strategy responsible for HR Division, since October 2011 the Member of the Supervisory Board of Zakłady Azotowe w Tarnowie-Mościcach S.A., and since March 2016 also the Chairman of the Audit Committee there. From November 2011 to December 2012 he was the Member of the Supervisory Board of Mostostal Zabrze Holding S.A.. Since July 2015 the Member of the Supervisory Board and Audit Committee of Prime Car Management S.A. In addition, the Member of the Supervisory Board of Alior Bank S.A. Since April 2016 the Member of the Supervisory Board of Asseco South Eastern Europe.

Mr Artur Kucharski meets the independence criteria set out in Annex II to the Recommendation of the European Commission on the role of non-executive directors or members of supervisory boards of listed companies and committees of the board and in the principles of Good Listed Companies 2016.

During the period of 12 months ended December 31, 2018, the company's Supervisory Board was composed of the following persons:

Supervisory Board	Period of service
Jacek Duch	01.01.2018 – 31.12.2018
Izabela Albrycht	01.01.2018 – 31.12.2018
Adam Noga	01.01.2018 – 31.12.2018
Piotr Augustyniak	01.01.2018 – 31.12.2018
Dariusz Brzeski	01.01.2018 – 31.12.2018
Artur Kucharski	01.01.2018 – 31.12.2018

STRATEGY AND DIRECTIONS OF DEVELOPMENT

Mission

Asseco Poland's **mission** is to build a reliable and profitable, global information technology company providing high quality software and services.

Asseco Poland's values

Commitment

We are fully committed to each and every project and the success of our Clients is our greatest satisfaction.

Respect

We require trust, honesty and mutual respect both from ourselves and from others.

Quality

We always maintain high quality standards in all of our activities.

Professionalism

We continually upgrade our qualifications and are willing to share experience.

Effectiveness

We are ambitious and consistent in striving to achieve our goals.

Responsibility

We take full responsibility for our work and environment in which we operate.

Strategy

The foundation of the strategy of Asseco Poland S.A. is providing proprietary software and IT services to business customers and public administration. The value-building strategy of Asseco Poland S.A. is based on two pillars. The first is organic growth which is achieved through proprietary software and services, whereas the second one involves expansion through acquisitions.

Organic growth

The strategy of organic growth of the Asseco Poland S.A. is based on providing proprietary IT software and services to clients in Poland and abroad. The company's strategy relies on sector-specific business expertise, which is supported by technological competence. In addition, Asseco leverages on the vast experience of its international affiliated companies to create a comprehensive portfolio of products satisfying the highest needs of its customers.

The activities of the Asseco Poland S.A focus on providing a wide range of proprietary IT solutions and services. The company specializes in implementing the largest and most complex IT projects ordered by various clients, offering comprehensive solutions to all sectors of the economy, and also selling standardized products to smaller entities. The company builds long-term trust-based relationships with customers, becoming their strategic business partner.

Apart from its operating activities, as the owner controlling other companies of the Asseco Group, Asseco Poland S.A. plays a key role in the Group. Asseco Poland sets strategic directions for the Group's development, monitors and supervises their implementation, sets forth internal rules of operation, and regulates mutual relations among the companies within the federation.

Development through acquisitions

Asseco Poland S.A. has been pursuing successful acquisition policy in Poland and abroad for many years and is ranked among the most experienced companies in this field in Poland. Since 2004, the Company has finalized over 65 purchase transactions, repeatedly increasing the scale of its operations and geographic reach.

Above all, the Company is interested in profitable entities with committed and highly-specialized employees willing to further develop themselves by joining a unique federation model of Asseco or integrating with Asseco Poland S.A.. The purpose of acquisitions of Asseco is to increase competence in key sectors of activity, enter new geographic markets, or strengthen the position of the entire Asseco Group in the countries where it has been already present.

Research and development activities

The Asseco Group is actively looking for innovative solutions and supporting their development. Activities in this area are carried out in many ways.

Innovations developed as part of business activity

- Continuous development of advanced solutions in response to customer needs.

Innovative R&D center in Rzeszów

- A place for the development of proprietary products, e.g. in the areas of artificial intelligence, telemedicine or electromobility.

Program for start-ups

- Development of innovative products for the financial industry at an early stage of creation.



In 2018, Asseco Poland launched **Asseco Innovation Hub**, a dedicated program for start-ups which focuses on products and services for the financial sector at an early stage of their creation and support for their teams. Last year, Asseco also joined the innovation program implemented by Bank Gospodarstwa Krajowego, Start-UpNation Central - the world-famous Israeli non-governmental organization, and CREATORS IDEAtion Lab - a recognized innovation laboratory. Its aim is to cooperate with young innovators from Poland and Israel and to search for new technological solutions.

ORGANIZATIONAL STRUCTURE OF THE ASSECO GROUP

Federation model

The Asseco Group is based on a unique cooperation model - a federation model. Asseco Poland, acting as the leading company in the Group, is the largest shareholder in the companies which create the Group, but does not aim to have 100% of the stake in the companies or force the integration of the members of the Group. The companies which decide to join Asseco Group maintain a wide degree of autonomy in their daily activities, and the Group sets out their strategic directions of development and goals and monitors their achievement.

The functioning of the Group's federal model is based on mutual trust, focus on people and a set of clearly defined principles of cooperation between the entities of the Group. Therefore, the companies acquired by Asseco Poland retain their local character and are often managed by existing owners and management teams.

The Group's benefits resulting from the federation model are the following:

- Strengthening the market position and increasing customer confidence.
- Access to interesting, locally well-known product solutions.
- Knowledge of local markets, customers, business environment and unique circumstances.
- Access to local teams of employees who speak their native language.
- Conducting responsible business activities in relation to local stakeholders.

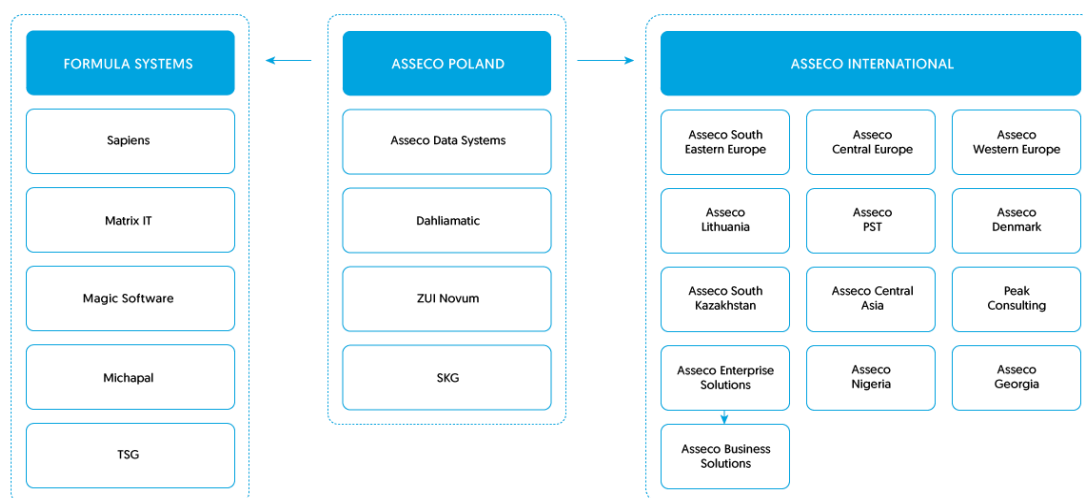
A company which becomes a part of the Asseco Group can count on:

- Access to the products and the experiences of other members of the Group.
- Access to the sales network of the Asseco Group.
- Strengthening of the financial position.
- Becoming a part of international brand with a strong market position.
- Access to global agreements with equipment suppliers.

The cooperation model based on a federation creates a wide scope for sales and cost synergies in the activities of the Group.

Structure of the Asseco Group

The Asseco Group has identified three geographical markets where the Group companies conduct their business operations: the Asseco Poland segment, the Formula Systems segment and the Asseco International Segment.



Simplified structure of the Asseco Group.

Asseco Poland segment

The Asseco Group's operations on the Polish market are organized around three main companies with clearly defined competences:

- Asseco Poland S.A.
- Asseco Data Systems S.A.
- DahliaMatic Sp. z o.o.

In addition, the Asseco Group includes a number of smaller companies operating on the Polish market, offering specialized and dedicated solutions for specific customer groups, such as SKG S.A. and ZUI Novum Sp. z o.o.

Asseco Poland S.A.

Asseco Poland (WSE: ACP) is the largest Polish IT company listed on the Warsaw Stock Exchange (WSE). With a capitalization of approximately PLN 4.4 billion (EUR 1.0 billion) it is included in the WIG30 index, it is also the largest company in the sector WIG-Informatyka index.

Asseco Poland is a producer of state-of-the-art software that supports critical business processes of enterprises in all key sectors of the Polish economy. Asseco's software applications are used by more than half of Polish banks, the largest insurance, energy and telecommunication companies, various healthcare institutions, local and central public administration bodies, as well as by the uniformed services.

Asseco Data Systems S.A.

The company produces and develops software for the leasing sector and local governments, provides products and services based on proprietary and third-party software, as well as ICT infrastructure solutions, solutions for intelligent cities and buildings. It also offers data centers, trainings and human capital management systems, and specializes in security and data trust services and mass communication. The activity is focused on providing services to enterprises and local government administration institutions on the domestic market.

DahliaMatic Sp. z o.o.

Dahlia Matic is one of the largest Polish consulting and implementation companies in the field of IT solutions. Within the Asseco Group, the company is responsible for a competence center for implementation of business software and third-party solutions (primarily SAP, Oracle, and Microsoft).

SKG S.A.

The company offers software for customs agencies, retail trade companies, and auditing and data analysis institutions. Apart from its leading product, the Customs Gateway software, offered in the SaaS model, SKG S.A. also provides services of developing and implementing IT systems. The company's quality management system is certified according to ISO 9001:2008.

ZUI Novum Sp. z o.o.

The company specializes in the development of IT systems for the cooperative banking sector. It operates as a developer of banking applications, software for ATMs, as well as an integrator and supplier of ATM equipment.

Formula Systems segment

This segment includes companies with revenues generated mainly in the markets of Israel, North America, Japan, and the Middle East, Europe and Africa (the EMEA region).

Formula Systems Ltd is a holding including three operating companies:

- Matrix Ltd
- Sapiens International N.V.
- Magic Software Ltd

In addition, the holding jointly controls TSG IT Advanced Systems Ltd, a company providing specialized software for the armed forces, and controls the US provider of HR, consulting and outsourcing solutions, InsyncStaffingLtd, as well as a producer of HR and payroll software for established companies in Israel - Michpal Micro Computers Ltd.

Formula Systems Ltd

Formula Systems is a holding company listed on the NASDAQ Global Markets (NASDAQ: FORTY) as well as on the Tel Aviv Stock Exchange in Israel (TASE). The companies of the Formula Systems group operate in over 50 countries: in Northern America (the US and Canada), Europe, EMEA (including Israel, the United Kingdom, Germany, the Netherlands, France and Nordic countries) and Asia (including Japan and India).

Matrix Ltd

The company is listed on the Tel Aviv Stock Exchange (TASE: MTRX). Matrix IT is a leading IT company in Israel. Its key competencies include IT services, security solutions, outsourcing as well as integration of information systems to the client's order. An important area of Matrix IT's operations in the US is providing financial customers with advanced security, risk management and compliance solutions.

Matrix IT also acts as a distributor of software and infrastructure solutions for the world's leading manufacturers. Through its subsidiary John Bryce, it also runs training and qualification centers offering professional courses and trainings for IT personnel.

Sapiens International N.V.

This company is listed on the American NASDAQ (NASDAQ: SPNS) and on the Israeli TASE. It is a leading global provider of IT solutions for the insurance industry. Sapiens operates in the US, Western Europe, Scandinavia, South Africa and Asia.

The company offers comprehensive solutions for all segments of the insurance market: for the life insurance segment, pension programs, property insurance, reinsurance, as well as supporting software for decision-making process in financial institutions. Sapiens offers both global solutions and software tailored to specific markets, such as the US.

Magic Software Ltd

This company is listed on the American NASDAQ (NASDAQ: MGIC) and on the Israeli TASE. Technologies offered by Magic Software accelerate the processes of building and deployment of business applications that can be easily adapted to current and future demands or integrated with the customer's legacy enterprise systems.

Magic Software provides services taking a code-free approach, allowing users to focus on developing business applications and support existing IT resources in order to increase business capabilities.

Segment Asseco International

Asseco International

Asseco International is a holding company with its registered office in Slovakia. It was established in 2017 in order to build the value of the Asseco Group on the basis of its international assets.

This segment includes all companies which generate their revenues primarily on the markets of Central Europe, South Eastern Europe and Western and Eastern Europe.

On the **Central European** market, the Asseco Group is represented by the Asseco Central Europe (ACE) group. The most important entities in the ACE Group include:

- Asseco Central Europe a.s. Słowacja i Asseco Central Europe a.s. Czechy
- Spółki Asseco Solutions
- Asseco Business Solutions S.A.
- CEIT A.S.

In addition, the group has smaller companies focusing on the health sector (ACE Magyarország, Prosoft).

Asseco Central Europe a.s.

Asseco Central Europe is the group's leading company, which operates mainly in the Slovakian and Czech markets. It provides comprehensive IT solutions and services for international financial institutions, for the private sector enterprises, as well as for the public institutions of central and local administration. Its product portfolio comprises information systems for banks, insurance companies and construction firms, card transaction systems, healthcare information systems, data warehouses, Business Intelligence and e-Commerce solutions, reporting systems, and turn-key projects.

Companies of Asseco Solutions

The companies of Asseco Solutions are a manufacturer of high end Enterprise Resource Planning (ERP) software for mid-sized and large enterprises, primarily in the manufacturing and service sectors. The group operates primarily in the Slovak and Czech markets, as well as in German-speaking European countries (Germany, Austria, Switzerland).

Asseco Business Solutions S.A.

Asseco Business Solutions is listed on the Warsaw Stock Exchange (WSE: ABS) and delivers state-of-the-art IT solutions for businesses, regardless of their sector, size and specificity. In the Asseco Group, Asseco Business Solutions is a competence center responsible for the ERP systems, software for small and mid-sized companies and the IT outsourcing. The company's product portfolio also includes mobile solutions, factoring systems as well as electronic data exchange platforms.

CEIT

CEIT is a Slovakian manufacturer of innovative solutions in the field of industrial automation and robotics. The dominant areas of the Group's activity are automation and robotics for the automotive industry.

South Eastern European market

In the South Eastern European market, Asseco Group is represented by Asseco South Eastern Europe, which comprises from several companies operating in Serbia, Croatia, Montenegro, Bosnia and Hercegovina, Kosovo, Moldova, Albania, Bulgaria, Romania and Turkey.

Asseco South Eastern Europe S.A.

The company is listed on the Warsaw Stock Exchange (WSE: ASE) and is the parent company of Asseco South Eastern Europe Group. It was created by integrating the competence, experience, know-how, software solutions and customer base of many South Eastern European companies. Since the beginning of its operations, it has focused on the development of proprietary IT solutions. Asseco South Eastern Europe runs its business operations in three segments: solutions and services for the banking sector, payment solutions and integration services.

On January 29, 2019, Asseco South Eastern Europe purchased 67.66% of shares in **Necomplus S.L** from another company of the Asseco Western Europe Capital Group. Necomplus supports the market of electronic payments (POS), self-service solutions and delivers technologies for professional Call Centers.

Western European market

Asseco Group's operations in the Western European market are focused around the companies operating in the Iberian Peninsula and in Northern Europe. Key companies operating in that regions include:

- Asseco Spain S.A.
- Asseco PST Holding– SGPS, S.A. (formerly Exictos SGPS S.A.)

In addition, companies operating in the Scandinavian and Baltic regions play an important role. Asseco Denmark and Peak Consulting are companies providing consulting services and software for the biotechnology industry. In turn, Asseco Lietuva UAB is a leading software manufacturer and information systems integrator in Lithuania.

Asseco Spain S.A.

The company is a provider of modern IT infrastructure consulting services, security solutions, human resources management solutions, outsourcing services, as well as fully comprehensive IT support.

Asseco PST Holding - SGPS S.A. (formerly Exictos SGPS S.A.)

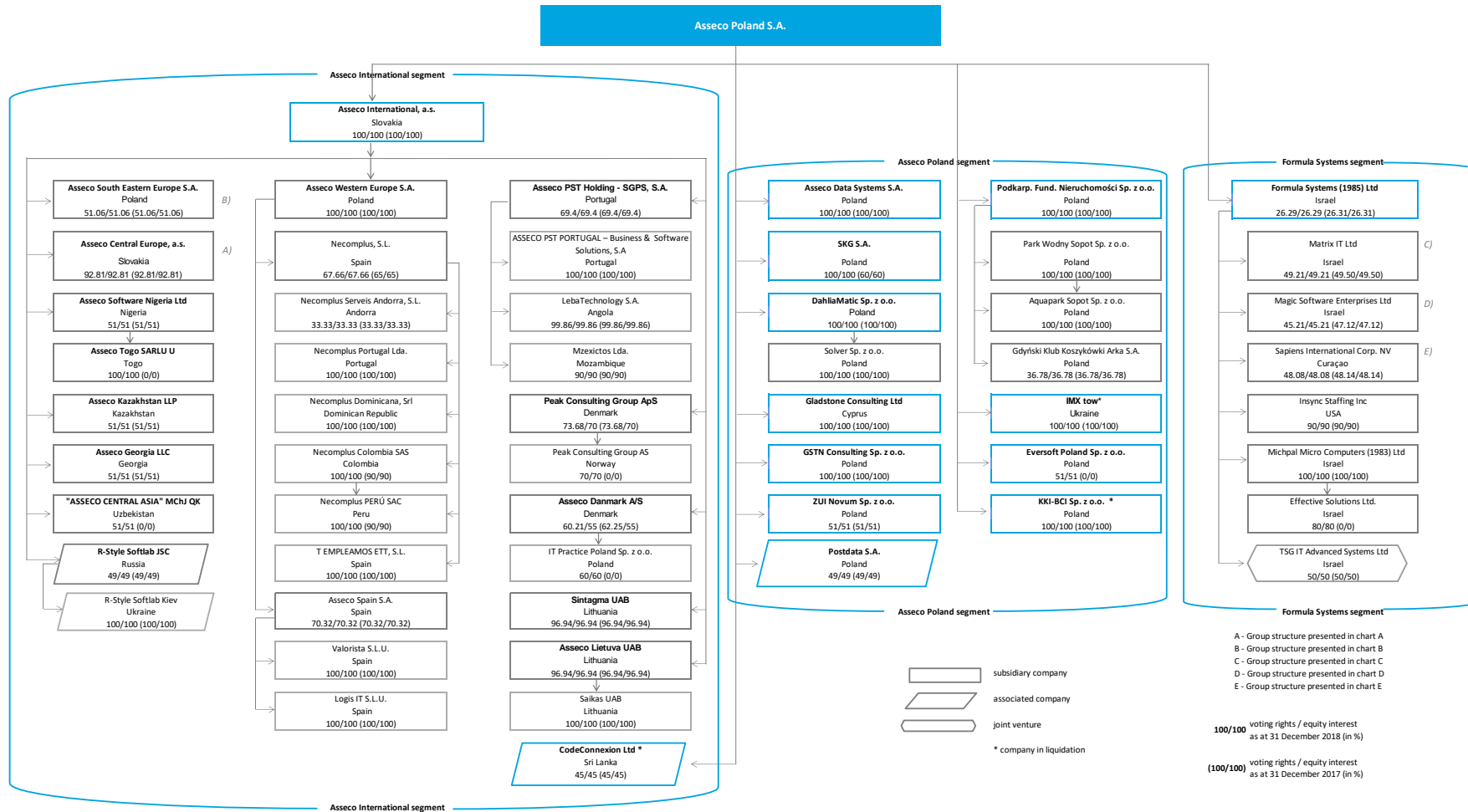
A Portuguese company offering IT services and providing software to the general business and banking sectors. Its main markets are Portuguese-speaking countries in Africa – Angola and Mozambique.

Eastern European market

The Asseco Group's operations on the Eastern European market are conducted by two companies controlled by Asseco International - Asseco Georgia LLC and Asseco Kazakhstan LLP, which provide diversified services to the public administration and financial sector. In addition, R-Style Softlab, a Russian producer of software for banks, in which Asseco International holds a 49% stake, operates on the Eastern European market.

Organizational Structure of the Asseco Group

The graph below presents the organizational structure of the Asseco Group as at December 31, 2018 and in the comparable period:

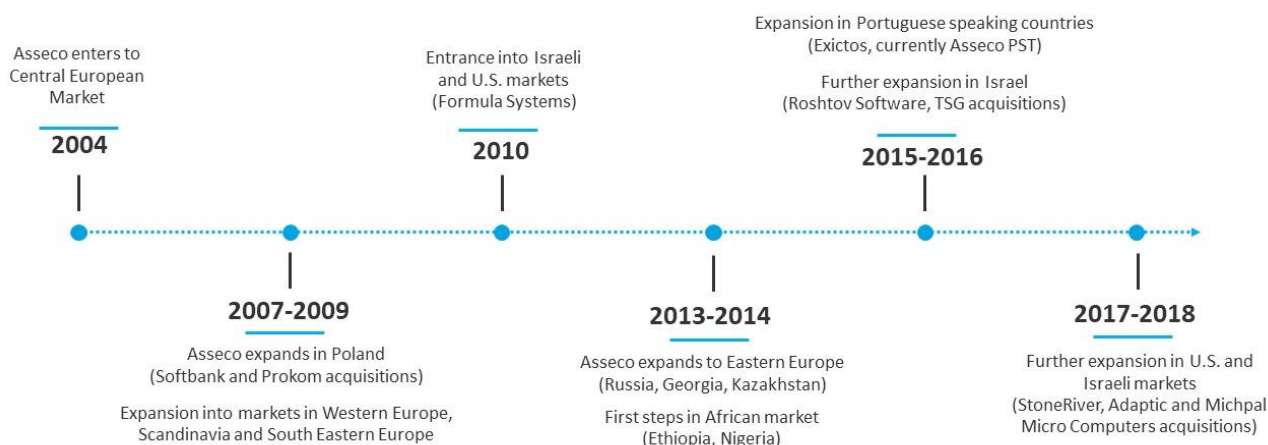


The complete organizational structure of the Group is presented in the item III of Supplementary Information to the consolidated financial statements of the Asseco Group for the period of twelve months ended December 31, 2018. The changes in the capital structure of the Asseco Group during 2018 have also been described in the item III of Supplementary Information to the consolidated financial statements of the Asseco Group for the period of twelve months ended December 31, 2018.

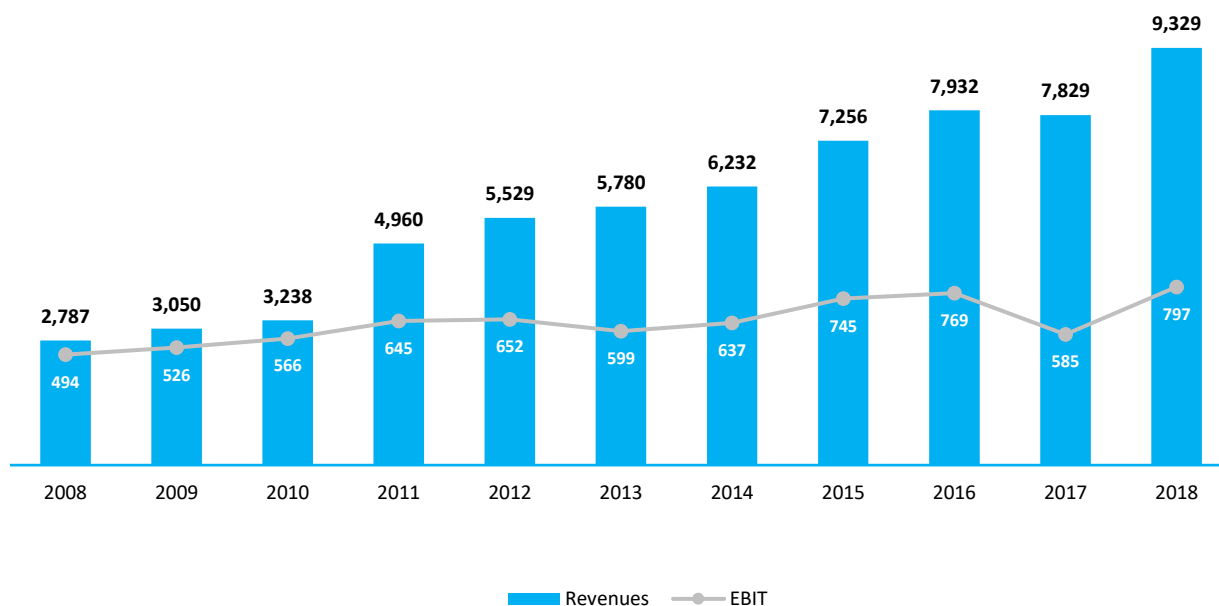
Long-term development and implementation of the Asseco Group's strategy

The Asseco Group's strategy is aimed at building long-term value for its stakeholders through organic growth and acquisitions. Owing to continued geographical expansion and broadening of the range of products and services offered, the Asseco Group has been improving its operating revenues and profits for years.

Expansion into new markets - milestones



Asseco Group's revenues and EBIT 2008-2018 (mPLN)

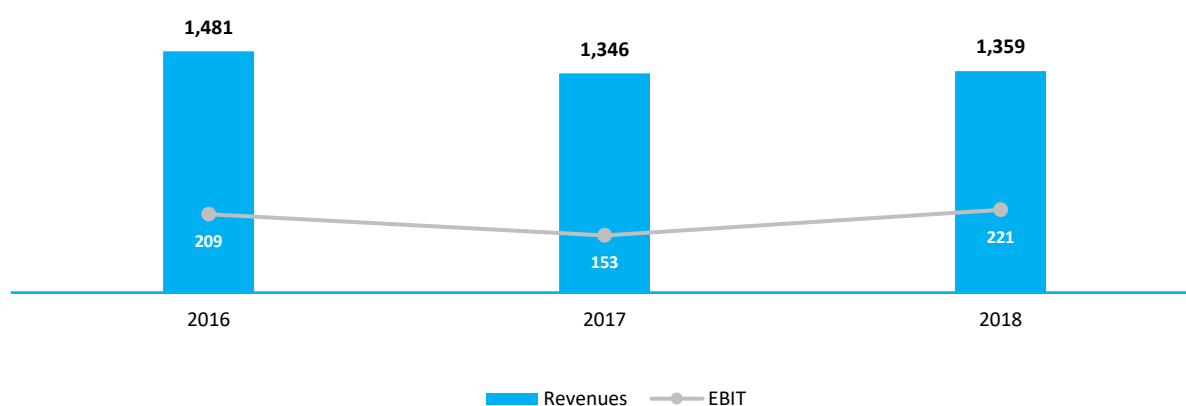


The Asseco Group's operations are aimed at long-term improvement of efficiency in individual business areas. The Group accepts that cost and sales synergies in the federation model are usually achieved over a longer period, usually lasting several years.

Asseco Poland segment

Asseco Poland has been operating on the Polish market since 1991. After a period of dynamic development, it became the largest domestic IT company. Since then, the scale of operations in the country has remained stable with a gradual tightening of operating margins. The Asseco Poland segment also includes other companies operating on the Polish market: Asseco Data Systems, DahliaMatic, SKG and ZUI Novum.

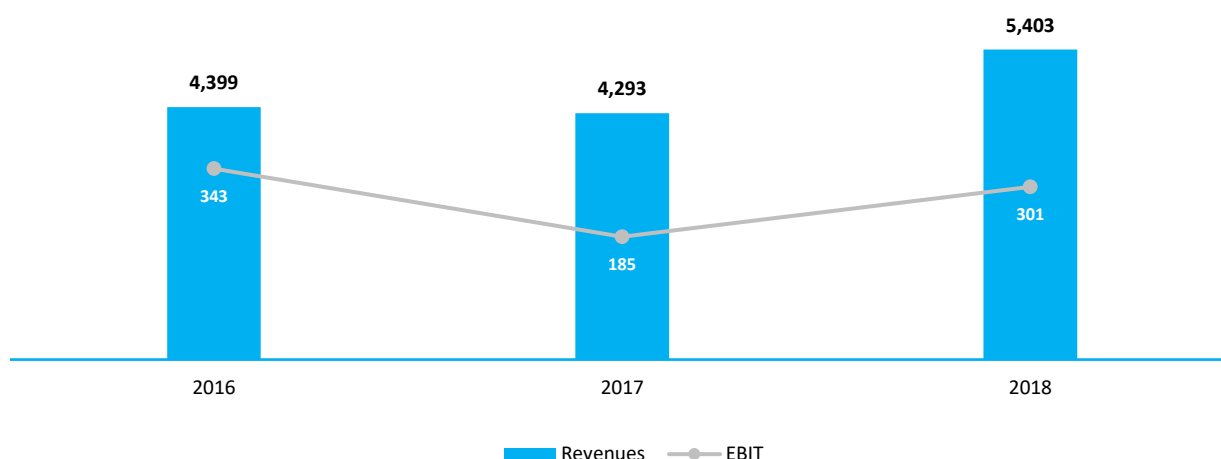
Asseco Poland segment's revenues and EBIT 2016-2018 (mPLN)



Formula Systems segment

Asseco entered the Israeli market in 2010 through the acquisition of the Formula Systems Group. Since then, the companies forming this holding have been developing dynamically and increasing the scale of their operations.

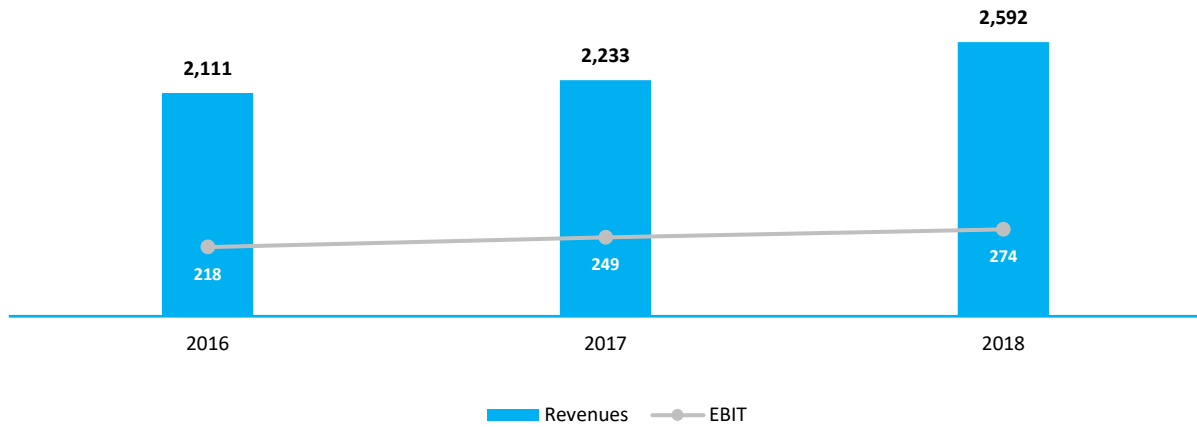
Formula Systems segment's revenues and EBIT 2016-2018 (mPLN)



Asseco International segment

Asseco International, that is the holding company responsible for the management and development of the Asseco Group on international markets, was established in October 2017.

Asseco International segment's revenues and EBIT 2016-2018 (mPLN)



The Asseco International segment was singled out in 2017. Pro forma data for 2016.

TARGET MARKETS, BUSINESS SECTORS AND PRODUCT PORTFOLIO OF THE ASSECO GROUP

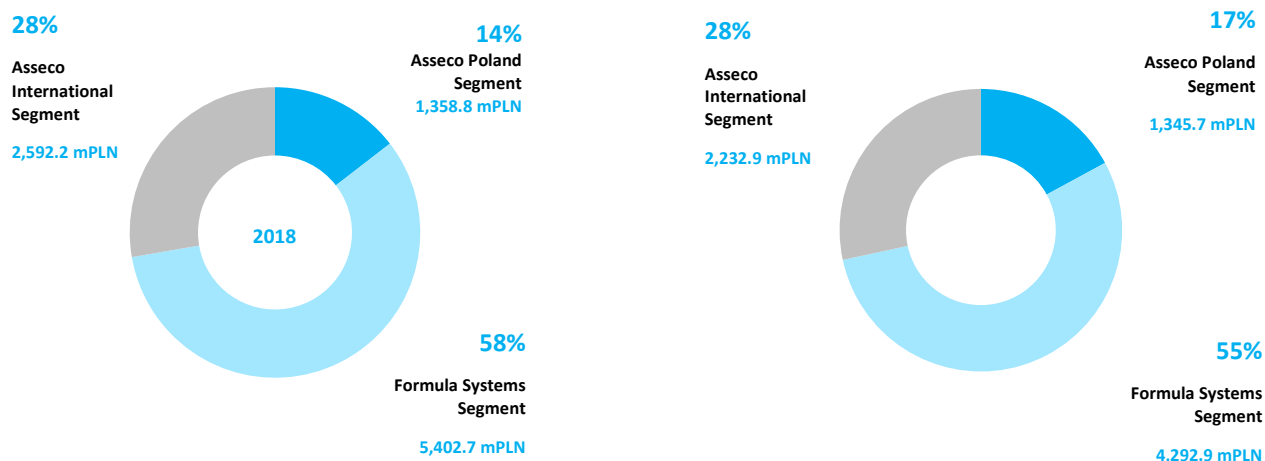
The Asseco Group's segments and geographical markets

An important goal for the Asseco Group is to pursue product and geographical diversification, thanks to which neither Asseco Poland nor the Asseco Group is dependent on one or more customers and suppliers. Such an approach allows for a significant reduction of the impact of negative market factors on the Group's operations. Owing to the Group's geographical diversification, the risk of negative impact of local factors on the Group's operations is significantly reduced, and the wide range of products makes Asseco resilient to possible collapses in individual market sectors.

The Asseco Group's operations are focused on three segments:

- Asseco Poland includes the operating activities of the parent company and the companies operating on the Polish market. It is currently the second largest region of the Group's operations in terms of revenues. In accordance with the strategic objective of building a global company, the Asseco Group's development is driven by foreign markets.
- Formula Systems is responsible for the largest share of revenues generated by the Asseco Group. Within the segment, the Group operates mainly on the Israeli, US and European markets. At present, this is the most dynamically-developing area in the Asseco Group.
- Asseco International, under which Asseco conducts business operations mainly on the markets of Central Europe, Central and Eastern Europe, as well as Western Europe.

Group's revenues in individual business segments

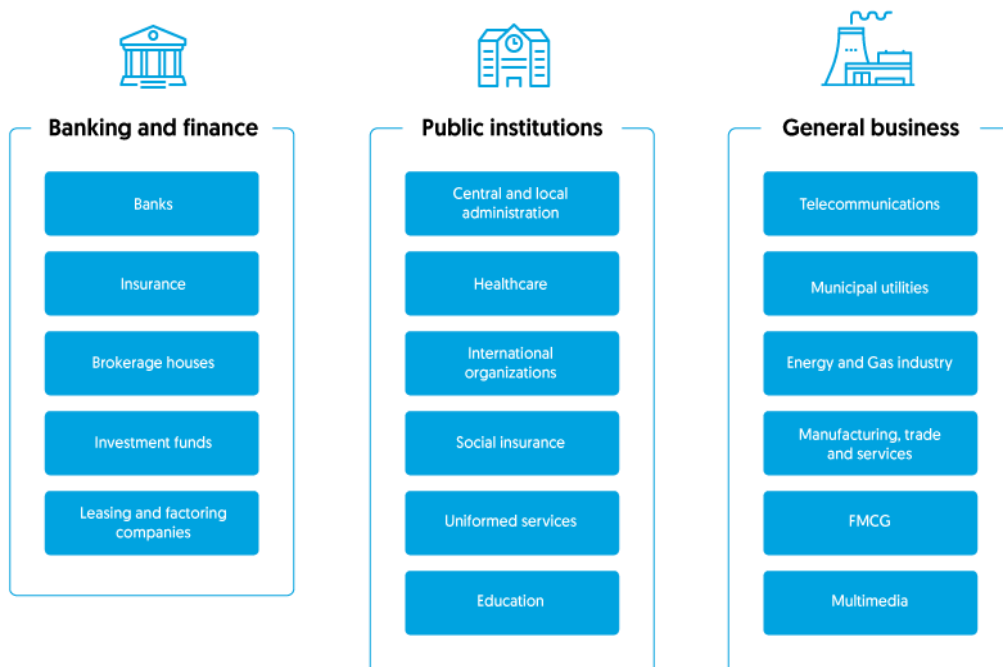


Data includes sales between segments.

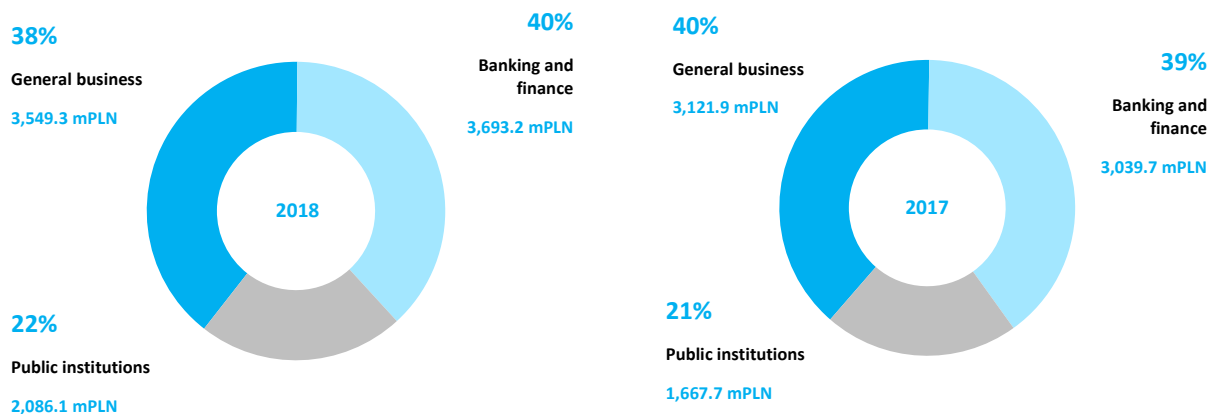
*Data includes sales between segments.

Business sectors

Product portfolio - sectors



Group's revenues in individual business sectors



Banking and finance



Banks - The production of banking software is one of the key businesses of the majority of the Asseco Group subsidiaries. Both regional and international expansion of our Group is largely dependent upon continuing development and further improvement of IT solutions tailored to meet the banking sector's growing expectations from information technology.

The Group's flagship product for the banking sector is *def3000*, a comprehensive IT system developed by Asseco Poland. In addition, we offer dozens of specialized ready-to-implement solutions, requiring only some adaptation to specific operations of a particular institution.

Comprehensive banking systems are also offered by other companies of our Group. Asseco Central Europe, thanks to its proprietary StarBANK solutions, has gained a strong position in the Slovak market for banking industry software. Asseco South Eastern Europe offers core banking systems, payment gateways, business intelligence solutions, and customer relationship management (CRM) solutions, and is engaged in the installation and maintenance of ATMs and POS terminals. In turn, Portuguese company Asseco PST specializes in the production and implementation of software for the banking sector, and its operations are focused on the Iberian peninsula and African markets.

Asseco's offer for companies from the financial sector includes omnichannel internet banking solutions as well as cloud-based solutions.



Insurance -The Asseco Group has cooperated with large international insurance companies for many years. Sapiens International, the Group's competence center in that field, is the second-largest software provider for the insurance sector in the world. The Group's clients include life insurance companies, property insurance companies, insurance brokers and insurance market regulators. Asseco's advanced services, adjusted to regulations applicable to insurers, are distinguished by the highest level of security.

The Group's portfolio features core insurance systems and a variety of specialized solutions, including billing and collection systems, applications supporting claim settlement processes, reinsurance, co-operation with agents, and detection of insurance frauds. We also provide tools enabling insurance companies to fulfill the requirements of Solvency II.

The Group's flagship insurance industry products are ALIS, IDIT, and INSIGHT systems which are offered by our Israeli Sapiens group. In turn, Asseco Central Europe offers its proprietary StarINS software suite.

To complement the above described banking and insurance industry competencies, Asseco is also a provider of all-in-one IT solutions for brokerage houses, as well as for leasing and factoring companies.



Public administration

The Asseco Group is the largest IT provider for the public administration sector in Central Europe and one of the leading players in that market in Israel. The Group supplies the largest and most complex projects at the central level, in the defense sector, as well as smaller solutions at the local level and in the healthcare sector.

Central level - Asseco Poland develops and implements software solutions for public administration in the areas that cannot be supported by ready-made tools. These are mostly complex systems with powerful functionality suitable for processing of large data volumes. Asseco Poland has got vast experience in the execution of complex IT projects for the public administration. The largest information technology project in Poland - the Comprehensive Information System of the Social Insurance Institution (KSI ZUS) - has been implemented by Asseco. The companies from the group of Asseco Central Europe also have a long track record of cooperation with the institutions of central administration. For years, they have been offering high quality solutions and services to the Ministry of Finance, the Ministry of Interior Affairs and the equivalent of the Polish Supreme Audit Office (NIK) in Slovakia. In turn, Matrix IT is one of the key partners of the Israeli government.

The Asseco Group also has broad competencies and experience in the security sector. As the only IT company from Central and Eastern Europe, we have executed over 50 prestigious projects for the EU and NATO agencies, including the EU border protection system for the Frontex agency. Our competencies in the security field are strengthened by Israeli company TSG IT Advanced Systems, associated with Formula Systems. It is an important supplier of software and services to the Israeli defense and interior ministries.

Experience gained during the implementation of projects for international institutions allowed the Group to move from the position of a service provider to the position of a supplier of solutions and products. Over the past two years, the Group has invested in the development of innovative solutions in the areas of: unmanned platforms, examination and data analysis, command support systems, satellite solutions and cybersecurity.

Local governments – In cooperation with other companies from the Group, Asseco Poland provides proprietary IT solutions for all levels of local administration. A significant advantage of our software is that it can be easily integrated with specialized tools such as digital maps or metropolitan networks.

Healthcare – The Asseco Group continues to build its market leadership in the provision of IT solutions for all types of medical facilities. Our solutions are used by hundreds of major hospitals and most clinics in the region of Central and Eastern Europe. Asseco's services include professional consulting on the design, implementation and maintenance of information systems for health insurance companies, and the provision of comprehensive solutions for hospitals and clinics. Asseco delivers patient service solutions, contract settlement systems as well as facility management solutions.

The Group's flagship product is AMMS (Asseco Medical Management Solutions), Asseco Poland's comprehensive package of information systems designed to help manage large and medium-sized hospitals, polyclinics, medical centers, outpatient clinics and emergency departments. Asseco Central Europe also provides a proprietary healthcare information system, which is called Mediform. The Group's portfolio for the healthcare sector is complemented with Hungarian Asseco Central Europe Magyarország's solutions. In turn, the Israeli center of innovation develops pioneering IT solutions for the largest medical centers in the world. These include Tanit, which meets the specific needs of hospital management.



General business

Telco & Utilities - The Asseco Group offers comprehensive proprietary solutions that are capable of handling multi-million customer databases and are customized for the specific needs of telecommunication, media, energy, gas and utility enterprises. Over a 20-year long presence of our solutions in this sector resulted in strategic partnerships with many major companies in Europe, which appreciate Asseco specialists' in-depth professional knowledge and experience, just as the quality of our solutions.

Our product portfolio dedicated to the Telco & Utilities sector includes billing systems, fraud detection systems, sales and CRM applications, portal applications, data warehouses, BI tools, and many more. The product portfolio is supplemented with technical infrastructure and asset management systems, and GIS/NIS solutions.

Asseco Poland has, for many years, been one of the key providers of billing systems to Orange Poland. Our software solutions are also used by other mobile and fixed-line operators, as well as by media companies. In addition, our solutions are utilized by major energy holdings operating in Poland, such as Tauron, PGNiG, Enea and PGE.

At the same time, Asseco Central Europe specializes in technical infrastructure management systems for network enterprises, while Asseco South Eastern Europe delivers IT solutions to many leading telecom operators in the Balkans region.

ERP solutions - The Asseco Group offers a full range of state-of-the-art ERP systems for small, mid-sized and large companies. All of them are fully integrated software packages designed to support enterprise management processes. Owing to their diversified functionality and module-based structure, our solutions can be utilized in virtually every industry. In addition, the Group has departments specializing in the implementation, development and industry adaptation of ERP systems based on the technologies of Oracle, SAP and Microsoft.

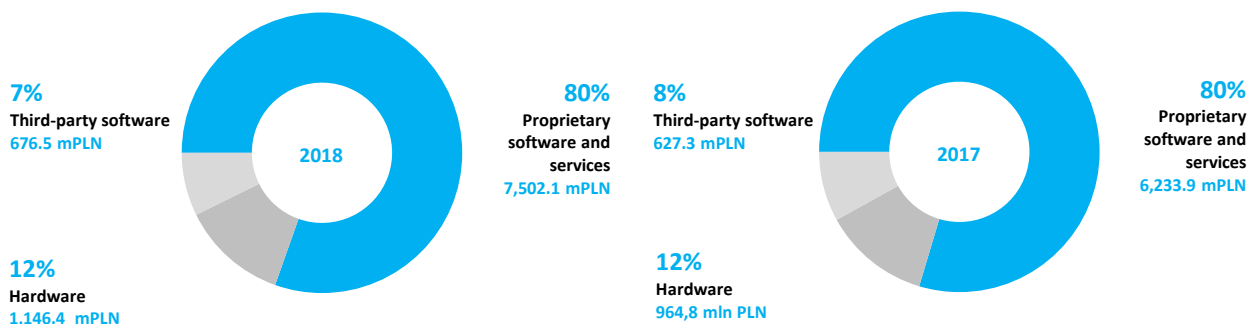
Within the Asseco Group, the competence center responsible for ERP systems, software for SMEs, and IT outsourcing is the Asseco Enterprise Solutions holding, whose companies specialize in ERP systems, mobile reporting systems (SFA class), factoring systems, and software for SMEs.

In addition, Asseco Central Europe developed a proprietary ERP solution which has been implemented by its Asseco Solutions subsidiary. Also, a German company of AssecoSolutions has competencies in the field of ERP.

Furthermore, the Asseco Group provides consulting and implementation services covering SAP, Oracle, and Microsoft Dynamics AX solutions.

Product offer of the Asseco Group

The Group's revenues by products



* Figures do not include other sales.

The Asseco Group is focused on providing customers with proprietary solutions in the form of software and services. Third-party software and IT equipment are provided only when necessary. As a result, the Company offers its customers top-class solutions tailored to their needs.

- **Dedicated software solutions**

The Asseco Group is the most experienced Polish IT company when it comes to the execution of large-scale and complex IT projects, implemented to individual customer needs. A good example of Asseco’s competence in this area is the IT project implemented for the Social Insurance Institution (ZUS), the largest in the history of our country. The Comprehensive Information System handles 25 million unique accounts of Poles and is used by over 40,000 ZUS employees on a daily basis.

In 2017, KSI ZUS received a special award from Computerworld during the "IT Leader 2017" gala.

- **Comprehensive solutions for business sectors**

We offer comprehensive IT packages that are customized to individual needs of large and mid-sized companies virtually from every sector of the economy. In this category, our product portfolio includes comprehensive systems dedicated to the banking sector (Asseco def3000), power industry (AUMS), healthcare (AMMS), as well as for brokerage houses (PROMAK) and the insurance sector (IDIT, ALIS).

- **Standard software packages**

We also provide standard software packages for thousands of small and mid-sized companies. With no need for customer-tailored products and at an affordable cost, firms can use Asseco’s out-of-the-box software to support their routine enterprise management functions. A good example of a standard software package is Magic xpa – a platform for creating and developing applications.

- **Cloud solutions**

Small and mid-sized enterprises can use our IT solutions available over the Internet. With a minimum of effort and cost and maximum benefits, our customers may take advantage of our knowledge and experience without investing large sums of money in IT infrastructure or a team of IT experts. Major clients for cloud-based e-banking systems delivered by Asseco Poland are cooperative banks operating in Poland - hundreds of them have chosen our solutions.

Prospects for development of the Asseco Group's operations and key factors for further development



Banking and finance

- Increased demand for advanced technologies used in financial services,
- New trends in the area of IT solutions dedicated to financial institutions,
- Development of omni-channel solutions,
- Dynamically changing legal environment requiring constant adaptation of IT systems,
- The growing importance of cyber security.



General business

- Companies' growing IT needs along with the development of the scale of operations - higher demand for ERP solutions,
- Demand for advanced solutions with the assumption of cost optimization - development of cloud and SaaS solutions,
- The need to manage a huge amount of data,
- Legal changes resulting in the need of IT systems adaptation.



Public sector

- The sector remains one of the largest recipients of IT services,
- Demand for advanced solutions, where security, reliability of systems and their supplier play a very important role,
- High demand for IT solutions in the areas of social insurance, central and local government administration, health care or uniformed services.

Solutions designed to individual customer needs

Dedicated software solutions

- Comprehensive Information System – ZUS
- Insurer – PZU
- Clearance System – National Border Guard
- Central Register of Vehicles and Drivers – Ministry of the Interior

Solutions designed and developed for multiple large and mid-sized clients

Comprehensive solutions for business sectors

- Asseco def3000 (banking)
- Asseco Utility Management Solutions (energy industry)
- Asseco Medical Management Solutions (healthcare)
- Sapiens IDIT, ALIS (insurance)
- OTAGO System (administration)
- Promak (brokerage houses)

Standard solutions for a large number of small and mid-sized customers

Standard software packages

- Asseco WAPRO
- Asseco HR
- Magic xpi Integration Platform
- Magic xpa Development Platform

Solutions available for numerous customers over the Internet

Cloud computing solutions

- def3000 REB / CEB (banking)
- Asseco Mobile Touch (general business use)
- abStore Wapro (e-commerce)
- wrotacelne.pl (customs systems)

IT MARKET AND ITS PROSPECTS

Development prospects of the global IT market

According to Gartner's estimates, in 2018 the global IT market grew by 3.9%, while in 2019 it is expected to grow by 3.2% to USD 3.8 trillion. Telecommunication services will have the largest share in the market, and purchases of software for enterprises and IT services will increase the fastest. The area related to IT services is to grow at a fast pace of approx. 4.7%, while the value of the market related to Data Center systems is to increase by 4.2%.

Gartner's analysts point out that all segments of the IT market should record growth despite the risk of recession, Great Britain's exit from the European Union (EU) or trade wars. On the other hand, one should expect dynamic changes with regard to which of the segments will be the engine of IT market growth in the future. Expenditures are being shifted from more saturated areas such as mobile phones, computers or data center infrastructure to such areas as the cloud and Internet of Things (IoT).

Along with the shift towards cloud services, which drive IT spending to the greatest extent, a significant increase will be recorded in the area of software spending by enterprises. Global spending in this area will increase by 8.5% in 2019. A further increase - by 8.2% - is forecast for 2020. A significant part of enterprise budgets in this respect will be directed to the Software as a Service (SaaS) model.

Due to the ever-increasing digitalization of business, there is a need to raise the level of competence in the latest technologies among the employees of companies. These are skills related to artificial intelligence (AI), machine learning or Application Programming Interface (API).

IT spending (in billions of USD)	2018	Increase (%)	2019 (forecast)	Increase (%)
Data center systems	202	11.3	210	4.2
Software for businesses	397	9.3	431	8.5
Hardware	669	0.5	679	1.6
Services	983	5.6	1,030	4.7
Telecommunication services	1,399	1.9	1,417	1.3
Total	3,650	3.9	3,767	3.2

Source:Gartner (<https://www.gartner.com/en/newsroom/press-releases/2019-01-28-gartner-says-global-it-spending-to-reach--3-8-trillio>).

IT market in Poland

According to PMR's estimates published in August 2018, spending on the Polish IT market increased by 5.5% year-on-year and amounted to PLN 32.6 billion. In 2019, it should be higher by 4.8%, which would mean that it would reach the level of PLN 34.2 billion. The average growth of this market in the years 2018-2023 is estimated at about 3% annually.

The development of the IT market is driven by the economic growth, which in Poland in 2019, according to forecasts of the European Commission, will amount to 3.7%. The average for 28 countries of the European Union is 1.9%.

The good economic situation is confirmed by the IT companies' assessment. 75 out of the 100 largest companies in the sector believe that in 2019 the situation on the market will continue to improve.

Situation in the public administration market

Public administration is one of the leading recipients of products and services in the IT sector. Therefore, the situation in this segment has a significant impact on the overall services and software market. According to a research conducted by PMR last year, IT companies are counting on an improvement in the public sector: 45% of the largest companies in the sector expect it to occur in 2019, according to 19% of them it will happen in 2020, and 15% expected a recovery in 2018. Only 7% of the polled companies turned out to be pessimistic - they do not expect any improvement in this sector.

In 2018, there was an increase in tenders and public procurement in the IT area. The most important investments concerned orders from PKP Polskie Koleje Linieowe, the Chief Inspectorate of Road Transport (GITD), the Social Insurance Institution (ZUS) or the Agricultural Health Insurance Fund.

Situation in the finance and general business segments

Economic growth translates into higher spending on software and IT services by the general business sector. This trend is clearly visible among smaller and mid-sized enterprises, whose IT needs grow along with the scale of their operations and drive the demand for ERP solutions.

Among banks and financial institutions, spending on technology is determined by intense competition, in which modern solutions play a very important role. This trend, which supports the demand for IT services, is partly offset by the need for savings and the conservative financial policy of these institutions. In 2018, a consolidation in the banking market was a challenge in terms of IT projects implemented in the financial sector. In addition, significant legal changes, such as GDPR, Split Payment, PSD2, and the consequent need to adapt IT systems, were an important element that affected IT spending of financial institutions and enterprises in 2018.

According to market research, cloud solutions, although they still constitute a small part of the IT market, will develop particularly dynamically in the coming years. These solutions are attractive for smaller and mid-sized enterprises, which can gain access to more advanced solutions with relatively lower expenditures on modern technologies.

Gartner's analysts indicate that general business spending on software will continue to grow dynamically, and in 2019 it should increase by 8.5%. It is expected that companies will increase their spending, among other things, thanks to increased budgets for SaaS solutions.

Asseco's marker position

Asseco is one of the leading software vendors in Europe.

Asseco Poland S.A. is one of the largest IT companies in Poland and the largest company in Poland focused on sales of proprietary software and services rather than computer hardware. The Polish IT market is a competitive and diversified market in which both domestic companies and leading global corporations operate.

According to the latest Computerworld TOP200 report, Asseco Poland is ranked 13th in the "Largest IT companies operating in Poland" category, but it is worth noting that almost all the companies listed above are either manufacturers of computer hardware or companies engaged in the sale of hardware. Asseco Poland holds the second position among the IT companies with the highest net profit from IT in 2017.

IT companies with the highest net IT profit for 2017	Net result (mPLN)
CD Projekt	184.6
Asseco Poland	175.6
Asseco Business Solutions	50.1
SII	50.0
LiveChat Software	47.3
PKO BP Finat	43.9
AB	42.3

Source: Computerworld TOP200, Ranking of IT and telecommunication companies, Edition 2018, ranking according to the results recorded in 2017.

Asseco took 1st place in 7 categories of the Computerworld TOP200 report on the Polish IT market. The company has won the top position among the producers of custom-made software as well as providers of IT solutions and services for the most important sectors - public administration, health and general business. Asseco is also the largest provider of IT services on the domestic market. Asseco has been consistently investing in R&D and is ranked 1st in the list of companies working for responsible development.

The leading market position of Asseco Poland is reflected in the following comparison of sales by type of activity, where the Company is the clear leader in custom software and IT services provided to the business sector.

Ranking	Ranking position
Custom software manufacturers	1
Companies providing maintenance services	1
Companies providing IT services	1
Companies providing integration services	2

Source: Computerworld TOP200, Ranking of IT and telecommunication companies, Edition 2018, ranking according to the results recorded in 2017.

In terms of sectors, Asseco Poland is the leader or one of the leading suppliers in the key segments of its business. The positions in individual segments are presented below:

Ranking of providers of software and services to the sector of:	Ranking position
Public administration	1
Healthcare	1
Large companies and corporations	1
Banking	4
Energy industry	3
Finance and insurance	11
Telecommunication	4

Source: Computerworld TOP200, Ranking of IT and telecommunication companies, Edition 2018, ranking according to the results recorded in 2017.

Awards and distinctions received in 2018

The "**Pearls of the Polish Economy**" title awarded by the editors of the Polish Market. Asseco has been ranked 4th in the "Great Pearls" category.

The highest position among IT companies in the "**List 2000**" ranking of the Rzeczpospolita daily - 36th place in the ranking.

The "**Innovative IT company 2018**" title according to Gazeta Finansowa granted for Asseco Enterprise Banking Platform (Asseco EBP) - a solution dedicated to the financial sector.

First place in the main IT@BANK ranking and the leading position among IT companies providing software for banks. The competition is organized by Miesięcznik Finansowy Bank.

First place in the Top Marka 2018 ranking in the category of software manufacturers, prepared by Press magazine and PRESS-SERVICE Monitoring Mediów.

First place in the Book of Lists ranking among software producers and IT integrators, prepared by the editorial team of the Warsaw Business Journal.

An award in the international competition "**Innovators 2018**" of the American Global Finance magazine in the Smart Queue Platform category for Asseco Advisory Banking Platform (Asseco ABP).

12th place in the list of "**100 Largest Polish Private Companies**" according to Forbes magazine.

The title of the **Eagle of Podkarpacie** awarded by the editors of the Wprost weekly.

Leader in 7 categories of the **ITwiz Best 100 report**.

1st place in 7 categories in the **Computerworld TOP200** report, 2018 edition, on the Polish IT market

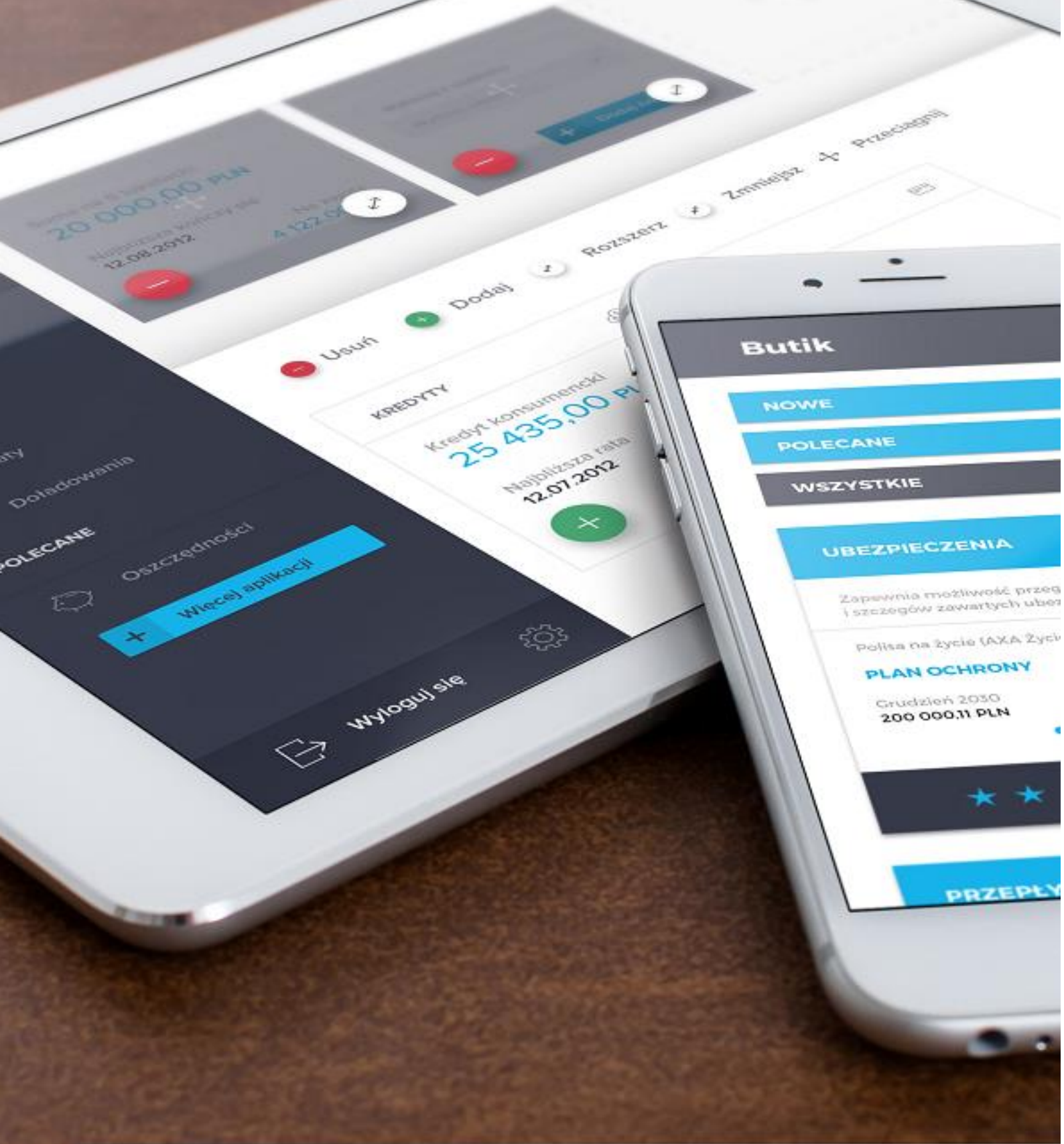
The title of "**Polish Ambassador**" awarded by the Wprost weekly - 6th place in the list of 67 companies with the highest foreign sales.

Asseco Data Systems has won the "**PaaS Best Test and Development Platform**" category, Asseco Poland has been distinguished in the "**Performance and Integration**" category in the "**Best in Cloud**" competition organized by IDG publishing house.

22nd place on the **List of 200 largest Polish companies** of the Wprost weekly.

The "**Best Employer of the Year**" title for Asseco Poland, awarded by Gazeta Finansowa.

Asseco among the top 10 of the report "**National Champions that Poland needs**", published by Polityka Insight.

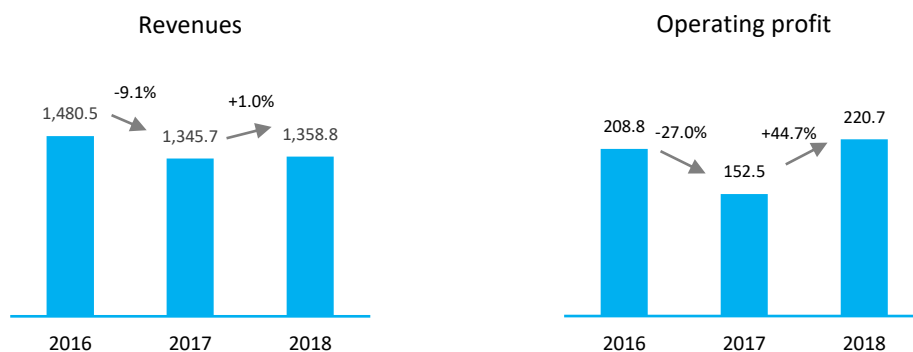


Major events with impact on financial performance of the **Asseco Group** in 2018

MAJOR EVENTS WITH IMPACT ON FINANCIAL PERFORMANCE OF THE ASSECO CAPITAL GROUP IN 2018

ASSECO POLAND SEGMENT

Asseco Poland Segment



The following table presents the key financial results generated by the Asseco Poland segment in the period of 12 months ended December 31, 2018 and in the corresponding periods in 2017 and 2016:

mPLN	12 months ended December 31, 2018	12 months ended December 31, 2017	12 months ended December 31, 2016	Change 2018/2017	Change 2017/2016
Sales revenues *	1,358.8	1,345.7	1,480.5	1.0%	(9.1%)
EBIT	220.7	152.5	208.8	44.7%	(27.0%)
EBIT margin	16.2%	11.3%	14.1%	4.9 p.p.	(2.8 p.p.)
Adjusted EBIT	238.5	170.5	227.0	39.9%	(24.9%)
Adjusted EBIT margin	17.6%	12.7%	15.3%	4.9 p.p.	(2.6 p.p.)
EBITDA	303.8	232.2	288.5	30.8%	(19.5%)
EBITDA margin	22.4%	17.3%	19.5%	5.1 p.p.	(2.2 p.p.)
CFO BT	354.4	137.4	282.4	157.9%	(51.3%)
CAPEX	(61.6)	(24.9)	(39.2)	147.4%	(36.5%)
FCF	292.8	112.5	243.2	160.3%	(53.7%)
Cash conversion rate	122.8%	66.0%	107.1%	56.8p.p.	(41.2p.p.)
Cash and cash equivalents (as at December 31)	284.2	309.5	52.8		
Interest-bearing debt (as at December 31)	(110.0)	(160.7)	(208.3)		

of which bank loans, borrowings and bonds issued	(61.2)	(91.3)	(113.7)
of which finance lease liabilities	(48.8)	(69.4)	(94.6)

* Sales revenues to external customers as well as inter-segment sales

** Debt to entities outside the group

EBIT = operating profit

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

EBITDA = EBIT + amortization

CFOBT = cash generated from operating activities, before income tax

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

FCF = CFOBT – CAPEX

Cash conversion rate = FCF/adjusted EBIT

In 2018, the Group's revenues generated in the Asseco Poland segment increased by 1.0% as compared to 2017 and reached PLN 1,358.8 million. Operating profit improved significantly, amounting to PLN 220.7 million and was by 44.7% higher year-on-year. In 2018, the Asseco Poland segment accounted for 14.6% of the Group's total sales.

Asseco Poland had the greatest impact on improving the performance on the Polish market, where significant increases were recorded in the banking and finance sector. Increases were also observed in the sector of public institutions, in particular in the area of health.

Higher sales in the banking and finance sector was, among other things, the result of the implementation of modifications related to important legal changes. On this occasion, many customers decided to invest in the modernization of their systems. Asseco supports 9 commercial banks and about 150 cooperative banks in Poland in adapting to new regulations.

Asseco Poland also reported increased sales of Polish products abroad, including comprehensive information systems for banks, omnichannel solutions such as the Asseco Customer Banking Platform, as well as solutions supporting the transaction processing, such as Asseco Treasury. In 2018, Asseco Poland completed, among others, the implementation of the Internet and mobile banking system in Orient Commercial Bank in Vietnam. It was another large project carried out by the Company on the Asian continent. In August, the first stage of the implementation of e-banking services for retail customers in Halyk Bank Georgia was completed. It is based on the omnichannel Asseco Customer Banking Platform (Asseco CBP) system. In turn, in cooperation with IBM, Asseco supports the new branch of Golden Sand Bank, which is being established in Germany. The facility will be based on the central banking system - Asseco Core Banking, IBM applications available in the SaaS model, as well as on IBM Bank-in-a-Box solution available in the cloud.

Asseco Poland is the leading provider of solutions for companies operating on the Polish capital market. At the beginning of last year, a project with the Warsaw Stock Exchange (WSE) was completed, consisting in the implementation of the PROMAK TS system - one of the most modern solutions for trading in financial instruments, which also meets the requirements of the MIFID II Directive. The implementation of PROMAK TS on the WSE received a distinction in the Competition of the 13th Congress of Electronic Economy in the "Project of the Year 2017" category. In 2018, work was in progress on launching new versions of the ePROMAK Plus and mPROMAK Investor Platform systems containing regulatory changes related to MIFID II as well as technological and functional changes. Work also began on a new tool for stock exchange investors, which was eventually launched in March 2019. The ePROMAK NEXT platform is one of the most modern trading solutions, and the new Asseco system has been designed according to the concept of design thinking.

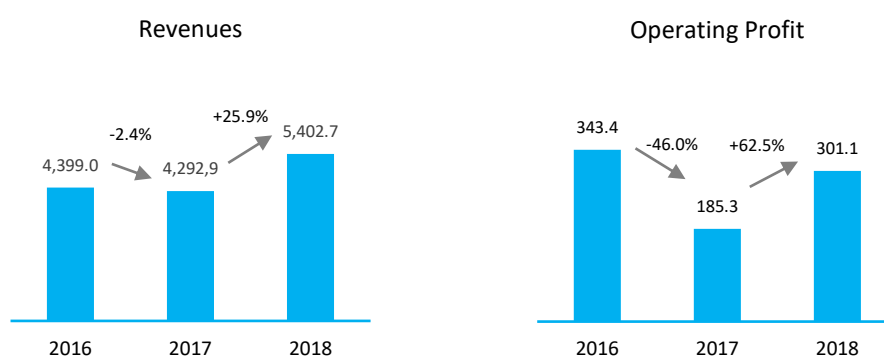
An increase in orders and awarded tenders was observed in the area of Public Institutions, which also resulted in higher sales in this sector. Under the agreement for supporting the operation and maintenance of the Comprehensive Information System (KSI) of the Social Insurance Institution (ZUS), several important orders for the provision of additional services were executed. In July 2018, a framework agreement was signed with ZUS for the modification and development of KSI. Two bidders have applied for the implementation of the projects within the budget of PLN 350 million gross, provided for in the contract for 4 years. In the second half of the year, the Company carried out the first executive agreements. Asseco also signed a contract, worth PLN 24.5 million gross, for the modification of KSI ZUS in connection with the new regulations regarding keeping employee records. Another important contract signed with this institution concerned the development and maintenance of the Customer Portal and the Service Bus. They operate within the Electronic Services Platform, which is provided by ZUS. The gross value of the contract amounts to PLN 23.2 million. Its implementation is planned for 4 years.

In 2018, two important agreements with the Agricultural Social Insurance Fund (KRUS) were also concluded. The first one concerns the maintenance and development of the Workflow system, which is the central component of the Integrated Information System (ZSI) supporting the most important business processes of KRUS. The value of the contract, which will be executed over a period of 4 years, amounts to over PLN 42 million gross. Asseco also signed a four-year agreement with KRUS for the "comprehensive maintenance of IT systems supporting the provision of insurance and short-term benefits". The gross value of the contract executed by the consortium of Asseco Data Systems (the project leader) and Asseco Poland amounts to PLN 58.1 million. In addition, the Company concluded an agreement with the Chief Inspectorate of Road Transport (GITD) for technical support and maintenance of software licenses for the Central Processing System operating at the Automatic Traffic Control Centre (CANARD). As far as health care is concerned, it is worth noting that Asseco Medical Management Solutions (AMMS) has successfully passed the integration tests with System P1. Thus, Asseco Poland has been included in the list of suppliers of doctor office systems, ready to handle e-Prescriptions, which are to be widely used from January 1, 2020. In 2018, the Company signed an agreement with the Malbork District Healthcare Centre, under which it will supply the Asseco Medical Management Solutions (AMMS) integrated IT system to the center's subsidiary medical institutions. Under the contract concluded with the District Hospital in Kozenice, Asseco will provide patients with access to e-services via the integrated AMMS system. Asseco also implements the AMMS system at the Independent Public Specialized Healthcare Institution in Lębork and implements a project to provide access to e-services at the the St. John of Dukla Center of Oncology of the Lublin Region.

In the general business sector, the cooperation with key telecommunication customers, including Orange Polska, T-Mobile, Cyfrowy Polsat and P4, continued. In the utilities segment, apart from the cooperation with domestic companies, Asseco has developed its foreign sales. In the past period, an agreement was concluded with Serbia's largest state-owned energy company to open an electronic customer service office based on the Asseco - AUMS Digital platform. It will be implemented for the first time in a foreign company from the utilities sector.

Positive results were recorded in other companies of the Asseco Group operating on the Polish market. Asseco Data Systems generated higher revenues and operating profit, mainly thanks to increased sales of security and trust services (e.g. electronic signature) as well as mass communication, i.e. correspondence handling and paper and electronic document management solutions. In the second half of 2018, ADS made an important decision to resign from the development of traditional integration business on the Polish market. The company focused on cloud integration, digitalization and offer for local governments.

FORMULA SYSTEMS SEGMENT



The following table presents the key financial results generated by the Formula Systems segment in the period of 12 months ended December 31, 2018 and in the corresponding periods in 2017 and 2016:

mPLN	12 months ended December 31, 2018	12 months ended December 31, 2017	12 months ended December 31, 2016	Change 2018/2017	Change 2017/2016
Sales revenues *	5,402.7	4,292.9	4,399.0	25.9%	(2.4%)

EBIT	301.1	185.3	343.4	62.5%	(46.0%)
EBIT margin	5.6%	4.3%	7.8%	1.3 p.p.	(3.5 p.p.)
Adjusted EBIT	523.4	316.9	422.8	65.2%	(25.1%)
Adjusted EBIT margin	9.7%	7.4%	9.6%	2.3 p.p.	(2.2 p.p.)
EBITDA	576.1	355.2	477.6	62.2%	(25.6%)
EBITDA margin	10.7%	8.3%	10.9%	2.4 p.p.	(2.6 p.p.)
CFO BT	426.1	382.9	383.1	11.3%	(0.1%)
CAPEX	(75.6)	(58.4)	(77.5)	29.5%	(24.6%)
FCF	350.5	324.5	305.6	8.0%	6.2%
Cash conversion rate	67.0%	102.4%	72.3%	(35.4 p.p.)	30.2p.p.
Cash and cash equivalents (as at December 31)	1 009.4	856.2	995.4		
Interest-bearing debt (as at December 31)	(1,434.5)	(1,201.7)	(1,086.2)		
of which bank loans, borrowings and bonds issued	(1,434.5)	(1,201.5)	(1,084.0)		
of which finance lease liabilities	-	(0.2)	(2.2)		

* Sales revenues to external customers as well as inter-segment sales

** Debt to entities outside the group.

EBIT = operating profit

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

EBITDA = EBIT + amortization

CFOBT = cash generated from operating activities, before income tax

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

FCF = CFOBT – CAPEX

Cash conversion rate = FCF/adjusted EBIT

In 2018, revenues generated on the Israeli market increased by 25.9% versus 2017 to PLN 5,402.7 million. The share of revenues generated in the Formula Systems segment in consolidated sales amounted to 58%.

Operating profit increased by 62.5% to PLN 301.1m. It should be noted that revenues and EBIT for August and September 2017 were not consolidated due to the loss of control over the Formula Group. The control was recovered in the fourth quarter of 2017.

Additionally, EBIT in 2018 was negatively affected by additional amortization costs of intangible assets recognized under the acquisition settlement (PPA), which is related to regaining control over the Formula Group in the fourth quarter of 2017.

The Formula Group companies recorded an increase in sales in 2018.

Matrix worked out record results at the level of revenues and profits. The Group achieved an increase in sales in all sectors of operating activity. It continued to strengthen its position as a leading IT company in Israel and entered new areas of operations. In 2018, significant increases were recorded in the area of IT services in the US, and the results generated in this market accounted for 12.1% of the Group's revenues and approx. 26.1% of its operating profit. The increase in revenues and profits is also a result of the development and incorporation of new companies operating on the Israeli and American markets.

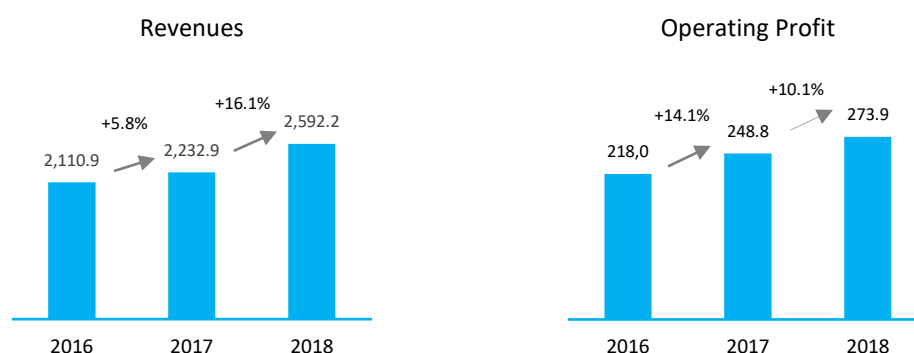
Sapiens International, a leading global provider of software and IT services to the insurance sector, significantly improved its performance over the past year and made significant progress in achieving its business objectives. Revenue growth and high profitability are the result of new contracts, acquisitions and closer cooperation with existing customers. The use of synergy effects and cost control also contributed to an increase in the generated operating margin, which exceeded the annual forecast. In 2018, Sapiens strengthened its position in the non-life insurance (P&C) sector on the US and EMEA markets, where sales of these solutions grew at a double-digit rate. The company has consistently increased its sales in the key North American market and has recently acquired several important projects. Full integration of the operating activities of Adaptik, acquired in the first quarter of 2018, accelerated growth in this

market. In 2019, Sapiens expects non-GAAP revenues in the range of USD 318 million - USD 323 million, with operating margins between 15.2% and 15.6%.

Magic Software, a company delivering technological solutions for the general business sector, also achieved record financial results in 2018. A double-digit increase was achieved thanks to organic growth and higher demand for software and professional services provided by the Company. Magic focuses on supporting its customers in digital transition, strengthening partnerships with key clients and building foundations for further growth. In 2019, Magic expects revenues of USD 313 million - USD 319 million, which would mark an increase by 10%-12%.

In 2018, Formula Systems Group companies made further acquisitions in the US: Adaptik, AliusCorp and PVBS. Adaptik offers software for the insurance industry, specializing in property insurance solutions. AliusCorp provides IT compliance and regulatory security services to financial institutions in the US market. PVBS LLC is involved in the implementation and integration of ERP systems for governmental entities or companies providing services to the state, operating on the US market. Matrix also expanded its operations on the Israeli market with the acquisition of Cambium, a developer of customer service applications and enterprise information management systems. In the third quarter of 2018, it also acquired Integrity Software, a provider of IT solutions for information security of content management systems and infrastructure for enterprises on the Israeli market. In November, Noaj Technologies Ltd. with its registered office in Israel joined the Matrix Group. The company offers consulting services in the area of selection and implementation of systems, as well as services focused on implementation and user training.

ASSECO INTERNATIONAL SEGMENT



The following table presents the key financial results generated by the Asseco International segment in the period of 12 months ended December 31, 2018 and in the corresponding periods in 2017 and 2016:

mPLN	12 months ended December 31, 2018	12 months ended December 31, 2017	12 months ended December 31, 2016	Change 2018/2017	Change 2017/2016
Sales revenues *	2,592.2	2,232.9	2,110.9	16.1%	5.8%
EBIT	273.9	248.8	218.0	10.1%	14.1%
EBIT margin	10.6%	11.1%	10.3%	(0.5 p.p.)	0.8 p.p.
Adjusted EBIT	285.4	257.7	230.0	10.7%	12.0%
Adjusted EBIT margin	11.0%	11.5%	10.9%	(0.5 p.p.)	0.6 p.p.
EBITDA	378.9	339.4	307.3	11.6%	10.4%
EBITDA margin	14.6%	15.2%	14.6%	(0.6 p.p.)	0.6 p.p.
CFO BT	395.7	341.6	362.7	15.8%	(5.8%)

CAPEX	(110.3)	(131.3)	(94.4)	(16.0%)	39.1%
FCF	285.4	210.3	268.3	35.7%	(21.6%)
Cash conversion rate	100.0%	81.6%	116.7%	18.4 p.p.	(35.1 p.p.)
Cash and cash equivalents (as at December 31)	506.9	381.8	454.4		
Interest-bearing debt (as at December 31)	(181.0)	(175.0)	(82.7)		
<i>of which bank loans, borrowings and bonds issued</i>	(168.8)	(168.6)	(78.4)		
<i>of which finance lease liabilities</i>	(12.2)	(6.4)	(4.3)		

* Sales revenues to external customers as well as inter-segment sales

** Debt to entities outside the group.

EBIT = operating profit

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

EBITDA = EBIT + amortization

CFOBT = cash generated from operating activities, before income tax

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

FCF = CFOBT – CAPEX

Cash conversion rate = FCF/adjusted EBIT)

In 2018, the Asseco International segment's revenues increased by 16.1% to PLN 2,592.2 million. Operating profit went up by 10.1% to PLN 273.9 million. The share of this segment in consolidated sales reached 27.8%.

The Asseco Group develops its operations on the markets of Central Europe, South Eastern Europe, and Western Europe.

Central European market

The Asseco Central Europe Group, which represents Asseco in the Central European region, recorded double-digit sales growth. The significant improvement is the effect of organic growth and acquisitions of the Slovak company CEIT and the Polish company Macrologic, which took place in 2017. Last year's results were also positively affected by the acquisition of DWC Slovakia in the first half of 2018.

Asseco Central Europe expands its cooperation with public sector institutions. In 2018, it implemented, among others, projects in the field of eHealth in Slovakia, as well as for the National Register of the Czech Republic and the Paying Agency in Slovakia. Last year it signed a contract with the Czech Ministry of the Interior for the construction and delivery of e-Collection and e-Legislation systems, and for their further development and training services in accordance with the needs and requirements of the contracting authority.

The Asseco Central Europe Group has recorded increased sales of enterprise management support systems supplied by Asseco Enterprise Solutions. The Group's companies cooperate with several thousand companies which use ERP, HR, SFA, data exchange and factoring software. Very positive results were also recorded by Asseco Business Solutions, which specializes in enterprise management systems. Its sales in 2018 increased by 20%. ABS also recorded double-digit year-on-year growth at the level of operating profit and net profit. The company has been attracting increasingly more foreign clients for its mobile sales support systems for the FMCG industry. The solutions have already been implemented in 50 countries around the world.

In 2018, Asseco Central Europe made two acquisitions: DWC Slovakia, a supplier of document management software, and Prosoft, a company engaged in the analysis, design, development and implementation of IT systems for entities from the health care sector. In November 2018, Asseco Central Europe increased its involvement in CEIT and currently holds a 100% stake in the company. The closer cooperation will allow for a better use of synergy effects, including sales-related ones. CEIT's advanced solutions have expanded the Asseco's portfolio and are now offered not only in the Czech Republic and Slovakia, but also in other countries where the Asseco Group operates.

South Eastern European market

The Asseco Group is also developing in the market of South Eastern Europe, where it is represented by the Asseco SouthEastern Europe Group. In 2018 it once again worked out record-breaking results. Revenues increased by 17% versus the previous year. The highest sales growth was achieved in the area of system integration. Growth was also recorded in the area of payment solutions, which are now offered to customers under the new Payten brand. Higher sales in the line responsible for central banking systems, mainly in Macedonia, Serbia, Bosnia and Herzegovina and

Romania, as well as in the line offering mobile solutions, mainly in Croatia, translated into higher revenues from the banking sector. At the beginning of 2019, Asseco SouthEastern Europe concluded an agreement for the acquisition of 67.66% of shares in Necomplus from another company of the Asseco Group: Asseco Western Europe. This transaction enabled Payten to enter new Spanish-speaking markets.

Western European market

The Asseco Group also recorded an increase in sales on the Western European market, where it operates through a number of companies in Spain, Denmark, Portugal, and Lithuania.

Asseco PST, operating on the Portuguese and African markets, continued cooperation with banks in the area of maintenance services for IBM systems and supply of infrastructure, as well as risk management projects.

Asseco Spain, a subsidiary of Asseco Western Europe, increased its sales of self-service vending machines. In this respect, the company provides both hardware and its proprietary software, as well as maintenance services. Additionally, Asseco Spain established cooperation with IREO, a wholesale provider of security and IT service management solutions, and Lookout, a leading company focusing on mobile device security solutions.

In Lithuania, projects were carried out, among others, for the State Social Insurance Fund, the Ministry of the Interior, where Asseco continued to develop and support its client in the area of Single-Window, as well as for the Ministry of Education, for which the systems related to financial management and accounting were updated.



Financial Information of Asseco Group and Asseco Poland

FINANCIAL INFORMATION OF THE ASSECO GROUP

Financial information of the Asseco Group

In 2018, the Asseco Group's sales revenues amounted to PLN 9,328.6 million as compared to PLN 7,829.3 million in the previous year. The Group recorded growth in all of its three business segments.

When analyzing the Asseco Group's results, it should be noted that the data for 2018 and 2017 are not fully comparable. Due to the sale of shares and loss of control over the Formula Systems Group in August 2017, the results of this Group were not consolidated in August and September 2017. As a result of an agreement concluded in October 2017 with the second largest shareholder of Formula Systems, Asseco regained control over the Israeli Group and since October 2017 its results have been consolidated again.

Significant disproportion between EBIT operating result and net profit for shareholders of the parent company is caused primarily by significant stake of minority shareholders in subsidiaries, mainly in the Formula Systems Group.

The table below presents key consolidated financial results for the period of 12 months ended December 31, 2018 and the comparable periods in 2017 and 2016.

mPLN	12 months ended Dec. 31, 2018	12 months ended Dec. 31, 2017	12 months ended Dec. 31, 2016	Change 2018/2017	Change 2017/2016
Revenues	9,328.6	7,829.3	7,932.0	19.1%	(1.3%)
Proprietary software and service	7,502.1	6,233.9	6,351.0	20.3%	(1.8%)
Gross profit/(loss) on sales	1,989.2	1,671.8	1,866.5	19.0%	(10.4%)
Selling costs	(503.9)	(446.8)	(480.8)	12.8%	(7.1%)
General and administrative expenses	(676.1)	(624.9)	(620.9)	8.2%	0.6%
Other operating activities	(12.4)	(15.3)	4.6	(19.0%)	(432.6%)
Operating profit	796.8	584.8	769.4	36.3%	(24.0%)
Net profit attributable to Shareholders of the Parent Company	333.3	466.6	301.3	(28.6%)	54.9%
EBITDA	1,256.3	921.9	1 069.5	36.3%	(13.8%)

EBITDA = EBIT + amortization.

The following table presents the key financial results generated by our various geographical segments in the period of 12 months ended December 31, 2018.

2018 (mPLN)	Asseco Poland Segment	Formula Systems Segment	Asseco International Segment
Sales revenues *	1,358.8	5,402.7	2,592.2
EBIT	220.7	301.1	273.9
<i>EBIT margin</i>	16.2%	5.6%	10.6%
Adjusted EBIT	238.5	523.4	285.4
<i>Adjusted EBIT margin</i>	17.6%	9.7%	11.0%
EBITDA	303.8	576.1	378.9
<i>EBITDA margin</i>	22.4%	10.7%	14.6%

CFO _{BT}	354.4	426.1	395.7
CAPEX	(61.6)	(75.6)	(110.3)
FCF	292.8	350.5	285.4
Cash conversion rate	122.8%	67.0%	100.0%
Cash and cash equivalents at the end of period	284.2	1 009.4	506.9
Interest-bearing debt at the end of period	(110.0)	(1 434.5)	(181.0)
<i>of which bank loans, borrowings and bonds issued</i>	(61.2)	(1 434.5)	(168.8)
<i>of which finance lease liabilities</i>	(48.8)	-	(12.2)

* Revenues generated in individual markets include sales to external customers as well as inter-segment sales.

** Debt to entities outside the Group.

EBIT = operating profit

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

EBITDA = EBIT + amortization

CFO_{BT} = cash generated from operating activities, before income tax

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

FCF = CFO_{BT} – CAPEX

Cash conversion rate = FCF/adjusted EBIT

The following table presents the key financial results generated by our various geographical segments in the period of 12 months ended December 31, 2017.

2017 (mPLN)	Asseco Poland Segment	Formula Systems Segment	Asseco International Segment
Sales revenues *	1,345.7	4,292.9	2,232.9
EBIT	152.5	185.3	248.8
EBIT margin	11.3%	4.3%	11.1%
Adjusted EBIT	170.5	316.9	257.7
Adjusted EBIT margin	12.7%	7.4%	11.5%
EBITDA	232.2	355.2	339.4
EBITDA margin	17.3%	8.3%	15.2%
CFO _{BT}	137.4	382.9	341.6
CAPEX	(24.9)	(58.4)	(131.3)
FCF	112.5	324.5	210.3
Cash conversion rate	66.0%	102.4%	81.6%
Cash and cash equivalents at the end of period	309.5	856.2	381.8
Interest-bearing debt at the end of period	(160.7)	(1 201.7)	(175.0)
<i>of which bank loans, borrowings and bonds issued</i>	(91.3)	(1 201.5)	(168.6)
<i>of which finance lease liabilities</i>	(69.4)	(0.2)	(6.4)

* Revenues generated in individual markets include sales to external customers as well as inter-segment sales.

** Debt to entities outside the Group.

EBIT = operating profit

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

EBITDA = EBIT + amortization

CFO_{BT} = cash generated from operating activities, before income tax

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

FCF = CFO_{BT} – CAPEX

Cash conversion rate = FCF/adjusted EBIT.

Profitability

In 2018, EBIT operating profit amounted to PLN 796.8 million as compared to PLN 584.8 million in the previous year and was higher in all three geographical segments.

EBIT of the Asseco Poland segment was higher by 44.7%, which was affected, among others, by very positive results achieved in the banking and finance sector of Asseco Poland. The Asseco International segment recorded an increase in operating profit by 10.1%. The significant increase in EBIT observed in the Formula Systems segment is a result of positive operating results of the Group companies and recent acquisitions. It should also be noted that the Formula Group's operating profit was not consolidated in two months of 2017.

In 2018, the consolidated EBITDA margin amounted to 13.5% and the operating profit margin stood at 8.5%. The net profit margin was 6.4%. The higher level of net profitability in 2017 resulted from the high level of net profit, which was affected by the additional profit from the sale of the stake in Formula Systems.

The table below presents the Asseco Group's key profitability ratios for the 12 months of 2018 and the corresponding periods in 2017 and 2016.

	12 months ended December 31, 2018	12 months ended December 31, 2017	12 months ended December 31, 2016	Change 2018/2017	Change 2017/2016
Gross profit margin	21.3%	21.4%	23.5%	(0.1) p.p	(2.1) p.p
EBITDA margin	13.5%	11.8%	13.5%	1.7 p.p	(1.7) p.p
Operating profit margin	8.5%	7.5%	9.7%	1.0 p.p	(2.2) p.p
Net profit margin	6.4%	7.9%	6.9%	(1.5) p.p	1.0 p.p

Gross profit margin = gross profit/revenues

EBITDA margin = EBITDA/revenues

Operating profit margin = operating profit/revenues

Net profit margin = net profit/revenues.

The Asseco Group's revenue structure

In 2018 the Asseco Group's revenues amounted to PLN 9,328.6 million and were by 19.1% higher than in the previous year.

In 2018, the revenues from the Group's key software and proprietary services segment reached PLN 7,502.1 million as compared to PLN 6,233.9 million and accounted for 80% of the Group's total revenues. The sales of third party software and services amounted to PLN 676.5 million and accounted for 7% of the consolidated revenues, while the sales of infrastructure amounted to PLN 1,146.4 million and accounted for 12% of the Group's total revenues.

The tables below present the consolidated revenues of the individual segments in the period of 12 months in 2018 and in the comparative periods, broken down by products.

mPLN	Asseco Poland Segment	Asseco International Segment	Formula Systems Segment	Eliminations	Total
12 months ended December 31, 2018					
Proprietary software and services	1,139.2	1,712.5	4,653.4	(3.0)	7,502.1
Third-party software and services	126.8	324.0	240.6	(14.9)	676.5
Hardware and infrastructure	88.8	552.6	508.7	(3.7)	1,146.4
Other sales	4.0	3.1	-	(3.5)	3.6
Total operating revenues	1,358.8	2,592.2	5,402.7	(25.1)	9,328.6

mPLN	Asseco Poland Segment	Asseco International Segment	Formula Systems Segment	Eliminations	Total
12 months ended December 31, 2017					

Proprietary software and services	1,075.5	1,458.0	3,719.5	(19.1)	6,233.9
Third-party software and services	162.4	313.9	173.0	(22.1)	627.3
Hardware and infrastructure	106.5	457.6	400.4	0.3	964.8
Other sales	1.3	3.4	-	(1.4)	3.3
Total operating revenues	1,345.7	2,232.9	4,292.9	(42.2)	7,829.3

In 2018, the Asseco Group recorded an increase in revenues in all three business sectors, and their share in consolidated sales remained at a similar level as in the previous year. The revenues from the Banking and Finance sector accounted for 40% of consolidated sales and amounted to PLN 3,693.2 million as compared to PLN 3,039.7 million in 2017. The sales in the General Business segment in 2018 constituted 38% of the Group's total revenues and stood at PLN 3,549.3 million compared to PLN 3,121.9 million in the previous year. The public sector generated 22% of sales, increasing to PLN 2,086.1 million from PLN 1,667.7 million.

The tables below present consolidated revenues of segments in 2018 and in the comparative period, broken down by segments of activity.

mPLN	Asseco Poland Segment	Asseco International Segment	Formula Systems Segment	Eliminations	Total
12 months ended December 31, 2018					
Banking and finance	473.9	901.7	2,333.6	(16.0)	3,693.2
General business	334.7	1,136.6	2,085.1	(7.1)	3,549.3
Public institutions	550.2	553.9	984.0	(2.0)	2,086.1
Total operating revenues	1,358.8	2,592.2	5,402.7	(25.1)	9,328.6

mPLN	Asseco Poland Segment	Asseco International Segment	Formula Systems Segment	Eliminations	Total
12 months ended December 31, 2017					
Banking and finance	442.5	847.3	1,782.2	(32.3)	3,039.7
General business	396.4	998.7	1,733.7	(6.9)	3,121.9
Public institutions	506.8	386.9	777.0	(3.0)	1,667.7
Total operating revenues	1,345.7	2,232.9	4,292.9	(42.2)	7,829.3

The below table presents the currency structure of the sales in 2018, 2017 and 2016.

	12 months ended December 31, 2017	12 months ended December 31, 2017	12 months ended December 31, 2016
NIS (new Israeli shekel)	34.8%	33.0%	33.3%
PLN (Polish złoty)	16.6%	18.6%	20.6%
EUR (euro)	17.9%	18.1%	16.7%
USD (US dollar)	17.6%	16.0%	15.3%
CZK (Czech crown)	2.3%	2.3%	1.8%
RON (new Romanian leu)	1.4%	1.7%	1.3%
RSD (Serbian dinar)	1.6%	1.9%	1.8%
GBP (British pound)	2.3%	3.0%	2.9%

Other currencies	5.5%	5.4%	6.3%
Total	100.0%	100.0%	100.0%

Cash flow

In 2018, net cash flows from operating activities (CFO) of the Asseco Group increased by 44.7% versus the previous year to PLN 1,000.7 million. The increase in the level of cash flows from operating activities resulted, among other things, from payments from business partners and an improvement in the Group's operating result.

In 2018, cash flows from investing (CFI) were significantly higher and reached PLN 500.1 million versus PLN 125.8 million in 2017. The significant difference was mainly due to a one-time profit on the sale of a stake in Formula Systems in 2017.

Negative cash flows from financing activities went down to the level of PLN 264.3 million.

	2018	2017	2016
CFO	1,000.7	691.4	883.2
CFI	(500.1)	(125.8)	(483.6)
CAPEX	(247.5)	(214.7)	(210.7)
CFF	(264.3)	(364.4)	(487.9)
Dividend payment	(249.8)	(249.8)	(249.8)
Change in cash and cash equivalents	236.3	201.2	(88.3)

CFO i.e. net cash from operating activities.

CFI i.e. net cash generated (used) from (in) investing activities.

CAPEX includes expenditures on the acquisition of fixed assets and intangible assets, expenditures on ongoing research and development projects and the reduction on account of grants received.

CFF i.e. net cash from financing activities.

Statement of financial position

In the analysis of liquidity, Asseco Group uses the ratio of working capital, defined as the difference between current assets and current liabilities. It represents the amount of capital which is used to finance current assets.

In 2018, the level of working capital increased to PLN 1,868.1 million from PLN 1,792.1 million as a result of higher growth dynamics of current assets than of current liabilities.

	December 31, 2018	December 31, 2017	December 31, 2016
Working capital (in millions of PLN)	1,868.1	1,792.1	1,835.9
Current liquidity ratio	1.6	1.7	1.7
Quick liquidity ratio	1.5	1.6	1.6
Absolute liquidity ratio	0.6	0.6	0.6
Cash conversion ratio	89%	87%	93%

Working capital = current assets - current liabilities

Current liquidity ratio = current assets / current liabilities

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

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

At the end of December 2018, the debt ratios remained at the levels close to the ones from the end of 2017.

	December 31, 2018	December 31, 2017	December 31, 2016
Total debt ratio	39.4%	38.3%	32.2%
Debt/equity ratio	22.5%	20.7%	15.9%

Debt/(debt + equity) ratio	18.4%	17.2%	13.6%
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Total debt ratio = (non-current liabilities + current liabilities) / assets;
 Debt/equity ratio = (interest-bearing bank loans + debt securities + finance lease liabilities) / equity
 Debt/(debt + equity) ratio = (interest-bearing bank loans + debt securities + finance lease liabilities) / (interest-bearing bank loans + debt securities + finance lease liabilities + equity).

Quarterly financial results

In the fourth quarter of 2018, the Group's sales revenues increased by 9.3% to PLN 2,650.3 million, while the sales of proprietary software and services increased by 9.6% to 2,050.0 million. In the same period, EBIT went up by 50.3% to PLN 238.1 million. Net profit attributable to the shareholders of the parent company amounted to PLN 98.0 million.

The table below presents selected consolidated financial results for the period of 3 months ended December 31, 2018 and the comparable periods in 2017 and 2016.

mPLN	3 months ended Dec. 31, 2018	3 months ended Dec. 31, 2017	3 months ended Dec. 31, 2016	Change 2018/2017	Change 2017/2016
Revenues	2,650.3	2,425.8	2,259.1	9.3%	7.4%
Proprietary software and service	2,050.0	1,870.2	1,776.7	9.6%	5.3%
Gross profit/(loss) on sales	568.7	505.5	510.2	12.5%	(0.9%)
Selling costs	(134.5)	(128.1)	(131.5)	5.0%	(2.6%)
General and administrative expenses	(189.9)	(211.9)	(179.8)	(10.4%)	17.9%
Other operating activities	(6.2)	(7.1)	4.1	(12.7%)	(273.2%)
Operating profit	238.1	158.4	203.0	50.3%	(22.0%)
Net profit attributable to Shareholders of the Parent Company	98.0	68.0	76.8	44.1%	(11.5%)
EBITDA	354.2	280.6	283.1	26.2%	(0.8%)

EBITDA = EBIT + amortization.

The following table presents the key financial results generated by our various geographical segments in the period of 3 months ended December 31, 2018.

3 months ended Dec. 31, 2018 (mPLN)	Asseco Poland Segment	Formula Systems Segment	Asseco International Segment
Sales revenues *	382.2	1,488.2	787.1
EBIT	47.6	99.7	91.1
EBIT margin	12.5%	6.7%	11.6%
Adjusted EBIT	52.4	154.7	94.9
Adjusted EBIT margin	13.7%	10.4%	12.1%
EBITDA	69.2	169.7	116.3
EBITDA margin	18.1%	11.4%	14.8%
CFO _{BT}	128.4	241.5	229.9
CAPEX	(11.0)	(20.2)	(39.7)
FCF	117.4	221.3	190.2
Cash conversion rate	224.0%	143.1%	200.4%

*Revenues generated in individual markets include sales to external customers as well as inter-segment sales

** Debt to entities outside the Group.

EBIT = operating profit

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

EBITDA = EBIT + amortization

CFO BT = cash generated from operating activities, before income tax

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

FCF = CFOBT – CAPEX

Cash conversion rate = FCF/adjusted EBIT).

The following table presents the key financial results generated by our various geographical segments in the period of 3 months ended December 31, 2017.

3 months ended Dec. 31, 2017 (mPLN)	Asseco Poland Segment	Formula Systems Segment	Asseco International Segment
Sales revenues *	403.8	1,357.8	678.2
EBIT	45.2	29.2	85.3
EBIT margin	11.2%	2.2%	12.6%
Adjusted EBIT	49.7	101.5	87.8
Adjusted EBIT margin	12.3%	7.5%	12.9%
EBITDA	65.6	106.2	110.7
EBITDA margin	16.2%	7.8%	16.3%
CFO BT	74.6	191.5	221.3
CAPEX	(9.5)	(18.1)	(43.9)
FCF	65.1	173.4	177.4
Cash conversion rate	131.0%	170.8%	202.1%

*Revenues generated in individual markets include sales to external customers as well as inter-segment sales

** Debt to entities outside the Group.

EBIT = operating profit

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

EBITDA = EBIT + amortization

CFO BT = cash generated from operating activities, before income tax

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

FCF = CFOBT – CAPEX

Cash conversion rate = FCF/adjusted EBIT).

The tables below present consolidated revenues of individual segments in the fourth quarter of 2018 and in the comparative periods in 2017 and 2016, broken down by segments of activity.

Sales revenues by sectors	3 months ended Dec. 31, 2018	3 months ended Dec. 31, 2017	3 months ended Dec. 31, 2016	Change Q4'18 vs Q4'17	Change Q4'17 vs Q4'16
Banking and finance	1,041.0	929.2	846.9	12.0%	9.7%
General business	947.3	980.7	889.2	(3.4%)	10.3%
Public institutions	662.0	515.9	523.0	28.3%	(1.4%)
Total	2,650.3	2,425.8	2,259.1	9.3%	7.4%

The table below presents the Asseco Group's key profitability ratios for the 3 months of 2018 and the corresponding periods in 2017 and 2016.

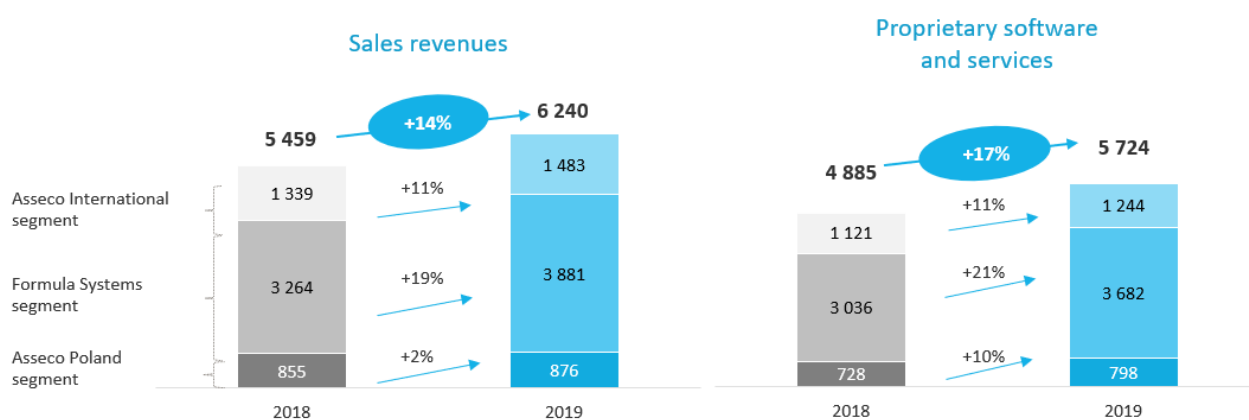
	3 months ended Dec. 31, 2018	3 months ended Dec. 31, 2017	3 months ended Dec. 31, 2016	Change Q4'18 vs Q4'17	Change Q4'17 vs Q4'16
Gross profit margin	21.5%	20.8%	22.6%	0.7 p.p	(1.8) p.p

EBITDA margin	13.4%	11.6%	12.5%	1.8 p.p	(0.9) p.p
Operating profit margin	9.0%	6.5%	9.0%	2.5 p.p	(2.5) p.p
Net profit margin	7.0%	4.9%	6.4%	-	0.6 p.p

Gross profit margin = gross profit/revenues
 EBITDA margin = EBITDA/revenues
 Operating profit margin = operating profit/revenues
 Net profit margin = net profit/revenues.

Consolidated order backlog for 2019

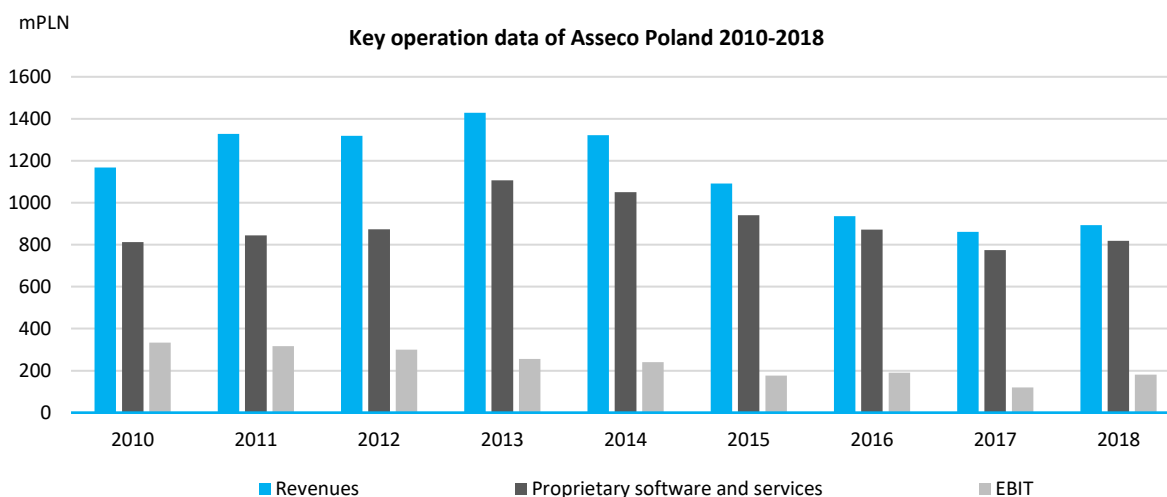
Consolidated order backlog for 2019 vs. 2018



Figures in mPLN;
 When calculating the backlog for 2019 according to the exchange rates used for calculating the backlog for 2018, the change amounts to: +9% in total revenues/+11% in proprietary software and services.
 Value of the backlog for 2019 as at March 15, 2019; value of the backlog for 2018 as at March 13, 2018.

FINANCIAL INFORMATION OF ASSECO POLAND S.A.

Financial results of Asseco Poland S.A.



In 2018, Asseco Poland recorded sales revenues by 3.7% higher than in 2017, and they amounted to PLN 893.3 million. The sales of proprietary software and services increased by 5.8% as compared to the previous year and reached PLN 818.8 million. The Company owes its growth to higher sales in banking and finance as well as improved sales in the public sector.

Presented below are the operating results for the year ended December 31, 2018 as well as for the comparable periods in 2017 and 2016:

mPLN	12 months ended Dec. 31, 2018 (audited)	12 months ended Dec. 31, 2017 (audited)	12 months ended Dec. 31, 2016 (audited)	Change 2018/2017	Change 2017/2016
Revenues	893.3	861.2	936.8	3.7%	(8.1%)
Proprietary software and services	818.8	773.8	872.5	5.8%	(11.3%)
Gross profit/(loss) on sales	308.1	257.6	314.6	19.6%	(18.1%)
Selling costs	(46.4)	(50.8)	(44.2)	(8.7%)	14.9%
General and administrative expenses	(82.0)	(87.2)	(81.0)	(6.0%)	7.7%
Other operating activities	2.0	1.0	1.6	100.0%	(37.5%)
Operating profit	181.7	120.6	191.0	50.7%	(36.9%)
EBITDA	238.3	174.7	243.4	36.4%	(28.2%)
Net profit	166.5	175.6	352.1	(5.2%)	(50.1%)

EBITDA = EBIT + amortization.

Profitability

In 2018, the increase in sales revenues was accompanied by a 19.6% increase in gross profit to PLN 308.1 million. Gross profit margin was higher by 4.6 percentage points and amounted to 34.5%.

The improvement in gross profit on sales translated into a better EBITDA result, which in the previous reporting period amounted to PLN 238.3 million and was by 36.4% higher than in the previous year. The EBITDA margin amounted to 26.7% and was by 6.4 percentage points higher than in 2017.

With the stable level of amortization at the Company, the increase in EBITDA also meant an improvement in operating EBIT, which in the previous year amounted to PLN 181.7 million and was by 50.7% higher.

The net profit and margin of Asseco Poland depend to a large extent on the level of dividends received from its subsidiaries, which constitute the Company's financial revenues. In 2018, dividend revenues reached PLN 20.5 million as compared to PLN 145.3 million in 2017. The significant decrease in dividend revenues in 2018 as compared to the previous year resulted from the fact that in 2017 Asseco Poland S.A. established Asseco International, to which investments in subsidiaries seated outside Poland (except for the investment in the Formula Group) were made in kind. As a result of this transaction, the distribution of dividends from these companies to Asseco Poland S.A. was moved by a year.

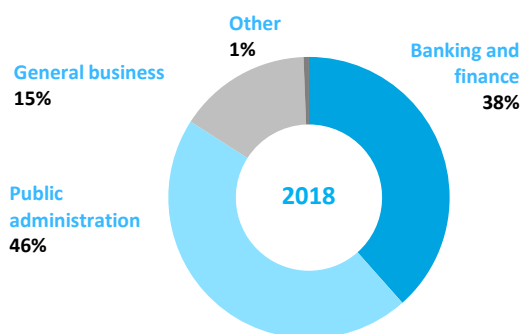
Presented below are the key profitability results for the year ended December 31, 2018 as well as for the comparable periods in 2017 and 2016:

	Dec. 31, 2018 (audited)	Dec. 31, 2017 (audited)	Dec. 31, 2016 (audited)	Change	Change 2017/2016
Gross profit margin	34.5%	29.9%	33.6%	15.3%	(11.0%)
EBITDA margin	26.7%	20.3%	26.1%	31.5%	(22.2%)
Operating profit margin	20.3%	14.0%	20.4%	45.2%	(31.4%)
Net profit margin	18.6%	20.4%	37.6%	(8.6%)	(45.7%)

Revenues structure of Asseco Poland S.A.

In 2018, the sales revenues of Asseco Poland S.A. reached PLN 893.3 million and were by 3.7% higher than in the previous year.

Asseco Poland's revenues are diversified among three main business segments - public administration, banking and finance, as well as general business.



mPLN	12 months ended Dec. 31, 2018	12 months ended Dec. 31, 2017	12 months ended Dec. 31, 2016
Banking and finance	343.4	310.2	316.7
Public administration	407.8	386.6	426.1
General business	136.6	159.5	184.0
Other	5.5	4.9	10.0
Total	893.3	861.2	936.8

Asseco Poland is the largest provider of software for the Public Administration sector in terms of revenues¹ in Poland. In 2018, the public sector was responsible for 46% of the Company's sales. Asseco Poland generated PLN 407.8 million in this area, which marks an increase of 5.5% year-on-year.

Asseco Poland holds a significant share of long-term contracts in its portfolio, both for the maintenance of IT systems implemented in the previous years, as well as for the development of key solutions.

In 2018, the sales revenues in the banking and finance segment accounted for 38% of the Company's total revenues, amounted to PLN 343.4 million and were by 10.7% higher than in the previous year.

The sale to the general business sector accounted for 15% of stand-alone revenues in 2018 and amounted to PLN 136.6 million versus PLN 159.5 million in 2017.

Cash flow

In 2018, cash flows from operating activities (CFO) were significantly higher than in the previous year and amounted to PLN 299.1 million, which was affected by payments from business partners of Asseco Poland as well as the payment of the total remuneration of USD 21.3 million from KT Corporation under the "Internet for Mazovia" agreement, which was received in the second quarter of the year.

The following table presents major lines of the separate statement of cash flows for the years 2018, 2017 and 2016.

	Dec. 31, 2018 (audited)	Dec. 31, 2017 (audited)	Dec. 31, 2016 (audited)
CFO	299.1	67.1	149.2
CFI	(22.1)	484.9	113.6
CAPEX*	(38.7)	(15.3)	(24.3)
M&A expenditures	(31.4)	(10.4)	(124.0)
Free cash flow	260.4	51.8	124.9
Dividend income	16.3	156.2	193.3
CFF	(320.4)	(263.6)	(286.2)
Dividend payment	(249.8)	(249.8)	(249.8)
Net change in cash and cash equivalents	(43.4)	288.4	(23.4)
Cash conversion rate (FCF/EBIT Non-IFRS)	135.27%	38.86%	61.86%

CFO = net cash provided by (used in) operating activities

Free cash flow = CFO-CAPEX

CFI = net cash provided by (used in) investing activities

CAPEX = expenditures for purchases of property, plant and equipment and intangible assets + expenditures for R&D projects

M&A expenditures = expenditures for company acquisitions

CFF = net cash provided by (used in) financing activities.

In 2018, a dividend for 2017 was paid in the amount of PLN 249.8 million, thus it remained at the level from the previous year.

The high level of free cash flows (calculated as the difference between the value of cash flows from operating activities and capital expenditures) and the cash conversion ratio (i.e. FCF/adjusted EBIT) in 2018 was a result of high operating cash flows related to the repayment of receivables by business partners of Asseco Poland. As a result, the ratio increased to 138.08% in 2018 from 38.86% a year earlier.

Statement of financial position

At the end of 2018, the total value of Asseco Poland's assets amounted to PLN 5.3 billion versus PLN 5.5 billion at the end of 2017.

The Company's assets consist primarily of non-current assets worth PLN 4.7 billion - their value remained unchanged from the previous year.

Among non-current assets, the most important items are: goodwill from business combinations, amounting to PLN 1.93 billion as at December 31, 2018 and investments in subsidiaries and associates, which increased to PLN 2.06 billion at the end of the year.

The most important item on the liabilities side is equity, which at the end of 2018 amounted to PLN 4.9 billion compared to PLN 5.04 billion at the end of 2017.

Liquidity

In the analysis of liquidity, Asseco Poland S.A. uses the ratio of working capital, defined as the difference between current assets and current liabilities. It represents the amount of capital which is used to finance current assets.

A decrease in this ratio results from the lower level of current assets as at the end of 2018, which was mainly caused by lower level of trade receivables and cash at the end of the period.

In turn, lower level of working capital at the end of 2018 negatively affected liquidity ratios. The current liquidity ratio and the quick liability ratio dropped to 2.6 and 2.7, respectively.

The table below presents the closing balances of working capital as at December 31, 2018 and at the end of the previous comparable periods in 2017 and 2016.

	Dec. 31, 2018 (audited)	Dec. 31, 2017 (audited)	Dec. 31, 2016 (audited)
Working capital (in millions of PLN)	379.2	506.8	216.2
Current liquidity ratio	2.7	2.8	1.9
Quick liquidity ratio	2.6	2.8	1.8
Absolute liquidity ratio	1.2	1.1	0.1

Working capital = current assets - current liabilities;

Current liquidity ratio = current assets / current liabilities;

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

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

Debt

As at December 31, 2018, the total value of Asseco Poland S.A.'s assets amounted to PLN 5.3 billion. As a result of lower non-current and current liabilities, the total debt ratio dropped. The debt/equity ratio decreased to 2.0% thanks to the reduction in the interest-bearing debt.

The below table presents debt ratios as at December 31, 2018 and at the end of the previous comparable periods in 2017 and 2016.

	Dec. 31, 2018 (audited)	Dec. 31, 2017 (audited)	Dec. 31, 2016 (audited)
Total debt ratio	6.9%	8.4%	8.7%
Debt/equity ratio	2.0%	3.1%	3.4%
Short-term debt ratio	4.3%	5.1%	4.5%
Long-term debt ratio	2.6%	3.3%	4.3%

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

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

Short-term debt ratio = (current liabilities / assets)

Long-term debt ratio = (non-current liabilities / assets).

The level of non-current liabilities dropped thanks to regular repayment of non-current loans and finance lease liabilities. A reduction in these liabilities translated into a drop in non-current liabilities by PLN 43.4 million and the improvement in the long-term debt ratio, which reached 2.6% at the end of December 2018 versus 3.3% in the same period in the previous year.

Due to a drop in the current liabilities by PLN 51.9 million (by 18.6%), the short-term debt ratio decreased at the end of 2018 by 0.8 percentage point to 4.3%.

Quarterly financial results

The tables below present financial results for the individual quarters of 2018 as well as for the comparable periods in 2017 and 2016:

mPLN	Q1'18	Q2'18	Q3'18	Q4'18
Revenues	205.4	225.4	211.0	251.5
<i>of which proprietary software and services</i>	186.5	211.0	195.3	226.0
Margin IV	45.8	43.1	47.0	43.8
EBIT	46.4	43.1	47.6	44.6
Net profit	45.3	40.1	40.2	40.9
Depreciation and amortization	(13.5)	(13.5)	(15.0)	(14.6)
CFO	12.3	120.3	58.4	108.1
CAPEX (incl. R&D)	(5.0)	(11.1)	(13.9)	(18.2)

Margin IV = net profit on sales

CFO = net cash provided by (used in) operating activities.

CAPEX = expenditures for purchases of property, plant and equipment and intangible assets + expenditures on R&D projects and reductions on the account of subsidies received.

mPLN	Q1'17	Q2'17	Q3'17	Q4'17
Revenues	202.9	196.3	202.9	259.1
<i>of which proprietary software and services</i>	189.1	184.1	184.5	216.1
Margin IV	31.0	21.4	30.9	36.3
EBIT	31.5	22.1	32.4	34.6
Net profit	146.3	26.8	45.2	(42.7)
Depreciation and amortization	(13.3)	(13.6)	(13.6)	(13.6)
CFO	(7.4)	42.0	(25.0)	57.5
CAPEX (incl. R&D)	(5.0)	(7.2)	(7.3)	4.2

Margin IV = net profit on sales

CFO = net cash provided by (used in) operating activities.

CAPEX = expenditures for purchases of property, plant and equipment and intangible assets + expenditures on R&D projects and reductions on the account of subsidies received.

mPLN	Q1'16	Q2'16	Q3'16	Q4'16
Revenues	213.0	239.5	233.0	251.3
<i>of which proprietary software and services</i>	198.6	221.7	232.8	219.4

Margin IV	42.8	46.9	50.3	49.3
EBIT	43.6	47.1	50.7	49.6
Net profit	183.1	74.0	45.2	49.8
Depreciation and amortization	(13.6)	(13.2)	(13.3)	(12.3)
CFO	19.3	(13.0)	73.3	69.6
CAPEX (incl. R&D)	(5.2)	(4.8)	(7.0)	(7.3)

Margin IV = net profit on sales

CFO = net cash provided by (used in) operating activities.

CAPEX = expenditures for purchases of property, plant and equipment and intangible assets + expenditures on R&D projects and reductions on the account of subsidies received.



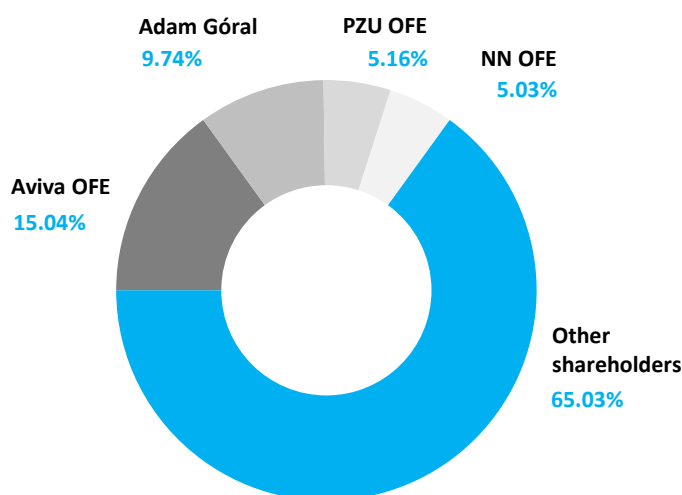
Shares and shareholding

Asseco Poland

SHARES AND SHAREHOLDING

Shareholder structure

Major Shareholders as at December 31, 2018



In the management board's best judgment, as at the date of publication of this report, i.e. on March 25, 2019, the Shareholders who, either directly or through their subsidiaries, hold at least 5.0% of total voting rights are as follows:

Shareholders as at March 25, 2019	Number of shares held	Percentage of total voting rights
Aviva OFE ⁽¹⁾	12,485,596	15.04%
Adam Góral, President of the Management Board ⁽²⁾	8,083,000	9.74%
PZU OFE ⁽³⁾	4,281,040	5.16%
NN OFE ⁽⁴⁾	4,171,121	5.03%
Other shareholders	53,979,546	65.03%
Total	83,000,303	100%

(1) In accordance with the regulatory filing no. 26/2017 of December 12, 2017

(2) In accordance with the regulatory filing no. 51/2012 of December 15, 2012

(3) In accordance with the regulatory filing no. 38/2010 of June 2, 2010

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

In the management board's best judgment, as at December 31, 2018, the Shareholders who, either directly or through their subsidiaries, held at least 5.0% of total voting rights were as follows:

Shareholders as at December 31, 2018	Number of shares held	Percentage of total voting rights
Aviva OFE ⁽¹⁾	12,485,596	15.04%
Adam Góral, President of the Management Board ⁽²⁾	8,083,000	9.74%
PZU OFE ⁽³⁾	4,281,040	5.16%

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3) In accordance with the regulatory filing no. 38/2010 of June 2, 2010

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

In the management board's best judgment, as at the publication date of the prior report, i.e. on November 20, 2018, the Shareholders who, either directly or through their subsidiaries, held at least 5.0% of total voting rights were as follows:

Shareholders as at November 20, 2018	Number of shares held	Percentage of total voting rights
Aviva OFE ¹⁾	11,788,707	14.20%
Adam Góral, President of the Management Board ²⁾	8,083,000	9.74%
PZU OFE ³⁾	4,281,040	5.16%
NN OFE ⁴⁾	4,171,121	5.03%
Other shareholders	54,676,435	65.87%
Total	83,000,303	100%

1) In accordance with the regulatory filing no. 20/2017 of September 13, 2017

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

3) In accordance with the regulatory filing no. 38/2010 of June 2, 2010

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

Shares held by the management and supervisory personnel

The numbers of Asseco Poland shares held by its management and supervisory staff are presented in the table below:

	March 25, 2019	December 31, 2018	November 20, 2018
Jacek Duch – Chairman of the Supervisory Board	31,458	31,458	31,458
Adam Góral – President of the Management Board	8,083,000	8,083,000	8,083,000
Tadeusz Dyrka – Vice President of the Management Board	3,710	3,710	3,710

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

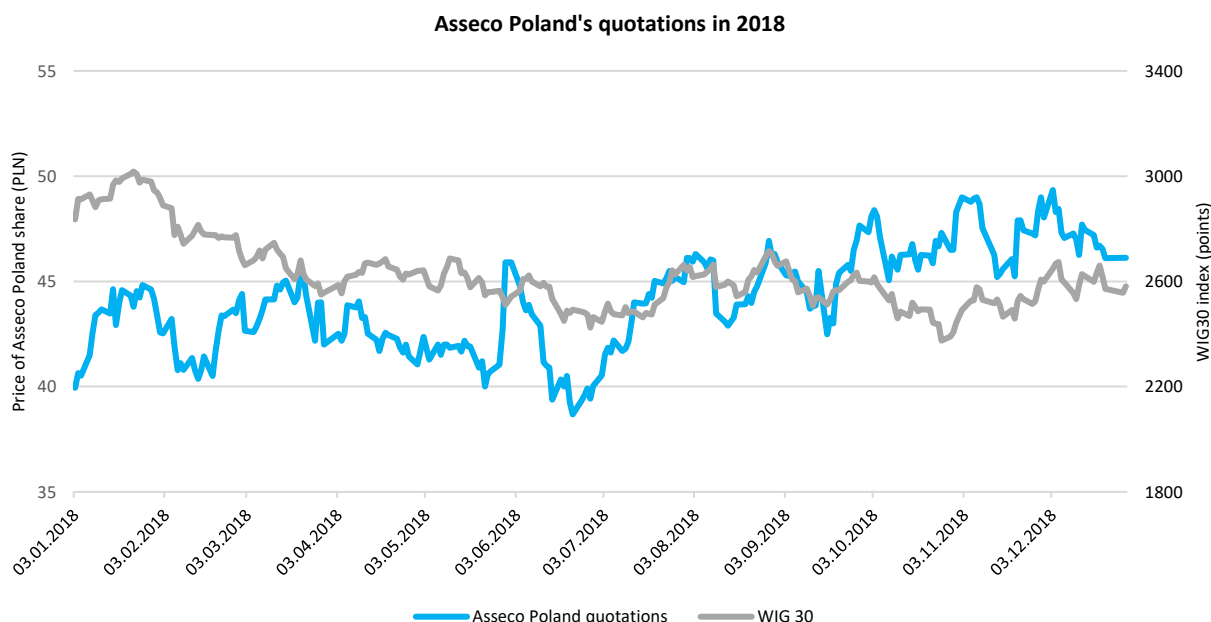
The table below presents the shareholding in affiliated entities by managing and supervising persons:

Name	Affiliated entity	Number of shares	Nominal value of one share	Nominal value of all shares
Adam Noga	Asseco SouthEastern Europe	150	PLN 10	PLN 1,500
Zbigniew Pomianek	Asseco SouthEastern Europe	700	PLN 10	PLN 7,000
Marek Panek	Asseco SouthEastern Europe	300	PLN 10	PLN 3,000
Rafał Kozłowski	Asseco SouthEastern Europe	150	PLN 10	PLN 1,500
Gabriela Żukowicz	Asseco SouthEastern Europe	150	PLN 10	PLN 1,500
Paweł Piwowar	PGS Software S.A.	155,000	PLN 0.02	PLN 3,100

Asseco Poland S.A. on the capital market

Company's stock information	
Total number of shares	83,000,303
ISIN	PLSOFTB00016
GPW	ACP
Reuters	ACPP.WA
Bloomberg	ACP PW
Presence in stock exchange indices	WIG30, mWIG40, mWIG40TR, WIG30TR, WIGdiv, WIG-Poland, InvestorMS, WIG-INFO, WIG

In 2018, Asseco was qualified to the group of **37 Polish companies** which entered the group of companies listed on the developed markets indices of the global **agency FTSE Russell**.



	2018-01-03	2018-03-29	2018-06-29	2018-09-28	2018-12-31	Δ 12M
Asseco Poland S.A. (PLN)	43.56	45.00	40.04	47.66	46.12	5.88%
WIG30 (pt)	2,835.24	2,556.70	2,464.89	2,602.45	2,581.52	-8.95%
WIG (pt)	63,896.32	58,377.42	55,954.44	58,974.76	57,690.50	-9.71%
WIG-Info (pt)	2,029.60	1,971.63	1,894.21	2,033.55	1,991.93	-1.86%

In 2018, the share price of Asseco Poland increased by 5.88% and stood at PLN 46.12 at the end of December, which resulted in the Company's stock market capitalization in the amount of PLN 3.8 billion. The previous year's high was 49.34 PLN, while the low reached 38.68 PLN.

In the previous year, the value of the WIG30 index decreased by 8.95% and the WIG broad market index at the end of the year was lower by 9.71%. The sector WIG-Informatyka index recorded a decrease by 1.86%.

In 2018, the Warsaw Stock Exchange (WSE) recorded drops in its main indices, which marked a reversal after the increases in 2017. The beginning of 2018 brought positive market sentiment, and in January of the previous year the WIG index set a new record high, reaching almost 68,000 points. In the following months the indices declined. The drop was most noticeable in the segment of small companies. The worsening of the situation on the Warsaw Stock Exchange resulted from both external factors such as weakness of foreign stock exchanges and internal factors, such as outflow of capital from domestic investment funds and lowering investors' confidence.

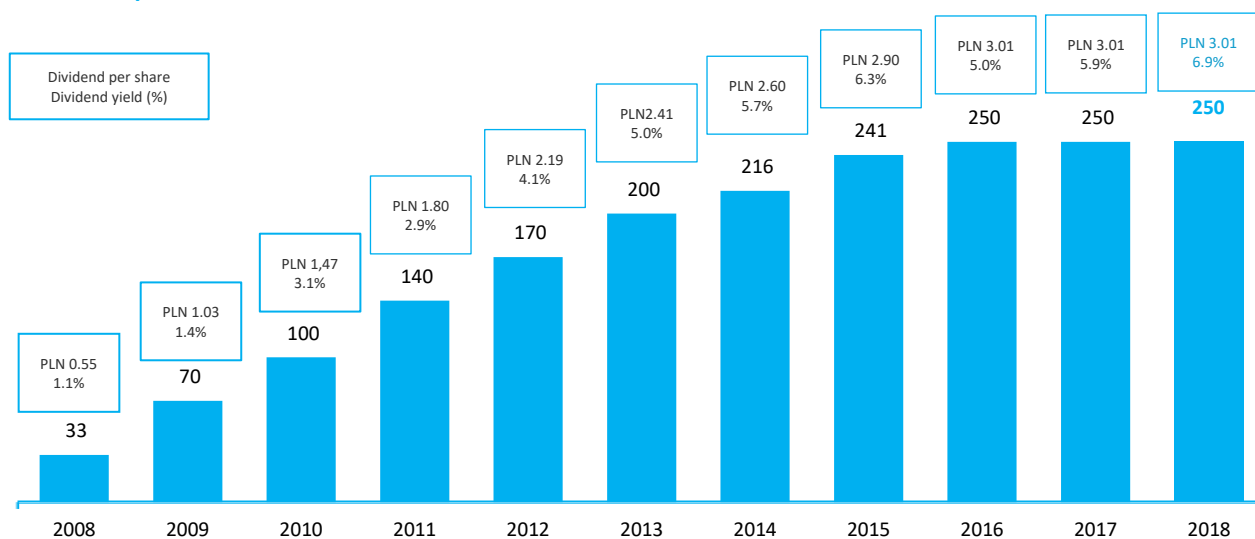
The optimism of investors on the Warsaw Stock Exchange was not driven by the situation on foreign markets. In the second half of the year, the American stock market, which is a reflection of the economic situation on the world's trading floors, observed an outflow of investors, which resulted in a drop of the main index of the US market - S&P500. Analysts explain the worsening of sentiment with risk factors for the economic growth - the weakening of positive effects of fiscal stimulation and further tightening of monetary policy. The situation on global markets was also affected by the trade war between the two largest economic powers in the world: USA and China.

Dividend

An important event for the investors of Asseco Poland in 2018 was the payment of a dividend of PLN 3.01 per share. The dividend yield on the day of its payment was 6.9%.

Asseco Poland is listed on the WIGdiv index, which includes companies participating in the WIG20, mWIG40 and sWIG80 indices, which have paid out dividends on a regular basis over the past five years. The Company's share in the WIGdiv portfolio is 6.05%.

Dividends paid to shareholders in 2008-2018



Investor relations

Asseco Poland actively communicates with stock exchange investors. In 2018, the Company's representatives took part in 6 investor conferences organized by various brokers in Poland and abroad (Great Britain, Austria and the Czech Republic). Asseco Poland organized 4 conferences summarizing its financial results.

With effective communication in mind, the Company prepares additional materials, which it publishes on its website dedicated to investor relations, such as factsheets, i.e. two-page summaries of the most important events in a given period, basic financial data from individual quarters available for download in Excel format and investor presentations. In 2018, a series of video materials was also created, in which the heads of particular business areas summarize the

projects, development plans, opportunities and challenges. The IR website contains recordings with comments of the Management Board members concerning financial results.

In March 2019, Asseco Poland was ranked second in the investor relations survey conducted by *Gazeta Giełdy i Inwestorów Parkiet* and the Chamber of Brokerage Houses. The list took into account the ratings from questionnaires filled in by readers and individual investors.



Corporate governance

STATEMENT ON COMPLIANCE WITH CORPORATE GOVERNANCE STANDARDS

Set of corporate governance standards applicable to Asseco Poland

On October 13, 2015, the Supervisory Board of the Warsaw Stock Exchange (WSE) passed the resolution no. 26/1413/2015 regarding the adoption of a new set of corporate governance standards entitled the “Best Practice for WSE Listed Companies 2016” (hereinafter the “Best Practice 2016”), which has become effective since January 1, 2016. This document is available on the website www.corp-gov.gpw.pl.

On January 15, 2016 and February 22, 2016, the Company published an appropriate report on its compliance with the new best practices, and a statement on the Company’s compliance with the corporate governance recommendations and principles contained in the Best Practice 2016 has been posted on the Company’s website as required by principle I.Z.1.13.

Corporate governance standards which have been waived by Asseco Poland and the rationale for doing so

The Company does not adhere to Recommendation IV.R.2 and Principles I.Z.1.16., IV.Z.2., VI.Z.1. and VI.Z.2.

Recommendation IV.R.2

If it is justified by a shareholder structure or expectations of shareholders of a company, and if a company is able to provide the technical infrastructure necessary to efficiently carry out general meeting of shareholders using electronic means of communication, a company should enable its shareholders to participate in a general meeting using electronic communication means through:

- 1) real-time broadcasting of general meetings,
- 2) real-time bilateral communication, where shareholders may take the floor during a general meeting from a location other than the general meeting,
- 3) exercising, in person or by proxy, the voting rights in the course of a general meeting.

The Company does not enable its shareholders to participate in its general meetings by means of electronic communication, nor does it provide the ability to broadcast its general meetings in real time. In the Company’s opinion, the implementation of each of these principles would now involve fairly high risks of both technical and legal nature. Allowing the shareholders to participate and, in particular, to speak during a general meeting without their physical presence at the meeting venue, by using means of electronic communication, would result in technical and legal risks for the proper and efficient conduct of such general meeting. The present legal regulations do not regulate issues related to the organization of the so-called online general meetings. As yet, there is no comprehensive description of the rules for conducting such general meetings, identification of shareholders or their proxies, raising an objection against a passed resolution, as well as for dealing with any broadcasting disruptions (whether to all or some shareholders entitled to participate in a general meeting) preventing the proper participation of shareholders in a general meeting by means of electronic communication, or reception of a broadcast of the general meeting proceedings in real time. Companies have not yet developed a widely accepted practice for conducting their general meetings in such a manner. Furthermore, there are no specific regulatory consequences of being responsible for the improper conduct of a general meeting, including, in particular for an interruption in electronic access to the general meeting proceedings, which may be caused either by the Company or reasons beyond its control. In the Company’s opinion, the above-mentioned arguments prove that such instruments are highly risky and impractical due to potential compensatory claims against the Company as well as its exposure to allegations of unequal treatment of shareholders. The Company believes that the currently applicable rules of participation in general meetings enable adequate and effective execution of shareholder rights and appropriately protect the interests of all shareholders.

Principle I.Z.1.16.

In line with the explanations described in IV.R.2.

Principle IV.Z.2.

In line with the explanations described in IV.R.2.

Principle VI.Z.1.

The Company does not offer incentive programs based on options or other instruments related to the Company's shares. Instead, the Company's remuneration policy provides for the dependence of remuneration on financial results determined separately for each financial year. The financial goals, set and achieved by the Company, result in generating high net profits and increasing the value for the shareholders as a result of the Company's payment of dividends to shareholders.

Principle VI.Z.2:

The Company does not offer incentive programs based on options or other instruments related to the Company's shares. Instead, the Company's remuneration policy provides for the dependence of remuneration on financial results determined separately for each financial year. The financial goals, set and achieved by the Company, result in generating high net profits and increasing the value for the shareholders as a result of the Company's payment of dividends to shareholders.

Main features of the internal audit and risk management systems applied by Asseco Poland in the process of preparing its stand-alone and consolidated financial statements

The Company's stand-alone and consolidated financial statements are prepared in compliance with the International Financial Reporting Standards ("IFRS"). IFRS include standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

One of the key mechanisms of control in the process of preparing the Company's financial statements involves periodical verification of such financial statements by independent certified auditors, and in particular the review of semiannual financial statements as well as the audit of annual financial statements.

In order to ensure the compliance of the Company's operations with the change of legal regulations resulting from the entry into force of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight, in connection with the provisions of the Regulation No 537/2014 of the European Parliament and of the Council of the European Union of April 16, 2014 on detailed requirements concerning statutory audit of public interest entities, as of October 1, 2017, the Company applied new rules concerning the selection and rotation of the entity authorized to review/examine financial statements and the provision of services by these entities other than the review/examination of financial statements. The implementation of the provisions resulted in a significant increase in responsibility, but also in the operational involvement of the Audit Committee in the tasks related to the selection of an entity authorized to review/examine financial statements in accordance with the requirements of the law. The Company's Audit Committee is responsible for conducting a tender procedure of an entity authorized to review/examine financial statements and for making recommendations to the Supervisory Board in this respect. However, if the selection does not concern the extension of the agreement for the audit of financial statements, the Audit Committee is obliged to present recommendations by indicating minimum two offers from the audit firms and an indication of a preference for one of them.

An entity authorized to audit is selected by the Supervisory Board from among reputable auditing firms, which guarantee high standards of service and independence. A contract to carry out audits is signed for a minimum period of 2 years.

An entity authorized to review/examine financial statements of the Company is selected in such a way as to ensure its independence in the performance of the tasks entrusted to it. In order to ensure independence of an audit, it is necessary not only to change an entity authorized to review/examine financial statements of the Company, but also to change a key certified auditor performing the review/examination.

In order to ensure the independence of the external auditors, the Committee:

- 1) makes recommendations to the Supervisory Board concerning the selection and changes of an entity to audit the financial statements (an external auditor), and assesses its performance, in particular with respect to its independence,
- 2) expresses an opinion on the involvement of an external auditor in the performance of services other than the audit of the Company's financial statements and presents its views on the Company's policy in this respect,
- 3) monitors an external auditor's independence and objectivity in relation to the performed audit,
- 4) reviews the effectiveness of the external audit process.

In order to ensure accuracy of the Company's accounting books as well as generation of highly reliable financial data, the Management Board adopted the following documents:

- 1) Finance and Accounting Policy and Chart of Accounts, both consistent with the International Financial Reporting Standards.
- 2) Several control mechanisms limiting the risk resulting from the specific nature of the Company's business, within the framework of the so-called first line of defense. They are documented in the form of the Quality Management System - a set of rules regulating the Company's operations.
- 3) The second line of defense is coordinated by a separate Compliance and Risk Management Department, which, together with other compliance functions, independently controls compliance with these rules and compliance of the Company with the law, internal regulations, norms, as well as market and ethical standards adopted by it.
- 4) Separate Internal Audit Department is the third line of defense. It assesses the Company's control environment, conducts audits of the Company's processes, taking into account their risks, independently informs the Audit Committee and the Management Board about the condition of the control environment and the Company's exposure to risk.

On the basis of periodical audits of the process of preparing financial statements, the Internal Audit Department assessed that the Financial Division effectively and correctly controls the process of preparing stand-alone and consolidated financial statements.

An important role in the internal control system with respect to the process of preparing financial statements, stand-alone and consolidated, is played by the Audit Committee appointed from among the members of the Supervisory Board.

Pursuant to the Bylaws of the Supervisory Board of the Company, the Audit Committee performs the following tasks with respect to monitoring of the financial reporting process:

- 1) it analyses information presented by the Management Board concerning significant changes in the accounting policy or financial reporting,
- 2) it analyses the financial statements of the Company and the Group as well as the results of the audit of such statements, if they were the subject of an audit by a certified auditor,
- 3) it makes recommendations to the Supervisory Board on approving the annual financial statements of the Company and the Asseco Group that have been audited by an external auditor.

As part of the supervision over risk management and internal control, the Audit Committee:

- 1) verifies the adequacy and effectiveness of risk management and internal control,
- 2) verifies the effectiveness of the supervision over the compliance of the Company's operations with the law,
- 3) assesses the effectiveness of the risk management systems, internal control and compliance as well as the internal audit function on the basis of reporting by the Management Board, the Internal Audit Department and the Compliance and Risk Management Department,
- 4) assesses the adaptation of the Company to the observations, positions and decisions addressed to the Company by an external auditor or other entities that supervise the activities conducted by the Company.

The internal control and risk management procedures applied in the process of preparing the financial statements of Asseco Poland S.A. are very effective and enable production of high quality reports, which is best proved by the opinions issued by certified auditors following their audits of the Company's annual financial statements.

Shareholders who, directly or indirectly, hold significant stakes of shares

To the best knowledge of the Company's Management Board, as at the date of publication of this report, i.e. on March 25, 2019, the shareholders who, either directly or through their subsidiaries, hold at least 5% of total voting rights at the General Meeting of Shareholders are as follows:

Shareholders as at March 25, 2019	Number of shares held/votes at General Meeting	Nominal value of shares held	Percentage of total voting rights
Aviva OFE ⁽¹⁾	12,485,596	12,485,596	15.04%
Adam Góral, President of the Management Board ⁽²⁾	8,083,000	8,083,000	9.74%
PZU OFE ⁽³⁾	4,281,040	4,281,040	5.16%
NN OFE ⁽⁴⁾	4,171,121	4,171,121	5.03%
Other shareholders	53,979,546	53,979,546	65.03%
Total	83,000,303	83,000,303	100%

(1) In accordance with the regulatory filing no. 26/2017 of December 12, 2017

(2) In accordance with the regulatory filing no. 51/2012 of December 15, 2012

(3) In accordance with the regulatory filing no. 38/2010 of June 2, 2010

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

According to the best knowledge of the Management Board of Asseco Poland S.A., as at December 31, 2018, the Shareholders who, either directly or through their subsidiaries, held at least 5% of total voting rights were as follows:

Shareholders as at December 31, 2019	Number of shares held/votes at General Meeting	Nominal value of shares held	Percentage of total voting rights
Aviva OFE ⁽¹⁾	12,485,596	12,485,596	15.04%
Adam Góral, President of the Management Board ⁽²⁾	8,083,000	8,083,000	9.74%
PZU OFE ⁽³⁾	4,281,040	4,281,040	5.16%
NN OFE ⁽⁴⁾	4,171,121	4,171,121	5.03%
Other shareholders	53,979,546	53,979,546	65.03%
Total	83,000,303	83,000,303	100%

(1) In accordance with the regulatory filing no. 26/2017 of December 12, 2017

(2) In accordance with the regulatory filing no. 51/2012 of December 15, 2012

(3) In accordance with the regulatory filing no. 38/2010 of June 2, 2010

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

Holders of any securities carrying special controlling rights

There are no holders of securities carrying special controlling rights.

Limitations on the exercise of voting rights

There are no limitations on the exercise of voting rights, such as limitations on the exercise of voting rights by holders of a certain percentage or number of votes, time limitations on the exercise of voting rights, or provisions under which capital rights attached to securities are separated from the holding of securities.

Limitations on transferability of ownership rights to the issuer's securities

There are no limitations on the transfer of ownership of Asseco Poland securities.

Rules regarding appointment and dismissal of the management personnel and determining their authority, in particular the right to decide on the issuance or redemption of shares

The Management Board shall manage the Company's operations and assets and represent the Company externally in relations with courts, administration bodies, and other third parties. The Management Board shall take decisions concerning all the matters which, under the provisions of law or the Articles of Association, are not specifically reserved for the Supervisory Board or General Meeting of Shareholders.

The Management Board shall be composed of 1 (one) to 12 (twelve) Members, including the President, Vice Presidents and the remaining Members of the Management Board. The joint term of office of Members of the Management Board shall last 5 (five) years. Each Member of the Management Board may be reappointed for the next term of office. The Members of the Management Board may be appointed from among the Company's shareholders or other persons.

The Management Board shall be appointed and dismissed by the Supervisory Board, whereas any motions for determining the number of persons in the Management Board composition, or for appointment of other Members of the Management Board, shall be submitted by President of the Management Board to Chairman of the Supervisory Board.

The mandate of a Management Board Member who is appointed for a joint term of office shall expire simultaneously with the expiry of mandates of the remaining Management Board Members; however, at the latest on the date of holding the General Meeting of Shareholders that approves the report on the Company's operations and its financial statements for the last financial year during which such Management Board Members performed their functions. The mandate of a Management Board Member shall also expire as a result of their death, resignation or dismissal from the Management Board.

A Member of the Management Board may be dismissed at any time. Such dismissal shall not deprive the dismissed person of any rights under their employment contract or any other legal relationship incidental to performing the function of the Management Board Member. A dismissed Member of the Management Board shall be entitled and obliged to provide explanations during preparation of the Company's Management report and financial statements for the period when he/she acted as Member of the Management Board, as well as to participate in the General Meeting of Shareholders which is to approve the reports/statements referred to in art. 395 § 2 item 1 of the Commercial Companies Code, unless the dismissal document determines otherwise. Responsibilities and authority of the management personnel are described in art. 371 and subsequent articles of the Commercial Companies Code.

The Company's Articles of Association do not provide for any special rights of the Management Board to decide on the issuance or redemption of the Company's shares.

Rules regarding amendment of Asseco Poland's articles of association or agreement

The introduction of amendments of the Articles of Association of a joint-stock is regulated in detail in chapters 4, 5 and 6 of the Commercial Companies Code (art. 430 and subsequent articles). The Articles of Association of Asseco Poland S.A. do not contain any detailed regulations pertaining to amendments thereof. In this respect the Company adheres to the provisions of the Commercial Companies Code.

Registration obligations

An amendment of the Articles of Association shall become effective once it is entered in the National Court Register. Any amendment of the Articles of Association shall be submitted for registration by the Company's Management Board, within 3 months from the adoption of a relevant resolution. However, when the Articles of Association are amended following an increase of the company's share capital, such amendment may be submitted for registration within 6 months from the adoption of a resolution on the share capital increase, or from the date of an approval to introduce the newly issued shares to public trading if such approval is granted, provided a request for such approval or an announcement of a share issuance is made within 4 months from the adoption of a resolution on the share capital increase.

Manner of operation of the general meeting and its basic powers, as well as shareholders' rights and the manner of their exercise

The General Meeting of Shareholders constitutes the Company's supreme governing body. The General Meeting of Shareholders operates pursuant to the generally applicable legal regulations as well as in accordance with the Company's Articles of Association.

The manner of operations of the General Meeting is described in detail in the Bylaws of the General Meeting of Shareholders that were adopted by the Company's General Meeting of Shareholders on September 21, 2011. The Company's Articles of Association as well as the Bylaws of the General Meeting of Shareholders have been published on the Company's corporate website.

Description of activities of the management, supervisory and administrative bodies of Asseco Poland and their committees, including the audit committee, along with indication of the composition of those bodies and changes which occurred in them during the last financial year

The activities of the Management Board, Supervisory Board, and Audit Committee, except where explicitly regulated by the applicable provisions of law, are governed by the Bylaws of the Management Board or the Bylaws of the Supervisory Board, respectively, both of which have been published on the Company's corporate website.

Management Board

The Management Board operates pursuant to the Commercial Companies Code, in particular art. 368 and subsequent articles of the CCC, as well as in accordance with the Company's Articles of Association, and the Bylaws of the Management Board that were adopted by the Company's Supervisory Board on June 21, 2013.

During 2018, the composition of the Company's Management Board was as follows:

Adam Góral	- President of the Management Board
Andrzej Dopierała	- Vice President of the Management Board
Tadeusz Dyrga	- Vice President of the Management Board
Krzysztof Groyecki	- Vice President of the Management Board
Rafał Kozłowski	- Vice President of the Management Board
Marek Panek	- Vice President of the Management Board
Paweł Piwowar	- Vice President of the Management Board
Zbigniew Pomianek	- Vice President of the Management Board
Przemysław Sęczkowski ¹⁾	- Vice President of the Management Board
Artur Wiza ²⁾	- Vice President of the Management Board
Gabriela Żukowicz	- Vice President of the Management Board

¹⁾ On February 1, 2018, Przemysław Sęczkowski submitted his resignation from the membership in the Management Board of the Company and fulfilling the function of the Vice President of the Management Board.

2) On February 21, 2018, the Company's Supervisory Board appointed Artur Wiza to the Company's Management Board to perform the function of the Vice-President of the Management Board for a joint five-year term of office covering the years 2017-2021 with effect from March 1, 2018.

Joint commercial power of attorney

On December 5, 2017, acting on the basis of art. 109¹ and art. 109⁴ of the Civil Code, and art. 371 §4 of the Commercial Companies Code, as well as § 14 item 12 of the Company's Articles of Association, by virtue of a resolution of the Management Board of Asseco Poland S.A. passed on December 5, 2017, the Company's Management Board granted a joint commercial power of attorney to Mr. Andrzej Gerlach and Mrs. Renata Bojdo.

The granted power of attorney is a joint irregular power of attorney, referred to in art. 109⁴§1¹ of the Civil Code, which means that the appointed person with a power of attorney is authorized to represent the Company only acting together with a Vice President of the Management Board but not with any other person with power of attorney.

Supervisory Board

The Supervisory Board operates pursuant to the Commercial Companies Code, the Company's Articles of Association, and the Bylaws of the Supervisory Board that were adopted by a resolution of the Supervisory Board of February 21, 2018.

In 2018, the composition of the Supervisory Board was as follows:

Jacek Duch	- Chairman of the Supervisory Board
Adam Noga	- Vice Chairman of the Supervisory Board
Izabela Albrycht	- Member of the Supervisory Board
Dariusz Brzeski	- Member of the Supervisory Board
Artur Kucharski	- Member of the Supervisory Board
Piotr Augustyniak	- Member of the Supervisory Board

As at the date of publication of this report, this is on March 25, 2019, the composition of the Company's Supervisory Board remained unchanged.

Audit Committee

Activities of the Audit Committee have been regulated and described in Chapter X "Standing Audit Committee" of the Bylaws of the Supervisory Board.

In 2018, the composition of the Audit Committee was as follows:

Artur Kucharski	- Chairman of the Audit Committee
Jacek Duch	- Member of the Audit Committee
Piotr Augustyniak	- Member of the Audit Committee.

The Supervisory Board, acting pursuant to art. 129 of the Act on Statutory Auditors, Audit Firms and Public Oversight and §8 of the Bylaws of the Supervisory Board, assessed the fulfilment of requirements for the Audit Committee. The independence criteria are met by Piotr Augustyniak and Artur Kucharski, who at the same time have knowledge and skills in the field of financial reporting. Mr. Artur Kucharski's competence in financial reporting is confirmed by his professional career and membership in the Association of Chartered Certified Accountants (ACCA).

Jacek Duch has knowledge of the sector in which the Company operates, which is confirmed by the course of Mr. Jacek Duch's professional career.

As at the date of publication of this report, the composition of the Company's Audit Committee remained unchanged.

The scope of work of the Audit Committee of the Supervisory Board

In 2018, the Audit Committee held five meetings during which it performed the tasks specified in art. 130 of the Act on Statutory Auditors, Audit Firms and Public Oversight.

During the meetings, the Audit Committee met with the auditing firm Ernst & Young Audyt Polska Sp. z o.o. Sp.k. prior to the publication of financial results for the year 2017 as well as for the first half of 2018. Each time, the representatives of Ernst & Young Audyt Polska Sp. z o.o. Sp.k. presented their report from the audit of financial statements of Asseco Poland S.A and the Asseco Group and an additional report for the Audit Committee, pursuant to Article 11 of the Regulation of the European Parliament and of the Council (EU), on specific requirements regarding statutory audit of public-interest entities. The meeting participants discussed all significant issues concerning those financial statements. For the purpose of an in-depth financial analysis, Chairman of the Audit Committee Artur Kucharski filed a request to the auditor to provide additional information, which was both presented at the meeting and made available to the members of the Audit Committee outside the meeting. Subsequently, the Audit Committee informed the Supervisory Board about the results of the audit and on how the audit contributed to the reliability of financial reporting in the public interest entity, as well as on the role of the Audit Committee in the audit process. The Audit Committee verified the progress of the process of preparing the financial statements and the effectiveness of key procedures ensuring that the financial statements as well as management and financial reports are properly prepared and contain reliable data.

The Audit Committee also verified the auditor's independence and approved the provision by the auditor and its network of non-audit services to the Company and the companies of the Asseco Group. The auditor presented a summary list of all services to the Audit Committee.

The Audit Committee was directly contacting and cooperating with the Director of the Internal Audit Department, namely Magdalena Jędrzejewska, who also attended three meetings of the Committee. The Committee received reports from the Director of the Internal Audit Department on the audits carried out in 2018 and information on the implementation of the audit plan for 2018 and other issues in the area of competence of the Internal Audit Department. The Audit Committee verified the development of the Internal Audit Department in the scope of supervision over the internal audit process in the companies of the Capital Group.

During its meeting in December 2018, the Audit Committee approved the audit plan for 2019 and changes in the internal audit regulations.

The Audit Committee also met with the Director of the Compliance and Risk Management Department, Jolanta Adamska and Director of Compliance and Process Management Department Ewa Kwiatkowska-Łada. During these meetings, the Audit Committee verified such issues as:

- a) the Company's exposure to individual risks, the methods of identifying and monitoring those risks and the actions of the Management Board in order to reduce their impact on the Company's operations. In order to reduce the level of risk in the company, control mechanisms are in place at the central level as well as in individual units.
- b) the compliance of the Company's operations with the law and the effectiveness of non-compliance risk management.

At the end of 2018, the approach to risk management in the Company was also analyzed. The concept developed by the Compliance and Process Management Department for improving the Company's risk management process will be presented at the meeting of the Audit Committee of the Supervisory Board in March 2019 and will take into account the following proposals:

- changes in the criteria and scale of risk assessment in the risk matrix,
- taking into account plans to deal with opportunities and threats,
- taking into account the so-called risk appetite in the methodology,
- taking into account materialized risks and past experience in the assessment,
- using information sources available in the Company in the risk management methodology, such as key performance indicators.

The Audit Committee positively assesses the functioning of internal control, risk management and the supervision of compliance with the law, as well as the effectiveness of internal audit in the Company and the Asseco Group.

The Audit Committee assessed the process of auditing the financial statements as independent, due to the fact that the statutory auditor fulfilled the conditions to express an impartial and independent opinion on the audit, in accordance with the applicable national law and professional standards.

At the meeting of the Audit Committee on October 16, 2017, in order to fulfil the obligations imposed by the Act of May 11, 2017 on statutory auditors, audit firms and public supervision, resolutions were passed on the adoption of the content: auditor selection policy and the procedure for selecting the auditor, as well as the policy for the provision of permitted services. Subsequently, these documents were approved by the Supervisory Board on October 16, 2017.

The main objective of the Policy and Procedure for the selection of an audit firm is to ensure that the audit firm is selected in accordance with the law, taking into account independence criteria, excluding conflicts of interest, while taking into account the interests of the capital group. The main assumption of the Additional Services Policy is to describe the rules of providing services which are permitted as non-audit services provided by a statutory auditor, audit firm and entities affiliated with that audit firm, in connection with the risk of threat to the independence of those entities, which results in the invalidity of the statutory audit by the operation of the law.

An audit firm may not provide, directly or indirectly, to the Company or any subsidiary controlled by the Company, any services other than auditing or reviewing financial statements, and other than permitted services. The services permitted for the subsidiary of Asseco Poland S.A. seated in an EU member state are services permitted under the laws of that country. The provision of permitted services is possible only to the extent not related to the tax policy of the audited entity, after the Audit Committee has carried out an assessment of threats and safeguards of independence and the Audit Committee has given its consent to the provision of services - the consent is required for each service.

The approval of the Audit Committee is not required for the performance of a permitted service directly controlled by Asseco Poland S.A. for the benefit of its subsidiary with its seat in the European Union, where the audit committee operates in accordance with the provisions of law. In such a case, the audit committee of the company grants its consent. It also approves the performance of a permitted service for a subsidiary for which that company is the parent company. Notwithstanding the above, the Audit Committee gives consent to perform a permitted service for the benefit of a subsidiary with its registered office in the European Union in the event that the parent company of that subsidiary has its registered office outside the European Union.

As part of the examination of the motion of the Management Board on a recommendation to renew the agreement with Ernst & Young Audyty Polska Sp. z o.o. Sp.k., the Audit Committee listened to the Company's position on formal and legal conditions of the provisions of the Act on statutory auditors, audit firms and public supervisory bodies of May 11, 2017 as well as the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014 on detailed requirements concerning statutory audit of public interest entities, including in particular the legal basis for the possibility of extending the contract with the existing auditor in the context of this motion. The following issues related to the selection of a statutory auditor were discussed:

1. The independence of EY as a proposed expert to audit the Company and the Group;
2. The evaluation of EY in terms of merits and quality of the cooperation with the Company (the Group), the Audit Committee and the Supervisory Board;
3. The composition of audit firms to be examined throughout the Group and plans for the future, assuming that the contract with EY is renewed or not renewed;
4. The financial conditions of the contract execution in the context of maintaining the highest quality of audit services for the Company and the Group.

In connection with the above, the Audit Committee adopted a resolution on recommending to the Supervisory Board the appointment of Ernst & Young Audyty Polska Sp. z o.o. Sp.k. as the entity authorized to audit the semi-annual stand-alone financial statements of Asseco Poland S.A. and the consolidated financial statements of the Asseco Group for the period of 6 months ended June 30, 2019 and for the period of 6 months ended June 30, 2020, as well as to audit the annual stand-alone financial statements of Asseco Poland S.A. as well as the annual consolidated financial statements of the Asseco Group for the year ended December 31, 2019, as well as the annual stand-alone financial statements of Asseco Poland S.A. and the annual consolidated financial statements of the Asseco Group for the year ended December 31, 2020.

Description of the diversity policy applied to the issuer's administrative, management and supervisory bodies

Asseco Poland S.A. does not have a diversity policy in the form of a single regulation, developed and formally approved by the Company's governing bodies. The principles and guidelines of the diversity policy are regulated by the Company's internal documents, including in particular the Personnel Policy, the Code of Ethics, the Compliance Policy and the Work Regulations. These documents relate to the area of diversity and are addressed to all employees, including executives. The standards of conduct and values concerning human relations defined in them are based on the Company's common values, which form the basis for conduct and serve to build mutual trust, honesty and respect.

Asseco Poland is committed to the principles of equal treatment irrespective of gender, age, nationality, sexual orientation, beliefs, political or religious opinions, property status, family situation or physical fitness, i.e. all factors which may result in direct or indirect discrimination. The Company applies its diversity policy by hiring employees of varied gender, age, work experience, education and cultural backgrounds and by ensuring that all employees are treated equally in the workplace, taking into account their different needs, and using these differences between them to achieve the Company's objectives.

At the stage of recruitment of an employee, a selection method is applied, which enables an objective assessment of the substantive competence of candidates, excluding any discrimination or unequal treatment. The Company ensures equal working conditions conducive to full utilization and development of unique features, skills and interests of its employees, including managerial staff, through participation in training courses, among others. The organization's employees receive training based on the recognition of different personality traits and benefiting from them through their recognition and ability to use them to ensure effective cooperation. Every staff member is entitled to promotion to a management post if he or she has demonstrated adequate professional performance.

The Company's authorities and its employees are aware of the importance of diversity as a factor releasing creativity and encouraging them to search for non-standard solutions and optimize their activities. These aspects translate into the quality of services provided and economic effects, and in consequence may significantly contribute to the building of the Company's competitive advantage.

Remuneration of the management and supervisory personnel

Report on the remuneration policy

The objective of the Company's remuneration policy is to support the strategy of achieving the target business results, while meeting the needs of employees within the Company's financial capabilities.

The human resources policy is implemented in accordance with the provisions of law as well as internal procedures and standards adopted by the Company.

The policy guidelines take into account the processes of recruitment, retaining and development of employees.

The rules included in this policy are applied to all of the Company's employees.

General rules for remuneration practices:

- the remuneration system should be adjusted to match the Company's business strategy, objectives and long-term interests,
- an incentive system should be used in order to ensure adequate human resources,
- the amount of remuneration should depend on the type of work performed and qualifications required for the job, taking into account the quality of work performed,
- the remuneration system is based on the Company's competence scheme which organizes the tasks and roles of employees, and also promotes the development of organizational culture oriented towards customers, quality, achievement of results, collaboration, and professional development,
- the remuneration system should be designed, implemented and supervised in compliance with the principles of effective finance and risk management of the Company.

The policy of remuneration payable to the members of the Company's management body is based on the below listed principles; however, the amount of variable remuneration shall be subject to an upper limit:

- each of the Management Board Members is to be paid a fixed remuneration,
- variable remuneration of a Member of the Management Board depends on:
 - the amount of margin IV achieved by the business units supervised directly by a particular Member of the Management Board,
 - the amount of net profit earned by the Company's capital group.

The table below presents the gross amounts of total and variable remuneration payable to the Members of the Management Board for performing their managerial duties at Asseco Poland S.A. during the year 2018:

Gross amount of remuneration for the period (in millions of PLN)	Variable remuneration	Total remuneration
Adam Góral	1.5	1.9
Andrzej Dopierała	0.2	0.4
Tadeusz Dyrga	1.2	1.6
Krzysztof Groyecki	0.4	0.8
Rafał Kozłowski	0.5	0.7
Marek Panek	0.5	0.7
Paweł Piwowar	1.0	1.4
Zbigniew Pomianek	3.1	3.5
Artur Wiza	0.5	0.8
Gabriela Żukowicz	0.7	1.1
Total	9.9	12.9

1) Mr Artur Wiza was appointed the Vice President of the Management Board of the Company with effect from March 1, 2018.

The table below presents gross remuneration payable to the Members of the Supervisory Board for performing their duties at Asseco Poland S.A. during the year 2018:

Gross amount of remuneration for the period (in millions of PLN)	
Izabela Albrycht	0.12
Jacek Duch	0.23
Piotr Augustyniak	0.15
Dariusz Brzeski	0.12
Artur Kucharski	0.15
Adam Noga	0.15
Total	0.92

The table below presents gross remuneration payable to the Members of the Management Board or the Supervisory Board for performing duties at the Group's subsidiary companies in 2018:

Gross amount of remuneration for the period (in millions of PLN)	
Management Board	
Adam Góral	0.2
Tadeusz Dyrga	-
Rafał Kozłowski	1.1

Marek Panek	1.0
Paweł Piwowar	-
Zbigniew Pomianek	0.1
Artur Wiza	0.4
Krzysztof Groyecki	-
Andrzej Dopierała	1.5
Gabriela Żukowicz	0.4
Total	4.7
Supervisory Board	
Jacek Duch	0.1
Adam Noga	-
Izabela Albrycht	-
Dariusz Brzeski	-
Artur Kucharski	0.1
Piotr Augustyniak	0.1
Total	0.3

The total amount of remuneration payable to the Management Board Members is largely dependent on the Company's financial performance. The remuneration model adopted by the Company is aimed to award the Management Board Members and other managerial staff depending on the actually achieved financial results, as well as to constantly motivate them to accomplish the business targets set for a given period.

As regards the package of additional employee benefits, the Members of the Management Board and key managers, just like other employees, are subject to the labor law regulations. Moreover, the Company provides specialized medical care and subsidies to the employees' participation in sports activities.

The Company believes that the applied remuneration policy supports the implementation of the Company's objectives and development strategy, particularly in terms of long-term shareholder value growth and the stability of its operations. Over the last year, the Company did not introduce any significant changes to its remuneration policy.

These remunerations were paid generally on a monthly basis, whereas in the case of Formula Systems Ltd. – on a quarterly basis.



**Other information
on the [Asseco Group](#) and [Asseco
Poland S.A.](#)**

OTHER INFORMATION ON THE ASSECO GROUP AND ASSECO POLAND S.A.

Discussion of significant risk factors and threats

The Asseco Group constantly monitors major factors posing risk to its operations in order to identify, prevent and mitigate their possible effects. For this purpose, Asseco Poland introduced a number of management systems as well as control procedures and internal audit. In particular, Asseco Poland uses the following systems:

- quality management system,
- risk management system,
- business continuity management system,
- information security management system,
- system monitoring the compliance with the law and general standards, as well as the market standards adopted by the Company,
- internal control system.

The systems and smoothly functioning internal audit effectively reduce the negative impact of the following risk factors and threats to the Group's operations.

Risk related to intensified competition

The business operations of the Asseco Group are under the pressure of intense competition both from Polish players and international IT corporations. Competitors with global reach are getting continually stronger as they have got faster access to innovative technological solutions, but also to cheaper sources of funds which makes it possible to finance large contracts more efficiently. It is not certain whether the increasing competition will have no significant adverse impact on the the Asseco Group's operations, financial position, financial results and future development outlook.

Risk related to technological changes in the industry and development of new products

The IT sector is characterized by rapid development of new solutions and technologies, which shorten the lifecycle of products. Therefore, the future success of the Asseco Group will largely depend upon our capability to incorporate the latest technological solutions into our products and services. In order to maintain the competitive advantage in this market, it is necessary to conduct research work and to invest in new products. Asseco keeps on monitoring the present information technology trends and develops and upgrades its business offer accordingly. However, there is still a risk that the market will receive new products, which will cause our products and services to become less attractive, and eventually not as profitable as expected. Additionally, it cannot be taken for granted that the new solutions which are, or will be, created or developed by Asseco will satisfy the technological requirements, and whether they will be accepted positively by their potential users. Such circumstances might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Asseco Group.

Risk related to market saturation

Technological saturation that begins to emerge in the Polish banks and private enterprises may prompt them to focus their strategies on smaller or mid-size IT projects that would address their current needs only. Such circumstances might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Asseco Group.

Risk related to consolidation and structural changes in the financial sector

The finance sector is the place of ongoing consolidation processes. There is a risk that consolidators of this sector will force the acquired financial institutions to use their global IT solutions, which may slow down the process of gaining new contracts or even result in termination of already concluded contracts. In addition, in the finance sector, there is a growing trend of establishing both IT and finance services companies (fintechs), whose solutions may be competitive for the products of the Company or may introduce alternative mechanisms of the functioning of finance companies, which may affect acquiring new contracts. Such circumstances might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Asseco Group.

Risk related to carrying out of public tenders

Delays in finalization of the tendering procedures for delivery of IT infrastructure for the public administration may result in unstable revenues from this sector. If combined with unsatisfactory utilization of the EU funds granted for improving innovation at public offices, this might substantially reduce the local demand for IT services and thereby exert a negative impact on the operations, financial position, financial results and prospective development of the Asseco Group.

Risk involved in gaining new contracts

It is characteristic of the IT business that most of contracts of the Asseco Group are awarded under tendering procedures. Therefore, it is not certain that the Group's companies will be able to gain such new contracts that would ensure sufficiently high and satisfactory revenues in the future. These factors might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Asseco Group.

Risk related to global macroeconomic situation

Development of the IT services sector is closely correlated to the overall economic prosperity. The main factors affecting the financial results of the Asseco Group include the pace of GDP growth, value of public orders for IT solutions, level of capital expenditures made by enterprises, and inflation rate in countries where the Group's companies operate. These factors might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Asseco Group.

Risk of becoming dependent on the key customers

The implementation of contracts with key clients will heavily impact the level of sales revenues generated by the Asseco Group in the coming years. It cannot be precluded that a potential loss of any major client, deterioration in the financial terms for provision of services, or potential compensatory claims would have a significant adverse impact on the operations, financial position, financial results and prospective development of the Asseco Group.

Risk of increasing cost of work

Salaries account for a significant share of the project implementation costs. Taking into account such high human resource requirements, an increase in salaries would squeeze the margins achieved on projects, and consequently have an unfavorable impact on the financial results of the Asseco Group.

In order to manage the risk of higher cost of work, the Asseco Group takes a number of measures which can help reduce potential negative effects of rising salaries. Among other things, the Asseco Group (i) employs people in many geographical regions to diversify that risk, (ii) continually monitors the level of salaries in the market, and (iii) tries to maintain an appropriate structure of employment within particular levels of competence.

Risk related to offshoring

Development of information technology services provided offshore to the customers based in the countries where Asseco conducts direct business operations may eventually trigger off stronger competition in those markets. In addition, offshoring investments located in the countries where Asseco operates may bring about higher competition in the local labour markets. Such circumstances might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Asseco Group.

Foreign currency risk

The currency used by the Asseco Group for presentation of its financial results is the Polish zloty (PLN). Moreover, functional currencies of the Group's foreign subsidiaries are the local currencies of the countries where they operate. Consequently, assets of such subsidiaries or groups need to be converted into PLN, and therefore their values presented in the consolidated financial statements may change as they remain under the influence of foreign exchange rates against PLN.

Interest rate risk

Changes in the market interest rates may have a negative influence on the financial results of the Asseco Group. The Group 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 loan facilities granted by external financial institutions, which are based on variable interest rates, and (ii) change in valuation of the concluded derivative instruments, which are based on the forward interest rate curve. In order to manage its interest rate risk: (i) the Group tries to avoid taking loans based on

a variable interest rate, and (ii) if the first precaution is not possible, the Group may conclude forward interest rate agreements.

Risk of changes in regulations and their interpretation

Frequent amendments, lack of cohesion and uniform interpretations of the provisions of law, concerning in particular the tax regulations, banking law, insurance law (inclusive of social insurance), public procurement law, personal data protection law, regulations pertaining to trading in securities and public offering, and commercial companies law, give rise to the regulatory risk occurring in the environment in which the Asseco Group operates. The tax regulations and their interpretations are more than others prone to numerous changes. Practices of the internal revenue administration and the court judicature are not uniform in this domain. In the event the taxation authorities take a position that is different from our interpretation of tax regulations, the operations, financial position and financial results of Asseco may be exposed to negative consequences thereof. Such risk may be materializing especially due to potential doubts expressed by the taxation authorities over the transactions the parent Company conducts with its related parties. This might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Asseco Group.

Risk of potential legal disputes concerning copyrights

Development of the Asseco Group operations in the market of IT products depends to a large degree on ownership of intellectual property rights, especially copyrights to computer programs. Because of a variety of legal regulations pertaining to the protection of intellectual property that are applicable in the countries where the Asseco Group operates, in some circumstances there may be doubts as to the effectiveness of transferring of copyrights in the software codes compiled by employees in favour of their employers. In order to prevent such situations, any employment contracts or other contracts under which employees provide their services to the Group companies must include adequate provisions to effectively assign such employee's copyrights in software to the Group companies.

Risk of losing the clients' trust

Operations of the Asseco Group are to a large extent based on the customers' trust. Implementation of an IT system, which has critical importance for the customer's business, usually results in signing a long-term agreement with the system user. The quality of solutions and services provided to such clients determines their confidence in the Asseco brand. In the event the quality of delivered products and services was poor, our customers might lose their trust in Asseco, which might hurt our reputation in the market and make it impossible to continue successful business operations.

Risk of underestimation of the project cost

Most of the Asseco Group's profits are derived from the execution of complex information technology projects carried out under long-term agreements with a predefined remuneration. Implementation of such projects requires very good planning both in terms of the schedule of work and the resources needed to provide the promised scope of the contract. Here the Company follows complex procedures, which on one hand facilitate the process of preparation of reliable plans and on the other hand prevent the incurrence of unexpected costs.

In order to manage the risk of the project cost underestimation, the Asseco Group applies the methods (either based on the world recognized standards or proved by own experience) for estimation of the project costs, preparation of work schedules, and identification of risks that may hinder timely, professional or financial performance under a contract.

Risk of concluding a contract with a dishonest customer

The Asseco Group is exposed to the risk of defaulting contractors. This risk is connected firstly with the financial credibility and good will of customers to whom the Company provides IT solutions, and secondly with the financial credibility of contractors with whom supply transactions are concluded.

Hence, the risk control measures usually consist of monitoring the timely execution of bank transfers and, if needed, sending a reminder of outstanding payment. In the case of smaller clients, it is quite helpful to monitor their industry press as well as to analyze previous experience gathered by ourselves and by our competitors, etc.

Risk associated with IT licenses

The Asseco Group's companies use IT software licenses under civil law agreements concluded with leading global software and application providers, including but not limited to: Business Objects, HP, IBM, Microsoft, Oracle and SAS Institute. By using the solutions and products of these companies, Asseco Group develops its most important products. Terminating license agreements or limiting the use of the licensed software, particularly developed by IBM and Oracle, can have a significant negative impact on the operations, the financial situation, results and development prospects of the Asseco Group.

Risk of inability to effectively integrate the taken-over companies or to achieve the intended rates of return on acquisitions or investments

The Asseco Group implements the strategy of development, among others, through acquisitions of or capital investments in IT companies. Valuation of the future acquisitions or investments will depend on the market conditions as well as on other factors beyond the Asseco's control. It cannot be entirely precluded that the investor company may be unable to accurately estimate the values of undertaken acquisitions or investments. There is also a risk that earnings generated by the acquired or investee companies fall short of the initial estimates which might prevent us from achieving the rates of return that were originally expected from such transactions.

Risk involved in insufficient insurance coverage

Business activities conducted by the Group companies, including production and supply of software as well as implementation of integration projects, give rise to a risk of damages that may be incurred by the Group clients or their end customers as a result of defective operation or failure of the products delivered by Asseco, whether attributable to its negligence or not. The agreements concluded by the Group companies provide for contractual penalties in the event of non-performance or improper performance of obligations. Any claims for compensation in excess of the guarantee amounts under the carried insurance policies might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Asseco Group.

Risk related to losing the key personnel

The Group companies' operations and development outlook depend to a large extent on the knowledge, experience and professional qualifications of its employees, who implement the IT projects. A substantial demand for IT specialists and the competitors' activities may induce the key personnel to leave our organization, and also make it quite difficult to recruit new employees with suitable knowledge, experience and professional qualifications. Still there is a risk that resignation by the key personnel would have a negative impact on the execution of IT contracts conducted by the Company, as well as on ensuring the required quality and range of services provided. This in turn might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Asseco Group.

Risk of business continuity

Occurrence of an emergency situation at one of the Asseco Group companies may impair our ability to continue to provide services to our clients, which in turn may lead to delays, failure to comply with our obligations, claims for damages, or loss of reliability for our clients. Such circumstances might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Group.

Risk associated with data leakage

As a result of deliberate actions of third parties or dishonest employees, as well as mistakes or carelessness of our employees or contractors, confidential data of the Group or of our clients may be disclosed to unauthorized persons. Such circumstances might have an adverse impact on the perception of Asseco by our clients, and consequently on the Group's operations, financial position, financial results and prospective development.

Risk of property damage

As a result of abuse or errors committed by employees of the Asseco Group, the Company may suffer damage to its property. Such circumstances might have an adverse impact on the Group's financial condition and business continuity, and consequently on the Group's operations, financial position, financial results and prospective development.

Personnel policy risk

The Group companies may incur costs in connection with legitimate or illegitimate claims filed by their employees on the grounds of discrimination, working conditions, etc. Such circumstances might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Group companies.

Non-recurring events with impact on our financial performance

Non-recurring events with an impact on the Group's financial performance, assets, and cash flows in 2018 and in the corresponding period include:

- Acquisition of 50% of shares in Prosofts.r.o. Kosice, with the seat in Slovakia, by Asseco Central Europe and obtaining control over the company. The purchase price amounted to EUR 0.6 million (PLN 2.5 million) and was paid in full in cash.
- Acquisition of 100% of shares in Alius Corp., with its registered office in the United States, by EXZAC- IFS Inc (a company from the Matrix IT Group). The purchase price amounted to ILS 58.5 million (PLN 58.2 million) and was paid in full in cash.
- Acquisition of Adaptik Corporation, with its registered office in the United States, for USD 18.2 million (PLN 61.4 million) by Sapiens International.
- Acquisition of 100% of shares in PVBS LLC, with its registered office in the United States, by Xtivia Technologies Inc (a company from the Matrix IT Group). The purchase price amounted to NIS 38 million (PLN 37.7 million), of which NIS 26.7 million (PLN 26.5 million) was paid in cash and the remaining part is a deferred payment, the amount of which depends on the company's operating results.
- Acquisition of a 66% stake in DWC Slovakia a.s., seated in Slovakia, and taking control over that company by Asseco Central Europe a.s.. The purchase price amounted to EUR 5.1 million (PLN 22.2 million) and was paid fully in cash. The Group recognized goodwill of EUR 4.0 million (PLN 17.5 million) as part of the provisional settlement of the acquisition.
- Acquisition of 55% of shares in Cambium (2014) Ltd, with its registered office in Israel, by Matrix IT Integration and Infrastructure Ltd (a company from Matrix IT Group). The purchase price amounted to ILS 3.8 million (PLN 3.9 million), of which ILS 3.0 million (PLN 3.0 million) was paid in cash and the remaining part is the put option.
- Acquisition of a 65% stake in Integrity Software 2011 Ltd, seated in Israel, by Matrix IT ERP Solutions Ltd (a member of the Matrix IT Group). The purchase price amounted to ILS 12.6 million (PLN 12.6 million), of which ILS 9.0 million (PLN 9.0 million) was paid in cash and ILS 0.5 million was a deferred payment, the amount of which depends on the company's operating results.
- Acquisition of Eversoft Poland Sp. z o.o. by Asseco Poland for PLN 0.5 million.
- Acquisition of Noaj Technologies Ltd., seated in Israel, for the price of ILS 7.2 million (PLN 7.5 million) by Matrix IT Software Products Ltd.
- Acquisition of a 20% stake in Modulus Sp. z o.o., seated in Poland, by Asseco Poland as a result of capital increase. The transaction value amounted to PLN 2.0 million. Following the acquisition, Asseco Poland S.A. increased its shareholding in that company from 50% to 70%. On December 21, 2018, Asseco Poland S.A. disposed all of its shares in Modulus Sp. z o.o. As part of the provisional settlement of the acquisition, the Group allocated the excess of the price paid over the acquired net assets in the amount of PLN 7.7 million to intangible assets.

Significant events with impact on the Asseco Group operations after December 31, 2018

Significant events after the balance sheet date of December 31, 2018 have been described in explanatory note 9.7 to the consolidated financial statement of the Asseco Group for the period of 12 months ended December 31, 2018 and in explanatory note 8.6 to the stand-alone financial statement of Asseco Poland for the period of 12 months ended December 31, 2018.

Opinion on feasibility of investment plans

The companies of the Asseco Group meet on an ongoing basis their obligations towards their business partners, as well as their obligations towards the state and investment obligations. The companies maintain credit lines in various

banks, which allows for diversification of financing sources. The companies settle their liabilities with funds derived from operating income, using external capital, i.e. short-term credit lines in current accounts, credits and loans and capital inflows.

Financial forecasts

Neither the Asseco Group nor Asseco Poland S.A. have published financial forecasts for 2018 and other reporting periods.

Changes in the Capital Group and the Company management policies

During the year 2018, the Capital Group's and Asseco Poland's management practices remained unchanged.

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

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

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

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

Changes to equity relationships

A description of the changes to equity relationships has been presented in Point III of the consolidated financial statement of the Asseco Group for the period of 12 months ended December 31, 2018.

Related party transactions

Related party transactions have been presented in explanatory note 6.22 to the consolidated financial statement of the Asseco Group for the period of 12 months ended December 31, 2018 and in explanatory note 5.18 to the stand-alone financial statement of Asseco Poland for the period of 12 months ended December 31, 2018.

Bank loans, borrowings, sureties and guarantees

Bank loans drawn, loans granted, as well as sureties and guarantees granted have been described in explanatory note 6.16 to the consolidated financial statement of the Asseco Group for the period of 12 months ended December 31, 2018 and in explanatory note 5.13 to the stand-alone financial statement of Asseco Poland for the period of 12 months ended December 31, 2018.

Information on loans granted in 2018

Information on loans granted in 2018 have been described in explanatory note 6.8 to the consolidated financial statement of the Asseco Group for the period of 12 months ended December 31, 2018 and in explanatory note 5.5 to the stand-alone financial statement of Asseco Poland for the period of 12 months ended December 31, 2018.

Off-balance-sheet items

The nature, purpose and value of significant off-balance-sheet items have been presented in the consolidated financial statement of the Asseco Group for the period of 12 months ended December 31, 2018 and in the stand-alone financial statement of Asseco Poland for the period of 12 months ended December 31, 2018.

Structure of main capital investments made within the Asseco Group

The structure of main capital investments made within the Asseco Group has been described in explanatory note 6.4 to the consolidated financial statement of the Asseco Group for the period of 12 months ended December 31, 2018.

Monitoring of employee stock option plans

Information on transactions with employees settled in the form of equity instruments has been presented in explanatory note 5.2 ii to the consolidated financial statement of the Asseco Group for the period of 12 months ended December 31, 2018.

Information on obligations arising from pensions and benefits of a similar nature

As at December 31, 2018, Asseco Poland did not have any liabilities arising from pensions or benefits of a similar nature for former members of management and supervisory boards or former members of administrative bodies.

Information on significant judicial proceedings

At the publication date of this report, neither the Group nor the Company were a party to any proceedings pending before any court, arbitration authority or public administration authority.

Remuneration of the entity authorized to audit financial statements

Information on remuneration due to the entity authorized to audit financial statements has been provided in explanatory note 9.4 to the consolidated financial statement of the Asseco Group for the period of 12 months ended December 31, 2018 and in explanatory note 8.3 to the stand-alone financial statement of Asseco Poland for the period of 12 months ended December 31, 2018.

Agreement with the entity authorized to audit financial statements

The agreement with the entity authorized to audit financial statements, namely Ernst & Young Audyt Polska Sp. z o.o. sp. k., to carry out audits of the consolidated financial statement of the Asseco Group for the period of 12 months ended December 31, 2018 and the stand-alone financial statement of Asseco Poland for the period of 12 months ended December 31, 2018 was signed on June 2, 2017. The audit company was chosen by the Supervisory Board of Asseco Poland S.A.

Information on the scope of services provided by an entity authorized to audit financial statements for the companies of the Asseco Group as well as on remuneration of an entity authorized to audit financial statements has been provided in explanatory note 9.4 to the consolidated financial statement of the Asseco Group for the period of 12 months ended December 31, 2018.

STATEMENT OF THE MANAGEMENT BOARD OF ASSECO POLAND S.A. TO ANNUAL REPORT

Statement of the Management Board of Asseco Poland S.A. pursuant to §70 section 1 item 6 of the Regulation of the Minister of Finance on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent the information required by the laws of a non-member state.

The Management Board of Asseco Poland hereby declares that, to the best of its knowledge, the annual consolidated financial statements of the Asseco Group for the period of twelve months ended December 31, 2018 and comparable data contained therein as well as annual stand-alone financial statements of Asseco Poland for the period of twelve months ended December 31, 2018 and comparable data contained therein have been prepared in compliance with the applicable accounting standards, namely the International Financial Reporting Standards, as endorsed by the European Union.

In addition, the Management Board declares that the presented data give a true, reliable and fair view of the Group's assets, financial position and financial performance. The report on operations of the Asseco Group and Asseco Poland S.A. provides a fair description of the development, achievements and economic position of the Group and Company, inclusive of major risks and threats to its operations.

We hereby approve the Management Board's Report on business operations of the Asseco Group and Asseco Poland S.A. and confirm the accuracy of the above statement.

The Management Board:

Adam Góral	President of the Management Board
Andrzej Dopierała	Vice President of the Management Board
Tadeusz Dyrga	Vice President of the Management Board
Krzysztof Groyecki	Vice President of the Management Board
Rafał Kozłowski	Vice President of the Management Board
Marek Panek	Vice President of the Management Board
Paweł Piwowar	Vice President of the Management Board
Zbigniew Pomianek	Vice President of the Management Board
Artur Wiza	Vice President of the Management Board
Gabriela Żukowicz	Vice President of the Management Board

Solutions for demanding business.

Asseco Poland S.A.

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