

Asseco Group Annual Report

for the year ended December 31, 2019

ASSECO



Present in
56 countries



Sales revenues
10 667 mPLN



26 843

highly committed
employees



Net profit attributable
to the parent
company's shareholders
322.4 mPLN



Order backlog for 2020
7 601 mPLN



5.3 bPLN
market capitalization ¹⁾

1) As at December 30, 2019

Asseco Group in 2019

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.

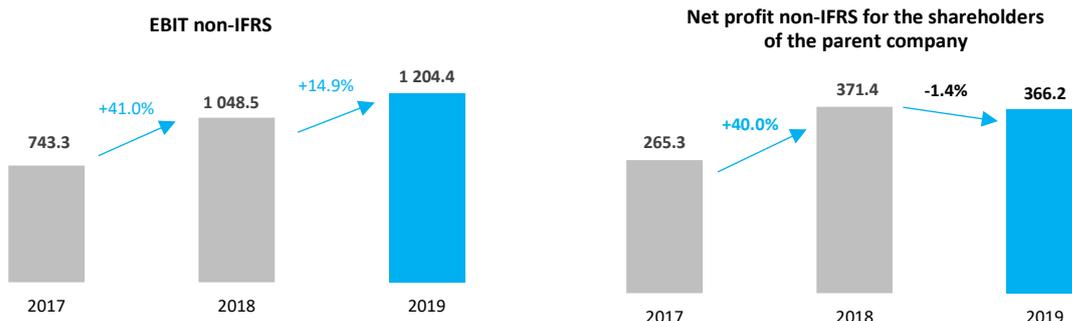
Financial and operational summary:

- Dynamic organic growth and through acquisitions – increase in revenues by **14.4%** to **10 667.4 mPLN** and in operating profit by **22.5%** to **976.2 mPLN** (1 204.4 mPLN EBIT non-IFRS – increase by 14.9%)
- International markets are the Group's growth engine – **89%** of revenues generated on these markets
- Double-digit increase in sales in the Formula Systems and Asseco International segments
- **81%** of revenues from the sales of proprietary software and services
- Strong business diversification (geographical, sectoral, product)

Selected consolidated financial data for 2019 on a non-IFRS basis

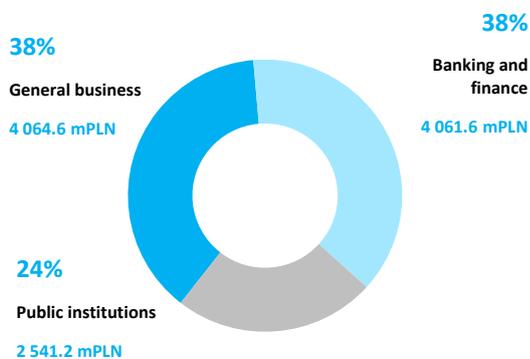
For the assessment of the financial position and business development of the Asseco Group, the basic data published on a non-IFRS basis constitute an important piece of information. They are complementary to the data reported under the IFRS standard.

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).

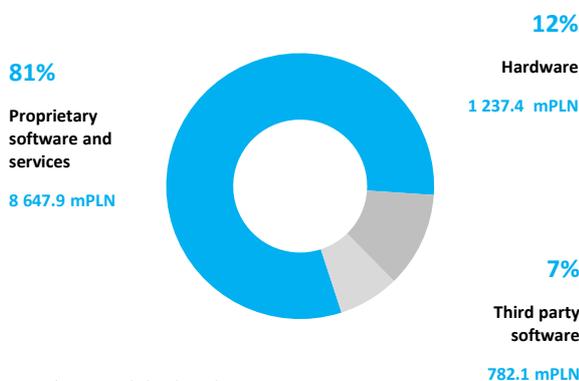


The Group's revenue structure in 2019

Revenues by sectors



Revenues by products



*Figures include other sales.

PRESIDENT'S LETTER



Dear Shareholders,

The previous year was marked by new records for Asseco, which after double-digit increases generated PLN 10.7 billion in consolidated revenues and almost one billion zlotys in operating profit. In line with our strategy, we focused on the development of proprietary software and provision of related services. Such revenues accounted for 81% of our sales. Foreign markets, represented by the Asseco International and Formula Systems segments, accounted for 89% of our revenues. This confirms that Asseco's development vision, consistently pursued for many years and focused on the production of proprietary software and acquisitions of the companies creating it, is the right direction to build a strong Asseco Group and a good way to diversify our business in terms of sectors and geography.

In the Asseco Poland segment we signed new long-term contracts, worth several hundred million zlotys, with public institutions [including the National Health Fund (NFZ), the Social Insurance Institution (ZUS), the Agricultural Social Insurance Fund (KRUS) and the Agency for Restructuring and Modernization of Agriculture (ARiMR)]. We have continued to strengthen our position in the healthcare sector by actively participating in the process of digitization of the Polish healthcare service. In the area of banking and finance, we have been expanding our client portfolio and executing long-term maintenance agreements, providing us with a stable source of revenues from this sector. We have been also working on the development of new solutions and have been actively engaged in exporting our products to foreign markets.

The Formula Systems segment accounts for the largest share of revenues generated by Asseco. Within this segment we operate mainly on the Israeli market, the US and European markets. In 2019 the Formula Group's companies reported a substantial increase in sales and improved profitability, which was the result of the conducted acquisitions as well as consistent development of the sales on international markets. In addition, the companies took advantage of the scale effect.

In the Asseco International segment we reported an increase in sales revenues and operating profit in all of the major regions of operation, namely Central Europe, South Eastern Europe and Western Europe. The growth of Asseco Central Europe was driven by new contracts concluded with public and financial sector institutions in the Czech Republic and Slovakia. Following the strategy of economic and organizational independence of each of the operating segments, the Asseco South Eastern Europe Group achieved very good results both in the segment of banking solutions, dedicated

solutions, and payments (Payten). The companies specialized in ERP solutions, grouped around Asseco Enterprise Solutions, also improved their results on annual basis.

Asseco has also focused on further development of competence in the areas that are promising for the group. In 2019, thanks to the acquisition of the Spanish company Tecsis, we expanded our product portfolio with native solutions available in the SaaS model and strengthened our international position in the utilities sector. In turn, owing to the acquisition of ComCERT, we strengthened our competence in the area of cyber security. In addition, last year Asseco Poland and Asseco Data Systems started the cooperation with the National Cloud Operator, becoming its technological partners. Under the signed framework agreements, the companies are to provide integration services as well as supply their own software.

A very important event of the previous year was the emergence of a new investor in December - the Cyfrowy Polsat Group. It currently holds 22.95% of Asseco Poland's shares. The strategic alliance with the Cyfrowy Polsat Group offers Asseco new business development opportunities. Thanks to a close cooperation, we can gain unique references, unattainable for any company in Central and Eastern Europe, which will allow us to build lasting competitive advantages and significantly strengthen our position in the telecommunications sector. Given the scale and areas of operation of the Cyfrowy Polsat Group, this is a great opportunity for the Asseco companies working for the telecommunications and media sectors, as well as banking and power segments. I would like to emphasize that the strengthening of business relations between Asseco Poland and Cyfrowy Polsat will take place under market conditions, and both companies will continue to operate autonomously and will be managed by their existing leaders. I am convinced that the capital engagement of the Cyfrowy Polsat Group may further enhance the value of Asseco Poland.

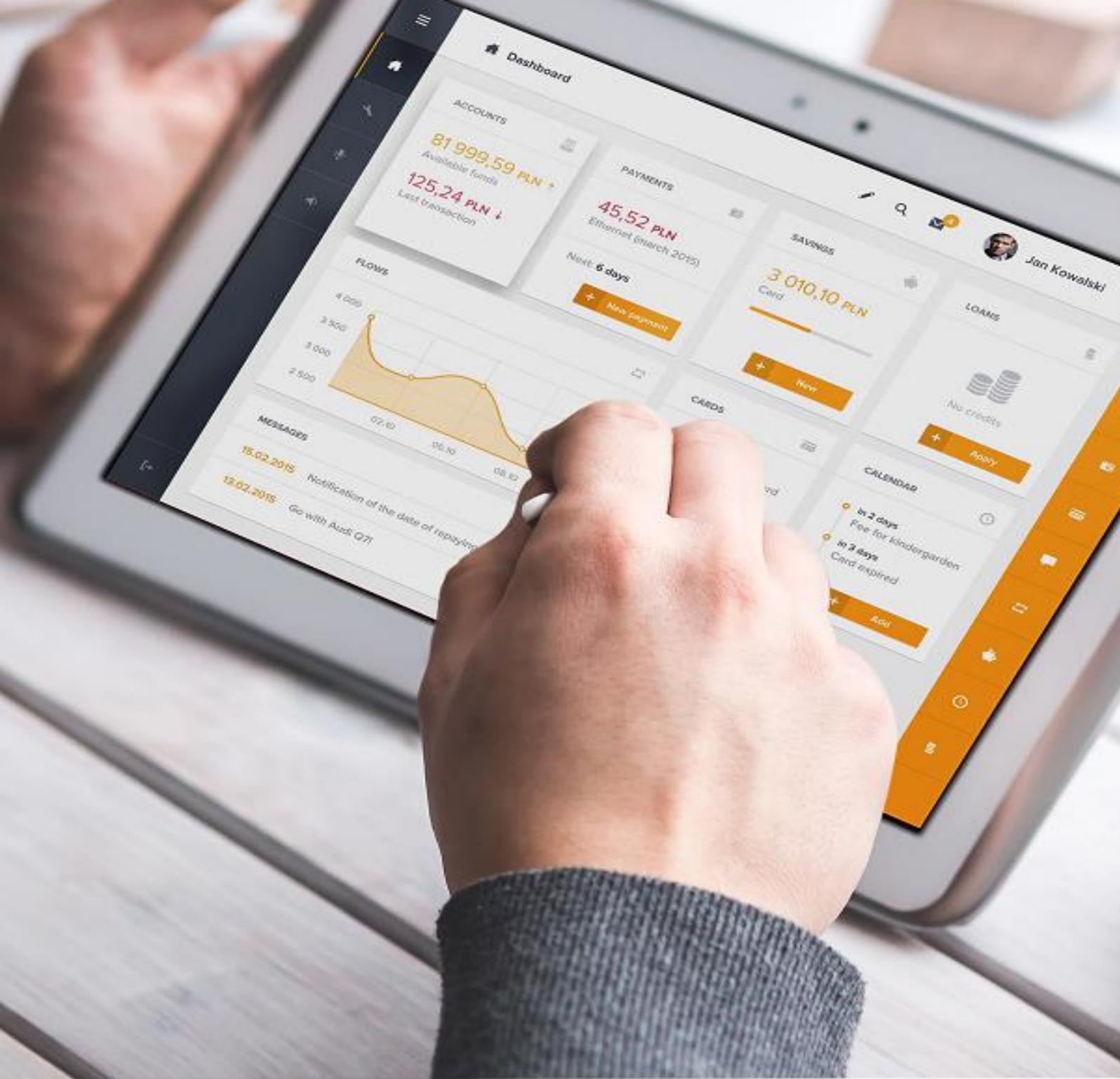
The position we enjoy at the moment would not be possible without our Employees, whom I would like to thank for hard work and commitment, because people are the foundation of our organization. The greatest reward for the effort put in is the satisfaction of our customers, whom I also would like to thank for another year of fruitful cooperation. I would like to thank our Shareholders for their trust and confidence that we are developing in the right direction.

I am presenting to you the Management Board's Report on business operations of Asseco Poland and the Asseco Group in 2019, which summarizes our financial and operating results as well as achievements and prospects.

With best regards,

Adam Góral,
President of the Management Board of Asseco Poland

A handwritten signature in black ink, appearing to read 'Góral', is positioned at the bottom left of the page.



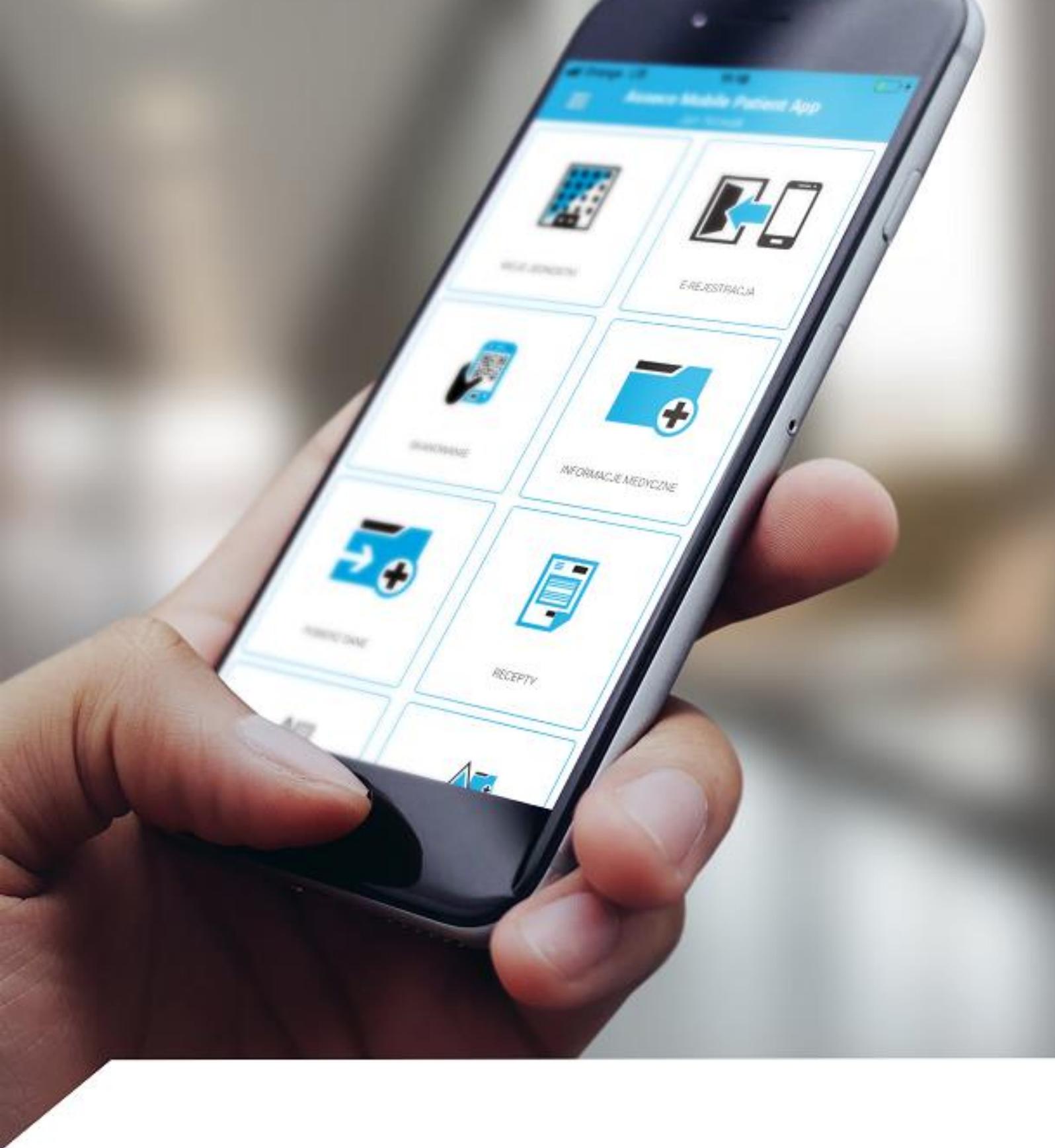
Management Board's Report on operations of **Asseco Capital Group** and **Asseco Poland S.A.**

Management Board's Report on operations of Asseco Capital Group and Asseco Poland S.A.

for the year ended December 31, 2019

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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 5.3 billion (about EUR 1.2 billion) at the end of 2019, 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 56 countries worldwide, including most of the European countries as well as Israel, the US and African countries. The Asseco Group 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 81% 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 and Agriculture Insurance Divisions, as well as the Office for Infrastructure Projects and the ICT division.

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 1992-1993 he worked in Bull Poland and Digital Equipment Polska.

From January 1994 to February 2006 he worked in HP Polska Sp. z o.o., 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 ICT 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. The President of the Management Board of ComCERT 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, and 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 the 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., and 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 the 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 Finance Division of the Asseco Group.

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 organized by PMI in 2004 and a course on International Accounting Standards organized 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 and Park Wodny Sopot, Aquapark 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 Nextbank Software, the Member of the Supervisory Board of Sintagma and Asseco Lietuva, Peak Consulting Group A/S; Asseco Central Europe, Asseco Innovation Fund, SKG, ComCert. He is also the President of the Management Board of GSTN Consulting and the Member of the Management Board of Asseco International.



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 and 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 hold the position of the Vice-President of the Management Board of Asseco Poland.

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, the Operational Services Center and 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, since March 2004, the 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 was also the Member of the Supervisory Board of ZUI Novum. Currently, he is the Member of the Supervisory Board of Asseco Business Solutions, Nextbank Software and Asseco Innovation Fund.



Sławomir Szmytkowski

Vice-President of the Management Board

He is responsible for the Social Security, System Maintenance, Agriculture and Postal Divisions and the Government Administration Division.

A graduate of the Faculty of Civil Engineering at the Gdańsk University of Technology. He was employed by Prokom Software SA in the IT Project Coordination Office (1996-2002) and as the Director of the Strategic Clients Department (2003-2007). Since the merger of Asseco Poland with Prokom Software in 2007, he was employed by Asseco Poland S.A. as the Managing Director (from 2007 to 2009). Since 2009 - Director of the Systems Maintenance Division. Since July 1, 2019, the Vice-President of the Management Board of the Company.



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 Council of the Polish Chamber of Information Technology and Telecommunications 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 Personnel Administration Division, the Compliance, Maintenance and Development of Back-Office Systems Division, as well as the Administration and Purchase Division. 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, Eversoft Poland 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, 2019, Asseco Poland's Management Board was composed of the following persons:

Management Board	Period of service
Adam Góral	01.01.2019 - 31.12.2019
Andrzej Dopierała	01.01.2019 - 31.12.2019
Krzysztof Groyecki	01.01.2019 - 31.12.2019
Tadeusz Dyriga ¹⁾	01.01.2019 - 30.06.2019
Sławomir Szmytkowski ¹⁾	01.07.2019 - 31.12.2019
Rafał Kozłowski	01.01.2019 - 31.12.2019
Marek Panek	01.01.2019 - 31.12.2019

Paweł Piwowar	01.01.2019 - 31.12.2019
Zbigniew Pomianek	01.01.2019 - 31.12.2019
Artur Wiza	01.01.2019 - 31.12.2019
Gabriela Żukowicz	01.01.2019 - 31.12.2019

¹⁾ In accordance with the regulatory filing 02/2019.

Changes in the composition of the Management Board of Asseco Poland in 2019:

On March 25, 2019, Tadeusz Dyrka 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, with the effect from July 1, 2019.

On March 25, 2019, the Supervisory Board of Asseco Poland appointed Sławomir Szmytkowski 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 the effect from July 1, 2019.

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., Oxlyon 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, Asseco International, R22 and H88.

The Member of the Audit Committee of Asseco Poland S.A.

Jacek Duch has knowledge of the sector the Company operates in, which is confirmed by his professional career.



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.

Izabela Albrycht meets the independence criteria set out in Article 129 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Supervision and specified in the Code of Best Practice for WSE 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., 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.

The Member of the Audit Committee of Asseco Poland S.A.

Piotr Augustyniak meets the independence criteria set out in Article 129 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Supervision and specified in the Code of Best Practice for WSE 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 Finansowe 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 Univeristy 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. (he is currently the Chairman of the Committee). 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.. In 2015-2019 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.

Artur Kucharski meets the independence criteria set out in Article 129 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Supervision and specified in the Code of Best Practice for WSE Listed Companies 2016.

He has knowledge and skills in financial reporting. His competence in the field of financial reporting is confirmed by his professional career and membership in the Association of Chartered Certified Accountants (ACCA).

During the period of 12 months ended December 31, 2019, the company's Supervisory Board was composed of the following persons:

Supervisory Board	Period of service
Jacek Duch	01.01.2019 - 31.12.2019
Izabela Albrycht	01.01.2019 - 31.12.2019
Adam Noga	01.01.2019 - 31.12.2019
Piotr Augustyniak	01.01.2019 - 31.12.2019
Dariusz Brzeski	01.01.2019 - 31.12.2019
Artur Kucharski	01.01.2019 - 31.12.2019

STRATEGY AND DIRECTIONS OF DEVELOPMENT

Mission and vision

The **mission** of Asseco Poland and the Asseco Group is to improve the quality of life by providing solutions for people and technologies for business.

Driven by the **vision**:

- Asseco Poland is willing to be reliable and fast and offer the best products and services to support customers around the world in achieving their goals. Its employees form a competent and passionate team combining traditional values with modern approach,
- The company builds an international group of technology companies, whose federal model allows for the use of local entrepreneurship and market knowledge. When a company joins the group, it increases its implementation capabilities and credibility towards demanding customers.

Strategy

The strategy of Asseco Poland is focused on building long-term value for its stakeholders. It is based on two key pillars: development of proprietary software and services and increasing the scale of operations through acquisitions.

- **Organic growth**

The strategy of organic growth of 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 80 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 Asseco's acquisitions 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.

Strategic objectives in key areas

Market:

- directing the offer to the following sectors: financial, healthcare, general business and public administration, in Poland and abroad
- development and provision of software-based solutions in the areas of key importance for the Company customers' business
- striving to build repeatable solutions to achieve the right margin level while maintaining competitive prices
- striving for a stable source of revenues from maintenance and development services linked with the delivered software, by retaining at the Company and protecting copyrights to developed solutions
- providing proprietary software-based solutions in the SaaS model

Organization:

- business areas dedicated to serve different market sectors
- great diversity, as a consequence of different needs, specificities and development phases of each sector
- supporting all initiatives for the exchange of knowledge and experience between various areas
- a catalogue of common values and a vision, mission, strategy that can be specified by business areas
- backoffice processes common for all areas that support business objectives
- investment in research and development.

People:

- seeing people as the organization's greatest value
- high expert knowledge and use of team potential
- investments in the development of high expert and sectorial competences
- gathering knowledge and experience by maintaining a stable team
- promoting initiatives and innovative approaches.

Corporate social responsibility:

- taking care of important social interests
- supporting Polish sport
- helping those in need
- environmental protection measures.

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

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

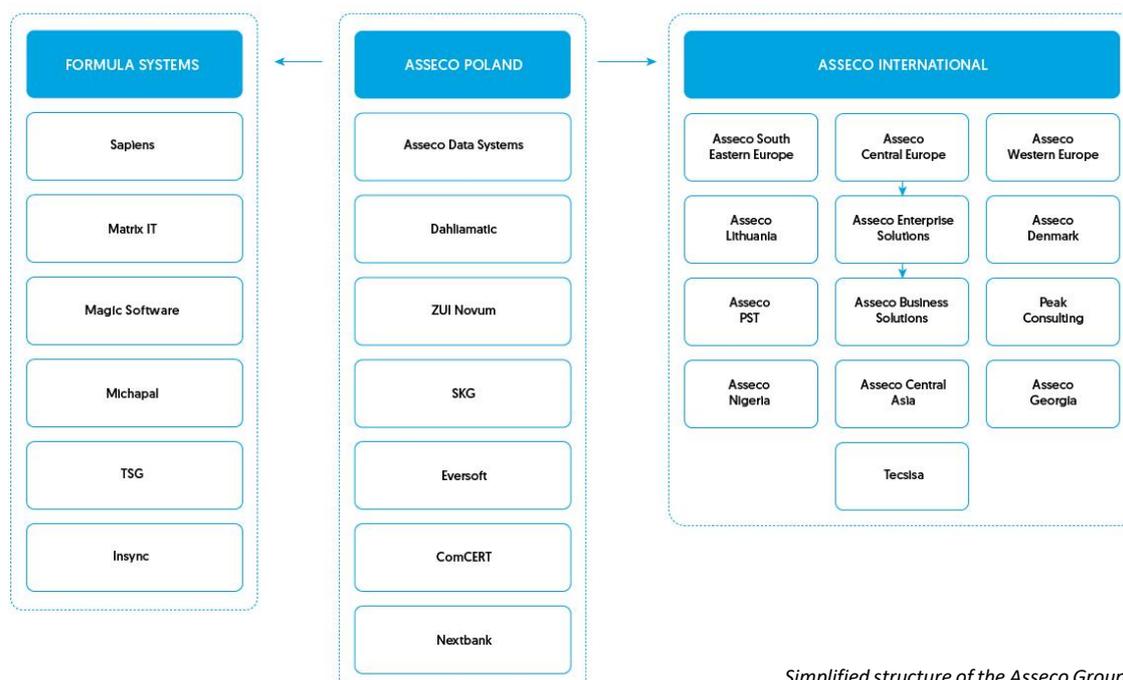
A company which becomes a part of the Asseco Group can count on:

- 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 GSTN Consulting Sp. z o.o., SKG S.A., ZUI Novum Sp. z o.o., Eversoft Poland Sp. z o.o., Nextbank Software Sp. z o.o. and ComCERT S.A.

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 5.3 billion (EUR 1.2 billion) at the end of 2019 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 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.

Eversoft Poland Sp. z o.o.

A company specializing in outsourcing of IT services. As a member of the Asseco Group, it focuses on design and development of software orders. Eversoft's clients include companies from Western Europe and the US.

Nextbank Software Sp. z o.o.

A company providing solutions for the banking sector in the Philippines. Nextbank is a manufacturer of a core banking system with a mobile access option for clients, available in the cloud.

ComCERT S.A.

ComCERT S.A. is a company providing cyber security services, including security monitoring and detection of ICT threats. ComCERT is the first consulting company in Poland, specializing in CERT (ComputerEmergencyResponse Team) services for enterprises and institutions, not connected with any telecommunication operator.

Formula Systems segment

This segment includes companies with revenues generated mainly in the markets of Israel, North America 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.

Asseco International segment

Asseco International

Asseco International is a holding company with its registered office in Slovakia. Its goal is 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 and Asseco Central Europe a.s. Czechy

- Companies of Asseco Solutions
- Asseco Business Solutions S.A.
- CEIT A.S.
- DWC Slovakia a.s.

In addition, the group has smaller companies focusing on the health sector (ACE Magyarorszag, 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.

DWC Slovakia

DWC deals with the implementation of process management and document management systems, providing solutions related to ERP systems and databases.

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 Herzegovina, 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.)

The segment also includes Tecnología, Sistemas y Aplicaciones, S.L. (Tecsisa), a company providing IT solutions for the energy sector. It specializes in creating software in the cloud for electricity producers and sellers.

In addition, companies operating in the Scandinavian and Baltic regions play an important role. Asseco Denmark and Peak Consulting are companies providing consulting services, ensuring development of competence in project management and delivering ready-made IT solutions to public and private sector entities. 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.)

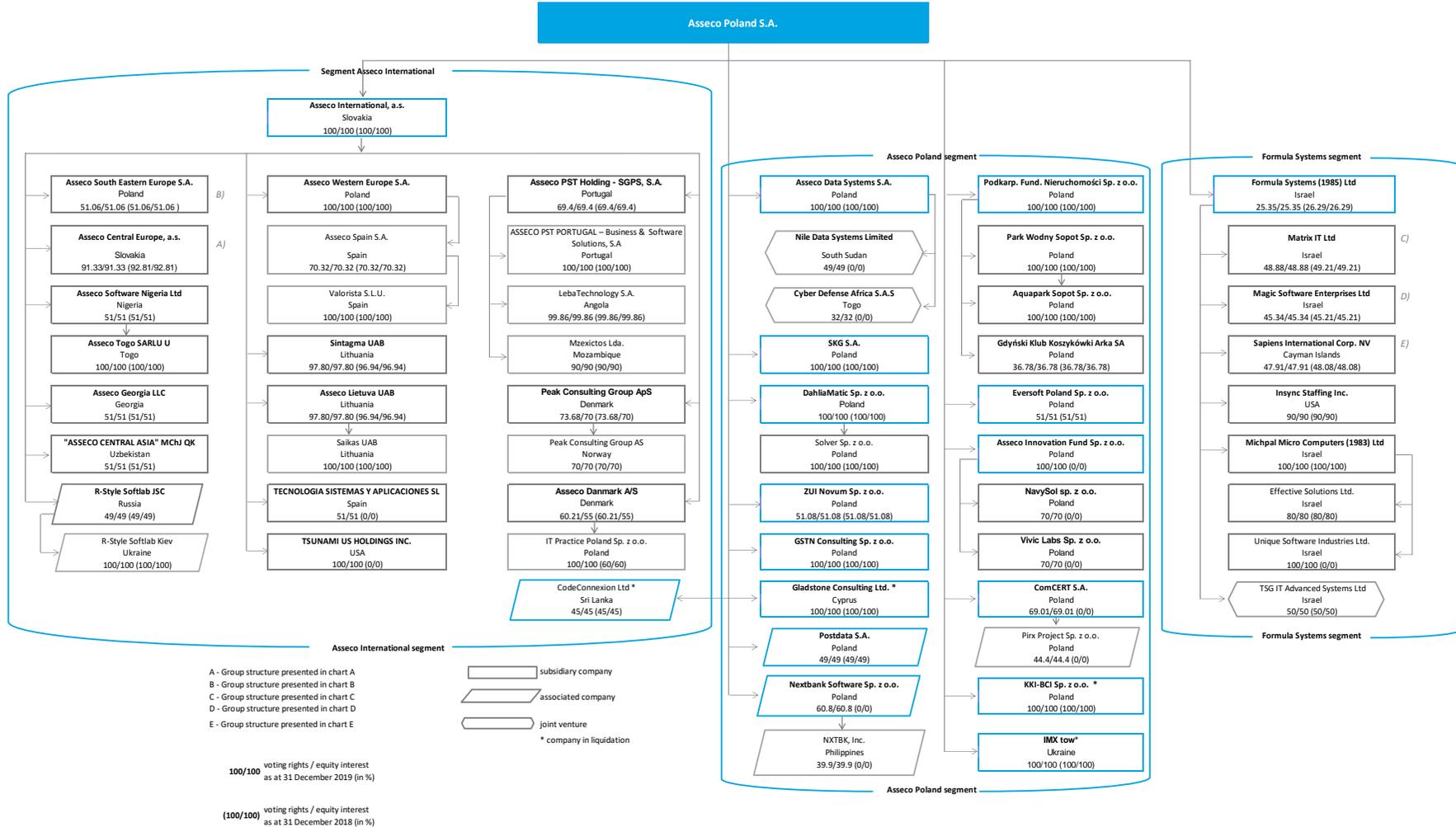
A Portuguese company offering IT services and providing software to the general business and banking sectors. Its main markets are Portuguese-speaking countries in Africa – Angola and Mozambique.

Eastern European market

The Asseco Group's operations on the Eastern European market are conducted by a company controlled by Asseco International - Asseco Georgia LLC. It offers software and services dedicated to the banking, insurance and public administration sectors. 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, 2019 and in the comparable period:

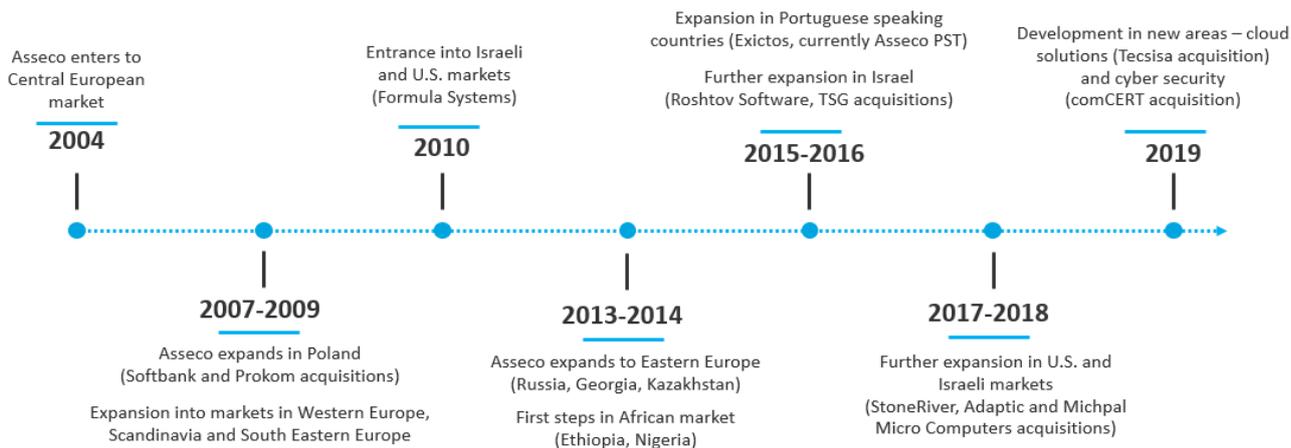


The complete organizational structure of the Group is presented in the item III of Supplementary Information to the consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019. The description of changes that took place in the Asseco Group's capital structure during 2019 is also included in the item III of Supplementary Information to the consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019.

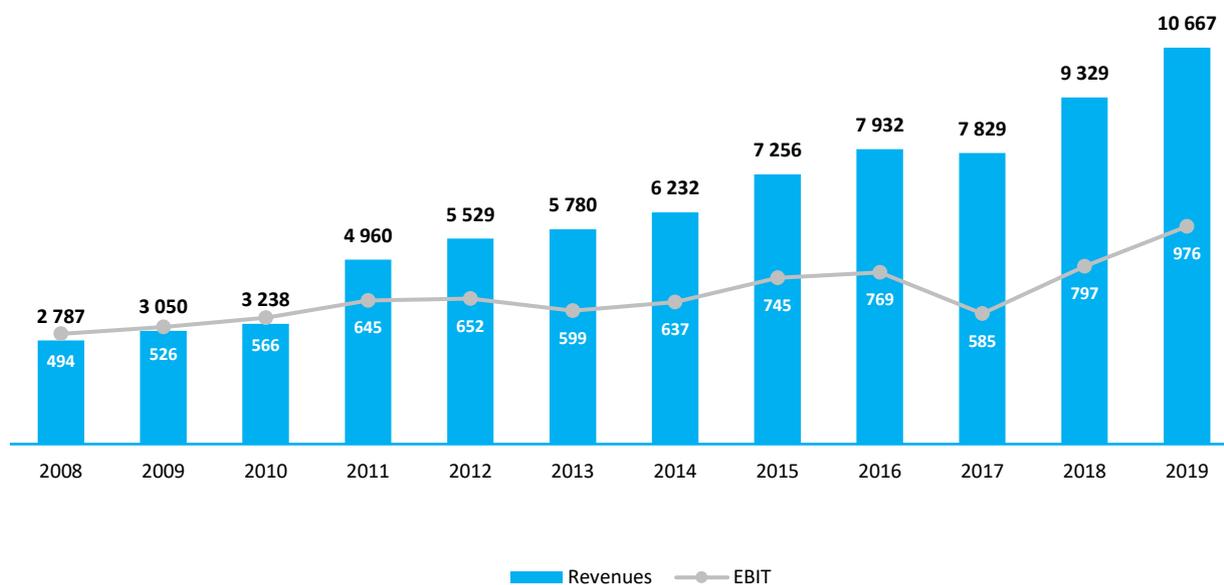
Long-term development and implementation of the Asseco Group's strategy

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 2008-2019 (mPLN)

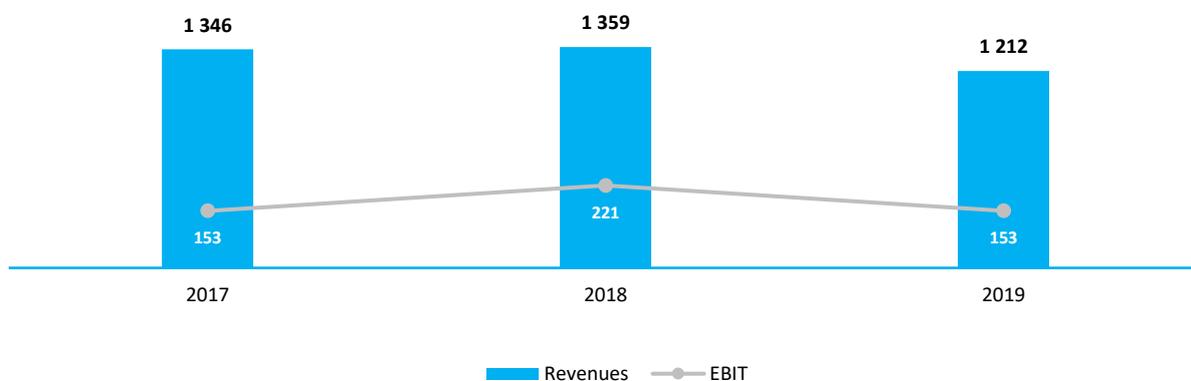


The Asseco Group's operations are aimed at long-term improvement of efficiency in individual business areas. The Group accepts that cost and sales synergies in the federation model are usually achieved over a longer period, usually lasting several years.

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, ZUI Novum, Eversoft and ComCERT.

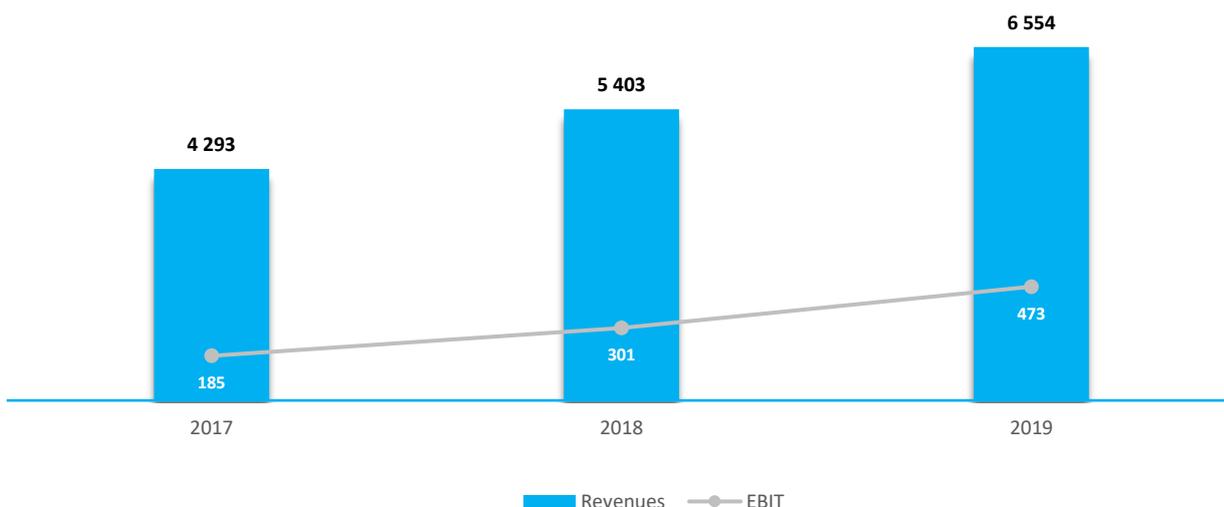
Asseco Poland segment's revenues and EBIT 2017-2019 (mPLN)



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.

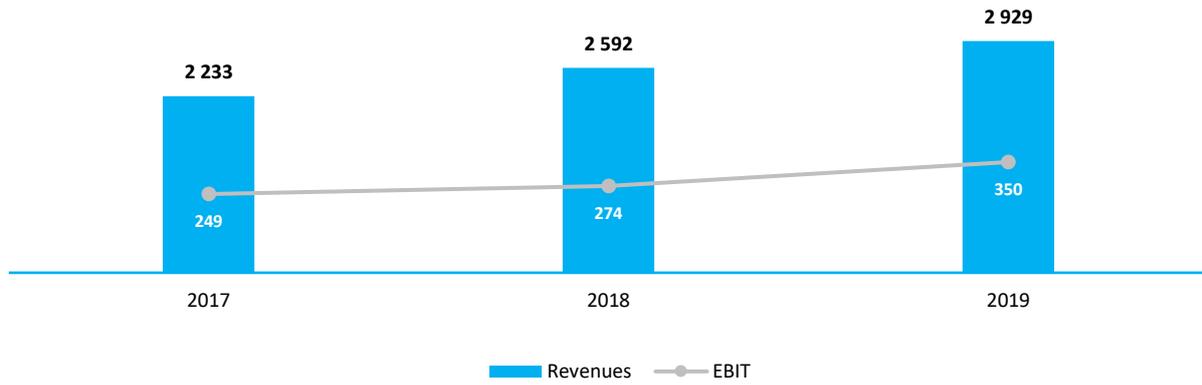
Formula Systems segment's revenues and EBIT 2017-2019 (mPLN)



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 2017-2019 (mPLN)



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

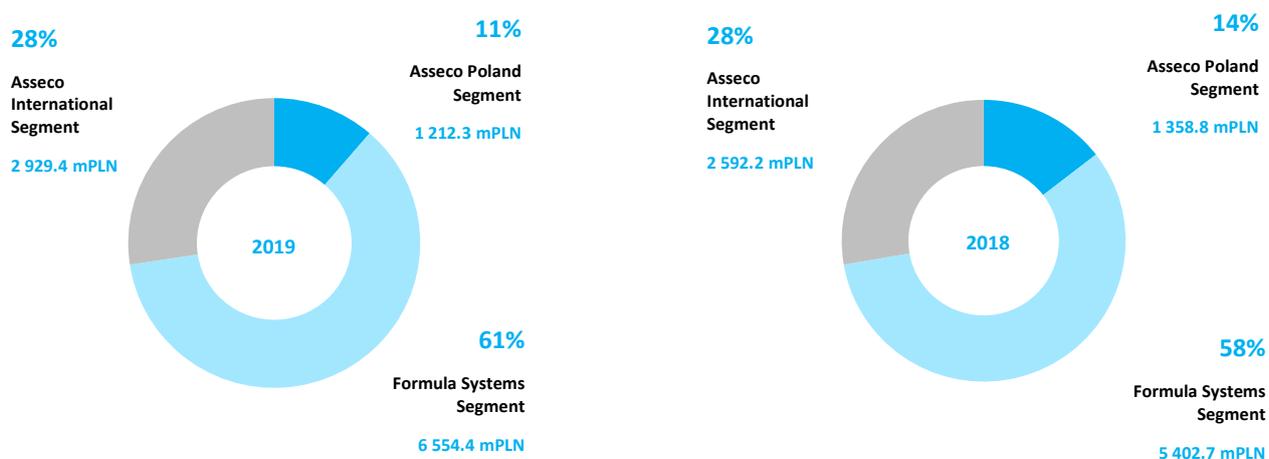
The Asseco Group's segments and geographical markets

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. 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.

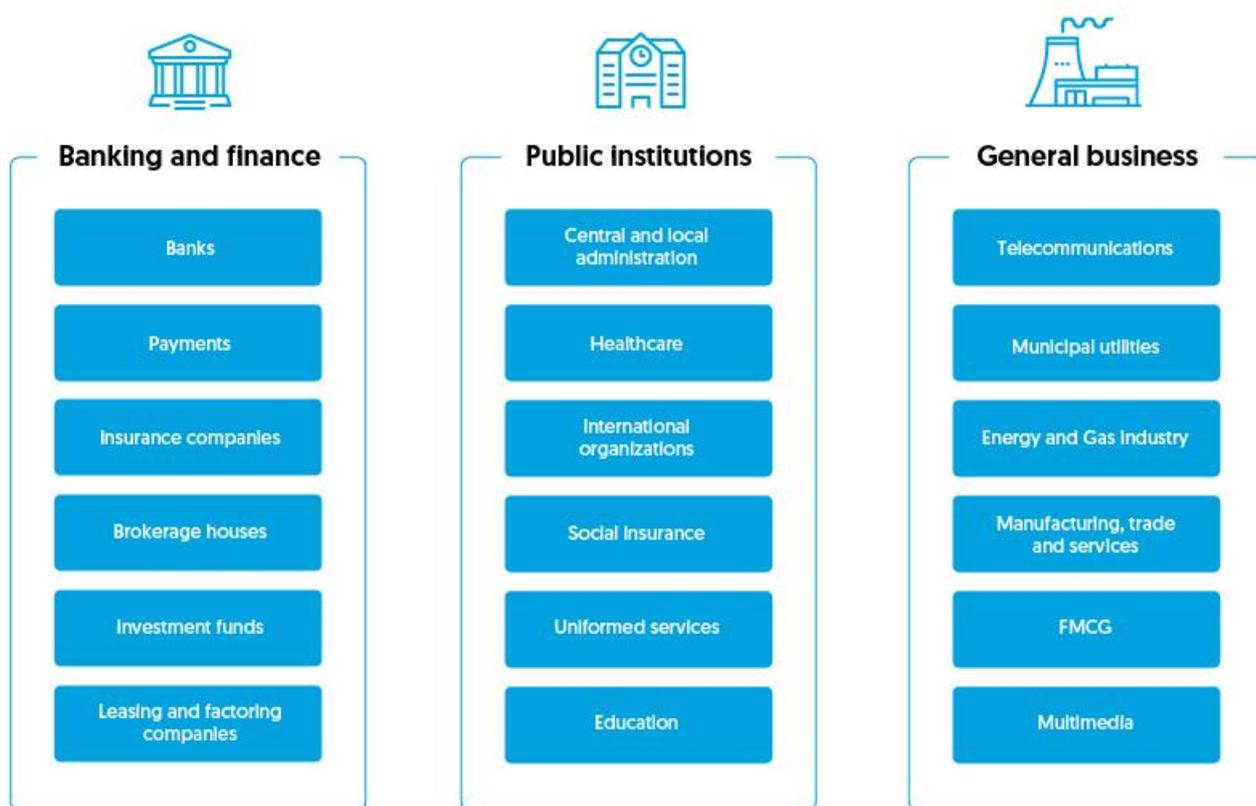
Group's revenues in individual business segments



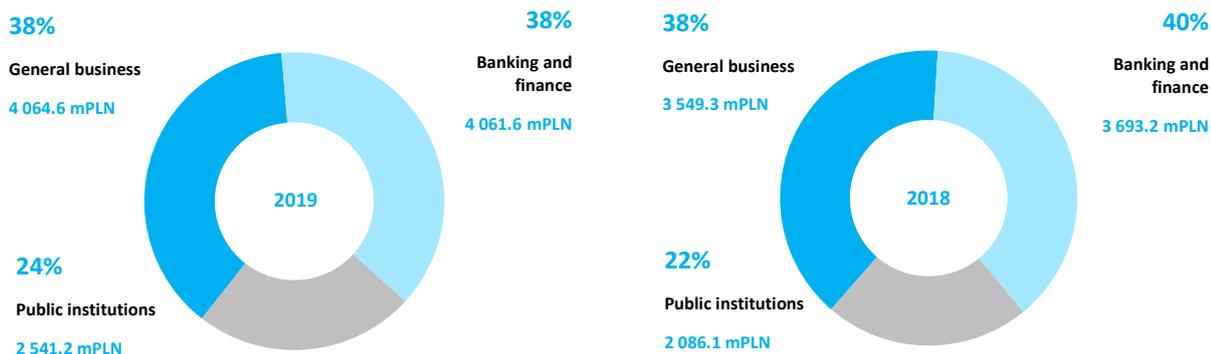
* Data includes sales between segments.

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. Asseco develops omni-channel solutions that enable the development of modern internet and mobile banking, tailored to the individual needs of its clients. In addition, we offer dozens of specialized ready-to-implement solutions, requiring only some adaptation to specific operations of a particular institution. Asseco's portfolio for the financial sector also includes cloud-based solutions.

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.



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.

Thanks to the acquisition of Tecsis by Asseco International in July 2019, the Group extended its product portfolio with native solutions available in the SaaS model, which will be developed together with the Spanish team and will strengthen its international position in the utilities sector.

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.

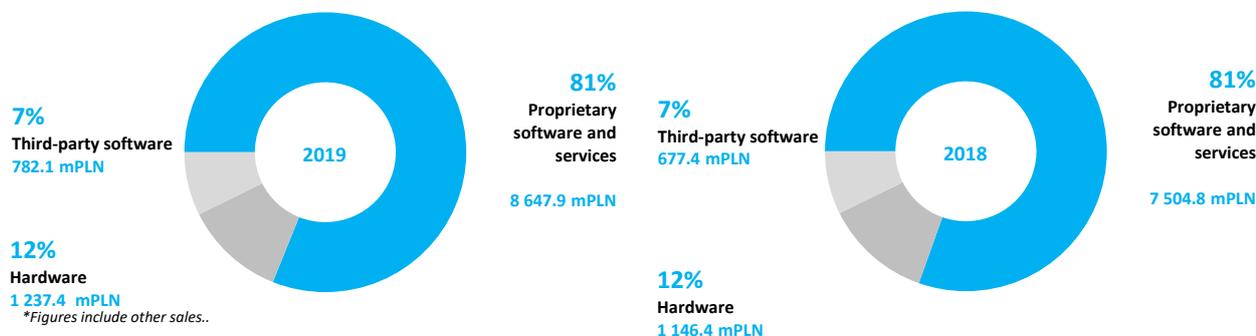
Within the Asseco Group, the competence center responsible for ERP systems, software for SMEs, and IT outsourcing is the Asseco Enterprise Solutions holding, whose companies specialize in ERP systems, mobile reporting systems (SFA class), factoring systems, and software for SMEs.

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



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 off-the-shelf 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.

- **Solutions based on SaaS model**

The Asseco Group also offers its IT solutions via the Internet. With little effort, minimum costs and maximum benefits, our clients can profit from our best knowledge and experience without incurring large expenditures associated with IT infrastructure and team of IT experts. Several hundred cooperative banks in Poland have decided to use electronic banking in the SaaS model. SimplySign by Asseco is, in turn, Poland’s first mobile electronic signature that can be used with a smartphone/tablet with a dedicated application.

Development prospects for the Asseco Group 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 – the Social Insurance Institution
- Silesian Public Services Card
- Traffic Control Center - the General Inspectorate of Road Transport
- Information System for the Agency for Restructuring and Modernisation of Agriculture

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

- SimplySign (mobile signature)
- ERP i SFA class systems (including Softlab, Wapro, Mobile Touch)
- Nestpay SaaS (e-commerce secure payment platform)
- AssecO Utility Management Solutions & EMSuite (utilities sector)
- CUI (cooperative banks)

IT MARKET AND ITS PROSPECTS

Development prospects of the global IT market

Global IT market

According to Gartner's data, in 2019 the global IT market grew by 0.5% to USD 3.7 trillion. According to the January announcement, it was expected to grow by 3.4% to USD 3.9 trillion in 2020, but Gartner announced in March that it would revise its forecasts.

IT spending (in billions of USD)	2019	Change y/y (%)	2020 (forecast)	Change y/y (%)
Data center systems	205	-2.7	208	1.9
Software for businesses	456	8.5	503	10.5
Hardware	682	-4.3	688	0.8
Services	1 030	3.6	1 081	5.0
Telecommunication services	1 364	-1.1	1 384	1.5
Total	3 737	0.5	3 865	3.4

Source: Gartner (<https://www.gartner.com/en/newsroom/press-releases/2020-01-15-gartner-says-global-it-spending-to-reach-3point9-trillion-in-2020>).

In turn, the International Data Corporation (IDC) is expecting - on the basis of data from the first quarter of this year - a slowdown in IT spending, especially in the first half of 2020. This is a consequence of the coronavirus pandemic which has hit all sectors of economy. In a pessimistic scenario, IT spending may increase by 1.3% till the end of 2020 as compared with the initial forecast of 4.3%. IDC also notes that it is currently difficult to accurately determine the overall impact of the COVID-19 situation on the economy and its individual sectors.

In January 2020, IDC presented 10 technological forecasts for the coming years, which, although they may be revised due to the impact of the SARS-CoV-2 pandemic, show the growing importance of information technologies:

1. Digital capabilities: by 2022, 25% of Europe's largest companies will have at least two management board members with digital knowledge and skills.
2. Digital investment: by 2020, companies in Europe will invest over USD 271 billion in digital transformation, 16% of which will generate new revenue streams.
3. Data from connected devices: by 2022, data from connected devices will generate a revenue opportunity of USD 10.5 billion.
4. Systems upgrade: by 2025, 60% of organizations in Europe will upgrade major IT systems using the cloud to improve performance by 25%.
5. New role of IT leader: by 2022, 30% of organizations will define a new role of IT leader combining the functions of CIO, CTO, CDO and Director of Innovation.
6. More intelligent processes: by 2023, 70% of intelligent process automation projects will be supported by solutions based on artificial intelligence.
7. KBI (Key Behavioral Indicators) more important than KPI (Key Performance Indicators): by 2022, 60% of the largest European organizations will replace KPIs with KBIs, putting employee and customer needs first.
8. Changes in organizational culture: by 2022, one third of organizations will not be able to accelerate business performance and innovation because of direct implementation of a strategy copied from other organizations.
9. The role of CISO (Chief Information Security Officer): 2022 is a turning point for CISO. They will become business leaders who ensure trust in the organization in all respects, including security, risk management and reputation.
10. Ethics and society and technology: by 2024, half of Europe's public companies will report annually on the ethical use of data, automation and artificial intelligence in their organizations.

IT market in Poland

According to the latest Computerworld TOP200 report, the IT market in Poland strengthened in 2018 and its revenues increased by 7.1%, from PLN 60.7 billion in 2017 to PLN 65 billion in 2018.

When analyzing the revenues generated by IT companies from particular sectors in 2017-2018, it can be observed that it is banking which remains the most absorbent market - it has been increasing its IT spending for four years. In 2018 IT companies provided their clients from this sector with solutions worth PLN 3.65 billion, which is by 20.8% more than in 2017.

The second position in the 2018 ranking was taken by trade (PLN 2.49 billion in revenues, up by 36.2% on annual basis), which, as compared with 2017, overtook public administration (third place with revenues of PLN 2.30bn and an increase by 1.6% y/y).

In 2018 the IT sector alone recorded the largest increase in IT spending - the sales of IT companies to other IT companies increased by 54.8%. The sectors of utilities (excluding the power industry), healthcare and media also recorded significant increases - by 44.2%, 26.7% and 16.4%, respectively.

Slight declines in sales were reported by IT suppliers to the power industry (by 1.0%) and agriculture including food processing (by 4.6%). A stronger drop was recorded in the sales to transport and logistics (by 16.1%) and education and science (by 10.7%).

In 2018, large companies and enterprises - after an increase of 27.4% y/y - proved to be more than five times bigger market for IT companies than the SME sector.

Position 2018		Position 2017	Revenues from the sector in 2018 (thousand PLN)	Revenues from the sector in 2017 (thousand PLN)	Change y/y (%)
By client sector					
1	Banking	1	3 645 817	3 019 020	20.8
2	Trade	3	2 491 591	1 829 770	36.2
3	Public administration	2	2 300 652	2 264 911	1.6
4	Manufacturing and construction	4	1 701 122	1 573 230	8.1
5	IT companies	8	1 315 640	850 145	54.8
6	Finance and insurance	5	1 020 970	990 129	3.1
7	Healthcare	7	612 725	483 633	26.7
8	Energy	6	580 134	585 705	-1.0
9	Transport, shipping, logistics	9	452 112	538 637	-16.1
10	Education, science, research	10	277 839	311 296	-10.7
11	Media	12	254 001	218 277	16.4
12	Utilities (without energy)	11	232 124	161 008	44.2
13	Agriculture and processing	13	114 978	120 494	-4.6
By client size					
	Large companies and enterprises		11 227 553	8 815 588	27.4
	SME		2 065 337	2 383 875	-13.4

Source: Computerworld TOP200, Ranking of IT and telecommunication companies, Edition 2019, ranking according to the results recorded in 2018.

Asseco's market 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 15th 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 took 1st place in 8 categories in the Computerworld TOP200 ranking of Polish IT market. The Asseco Group, with revenues from the sales of IT products and services reaching PLN 9.3 billion in 2018, took the 1st position among the largest capital groups. Asseco also outperformed other IT companies in terms of the net profit generated in the previous year and the amount of CIT the company paid to the state budget. It is also still the largest provider of IT solutions and services for the public administration, healthcare, large companies and corporations. Asseco also maintained its last year's position in the categories of the largest provider of maintenance and IT services.

IT groups with highest sales revenues from IT products and services in 2018	Net result (mPLN)
Asseco Group	9 329
AB	8 150
ABC Data	4 202
Komputronik	1 723
Action	1 585
Grupa Comarch	1 321
Veracomp	1 143
Grupa Orange	589

Source: Computerworld TOP200, Ranking of IT and telecommunication companies, Edition 2019, ranking according to the results recorded in 2018.

IT companies with the highest net IT profit for 2018	Net result (mPLN)
Asseco Poland	166.5
CD Projekt	109.5
Techland	101.4
Capgemini Polska	85.1
Sii	73.5
Asseco Business Solutions	62.6
Ericsson	60.9
LiveChat Software	57.9

Source: Computerworld TOP200, Ranking of IT and telecommunication companies, Edition 2019, ranking according to the results recorded in 2018.

The leading market position of Asseco Poland is reflected in the following comparison of sales by type of activity, where the Company holds the first place in the maintenance services and IT provider categories.

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

Source: Computerworld TOP200, Ranking of IT and telecommunication companies, Edition 2019, ranking according to the results recorded in 2018.

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
Educational and scientific research	2

Energy	3
Banking	4
Telecommunication	4

Source: Computerworld TOP200, Ranking of IT and telecommunication companies, Edition 2019, ranking according to the results recorded in 2018.

Awards and distinctions received in 2019

1st place among IT companies in the **"List 2000"** ranking prepared by Rzeczpospolita daily

Asseco awarded the title of the **International Champion 2019** in the **"Investor" category** in the **"Polish Company - International Champion 2019"** plebiscite organized by PwC and Puls Biznesu daily

Asseco in **TOP 3** of the list of the **Largest Polish Private Investors Abroad** according to Forbes magazine

2nd place in the main ranking of IT@BANK among IT companies providing software for banks

3rd place among software producers in the **Top Brand 2019** ranking organized by the Press magazine and PRESS-SERVICE Monitoring Mediów

11th place in the 4th edition of the **"100 Largest Polish Private Companies"** ranking prepared by Forbes magazine

1st place among software producers and IT integrators in the **Book of Lists** ranking prepared by the editors of the Warsaw Business Journal

Asseco in **TOP 3** of private listed companies paying **the highest dividends** according to Forbes magazine ranking

1st place in the **"Golden Hundred"** ranking of the largest companies in Podkarpacie in categories: **"creators of the Podkarpackie economy"**, **"large dividends for shareholders"** and **"record-breaking sales profitability"**

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

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

34th place on the list of **1,000 largest companies in Poland** according to Gazeta Finansowa

1st place in 8 categories of the **Computerworld TOP200** report

4th place in the second edition of the **"National Champion"** ranking prepared by Polityka Insight

34th place in the **"List 500"** ranking of the Rzeczpospolita daily

Asseco among **"Transparent Companies in 2018"** of mWIG40 in the ranking prepared by the Gazeta Giełdy i Inwestorów "Parkiet" daily and the Institute of Accounting and Taxes

2nd place awarded by individual investors in a **survey of investor relations of companies** from the WIG30 index organized by the Gazeta Giełdy i Inwestorów "Parkiet" and the Chamber of Brokerage Houses

The title of a **„company supporting the Exports of the Republic of Poland"** awarded by the National Association of Exporters of the Republic of Poland

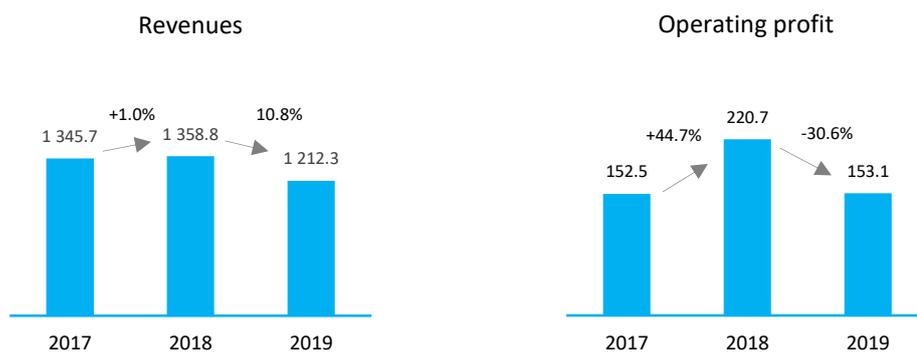


Major events with impact on financial performance of the **Asseco Group** in 2019

MAJOR EVENTS WITH IMPACT ON FINANCIAL PERFORMANCE OF THE ASSECO CAPITAL GROUP IN 2019

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, 2019 and in the corresponding period in 2018 and 2017:

mPLN	12 months ended December 31, 2019	12 months ended December 31, 2018	12 months ended December 31, 2017	Change 2019/2018	Change 2018/2017
Sales revenues *	1 212	1 358.8	1 345.7	(10.8%)	1.0%
EBIT	153.1	220.7	152.5	(30.6%)	44.7%
EBIT margin	12.6%	16.2%	11.3%	(3.6) p.p	4.9 p.p
Adjusted EBIT	169.8	238.5	170.5	(28.8%)	39.9%
Adjusted EBIT margin	14.0%	17.6%	12.7%	(3.6) p.p	4.9 p.p
EBITDA	244.8	303.8	232.2	(19.4%)	30.8%
EBITDA margin	20.2%	22.4%	17.3%	(2.2) p.p	5.1 p.p
CFO BT	295.7	354.4	137.4	(16.6%)	157.9%
CAPEX	(90.4)	(61.6)	(24.9)	46.8%	147.4%
Lease expenses	(36.4)	(24.6)	(24.3)	48.0%	1.2%
FCF	168.9	268.2	88.2	(37.0%)	204.1%
Cash conversion rate	99.5%	112.5%	51.7%	(13.0) p.p	60.7 p.p
Cash and cash equivalents (as at December 31)	215.2	284.2	309.5		
Interest-bearing debt (as at December 31)**	(93.7)	(110.0)	(160.7)		
of which bank loans, borrowings and bonds issued	-	(61.2)	(91.3)		
of which finance lease liabilities	(93.7)	(48.8)	(69.4)		

* 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| - |lease expenditures|

Cash conversion rate = (FCF)/(non-IFRS EBIT)

In 2019, the Group's sales revenues generated by the Asseco Poland segment amounted to PLN 1 212.3 million versus PLN 1 358.8 million in 2018. Operating profit reached PLN 153.1 million versus PLN 220.7 million in the previous year. The Asseco Poland segment accounted for 11% of the Group's sales.

In 2019, the Asseco Poland segment was affected by the high base of financial results recorded in 2018, due to such factors as abandonment of infrastructure sales or the situation in the banking and finance sector where modifications were made to the clients' systems in connection with the implementation of legal regulations, such as the GDPR, STiR or Split Payment. Additionally, on this occasion many of them decided to modernize their systems.

In 2019, the Company continued to work with its existing customers - it executed, among other things, long-term maintenance contracts, accounting for approximately 40% of revenues of the entire financial area. An example is the long-term cooperation with the largest bank in the region, PKO BP. The Company was engaged in the development and maintenance of the core IT system supporting transactions of PKO BP's clients, the interbank clearing system in which the bank participates, as well as the system for the management and settlement of debit cards at PKO BP. In addition, in the previous year Asseco Poland signed a number of new agreements and annexes with such institutions as BGK, BNP Paribas, Santander, Alior, Idea Bank and Aforti. In the reported period the Company also conducted sales activities aimed at winning foreign projects. Additionally, in the previous year, the Company carried out development activities for its banking system "Bank out of the Box" (Asseco BooX), which enables the launch of a new bank in several weeks or even days.

The cooperative banking market is an important business area for Asseco Poland. The Company provides central IT systems to over 200 banks. In addition, it supports more than 120 banks by offering them modern Internet banking in the Software as a Service (SaaS) model. With cooperative banks in mind, Asseco has launched CUI.Ubezpieczenia, an omnichannel platform for insurance sales and service. It is both a convenient tool for advisors in bank branches and a solution available through Internet banking. Axa is the first partner providing insurance products via the platform. The Company has also worked on common solutions for cooperative banks of both Polish associations. Last year, the Company completed 10 implementations of the Integrated Association Solution (ZRZ) along with SGB-Bank. Asseco is also the author of a unique project - the Joint Information Technology Platform (WPI), implemented with the BPS Group banks. This is the first solution in Poland that can be described as a "bank in the socket", containing everything a modern financial institution needs today: a transaction system, Internet and mobile banking, Account Manager's dashboard, defined workflow processes, data warehouse and risk management systems. In 2019, the Company signed agreements for the implementation of WPI with the Cooperative Bank in Płońsk and the Cooperative Bank in Lubaczów. The production access to WPI for these banks is planned for May 2020. In 2019 the Company also signed new agreements related to the migration of databases, implementation of the system for sales support and customer relationship management, as well as the module linked with STiR regulation and Asseco AML system to counteract money laundering.

Asseco Poland holds a leading position among the providers of solutions for the Polish capital market players. In March 2019, the Company launched its new ePROMAK NEXT platform, which is one of the most modern transaction solutions in this part of Europe. The new Asseco system has been designed according to the concept of design thinking and gives investors access to many new features via a modern and intuitive interface. The system supports all financial instruments listed on stock markets offered by brokerage houses. In 2019, the company worked on the development of functionalities of the PROMAK family of systems, e.g. in the 4th quarter of 2019 it implemented solutions to control PPK limits or handle corporate events for foreign markets.

In 2019, Asseco signed several important contracts with public sector institutions. In February, Asseco Poland concluded an agreement with the Social Insurance Institution (ZUS) under which the Management Board of ZUS entrusted Asseco with the provision of maintenance services of the Comprehensive Information System (KSI), which are crucial from the point of view of ZUS's operation. These services were taken over from a competitor which won the tender for the maintenance of KSI in 2017. In February 2019, the Social Insurance Institution's Management Board, bearing in mind the security and continuity of operations of the system critical for the state, decided to partially terminate

the agreement with this contractor and at the same time decided to entrust Asseco with the key services again. In the fourth quarter of 2019, four orders for additional services were signed under the agreement for maintenance of KSI.

Additionally, at the end of 2019, the Company performed six execution contracts under the framework agreement for the modification and development of the KSI software concluded in 2018. Two of them were concluded in the fourth quarter of 2019. The executive agreements concern:

- modification of the retirement and pension benefits indexation
- development and implementation of emergency collection and verification of the statement of contribution account
- adjusting the application to legislative changes resulting from changes in the Act on Veterans and certain victims of war and post-war repressions and certain other acts, as well as introducing the functionality of handling one-time cash benefits
- adjusting the KSI system to the legislative changes resulting from the draft legislation on the provision of benefits for persons unable to live independently
- adaptation of the ZUS IT system to legislative changes related to the introduction of the so-called e-records and small business activity and other acts
- adjustment of the KSI system to the legislative changes concerning the taxation of benefits and the handling of benefits and pensions in 2019 and 2020

In July, the Company completed works related to the launch of a documentation exchange system at ZUS, which is to ensure cooperation with nearly 15 thousand social security institutions from 32 EU/EFTA countries. From the technological point of view, it was one of the largest modifications of the IT system at ZUS.

Asseco Poland also implemented the agreements concluded in 2018 for the development and maintenance of the Client Portal and Service Bus (ESB) as part of the ZUS Electronic Services Platform.

In June 2019, an important agreement was concluded for the development and maintenance of the SIA system at the Agency for Restructuring and Modernization of Agriculture (ARiMR). It is the largest system of the Agency, which is responsible, among others, for payments of subsidies to farmers. The gross value of the contract concluded for 47 months amounted to PLN 177.1 million. Winning the tender means that after a 3-year break, Asseco again provides services to one of the country's most important IT systems.

Under a framework agreement Asseco Poland also provides IT services for the Ministry of Justice. In the fourth quarter of 2019, two execution contracts were signed under this agreement.

In May 2019, Asseco Data Systems signed an agreement with the Agricultural Social Insurance Fund (KRUS) for the operation of the pension management system "Farmer". The four-year contract is worth PLN 95.3 million gross. This is another important agreement concluded with this institution. Asseco is also responsible for the maintenance and development of the Workflow system, which is the central component of the Integrated Information System (ZSI) for handling the most important business processes, as well as for comprehensive operation of IT systems supporting the handling of insurance and short-term benefits of KRUS.

The company also executed an agreement with the National Healthcare Fund for the maintenance and development of the System for Supporting the Activities of the National Health Fund - SIWDzNFZ. The contract was concluded in a consortium with Kamsoft for a period of 4 years with the possibility of extension for one or two years. Its value amounts to PLN 153.5 million. Under the agreement, the consortium will be responsible not only for subscriptions and the maintenance of the IT system, but also for new services enabling the process of data integration and migration. Ultimately, they will be used during the change of the existing NFZ IT system into a new one.

Asseco continues to strengthen its position in the health market. The regulatory changes and the introduction of the obligation to keep part of medical records in electronic form support the digitization of medical facilities. Asseco's solutions, including the Company's two key healthcare systems: Asseco Medical Management Solutions (AMMS) - providing services to large and mid-sized hospitals, clinics, medical centres, outpatient clinics and outpatient clinics, and mMedica - dedicated to doctor's offices, medium and small outpatient clinics and medical practitioners - are adapted to the introduction of further eServices by these units.

In 2019 Asseco won further tenders for the implementation of e-Services related to patient service and provision of electronic medical records by hospitals, among others in the Lubelskie Voivodeship and Opolszczyzna region. Under the agreements, Asseco is implementing software that is primarily intended to streamline the registration of patient visits, facilitate the verification of test results, and provide access to online medical records. The new e-Services are fully integrated with the existing solutions operating in hospitals, including Hospital Information Systems - HIS and Unit Management - ERP.

In hospitals, the Company also executes maintenance contracts for the already implemented systems. In 2019 this activity accounted for approx. 55% of the revenues generated by the healthcare sector.

In 2019 the portfolio of Asseco's clients in the area of doctor's surgeries, small and mid-sized outpatient clinics and medical practices grew by over 500 entities. The Company holds a 40% share in this market segment, serving nearly 9,300 units (at the end of 2019).

From January 1, 2021, e-Referrals will become effective in Poland. As part of an ongoing pilot project, Asseco provided software for their development and implementation. The AMMS and mMedica systems are fully ready to handle electronic referrals.

In July 2019, Asseco began cooperation with Medcover on a new model of health care services delivery. Its objective is to build a platform that will facilitate communication and settlement of medical networks with partner institutions. What is important, it may also be used by other networks that would like to improve the quality and efficiency of their services.

Asseco has developed an application dedicated to patients, taking advantage of its many years of experience in computerization of medical facilities: Medical Information (Informacje Medyczne). This is the first such product on the Polish market. It enables convenient management of information made available by medical units and its use via smartphones. The new solution is integrated with another application from Asseco - Home First Aid Kit, which is used to manage medicines by patients.

In April, Asseco Poland and Asseco Data Systems began the cooperation with the National Cloud Operator. Under the framework agreements signed, the both companies will provide integration services as well as proprietary software. The Asseco Group companies have been included in the group of five technological partners of the Domestic Cloud which has already commenced its operations.

In the general business sector, Asseco cooperates with key clients in the telecommunications and energy sectors.

In July 2019, the Company completed the project of implementation of new billing systems in Orange Polska. It was one of the largest projects on both the Polish and European telecommunications market and involved the migration of Orange Polska's customers to two new billing systems, with the simultaneous shut-down of the previous one. During the migration, data (including historical data) of several hundred thousand subscribers from the B2B sector and several dozen operators from the wholesale market, using a total of 1 million services, were transferred.

In November 2019, Asseco Poland withdrew from a subcontractor agreement with Huawei Poland, executed under a contract for the implementation of the BES system in Grupa Cyfrowy Polsat. The company was one of Huawei's subcontractors and was responsible for adapting the existing systems to the new solution and preparing customer data for migration.

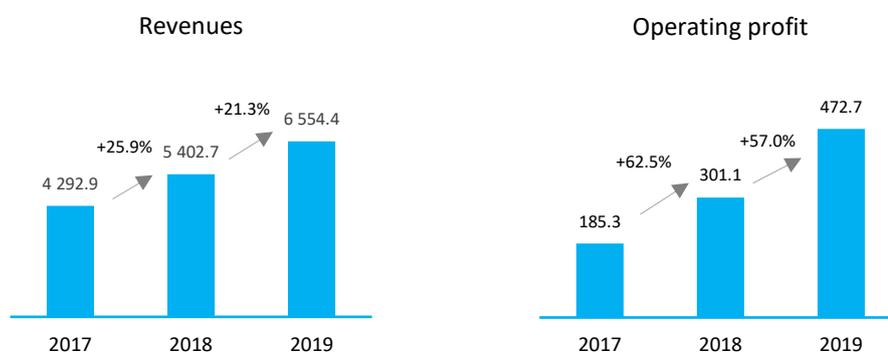
In March 2019, Asseco Poland and Oracle Corporation concluded an agreement under which Asseco's applications for the utilities sector will be sold in the Oracle cloud. The solutions from the Asseco Utility Management Solutions (AUMS) family are intended for small and mid-sized enterprises and corporate clients. Owing to the concluded agreement, they will be available in the form of SaaS services both in Poland and abroad.

In 2019 new contracts were signed with customers from the utilities sector. In May 2019 PGE Dystrybucja and PGE Systemy chose the Asseco's offer for the provision of maintenance and development services for the billing systems HandelMax and EnergOS. The total value of the contracts amounts to PLN 13.4 million gross, of which 20% will be used to adapt both systems to the required changes. The cooperation period was set at 3 years. In turn, in July 2019, PGNiG Obrót Detaliczny concluded an agreement with Asseco Poland for the development and implementation of the Central Billing System (CSB). This solution will improve the quality of service for the company's individual clients and small businesses, as well as shorten the time of the service. The system will be ready and populated with data by mid-2022 at the latest.

2019 was also an intensive year for other Asseco Group companies operating on the Polish market. Asseco Data Systems developed its sales of security and trust services (e.g. electronic signature) as well as software for leasing companies and car fleet management and mass communication services, i.e. mail handling and document management in paper and electronic form. Also, the Company commenced cooperation with the Togolese government and launched, under a joint venture, "CyberDefenseAfrica" - the first institution responsible for cyber security in the country.

Asseco develops its competencies in prospective areas. On May 20, 2019, Asseco Poland acquired 69.01% of shares in ComCERT S.A. seated in Warsaw (additionally a conditional agreement for sale of the remaining part of shares was signed with one of the shareholders holding 30.99% of stake in that company). ComCERT SA deals with the provision of cyber-security services (the identification of threats and incidents in cyberspace, among others) and supports clients in situations of threats or security breaches.

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, 2019 and in the corresponding period in 2018 and 2017:

mPLN	12 months ended December 31, 2019	12 months ended December 31, 2018	12 months ended December 31, 2017	Change 2019/2018	Change 2018/2017
Sales revenues *	6 554.4	5 402.7	4 292.9	21.3%	25.9%
EBIT	472.7	301.1	185.3	57.0%	62.5%
<i>EBIT margin</i>	7.2%	5.6%	4.3%	1.6 p.p	1.3 p.p
Adjusted EBIT	672.5	523.4	316.9	28.5%	65.2%
<i>Adjusted EBIT margin</i>	10.3%	9.7%	7.4%	0.6 p.p	2.3 p.p
EBITDA	872.3	576.1	355.2	51.4%	62.2%
<i>EBITDA margin</i>	13.3%	10.7%	8.3%	2.6 p.p	2.4 p.p
CFO BT	982.1	426.1	382.9	130.5%	11.3%
CAPEX	(125.3)	(75.6)	(58.4)	65.7%	29.5%
Lease expenses	(120.7)	-	(1.8)	-	(100.0%)
FCF	736.1	350.5	322.7	110.0%	8.6%
Cash conversion rate	109.5%	67.0%	101.8%	42.5 p.p	(34.9) p.p
Cash and cash equivalents (as at December 31)	1 391.6	1 009.4	856.2		

Interest-bearing debt (as at December 31)**	(2 294.0)	(1 434.5)	(1 201.7)
of which bank loans, borrowings and bonds issued	(1 877.0)	(1 434.5)	(1 201.5)
of which finance lease liabilities	(417.0)	-	(0.2)

* 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| - |lease expenditures|

Cash conversion rate = (FCF)/(non-IFRS EBIT)

In 2019, the sales revenues generated by the Formula Systems Group companies were by 21.3% higher than in the corresponding period of 2018 and amounted to PLN 6 554.4 million. The revenues generated by the Formula Systems segment accounted for 61% of the Group's consolidated sales in the previous year.

Operating profit increased by 57.0% to PLN 472.7 million. EBIT reported in the Formula Systems segment was substantially affected by additional depreciation of intangible assets recognized under the combination settlement (PPA), the costs of share-based payment transactions with employees (SBP). In 2019, PPA and SBP reduced the segment's EBIT by PLN 199.8 million.

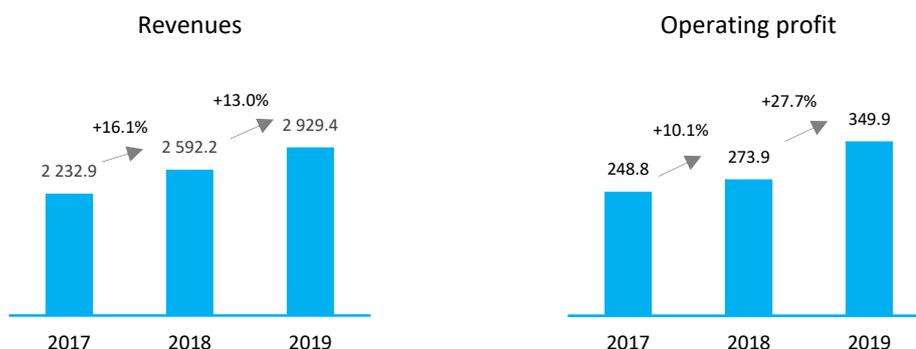
During 2019, Formula Group companies reported a significant increase in sales and operating profits.

Matrix IT, a leading IT company in Israel, recorded double-digit increases at all major profit and loss account levels in 2019. The Group implemented further projects and developed new business areas, such as SaaS model solutions, cyber security, ERP and CRM systems, or solutions dedicated to start-ups. It also strengthened its position in strategic and management consulting. Matrix IT also worked intensively on the development on international markets, especially in the US, where a 10% increase in operating profit was recorded on year on year basis. The Group continued its development strategy through acquisitions. In 2019 the Group was joined by the following companies: Medatech, TechTop Marketing and Dana Engineering. Medatech provides ERP software which enjoys high popularity on the market. This is a very important transaction for the development of Matrix in the area of enterprise management software. The acquired company offers a high quality solution, has a broad customer base and is led by experienced managers. TechTop Marketing is a leading Israeli supplier of professional sound and lighting systems, and Dana Engineering provides project management services, especially for large, complex infrastructure projects on the Israeli market.

In 2019, Sapiens International, a leading global provider of software and IT services for the insurance sector, focused on increasing sales and consistently improving profitability. The company's results were positively affected by acquisitions completed earlier, which strengthened its market position. Throughout 2019, Sapiens International continued to develop its sales in the non-life insurance (P&C) segment, recording double-digit year-on-year growth; whereas, at the end of last year, the life and disability insurance (L&A) segment also started to grow faster. The improvement in margins is an effect of consistent development of sales on international markets and an effect of scale. In 2019, the Company acquired 34 new customers. In 2020, Sapiens expects revenues in the range of USD 377 million-383 million.

After double-digit growth, Magic Software, a Group providing technological solutions for the general business sector, recorded a record revenue level in 2019. The dynamic growth resulted from focusing on establishing long-term cooperation with clients and executing further acquisitions. In 2019, the Group was joined by the following companies: NetEffects (recruitment of IT staff), OnTarget (outsourcing of software production services), PowWow (comprehensive solutions for integration and development of Internet applications, consulting services in the field of IT), BA Microwave (multidisciplinary products used by various communication links) and Calculo S.A.U (artificial intelligence solutions and laboratory data analysis). Magic forecasts that in 2020 it will generate USD 360 million-370 million in revenues.

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, 2019 and in the corresponding period in 2018 and 2017:

mPLN	12 months ended December 31, 2019	12 months ended December 31, 2018	12 months ended December 31, 2017	Change 2019/2018	Change 2018/2017
Sales revenues *	2 929.4	2 592.2	2 232.9	13.0%	16.1%
EBIT	349.9	273.9	248.8	27.7%	10.1%
EBIT margin	11.9%	10.6%	11.1%	1.3 p.p	(0.5) p.p
Adjusted EBIT	361.6	285.4	257.7	26.7%	10.7%
Adjusted EBIT margin	12.3%	11.0%	11.5%	1.3 p.p	(0.5) p.p
EBITDA	498.6	378.9	339.4	31.6%	11.6%
EBITDA margin	17.0%	14.6%	15.2%	2.4 p.p	(0.6) p.p
CFO BT	493.2	395.7	341.6	24.6%	15.8%
CAPEX	(98.9)	(110.3)	(131.3)	(10.3%)	(16.0%)
Lease expenses	(50.4)	(4.7)	(2.4)	972.3%	95.8%
FCF	343.9	280.7	207.9	22.5%	35.0%
Cash conversion rate	95.1%	98.4%	80.7%	(3.2) p.p	17.7 p.p
Cash and cash equivalents (as at December 31)	546.7	506.9	381.8		
Interest-bearing debt (as at December 31)**	(370.5)	(181.0)	(175.0)		
of which bank loans, borrowings and bonds issued	(178.6)	(168.8)	(168.6)		
of which finance lease liabilities	(191.9)	(12.2)	(6.4)		

* 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| - |lease expenditures|

Cash conversion rate = (FCF)/(non-IFRS EBIT)

In 2019, the Asseco International segment recorded a 13.0% increase in revenues, which reached PLN 2 929.4 million. Operating profit was by 27.7% higher, amounting to PLN 349.9 million. The segment's share in consolidated sales reached 28%.

The Asseco International Group recorded higher revenues in all the major regions of its operations, namely Central Europe, South Eastern Europe and Western Europe.

The Asseco Central Europe Group, which represents Asseco in the region of **Central Europe**, reported stronger sales and improved its profitability.

In 2019 the companies in Slovakia and the Czech Republic increased their sales. They concluded several important agreements with public sector institutions. In the past year important projects were carried out for the Ministry of the Interior in the Czech Republic, the Ministry of Labour and Social Policy, as well as in the area of e-Health, where Asseco has been engaged in the maintenance and development of an information system, taking into account legal changes.

As far as solutions for the financial sector are concerned, the works related to the development and maintenance of the implemented StarBANK family solutions were performed. In 2019 Asseco Central Europe concluded new contracts in the banking sector, among others with Postova Banka or J&T Banka. Also works were carried out to launch a new product, Asseco Digital Insurance Suite, integrated with insurance companies' central IT systems from the StarINS family. In December 2019, Asseco Central Europe expanded its portfolio of financial services solutions and products by taking over 100% of shares in TurboConsult, a Czech company specialized in the development of software for entities operating in the financial sector, especially for the banking sector.

The Asseco Central Europe Group has observed a high demand for ERP solutions, focused in Asseco Enterprise Solutions. In 2019, Asseco Business Solutions, a company specializing in enterprise management systems, recorded very good results, increasing its sales (by 7.5% y/y) and generating profits at a double-digit rate, while improving margins. Last year, 92% of its revenues were generated by the general business sector, while the remaining 8% by the banking and finance and public sectors. The company has been constantly increasing the number of users of its solutions. In Poland it has been cooperating with tens of thousands of companies of various sizes, which have been using its ERP software, sales support and factoring. At the same time, Asseco Business Solutions has been increasingly gaining in popularity with its offer abroad. The company's foreign sales increased by 4.3% in 2019. Its solutions have already been implemented in 50 countries around the world, in such regions as Europe, Middle East, Asia, Australia, and Latin America.

Also Asseco Solutions companies operating in German-speaking countries, the Czech Republic and Slovakia improved their sales results.

The Asseco South Eastern Europe Group, operating in the **South Eastern Europe** market, developed dynamically in 2019. Following the strategy of economic and organizational independence of each of the operating segments of the ASEE Group, it achieved very good results in the segment of banking solutions, dedicated solutions, and payment solutions (Payten). These increases resulted from the growing demand for proprietary solutions, especially in the area of digitization of banking and e-Commerce services, cost optimization, as well as acquisitions strengthening the Group's offering and coverage in the payment segment. From February 2019 the ASEE Group consolidated the results of Necomplus companies, which enabled the Group to enter the markets of Spain, Portugal and South America. From May 2019, the results of Multicard Serbia, which was previously accounted for using the equity method, were consolidated under the full method. In addition, starting from August 2019 the ASEE Group fully consolidated the results of B Services Czarnogóra and Bassilichi Serbia; and starting from September 2019 - the results of Sonet (Czech Republic and Slovakia) and Mobven in Turkey. The acquisition of Sonet in the Czech Republic and Slovakia extended the scope of the ASEE Group's operations by two more countries. In turn, the addition of Mobven from Turkey to the Group increased its competence in the area of mobile payments and testing of mobile and Internet applications. As a result of the acquisition, the Group tripled the number of payment terminals to 600,000 units, and the network of ATMs managed by the Group increased to 9,500. Also, in the Group's portfolio, in addition to the independent ATM network MoneyGet, which in the second year of its operation exceeded 300 units and significantly improved its result, the offer of the independent network of payment terminals SinglePOS appeared thanks to the acquisition of Monri in the fourth quarter of 2019, whose results have been consolidated since November 2019.

In 2019, the Group recorded higher sales on **Western European** markets. With operations in Portugal and in the Portuguese-speaking countries of Africa, Asseco PST continued its cooperation with banks in the area of maintenance

services for central banking systems, as well as implemented major migration projects. The company presented its solutions at the industry conferences in Mozambique and Angola: MozTech 2019 or ANGOTIC 2019.

Asseco Spain, belonging to Asseco Western Europe, concluded several new agreements for the supply of IT hardware, software and related services. The company has been enhancing its cooperation with public institutions on the Spanish market as well as with clients from the clothing and transportation industry. In the reporting period Asseco Lithuania implemented projects for the Lithuanian Museum of Art in order to modernize its IT system and develop new e-services. For the Ministry of the Interior works were performed aimed at the implementation and development of the Lithuanian information system for monitoring the migration of the population. For the Ministry of the Environment projects related to the development of advanced e-services were continued. The company signed several new contracts with public sector institutions, including the Lithuanian National Library and the Lithuanian State Historical Archive. Peak Consulting, a company operating on the Danish market, implemented, among others, projects for tax authorities in the field of systems for entering tax information and calculations for taxpayers, and cooperated with the Danish Armed Forces. An important agreement was also concluded with the Norwegian Regional Security Coordinator.

Asseco International pursued its strategy of development on international markets, and thanks to the acquisition on the Spanish market it strengthened the Group's competence in the power industry. In July 2019, the Company acquired a 51% stake in Tecsis, which is present in Spain, Mexico, Guatemala, Peru and Argentina. In addition, it enjoys growth prospects in other markets, including Portugal, Chile, Panama, Colombia, US, Australia and South Africa. Tecsis provides native cloud and Big Data applications running on the high-tech Kommodo platform. This is the company's flagship product, which operates, among others, in the Italian energy group Enel and has been implemented in a dozen or so countries.



Financial Information of Asseco Group and Asseco Poland

FINANCIAL INFORMATION OF THE ASSECO GROUP

Financial information of the Asseco Group

The Asseco Group's sales revenues in 2019 amounted to PLN 10 667.4 million versus PLN 9 328.6 million in the previous year. The Group recorded increases in the Asseco International and Formula Systems segments.

The significant disproportion between operating profit and net profit for the parent company's shareholders results primarily from significant minority shareholder's interests in subsidiary companies, primarily in the Formula Systems Group.

The table below presents key consolidated financial results for the period of 12 months ended December 31, 2019 and the comparable periods in 2018 and 2017.

mPLN	12 months ended December 31, 2019	12 months ended December 31, 2018	12 months ended December 31, 2017	Change 2019/2018	Change 2018/2017
Revenues	10 667.4	9 328.6	7 829.3	14.4%	19.1%
Proprietary software and service	8 647.9	7 504.8	6 233.9	15.2%	20.4%
Gross profit/(loss) on sales	2 301.0	1 989.2	1 671.8	15.7%	19.0%
Selling costs	(568.3)	(503.9)	(446.8)	12.8%	12.8%
General and administrative expenses	(745.2)	(676.1)	(624.9)	10.2%	8.2%
Other operating activities	(11.3)	(12.4)	(15.3)	(8.9%)	(19.0%)
Operating profit	976.2	796.8	584.8	22.5%	36.3%
Net profit attributable to Shareholders of the Parent Company	322.4	333.3	466.6	(3.3%)	(28.6%)
EBITDA	1 611.6	1 256.3	921.9	28.3%	36.3%

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, 2019.

2019 (mPLN)	Asseco Poland Segment	Formula Systems Segment	Asseco International Segment
Sales revenues *	1 212.3	6 554.4	2 929.4
EBIT	153.1	472.7	349.9
<i>EBIT margin</i>	<i>12.6%</i>	<i>7.2%</i>	<i>11.9%</i>
Adjusted EBIT	169.8	672.5	361.6
<i>Adjusted EBIT margin</i>	<i>14.0%</i>	<i>10.3%</i>	<i>12.3%</i>
EBITDA	244.8	872.3	498.6
<i>EBITDA margin</i>	<i>20.2%</i>	<i>13.3%</i>	<i>17.0%</i>
CFO _{BT}	295.7	982.1	493.2
CAPEX**	(90.4)	(125.3)	(98.9)
Lease expenses	(36.4)	(120.7)	(50.4)

FCF	168.9	736.1	343.9
Cash conversion rate	99.5%	109.5%	95.1%
Cash and cash equivalents	215.2	1 391.6	546.7
Interest-bearing debt	(93.7)	(2 294.0)	(370.5)
<i>of which bank loans, borrowings and bonds issued</i>	-	(1 877.0)	(178.6)
<i>of which finance lease liabilities</i>	(93.7)	(417.0)	(191.9)

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

** Debt towards 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| – |lease expenditures|

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, 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>	<i>16.2%</i>	<i>5.6%</i>	<i>10.6%</i>
Adjusted EBIT	238.5	523.4	285.4
<i>Adjusted EBIT margin</i>	<i>17.6%</i>	<i>9.7%</i>	<i>11.0%</i>
EBITDA	303.8	576.1	378.9
<i>EBITDA margin</i>	<i>22.4%</i>	<i>10.7%</i>	<i>14.6%</i>
CFO _{BT}	354.4	426.1	395.7
CAPEX**	(61.6)	(75.6)	(110.3)
Lease expenses	(24.6)	-	(4.7)
FCF	268.2	350.5	280.7
Cash conversion rate	112.5%	67.0%	98.4%
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>	<i>(61.2)</i>	<i>(1 434.5)</i>	<i>(168.8)</i>
<i>of which finance lease liabilities</i>	<i>(48.8)</i>	<i>-</i>	<i>(12.2)</i>

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

** Debt towards 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| – |lease expenditures|

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)
Lease expenses	(24.3)	(1.8)	(2.4)
FCF	88.2	322.7	207.9
Cash conversion rate	51.7%	101.8%	80.7%
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)

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

** Debt towards 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] - [lease expenditures]

Cash conversion rate = (FCF)/(adjusted EBIT)

Profitability

In 2019, EBIT operating profit amounted to PLN 976.2 million versus PLN 796.8 million in the previous year, and was higher in the Asseco International and Formula Systems segments.

The observed decline in EBIT of the Asseco Poland segment in 2019 resulted, among others, from the high base of results in 2018. The segment's operating profit remained at a comparable level to that of 2017 (up by 0.4%). The Asseco International segment reported an increase in operating profit by 27.7%. The Formula Systems segment achieved a substantial increase in EBIT (by 57.0%) as a result of very good operating results of the Group companies and their recent acquisitions.

In 2019 the consolidated EBITDA margin increased to 15.1% (by 1.6 percentage points) and the operating profit margin went up to 9.2% (by 0.7 percentage points). The net profit margin reached 6.6% versus 6.4% in the previous year.

The table below presents the Asseco Group's key profitability ratios for 12 months of 2019 and the corresponding periods in 2018 and 2017.

	12 months ended December 31, 2019	12 months ended December 31, 2018	12 months ended December 31, 2017	Change 2019/2018	Change 2018/2017
Gross profit margin	21.6%	21.3%	21.4%	0.3 p.p	(0.1) p.p

EBITDA margin	15.1%	13.5%	11.8%	1.6 p.p	1.7 p.p
Operating profit margin	9.2%	8.5%	7.5%	0.7 p.p	1.0 p.p
Net profit margin	6.6%	6.4%	7.9%	0.2 p.p	(1.5) 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 2019, the Asseco Group's sales revenues reached PLN 10 667.4 million, which marked an increase by 14.4% versus the previous year.

In 2019, the sales revenues in the key software and proprietary services segment of the Group reached PLN 8 647.9 million versus PLN 7 504.8 million and accounted for 81% of total revenues. The sales of third-party software and services amounted to PLN 782.1 million and accounted for 7% of consolidated revenues. In turn, the sales of infrastructure reached PLN 1 237.4 million, which accounted for 12% of the Group's revenues.

The tables below present the consolidated revenues of the individual segments in 2017, 2018 and 2019, broken down by products.

mPLN	Asseco Poland Segment	Asseco International Segment	Formula Systems Segment	Eliminations	Total
12 months ended December 31, 2019					
Proprietary software and services	1 055.1	1 987.6	5 626.2	(21.0)	8 647.9
Third-party software and services	106.9	378.6	305.0	(8.4)	782.1
Hardware and infrastructure	50.3	563.2	623.2	0.7	1 237.4
Total operating revenues	1 212.3	2 929.4	6 554.4	(28.7)	10 667.4

mPLN	Asseco Poland Segment	Asseco International Segment	Formula Systems Segment	Eliminations	Total
12 months ended December 31, 2018					
Proprietary software and services	1 143.2	1 714.8	4 653.4	(6.6)	7 504.8
Third-party software and services	126.8	324.8	240.6	(14.8)	677.4
Hardware and infrastructure	88.8	552.6	508.7	(3.7)	1 146.4
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	1 076.8	1 460.2	3 719.5	(20.5)	6 236.0
Third-party software and services	162.4	315.1	173.0	(22.0)	628.5
Hardware and infrastructure	106.5	457.6	400.4	0.3	964.8
Total operating revenues	1 345.7	2 232.9	4 292.9	(42.2)	7 829.3

In 2019, the Asseco Group recorded an increase in revenues from the banking and finance as well as general business sectors. The revenues from the banking and finance sector accounted for 38% of the Group's consolidated sales and amounted to PLN 4 061.6 million versus PLN 3 693.2 million in 2018. The sales in the general business sector accounted for 38% of the Group's total revenues in 2019, and reached PLN 4 064.6 million versus PLN 3 549.3 million in the previous year. The public sector generated 24% of the Group's total sales, reaching PLN 2 541.2 million in revenues versus PLN 2 086.1 million in the previous year.

The tables below present consolidated revenues of the individual segments in 2017, 2018 and 2019, broken down by segments of activity.

mPLN	Asseco Poland Segment	Asseco International Segment	Formula Systems Segment	Eliminations	Total
12 months ended December 31, 2019					
Banking and finance	443.5	996.3	2 637.7	(15.9)	4 061.6
General business	277.9	1 265.8	2 530.6	(9.7)	4 064.6
Public institutions	490.9	667.3	1 386.1	(3.1)	2 541.2
Total operating revenues	1 212.3	2 929.4	6 554.4	(28.7)	10 667.4

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 2017, 2018 and 2019.

	12 months ended December 31, 2019	12 months ended December 31, 2018	12 months ended December 31, 2017
NIS (new Israeli shekel)	38.0%	34.8%	33.0%
USD (US dollar)	17.7%	17.6%	16.0%
EUR (euro)	17.6%	17.9%	18.1%
PLN (Polish zloty)	13.1%	16.6%	18.6%
CZK (Czech crown)	2.9%	2.3%	2.3%
GBP (British pound)	2.3%	2.3%	3.0%
RSD (Serbian dinar)	2.0%	1.6%	1.9%
RON (new Romanian leu)	1.1%	1.4%	1.7%
Other currencies	5.3%	5.5%	5.4%
Total	100.0%	100.0%	100.0%

Cash flow

In 2019, net cash flows from operating activities (CFO) of the Asseco Group increased by 50.0% versus the previous year to PLN 1 501.3 million. The increase in the level of cash flows from operating activities resulted, among other things, from an improvement in the Group's operating result.

In 2019, cash flows from investing (CFI) went up to PLN 669.7 million from PLN 500.1 million in the previous year.

Negative cash flows from financing activities reached the level of PLN 496.7 million versus PLN 264.3 million in the previous year.

	2019	2018	2017
CFO	1 501.3	1 000.7	691.4
CFI	-669.7	-500.1	-125.8
CAPEX	-314.6	-247.5	-204.9
CFF	-496.7	-264.3	-364.4
Dividend payment	-254.8	-249.8	-249.8
Change in cash and cash equivalents	334.9	236.3	201.2

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 2019, the level of working capital increased to PLN 1 886.4 million from PLN 1 862.9 million in 2018.

	December 31, 2019	December 31, 2018	December 31, 2017
Working capital (in millions of PLN)	1 886.4	1 862.9	1 792.1
Current liquidity ratio	1.5	1.6	1.7
Quick liquidity ratio	1.4	1.5	1.6
Absolute liquidity ratio	0.6	0.6	0.6
Cash conversion ratio	104%	89%	87%

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 2019, the debt ratios increased from the levels recorded at the end of 2018 mainly due to debt co-financing of the intensive development of the Formula Group and Asseco International segments.

	December 31, 2019	December 31, 2018	December 31, 2017
Total debt ratio	45.3%	39.4%	38.3%
Debt/equity ratio	34.4%	22.5%	20.7%
Debt/(debt + equity) ratio	25.6%	18.4%	17.2%

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 2019, the Group's revenues increased by 10.9% to PLN 2 938.1 million, while the sales of proprietary software and services went up by 13.5% to PLN 2 328.0 million. During that period, the Group's operating profit amounted to PLN 261.5 million, which marked an increase by 9.8%. Net profit attributable to the shareholders of the Parent Company amounted to PLN 84.2 million.

The table below presents selected consolidated financial results for the period of 3 months ended December 31, 2019 and the comparable periods in 2018 and 2017.

mPLN	3 months ended December 31, 2019	3 months ended December 31, 2018	3 months ended December 31, 2017	Change 2019/2018	Change 2018/2017
Revenues	2 938.1	2 650.3	2 425.8	10.9%	9.3%
Proprietary software and service	2 328.0	2 051.0	1 870.2	13.5%	9.7%
Gross profit/(loss) on sales	629.2	568.7	505.5	10.6%	12.5%
Selling costs	(158.0)	(134.5)	(128.1)	17.5%	5.0%
General and administrative expenses	(206.4)	(189.9)	(211.9)	8.7%	(10.4%)
Other operating activities	(3.3)	(6.2)	(7.1)	(46.8%)	(12.7%)
Operating profit	261.5	238.1	158.4	9.8%	50.3%
Net profit attributable to Shareholders of the Parent Company	84.2	98.0	68.0	(14.1%)	44.1%
EBITDA	430.0	354.2	280.6	21.4%	26.2%

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, 2019.

3 months ended December 31, 2019 (mPLN)	Asseco Poland Segment	Formula Systems Segment	Asseco International Segment
Sales revenues*	318.5	1 732.5	896.6
EBIT	27.5	123.3	110.9
<i>EBIT margin</i>	<i>8.6%</i>	<i>7.1%</i>	<i>12.4%</i>
Adjusted EBIT	31.6	173.8	113.7
<i>Adjusted EBIT margin</i>	<i>9.9%</i>	<i>10.0%</i>	<i>12.7%</i>
EBITDA	50.2	230.3	150.9
<i>EBITDA margin</i>	<i>15.8%</i>	<i>13.3%</i>	<i>16.8%</i>
CFO _{BT}	110.3	382.7	299.8
CAPEX**	(22.7)	(33.4)	(22.7)
Lease expenses	(10.0)	(31.8)	(14.6)
FCF	77.6	317.5	262.5
Cash conversion rate	245.6%	182.7%	230.9%

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

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| - |lease expenditures|

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, 2018.

3 months ended December 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**	(20.5)	(20.2)	(39.7)
Lease expenses	(6.4)	-	(1.1)
FCF	101.5	221.3	189.1
Cash conversion rate	193.7%	143.1%	199.3%

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

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| - |lease expenditures|

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 December 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**	0.4**	(18.1)	(43.9)
Lease expenses	(6.3)	(1.8)	(0.9)
FCF	68.7	171.6	176.5
Cash conversion rate	138.2%	169.1%	201.0%

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

** the positive value results from the PLN 9.9 million grant received by Asseco Poland S.A.

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| - |lease expenditures|

Cash conversion rate = (FCF)/(adjusted EBIT)

The tables below present consolidated revenues of individual segments in the fourth quarter of 2019 and in the comparative period in 2018 and 2017, broken down by segments of activity.

Sales revenues by sectors	3 months ended December 31, 2019	3 months ended December 31, 2018	3 months ended December 31, 2017	Change Q4'19 vs Q4'18	Change Q4'18 vs Q4'17
Banking and finance	1 076.5	1 041.0	929.2	3.4%	12.0%
General business	1 127.9	947.3	980.7	19.1%	(3.4%)
Public institutions	733.7	662.0	515.9	10.8%	28.3%
Total	2 938.1	2 650.3	2 425.8	10.9%	9.3%

The table below presents the Asseco Group's key profitability ratios for the fourth quarter in 2019 and the corresponding period in 2018 and 2017.

	3 months ended December 31, 2019	3 months ended December 31, 2018	3 months ended December 31, 2017	Change Q4'19 vs Q4'18	Change Q4'18 vs Q4'17
Gross profit margin	21.4%	21.5%	20.8%	(0.1) p.p	0.7 p.p
EBITDA margin	14.6%	13.4%	11.6%	1.2 p.p	1.8 p.p
Operating profit margin	8.9%	9.0%	6.5%	(0.1) p.p	2.5 p.p
Net profit margin	6.6%	7.0%	4.9%	(0.4) p.p	2.1 p.p

Gross profit margin = gross profit/revenues

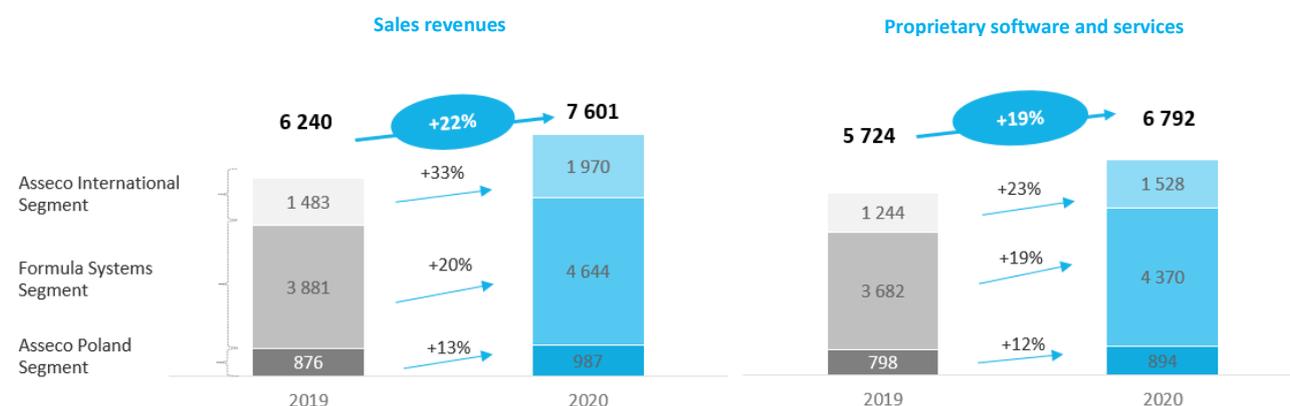
EBITDA margin = EBITDA/revenues

Operating profit margin = operating profit/revenues

Net profit margin = net profit/revenues.

Consolidated order backlog for 2020

Consolidated order backlog for 2020 vs. 2019



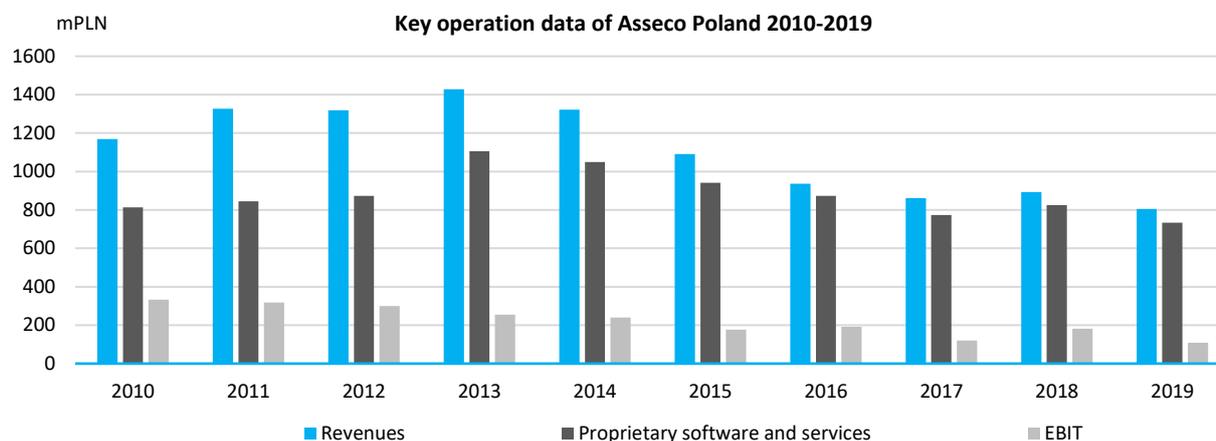
Figures in mPLN;

When calculating the backlog for 2020 according to the exchange rates used for calculating the backlog for 2019, the change amounts to: +18% in total revenues/+15% in proprietary software and services.

Value of the backlog for 2020 as at March 17, 2020; value of the backlog for 2019 as at March 15, 2019.

FINANCIAL INFORMATION OF ASSECO POLAND S.A.

Financial results of Asseco Poland S.A.



In 2019, Asseco Poland recorded sales revenues by 9.8% lower than in 2018, and they amounted to PLN 805.5 million. The sales of proprietary software and services dropped by 11.0% as compared to the previous year and reached PLN 733.5 million. The observed decrease is a result of, among others, a high result base in 2018 and the completion of significant projects in the telecommunications sector.

Presented below are the operating results for the year ended December 31, 2019 as well as for the comparable periods in 2018 and 2017:

mPLN	12 months ended Dec. 31, 2019 (audited)	12 months ended Dec. 31, 2018 (audited)	12 months ended Dec. 31, 2017 (audited)	Change 2019/2018	Change 2018/2017
Revenues	805.5	893.3	861.2	(9.8%)	3.7%
Proprietary software and services	733.5	824.4	773.8	(11.0%)	6.2%
Gross profit/(loss) on sales	233.7	308.1	257.6	(24.1%)	19.6%
Selling costs	(46.3)	(46.4)	(50.8)	(0.2%)	(8.7%)
General and administrative expenses	(79.0)	(82.0)	(87.2)	(3.7%)	(6.0%)
Other operating activities	0.9	2.0	1.0	(55.0%)	100.0%
Operating profit	109.3	181.7	120.6	(39.8%)	50.7%
EBITDA	173.0	238.3	174.7	(27.4%)	36.4%
Net profit	206.8	166.5	175.6	24.2%	(5.2%)

EBITDA = EBIT + amortization

Profitability

In 2019, the Company generated a gross profit of PLN 233.7 million on sales, PLN 109.3 million in operating profit and PLN 173.0 million in EBITDA profit, which corresponds to margins at the level of 29.0%, 13.6%, and 21.5%, respectively.

The net profit and margin of Asseco Poland substantially depend upon the level of dividends received from subsidiaries, which constitute financial revenues for the Company. In 2019, dividend revenues reached PLN 114.8 million versus PLN 20.5 million in 2018. The low level of dividend revenues in 2018 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, 2019 as well as for the comparable periods in 2018 and 2017:

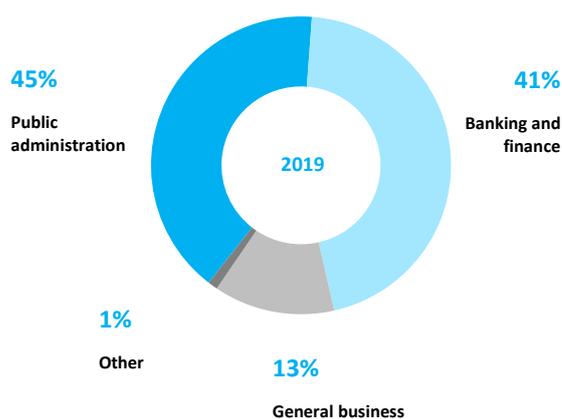
	Dec. 31, 2019 (audited)	Dec. 31, 2018 (audited)	Dec. 31, 2017 (audited)	Change 2019/2018	Change 2018/2017
Gross profit margin	29.0%	34.5%	29.9%	(15.9%)	15.2%
EBITDA margin	21.5%	26.7%	20.3%	(19.5%)	31.5%
Operating profit margin	13.6%	20.3%	14.0%	(33.3%)	45.1%
Net profit margin	25.7%	18.6%	20.4%	37.7%	(8.6%)

Revenue structure of Asseco Poland S.A.

In 2019, the sales revenues of Asseco Poland S.A. reached PLN 805.5 million and were by 9.8% lower 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.

Revenues in individual segments



mPLN	12 months ended Dec. 31, 2019	12 months ended Dec. 31, 2018	12 months ended Dec. 31, 2017
Banking and finance	327.1	343.4	310.2
Public administration	364.8	407.8	386.6
General business	105.1	136.6	159.5
Other	8.5	5.5	4.9
Total	805.5	893.3	861.2

Asseco Poland is the largest provider of software for the Public Administration sector in terms of revenues¹⁾ in Poland. In 2019, the public sector accounted for 45% of the Company's sales. Asseco Poland generated PLN 364.8 million in this area.

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.

¹⁾ According to Computerworld 200, Edition 2019.

In 2019, the sales revenues in the banking and finance segment accounted for 41% of the Company's total revenues and amounted to PLN 327.1 million.

The sale to the general business sector accounted for 13% of stand-alone revenues in 2019 and amounted to PLN 105.1 million.

Cash flow

The following table presents major lines of the separate statement of cash flows for the years 2017, 2018 and 2019.

	Dec. 31, 2019 (audited)	Dec. 31, 2018 (audited)	Dec. 31, 2017 (audited)
CFO	180.8	299.1	67.1
CFI	63.3	(22.1)	484.9
CAPEX	(66.7)	(38.7)	(15.3)
M&A expenditures	(3.6)	(31.4)	(10.4)
Free cash flow	114.1	260.4	51.8
Dividend income	112.2	16.3	156.2
CFF	(340.2)	(320.4)	(263.6)
Dividend payment	(254.8)	(249.8)	(249.8)
Change in cash and cash equivalents	(96.1)	(43.4)	288.4
Cash conversion rate (FCF/EBIT Non-IFRS)	67.20%	135.27%	38.86%

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 2019, cash flows from operating activities (CFO) amounted to PLN 180.8 million versus PLN 299.1 million in the previous year.

In 2019, free cash flow, including capital expenditures of PLN 66.7 million, amounted to PLN 114.1 million.

In 2019, a dividend from the profit generated in 2018 was paid - it reached PLN 254.8 million versus PLN 249.8 million paid out in 2018 for the 2017 profit.

During 2019, Asseco Poland's level of cash and cash equivalents decreased by PLN 96.1 million and amounted to PLN 168.7 million at the end of December 2019.

Statement of financial position

At the end of 2019, the total value of Asseco Poland's assets amounted to PLN 5.2 billion versus PLN 5.3 billion at the end of 2018.

The Company's assets consist primarily of non-current assets worth PLN 4.8 billion (in 2018 – PLN 4.7 billion), among which the most important items are: goodwill from business combinations, amounting to PLN 1.93 billion as at December 31, 2019 and investments in subsidiaries and associates, which amounted to PLN 2.07 billion at the end of the year.

The most important item on the liabilities side is equity, which at the end of 2019 amounted to PLN 4.9 billion and remained at the similar level to the one recorded in 2018.

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 2019, which was mainly caused by lower level of contract assets and cash and short-term deposits at the end of the period.

In turn, lower level of working capital at the end of 2019 negatively affected liquidity ratios. The current liquidity ratio and the quick liability ratio dropped to 2.2 and 2.0, respectively.

The table below presents the closing balances of working capital as at December 31, 2019 and at the end of the previous comparable periods in 2018 and 2017.

	Dec. 31, 2019 (audited)	Dec. 31, 2018 (audited)	Dec. 31, 2017 (audited)
Working capital (in millions of PLN)	255.6	379.2	506.8
Current liquidity ratio	2.2	2.7	2.8
Quick liquidity ratio	2.0	2.6	2.8
Absolute liquidity ratio	0.8	1.2	1.1

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, 2019, the total value of Asseco Poland S.A.'s assets amounted to PLN 5.2 billion. At the end of 2019, the Company did not have any liabilities due to bank loans, borrowings or debt securities. In turn, the implementation of IFRS 16 from January 1, 2019 resulted in a significant increase in lease liabilities.

In 2019, the Company's total debt ratio dropped from 6.9% to 6.6%. The debt/equity ratio decreased by 0.3 percentage point to 1.7%. The short-term debt ratio amounted to 3.9% (down by 0.4 percentage point). The long-term debt ratio remained at the same level as in 2018 and amounted to 2.6%.

The below table presents debt ratios as at December 31, 2019 and at the end of the previous comparable periods in 2018 and 2017.

	Dec. 31, 2019 (audited)	Dec. 31, 2018 (audited)	Dec. 31, 2017 (audited)
Total debt ratio	6.6%	6.9%	8.4%
Debt/equity ratio	1.7%	2.0%	3.1%
Short-term debt ratio	3.9%	4.3%	5.1%
Long-term debt ratio	2.6%	2.6%	3.3%

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

Quarterly financial results

The tables below present financial results for the individual quarters of 2019 as well as for the comparable periods in 2018 and 2017:

mPLN	Q1'19	Q2'19	Q3'19	Q4'19
Revenues	195.1	210.0	191.7	208.7
<i>of which proprietary software and services</i>	184.8	189.1	174.1	185.5
Margin IV	29.7	31.8	27.4	19.5
EBIT	29.1	31.9	28.1	20.2
Net profit	103.4	49.0	30.6	23.8

Amortization	(16.8)	(15.5)	(15.6)	(15.8)
CFO	32.2	(6.6)	70.0	85.2
CAPEX (incl. R&D)	(19.2)	(9.8)	(18.7)	(19.0)

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	Q1'18	Q2'18	Q3'18	Q4'18
Revenues	205.4	225.4	211.0	251.5
<i>of which proprietary software and services</i>	187.6	212.4	196.6	227.8
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
Amortization	(13.5)	(13.5)	(15.0)	(14.6)
CFO	12.3	120.3	58.4	108.1
CAPEX (incl. R&D)	(8.7)	(7.4)	(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>	189.7	184.5	185.1	216.7
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)
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



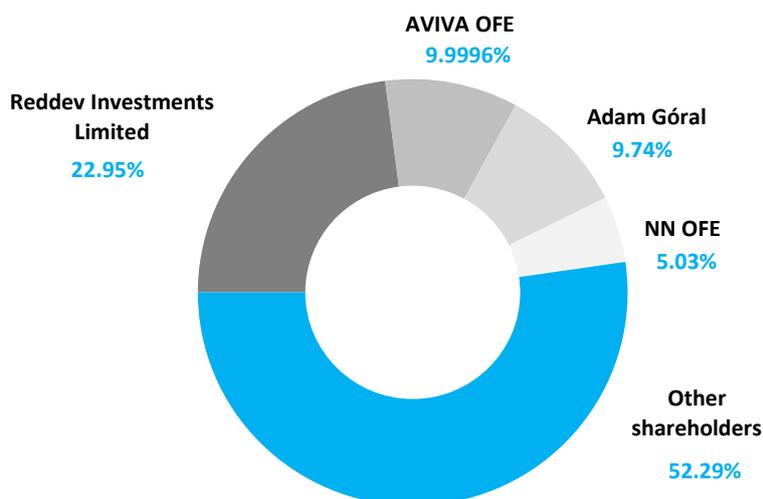
Shares and shareholding

Asseco Poland

SHARES AND SHAREHOLDING

Shareholder structure

Major Shareholders as at March 23, 2020



The table below presents the shareholding structure of Asseco Poland S.A. as at the publication date of this report, i.e. March 23, 2020:

Shareholders as at March 23, 2020	Number of shares held /rights resulting from them	Percentage of share capital /total voting rights
Reddev Investments Limited	19 047 373	22.95%
(holding shares directly and indirectly through Cyfrowy Polsat S.A. and in connection with the Agreement of December 27, 2019 pursuant to Art. 87 section 1 item 5 of the Act on offering) ^{1), 2)} , including:		
Reddev Investments Limited	184 127	0.22%
Cyfrowy Polsat S.A.	18 863 246	22.73%
AVIVA OFE ³⁾	8 299 733	9.9996%
Adam Góral, President of the Management Board ⁴⁾	8 083 000	9.74%
NN OFE ⁵⁾	4 171 121	5.03%
Other shareholders	43 399 076	52.29%
Total	83 000 303	100.00%

1) In accordance with the regulatory filing no. 1/2020 of January 3, 2020

2) In accordance with the regulatory filing no. 3/2020 of January 7, 2020, Cyfrowy Polsat S.A. is a subsidiary of Reddev Investments Limited, which is in turn a subsidiary of TIVI Foundation. TIVI Foundation is an entity controlled by Zygmunt Solorz

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

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

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

The table below presents the shareholding structure of Asseco Poland S.A. as at December 31, 2019:

Shareholders as at December 31, 2019	Number of shares held /rights resulting from them	Percentage of share capital /total voting rights
Reddev Investments Limited	19 047 373	22.95%
(holding shares directly and indirectly through Cyfrowy Polsat S.A. and in connection with the Agreement of December 27, 2019 pursuant to Art. 87 section 1 item 5 of the Act on offering) ^{1), 2)} , including:		
Reddev Investments Limited	184 127	0.22%
Cyfrowy Polsat S.A.	18 863 246	22.73%
AVIVA OFE ³⁾	8 301 733	10.00%
Adam Góral, President of the Management Board ⁴⁾	8 083 000	9.74%
NN OFE ⁵⁾	4 171 121	5.03%
Other shareholders	43 397 076	52.28%
Total	83 000 303	100.00%

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3) In accordance with the regulatory filing no. 2/2020 of January 7, 2020

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

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

The table below presents the shareholding structure of Asseco Poland S.A. as at the publication date of the prior report, i.e. November 20, 2019:

Shareholders as at November 20, 2019	Number of shares held /rights resulting from them	Percentage of share capital /total voting rights
Aviva OFE ¹⁾	12 421 923	14.97%
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	54 043 219	65.10%
Total	83 000 303	100.00%

1) In accordance with the regulatory filing no. 08/2019 of July 8, 2019

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 S.A. shares held by its management and supervisory staff are presented in the table below:

	March 23, 2020	December 31, 2019	November 20, 2019
Jacek Duch – Chairman of the Supervisory Board	31 458	31 458	31 458
Adam Góral – President of the Management Board	8 083 000	8 083 000	8 083 000

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

The table below presents the shareholding in affiliated entities by managing and supervising persons as at March 23, 2020, December 31, 2019 and November 20, 2019:

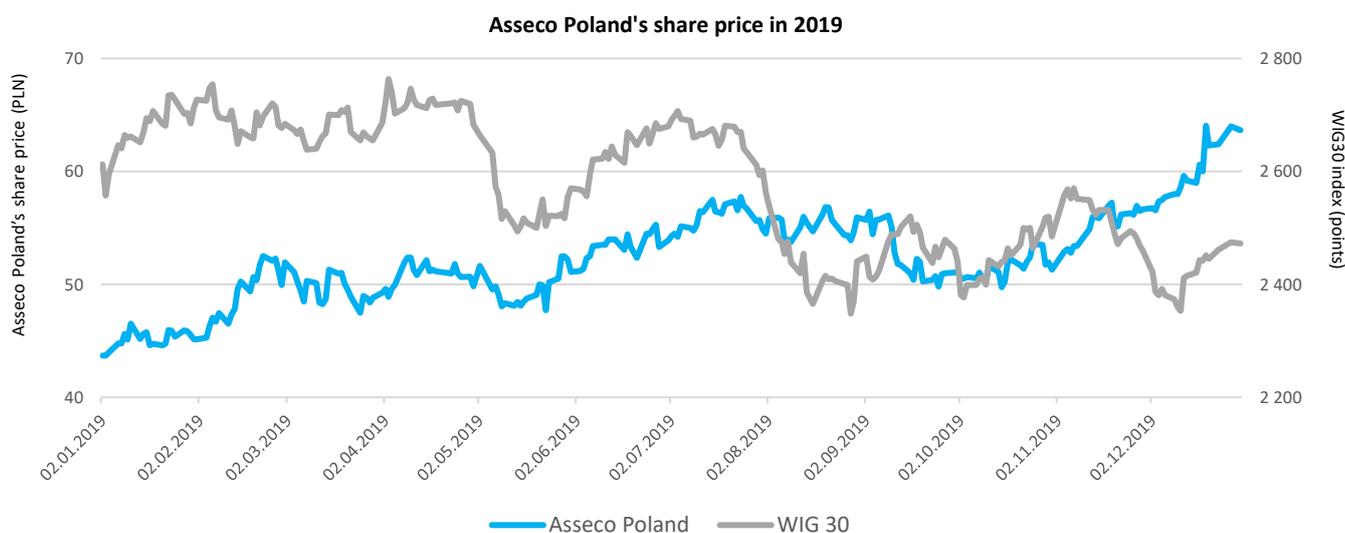
Name	Affiliated entity	Number of shares	Nominal value of one share	Nominal value of all shares
Adam Noga	Asseco South Eastern Europe	150	PLN 10	PLN 1,500

Zbigniew Pomianek	Asseco South Eastern Europe	700	PLN 10	PLN 7,000
Marek Panek	Asseco South Eastern Europe	300	PLN 10	PLN 3,000
Rafał Kozłowski	Asseco South Eastern Europe	150	PLN 10	PLN 1,500
Gabriela Żukowicz	Asseco South Eastern 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-ESG, WIG-Poland, InvestorMS, WIG-informatyka, WIGtech, WIG

Asseco is qualified to the group of **37 Polish companies** which are listed on the developed markets indices of the global agency **FTSE Russell**.



	2018-12-28	2019-03-29	2019-06-29	2019-09-30	2019-12-30	Δ 12M
Asseco Poland S.A. (PLN)	43.37	48.81	53.30	51.05	63.65	46.76%
WIG30 (pt)	2 581.52	2 655.06	2 675.56	2 463.49	2 472.20	-4.23%
WIG (pt)	57 690.50	59 668.03	60 187.43	57 320.30	57 832.88	0.25%
WIG-Informatyka (pt)	1 991.93	2 242.23	2 396.24	2 387.55	2 834.29	42.29%

In 2019, the share price of Asseco Poland increased by 46.76% and stood at PLN 63.65 as at the end of December, which translated into the Company's stock market capitalization of PLN 5.3 billion. The maximum price was set at PLN 64.05; whereas, the minimum price amounted to PLN 43.69.

In the previous year, the value of the WIG30 index fell by 4.23%, and the WIG broad market index was only by 0.25% higher at the end of the year than in 2018. The WIG-Informatyka sector index recorded an increase by 42.29%.

The trade war between the two world's largest economic powers: US and China, political uncertainty, including the one related to Brexit, outflow of capital from domestic investment funds, lowering of investors' confidence - these are the issues that affected the situation on the Polish capital market in 2019. When compared to foreign counterparts, the WIG index was at the end of the list in 2019. Among WSE's major indices, the sWIG80 index did the best, which recorded a year-on-year increase of 13.94%.

At the end of 2019, 449 companies were listed on the regulated market and 375 on NewConnect. Seven companies made a debut on the WSE main market last year and 18 companies were delisted. The number of IPOs on NewConnect reached 15 and delistings - 27.

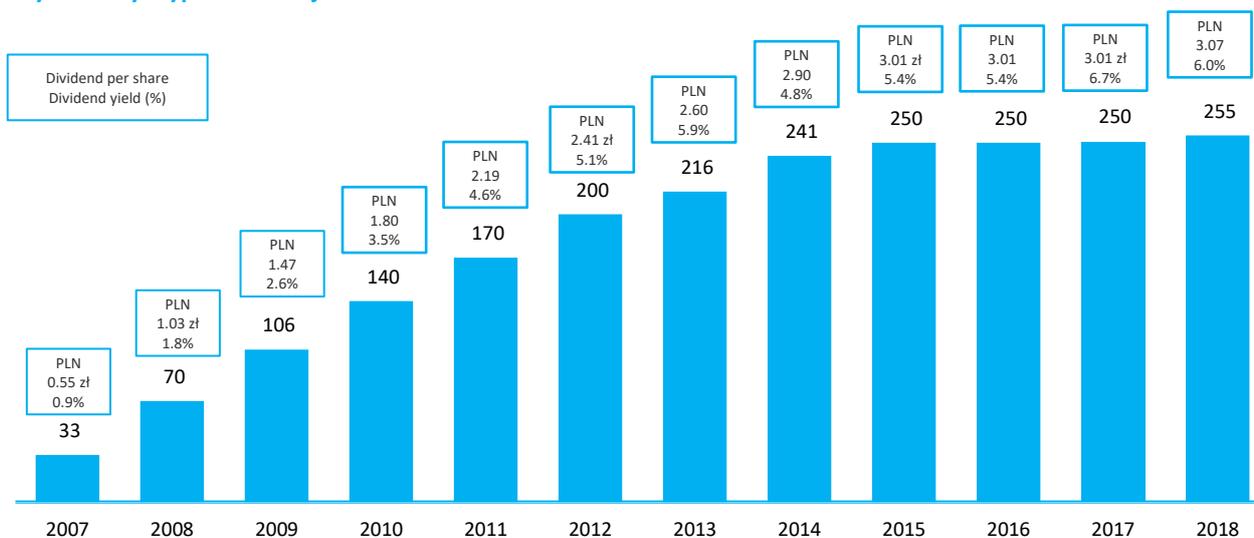
Dividend

On April 26, 2019, the Ordinary General Meeting of Shareholders of Asseco Poland passed a resolution on the distribution of the net profit generated by Asseco Poland S.A. for the financial year 2018 and the payment of a dividend.

The Ordinary General Meeting of Shareholders decided that the stand-alone net profit for 2018 in the amount of PLN 166 540 359.81 shall be allocated entirely for the payment of a dividend. In addition, a portion of the funds accumulated in the reserve capital from the previous years' net profit of PLN 88 270 570.40 was earmarked for a dividend payment. The total amount earmarked for a dividend payment was PLN 254 810 930.21, or PLN 3.07 per share. The record date was May 20, 2019 and the dividend payment date was June 5, 2019. The dividend yield reached 6.0%.

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 reached 7.39% in 2019.

Dywidendy wypłacone akcjonariuszom w latach 2007-2018



Investor relations

Asseco Poland actively communicates with stock exchange investors. In 2019, 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. The company also met with the representatives of Polish and foreign financial institutions during individual meetings

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 addition, in a series of video materials, the heads of individual 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 has 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 the publication of this report, i.e. on March 23, 2020, 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 23, 2020	Number of shares held/rights resulting from them	Percentage of share capital/total voting rights
Reddev Investments Limited	19 047 373	22.95%
(holding shares directly and indirectly through Cyfrowy Polsat S.A. and in connection with the Agreement of December 27, 2019 pursuant to Art. 87 section 1 item 5 of the Act on offering) ^{1), 2)} , including:		
Reddev Investments Limited	184 127	0.22%
Cyfrowy Polsat S.A.	18 863 246	22.73%
AVIVA OFE ³⁾	8 299 733	9.9996%
Adam Góral, President of the Management Board ⁴⁾	8 083 000	9.74%
NN OFE ⁵⁾	4 171 121	5.03%
Other shareholders	43 399 076	52.29%
Total	83 000 303	100.00%

1) In accordance with the regulatory filing no. 1/2020 of January 3, 2020

2) In accordance with the regulatory filing no. 3/2020 of January 7, 2020, Cyfrowy Polsat S.A. is a subsidiary of Reddev Investments Limited, which is in turn a subsidiary of TIVI Foundation. TIVI Foundation is an entity controlled by Zygmunt Solorz

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

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

5) 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, 2019, 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/rights resulting from them	Percentage of share capital/total voting rights
Reddev Investments Limited	19 047 373	22.95%
(holding shares directly and indirectly through Cyfrowy Polsat S.A. and in connection with the Agreement of December 27, 2019 pursuant to Art. 87 section 1 item 5 of the Act on offering) ^{1), 2)} , including:		
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3) In accordance with the regulatory filing no. 2/2020 of January 7, 2020

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

5) 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 December 16, 2013.

During 2019, 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 ¹⁾	– Vice-President of the Management Board
Krzysztof Groyecki	– Vice-President of the Management Board
Rafał Kozłowski	– Vice-President of the Management Board
Marek Panek	– Vice-President of the Management Board
Paweł Piwowar	– Vice-President of the Management Board
Zbigniew Pomianek	– Vice-President of the Management Board
Sławomir Szmytkowski ¹⁾	– Vice-President of the Management Board
Artur Wiza	– Vice-President of the Management Board
Gabriela Żukowicz	– Vice-President of the Management Board

¹⁾ Mr Tadeusz Dyrga's resignation from the Management Board of the Company with effect from July 1, 2019. In turn, at the meeting on March 25, 2019, the Supervisory Board appointed Mr Sławomir Szmytkowski to the Management Board of the Company, to perform the function of Vice-President of the Management Board for a joint five-year term of office covering the years 2017-2021, with effect from July 1, 2019.

Joint commercial power of attorney

On December 5, 2017, acting on the basis of art. 109¹ and art. 109⁴§1¹ 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 December 20, 2019.

In 2019, 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 23, 2020, 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 2019, 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 fulfillment of requirements for the Audit Committee. The independence criteria are met by Mr. Piotr Augustyniak and Mr. Artur Kucharski, who at the same time has 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).

Mr. Jacek Duch has knowledge of the industry in which the Company operates, which is confirmed by the course of his professional career.

As at the date of the publication of this report (March 23, 2020), the composition of the Audit Committee of the Supervisory Board of the Company remained unchanged.

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

In 2019, the Audit Committee held seven meetings during which it performed the tasks specified in art. 130 of the Act on Statutory Auditors, Audit Firms and Public Oversight.

In order to properly fulfill the obligations imposed, the Audit Committee adopted the Work Plan of the Audit Committee for 2019, which defined the scope of tasks to be fulfilled during individual meetings of the Audit Committee scheduled for 2019. The tasks specified in the Work Plan have been fulfilled. The Audit Committee also decided to adopt and implement the Work Plan in the following years.

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 2018 as well as for the first half of 2019. The representatives of the Auditor Ernst & Young Audyt Polska Sp. z o.o. Sp.k. presented the report summarizing the audit and review of the financial statements of the Company and the Asseco Poland Group as well as the additional report for the Audit Committee prepared pursuant to Article 11 of the Regulation of the European Parliament and of the (EU) Council on detailed requirements regarding statutory audits of financial statements of public-interest entities. All significant issues concerning those financial statements were discussed. 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 how the audit contributed to the integrity of financial reporting in the public interest entity and 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 agreed to the provision by the auditor and its network companies of non-audit permitted services for the Company and companies of the Asseco Poland Group. The Auditor presented to the Audit Committee a summary list of all services. The list of services is included in the Additional Report for 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 2019 and information on the implementation of the audit plan for 2019 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 Capital Group's companies.

The Audit Committee also met with Director of Compliance and Process Management 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 risk level, the company has in place control mechanisms at the central and unit level.
- b) the compliance of the Company's operations with the law and the effectiveness of non-compliance risk management.

In 2019, the approach to risk management in the Company was also analyzed. The concept of improving the risk management process in the Company developed by the Compliance and Process Management Department was presented at the meeting of the Audit Committee of the Supervisory Board in May 2019 and took into account the following proposals:

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

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

The Audit Committee assessed the Auditor as independent and the audit process as properly conducted and accurate.

During a meeting of the Audit Committee on October 16, 2017, in order to fulfill the duties imposed by the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight, resolutions were passed on the adoption of the following documents: the Policy for the Selection of the Certified Auditor and the Procedure for the Selection of the Certified Auditor, as well as the Policy for the Provision of Allowed Services. Subsequently, the documents were approved by the Supervisory Board on October 17, 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.

As part of the examination of the motion of the Management Board on a recommendation to renew the agreement with Ernst & Young Audyt Polska Sp. z o.o. Sp.k., on December 20, 2018, 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 Audyt 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.

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.

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 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.

Pursuant to the obligations resulting from the amendment of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies, the Company is obliged to draw up a remuneration policy for the Members of the Management Board and Supervisory Board. The document will specify the basis, principles and procedures for determining, calculating and paying remuneration to the members of the Company's Management Board and Supervisory Board, and the solutions adopted therein should contribute to the implementation of the business strategy, long-term interests and stability of the Company.

The remuneration policy for the Members of the Management Board and Supervisory Board will be presented for approval by the Company's General Meeting of Shareholders.

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 2019:

Gross amount of remuneration for the period (in millions of PLN)	Variable remuneration	Total remuneration
Adam Góral	1.6	2.0
Andrzej Dopierała	0.3	0.5
Tadeusz Dyrga ¹⁾	0.3	0.5
Krzysztof Groyecki	0.6	1.0
Rafał Kozłowski	0.6	0.8
Marek Panek	0.6	0.8
Paweł Piwowar	0.5	0.9
Zbigniew Pomianek	3.1	3.5
Sławomir Szmytkowski ²⁾	0.1	0.3
Artur Wiza	0.6	1.0
Gabriela Żukowicz	0.6	1.0
Total	8.9	12.3

1) Since July 1, 2019 Tadeusz Dyrga has not served as the Member of the Management Board of Asseco Poland S.A.

2) Since July 1, 2019, Mr. Sławomir Szmytkowski has been the Member of the Management Board of Asseco Poland S.A.; the remuneration for performing the function of the Member of the Management Board

The table below presents gross remuneration payable to the Members of the Supervisory Board before performing their duties at Asseco Poland S.A. during the year 2019:

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	0.16
Total	0.93

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 2019:

Gross amount of remuneration for the period (in millions of PLN)	
Management Board	
Adam Góral	0.1
Andrzej Dopierała	1.5
Tadeusz Dyrga ¹⁾	-
Krzysztof Groyecki	-
Rafał Kozłowski	1.2
Marek Panek	1.1
Paweł Piwowar	0.2

Zbigniew Pomianek	0.2
Sławomir Szmytkowski ²⁾	-
Artur Wiza	0.4
Gabriela Żukowicz	0.4
Total	5.1
Supervisory Board	
Izabela Albrycht	0.1
Jacek Duch	-
Adam Noga	-
Dariusz Brzeski	-
Artur Kucharski	0.1
Piotr Augustyniak	0.1
Total	0.3

1) Since July 1, 2019 Tadeusz Dyrka has not served as the Member of the Management Board of Asseco Poland S.A.

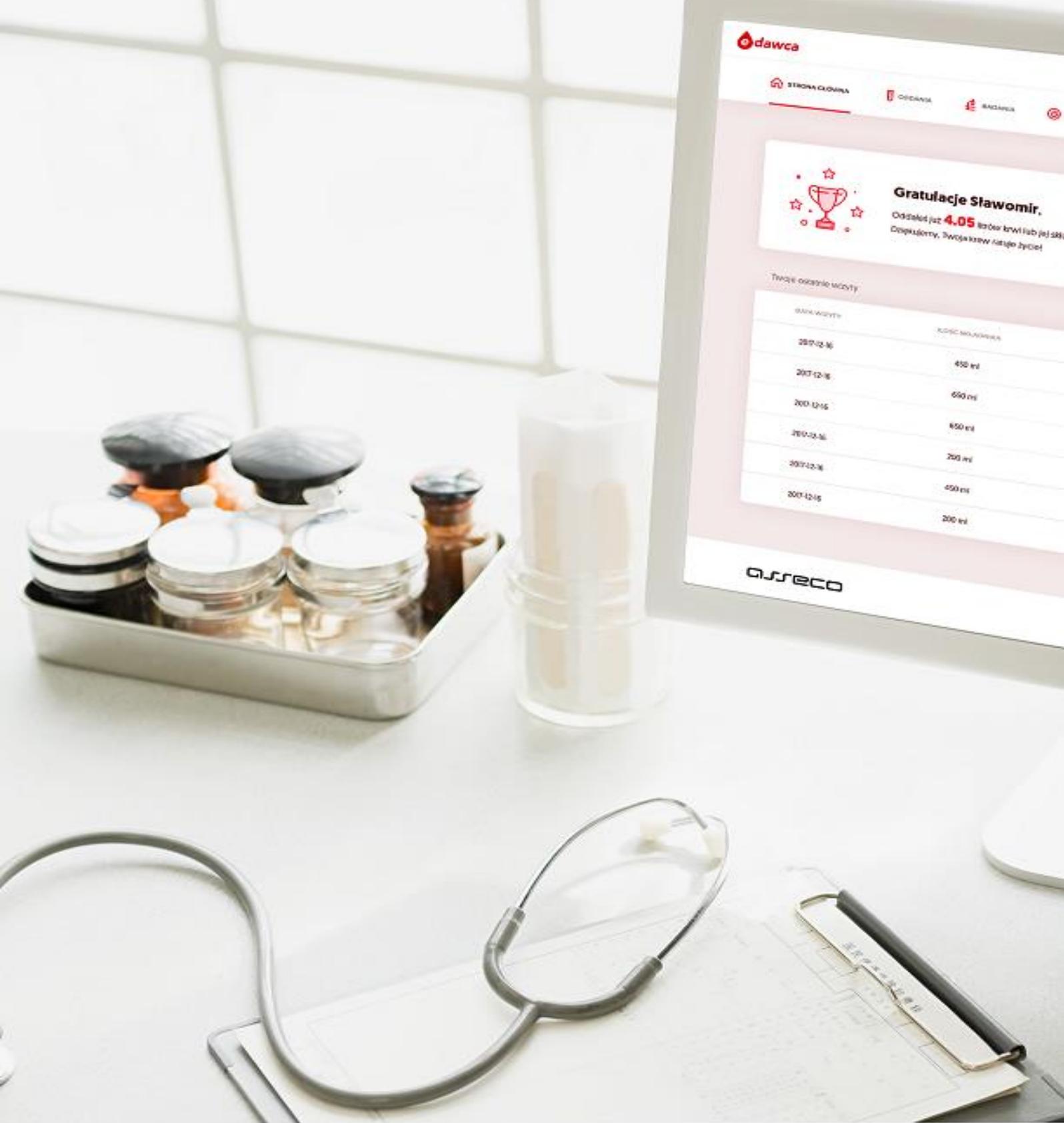
2) Since July 1, 2019

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 compliance with law,
- environment protection management system,
- occupational health and safety management system,
- internal control system.

The systems in use, including integrated management structures and smoothly functioning internal audit effectively reduce the negative impact of the following risk factors and threats to the Company's and 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 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 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 changes in regulations and their interpretation

The companies of the Capital Group fulfil various regulatory obligations resulting from the changes in law and administrative decisions. 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 related to global macroeconomic situation, including the effects of the pandemic

The 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. The development and impact of the coronavirus SARS-CoV-2 pandemic causing the COVID-19 disease may have a negative impact on the economies of the countries where the Asseco Group companies operate, and thereby 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 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 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 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.

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.

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 potential legal disputes concerning copyrights

Development of the Asseco Group's operations in the market of information technology products is highly dependent on intellectual property rights, in particular copyrights to computer programs. There is a risk that in some of the countries where the Asseco Group operates, doubts may arise as to the effectiveness of transferring copyrights to software codes created by employees of individual companies to the Group companies, mainly due to various regulations on intellectual property protection applicable in those countries. If the employment contracts or other contracts under which employees performed or continue to perform work for the Group companies did not contain or do not contain

any relevant provisions regarding the transfer of rights in favor of the Group companies, the transfer of the rights to certain programs may not have been performed.

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 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 related to market abuse

The Company may be subject to suspicion of corruption or conflict of interest. Internal control aimed at corruption, where possible, does not allow for its occurrence or significantly affects the chances of detecting undesirable activities related to concluded transactions. It cannot be precluded that Asseco Poland or the Group companies may be exposed to the suspicion of corrupt activities or conflicts of interest, despite the implemented control mechanisms.

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 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.

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 labor markets. Such circumstances might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Asseco Group.

Non-recurring events with impact on our financial performance

In 2019, no unusual events occurred that might have had a material impact on the Group's financial results, assets and cash flows.

Significant events with impact on the Asseco Group operations after December 31, 2019

Significant events after the balance sheet date of December 31, 2019 have been described in explanatory note 9.7 to the annual consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019 and in explanatory note 8.7 to the annual stand-alone financial statements of Asseco Poland for the period of 12 months ended December 31, 2019.

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 2019 and other reporting periods.

Changes in the Capital Group and the Company management policies

In 2019, 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 annual consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019.

Related party transactions

Related party transactions have been presented in explanatory note 6.23 to the annual consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019 and in explanatory note 5.20 to the annual stand-alone financial statements of Asseco Poland for the period of 12 months ended December 31, 2019.

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 annual consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019 and in explanatory note 5.13 to the annual stand-alone financial statements of Asseco Poland for the period of 12 months ended December 31, 2019.

Information on loans granted in 2019

Information on loans granted in 2019 have been described in explanatory note 6.11 to the annual consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019 and in explanatory note 5.8 to the annual stand-alone financial statements of Asseco Poland for the period of 12 months ended December 31, 2019.

Off-balance-sheet items

The nature, purpose and value of significant off-balance-sheet items have been presented in the annual consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019 and in the annual stand-alone financial statements of Asseco Poland for the period of 12 months ended December 31, 2019.

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 6.5 to the annual consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019.

Monitoring of employee stock option plans

As at the date of this report, the Company did not operate any incentive scheme based on the Issuer's shares.

Information on transactions with employees settled in the form of equity instruments has been presented in explanatory note 5.2 ii to the annual consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019.

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

As at December 31, 2019, 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. Information on judicial proceedings has been presented in explanatory note 9.1 to the annual consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019 and in explanatory note 8.1 to the annual stand-alone financial statements of Asseco Poland for the period of 12 months ended December 31, 2019.

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 annual consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019 and in explanatory note 8.4 to the annual stand-alone financial statements of Asseco Poland for the period of 12 months ended December 31, 2019.

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 statements of the Asseco Group for the period of 12 months ended December 31, 2019 and the stand-alone financial statements of Asseco Poland for the period of 12 months ended December 31, 2019 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 annual consolidated financial statements of the Asseco Group for the period of 12 months ended December 31, 2019.

Reports on non-financial information

The Parent Company has prepared reports on non-financial information - the Report of Asseco Poland on non-financial information for 2019 and the Report of the Asseco Group on non-financial information for 2019 - in form of separate documents which constitute an integral part of the annual report for 2019.

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 S.A. 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, 2019 and comparable data contained therein as well as the annual stand-alone financial statements of Asseco Poland for the period of twelve months ended December 31, 2019 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 provides a fair description of the development, achievements and economic position of the Group and Company, inclusive of major risks and threats to their 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.

Management Board:

President of the Management Board

Adam Góral

Vice-President of the Management Board

Andrzej Dopierała

Vice-President of the Management Board

Krzysztof Groyecki

Vice-President of the Management Board

Rafał Marek Kozłowski

Vice-President of the Management Board

Marek Panek

Vice-President of the Management Board

Paweł Piwowar

Vice-President of the Management Board

Zbigniew Pomianek

Vice-President of the Management Board

Sławomir Szmytkowski

Vice-President of the Management Board

Artur Wiza

Vice-President of the Management Board

Gabriela Żukowicz

Solutions for demanding business.

Asseco Poland S.A.

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