


asreco

# The Asseco Group's results

Q1 2023

May 24, 2023

The bottom of the slide features a decorative graphic consisting of several overlapping, semi-transparent blue shapes in various shades of blue, creating a modern, abstract design.

# Summary of the Group's results for Q1 2023

- Stable business **development** in a volatile business environment:
  - increase in revenues by 7% to **PLN 4.3 billion**
  - increase in non-IFRS operating profit by 3% to **PLN 494 million**
  - non-IFRS net profit of **PLN 120 million**
  - net profit at a comparable level of **PLN 108 million**
- Revenues well **diversified** by geography, sectors and products
- **Long-term** customer relationships to ensure **recurring** revenues and financial **security**
- Continued **demand** for IT solutions

# Summary of activities



# Selected consolidated financial data for Q1 2023

PLN 4 335 million

Sales revenues

+7%

PLN 3 422 million

Proprietary software and services

+8%

PLN 644 million

Non-IFRS EBITDA

+3%

PLN 494 million

Non-IFRS EBIT

+3%

PLN 120 million

Non-IFRS net profit

-3%

# The Asseco Group in Q1 2023

## Asseco Poland Segment

- Revenue growth in the following sectors: banking and finance, healthcare, energy and telecommunications
- Stable order backlog and project execution for the public sector
- Double-digit sales growth in ADS and Asseco Cloud

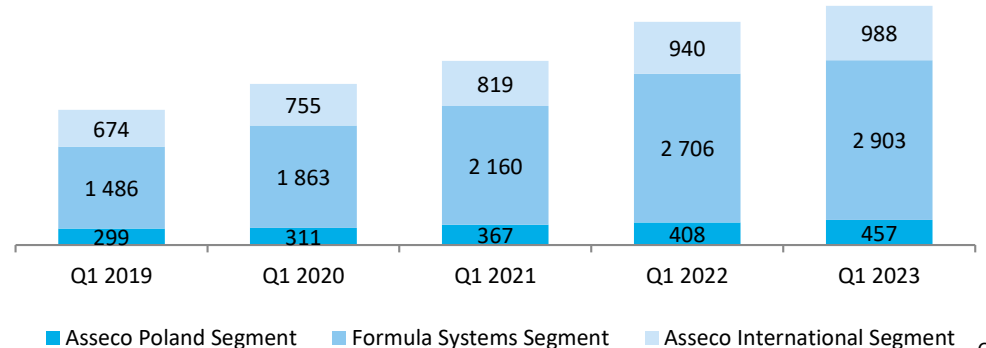
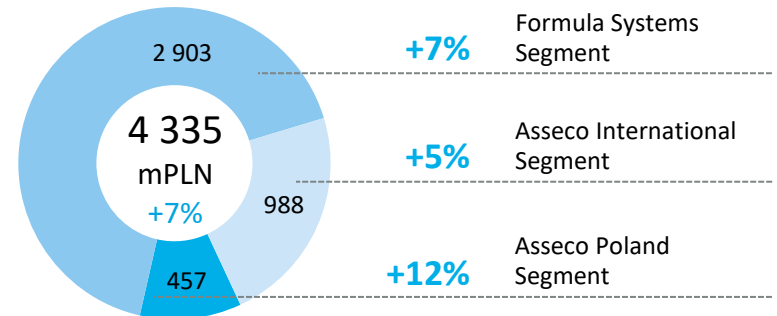
## Formula Systems Segment

- Business development in Israel, North America and Europe
- Large share of recurring revenues

## Asseco International Segment

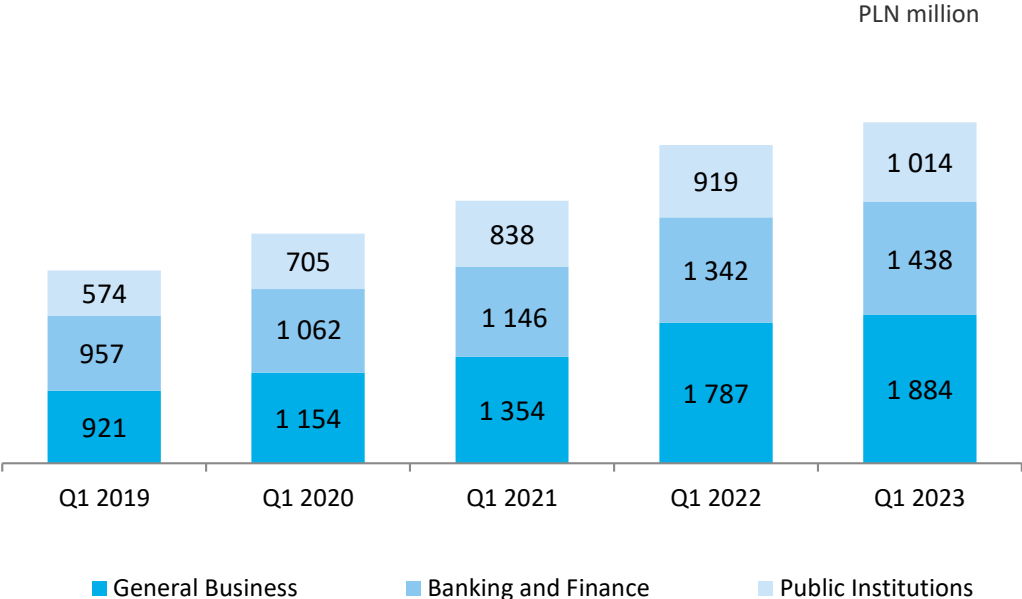
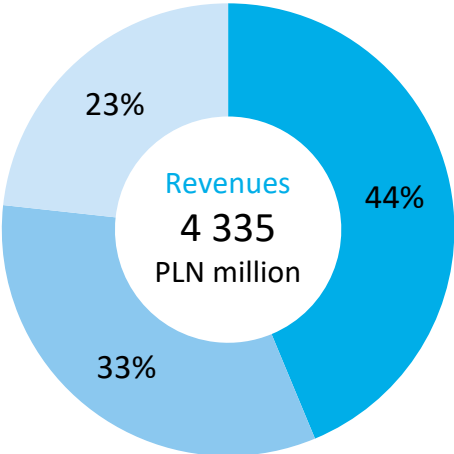
- Very good quarter in AES Group
- ASEE – increasing scale of operations in all business segments

Sales revenues (PLN million)



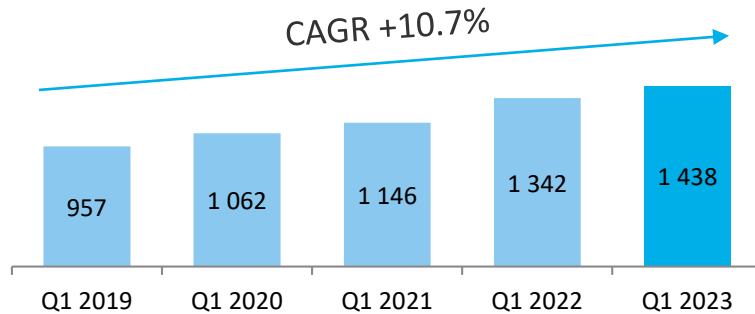
In addition: consolidation adjustment due to turnover between markets - PLN 13.5 million.

# Strong sectoral diversification of Asseco's revenues



# Banking and Finance Sector

Revenues (PLN million)



	Q1 2023	Q1 2022	Change
Formula Systems Segment	956.6	931.4	+3%
Asseco International Segment	360.6	302.7	+19%
Asseco Poland Segment	125.3	110.0	+14%
<b>Asseco Group*</b>	<b>1 437.9</b>	<b>1 341.6</b>	<b>+7%</b>

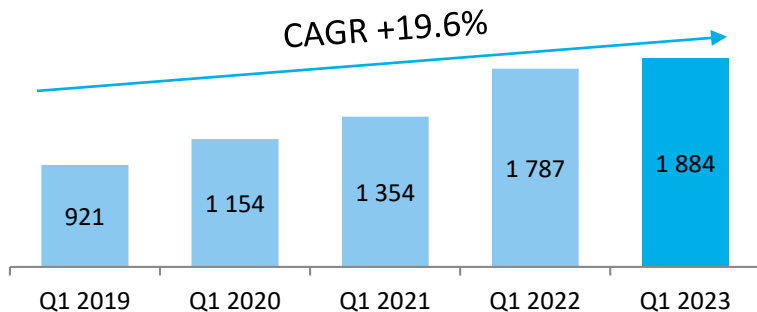
- **Formula Systems:** Sapiens – strong position in Europe (accounting for 52% of sales) and the US (accounting for 40% of sales)
- **Asseco International:** significantly higher revenues in ASEE, strong sales performance in Asseco PST
- **Asseco Poland:** revenue growth in the areas of commercial and cooperative banking as well as capital market

\* Data including consolidation adjustment.



# General Business Sector

Revenues (PLN million)



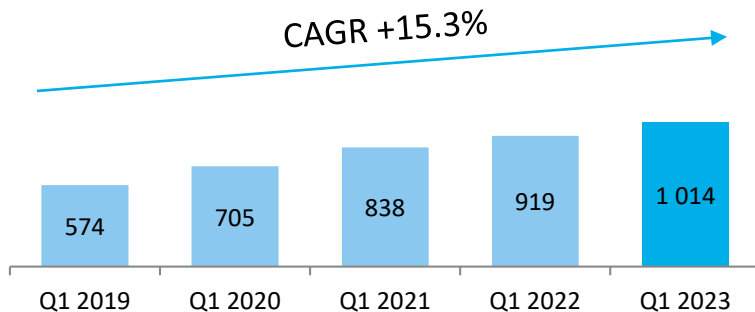
	Q1 2023	Q1 2022	Change
Formula Systems Segment	1 300.4	1 222.8	+6%
Asseco International Segment	479.7	481.7	-
Asseco Poland Segment	112.1	87.0	+29%
<b>Asseco Group*</b>	<b>1 883.6</b>	<b>1 786.7</b>	<b>+5%</b>

- **Formula Systems:** revenue growth in Matrix IT, Magic Software and Insync Staffing
- **Asseco International:** revenues in AES Group (ERP) and ASEE Group (dedicated solutions) growing at double-digit rate, no revenues from Danish companies sold in Q4 2022
- **Asseco Poland:** dynamic revenue growth in energy and telecommunications sectors, very good sales results in ADS

\* Data including consolidation adjustment.

# Public Institutions Sector

Revenues (PLN million)



	Q1 2023	Q1 2022	Change
Formula Systems Segment	646.4	552.1	+17%
Asseco International Segment	148.1	155.9	-5%
Asseco Poland Segment	219.7	211.4	+4%
<b>Asseco Group*</b>	<b>1 013.9</b>	<b>919.2</b>	<b>+10%</b>

- **Formula Systems:** Matrix IT – implementing projects for the government and healthcare sectors, Magic Software's revenue growth
- **Asseco Poland:** very good quarter of healthcare area, stable sales to central administration sector, higher sales in ADS
- **Asseco International:** no revenues from Danish companies sold in Q4 2022

\* Data including consolidation adjustment.

# The Group's development –acquisitions

Acquisition in the Israeli market:

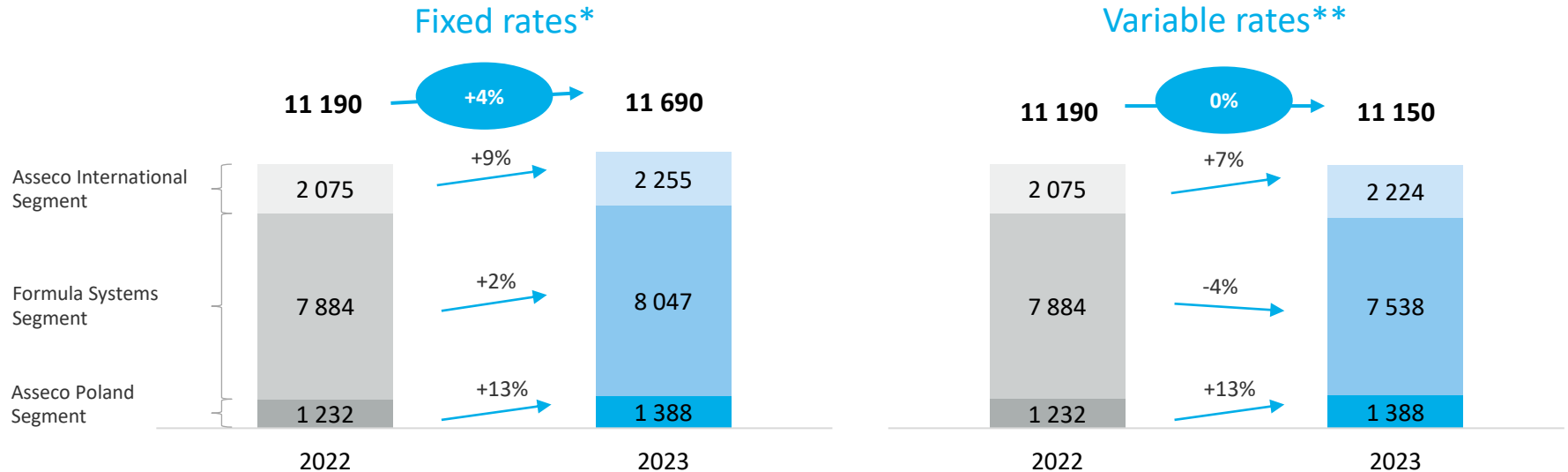


/Matrix IT/

**Zebra A.G.R Technologies** offers comprehensive cybersecurity solutions and network management along with consulting and training services.

# The Group's order backlog

## Proprietary software and services



Figures in PLN million.

Value of order backlog for 2023 as at May 22, 2023; value of order backlog for 2022 as at May 20, 2022.

\* Recalculating the 2023 backlog according to the rates with which the 2022 backlog was converted.

\*\* Recalculating backlog 2023 at rates: actuals of Q1 at average rates in Q1 2023 and data regarding Q2-Q4 2023 at rates as at May 22, 2023.

# Financial information



# Revenues and operating profit

	Q1 2023	Q1 2022	Δ
<b>Sales revenues</b>	<b>4 335.4</b>	<b>4 047.5</b>	<b>+7%</b>
Proprietary software and services	3 421.5	3 161.3	+8%
<b>Non-IFRS EBITDA*</b>	<b>643.6</b>	<b>622.3</b>	<b>+3%</b>
<i>Profitability</i>	14.8%	15.4%	-0.6 p.p.
<b>Non-IFRS operating profit*</b>	<b>494.0</b>	<b>480.5</b>	<b>+3%</b>
<i>Profitability</i>	11.4%	11.9%	-0.5 p.p.
PPA and SBP	-94.5	-90.8	+4%
M&A and one-offs	-1.9	-3.0	-37%
<b>Operating profit</b>	<b>397.6</b>	<b>386.7</b>	<b>+3%</b>
<i>Profitability</i>	9.2%	9.6%	-0.4 p.p.

Figures in PLN million.

\* Non-IFRS figures including adjustments for: the cost of amortization of intangible assets recognized in purchase price allocation (PPA), the costs of share-based payment transactions with employees (SBP), the revenues and costs resulting from the transactions of purchase and sales of companies (M&A) and one-offs.

# Reconciliation of operating profit and net profit

	Q1 2023	Q1 2022	Δ
<b>Non-IFRS operating profit*</b>	<b>494.0</b>	<b>480.5</b>	<b>+3%</b>
<b>Operating profit</b>	<b>397.6</b>	<b>386.7</b>	<b>+3%</b>
Interest result	-24.3	-22.0	-
Foreign exchange transactions	-3.3	8.9	-
M&A transactions	-2.2	-5.0	-
Hyperinflation (regarding ASEE)	9.6	-	-
Other	-	-0.1	-
<b>Gross profit</b>	<b>377.4</b>	<b>368.5</b>	<b>+2%</b>
Tax	-83.5	-82.4	+1%
<i>Effective tax rate</i>	22.1%	22.4%	-0.3 p.p.
Share of profit/loss of associates	-1.4	1.0	-
<b>Non-IFRS net profit</b>	<b>365.8</b>	<b>365.9</b>	<b>-</b>
<b>Net profit</b>	<b>292.5</b>	<b>287.1</b>	<b>+2%</b>
<b>Non-IFRS net profit attributable to shareholders of the parent company*</b>	<b>120.4</b>	<b>124.7</b>	<b>-3%</b>
PPA and SBP	-16.2	-16.4	-
M&A and one-offs	3.9	-0.7	-
<b>Net profit attributable to shareholders of the parent company</b>	<b>108.1</b>	<b>107.6</b>	<b>-</b>

Figures in PLN million.

\* Non-IFRS figures including adjustments for: the cost of amortization of intangible assets recognized in purchase price allocation (PPA), the costs of share-based payment transactions with employees (SBP), the revenues and costs resulting from the transactions of purchase and sales of companies (M&A) and one-offs (and related tax effects).

# Financial results of regions and subsidiaries

	Sales revenues		Non-IFRS operating profit*		Non-IFRS net profit contribution to Asseco Poland*	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
<b>Asseco Poland Segment</b>	<b>457.1</b>	<b>408.4</b>	<b>69.7</b>	<b>70.8</b>	<b>53.0</b>	<b>51.3</b>
Asseco Poland (excluding dividends)	317.5	279.8	51.7	48.2	41.5	36.2
Asseco Data Systems	94.4	83.4	17.9	17.1	15.4	15.4
Other companies and consolidation adjustments	45.3	45.2	0.1	5.5	-3.8	-0.4
<b>Formula Systems Segment</b>	<b>2 903.4</b>	<b>2 706.3</b>	<b>326.1</b>	<b>309.2</b>	<b>26.7</b>	<b>26.4</b>
Matrix IT	1 571.7	1 505.4	134.2	126.6	10.8	9.5
Magic Software	621.5	577.5	79.5	79.8	6.4	6.4
Sapiens International	544.2	490.1	104.9	91.0	9.0	8.5
Holding and other companies, consolidation adjustments	166.0	133.3	7.4	11.9	0.5	2.0
<b>Asseco International Segment</b>	<b>988.4</b>	<b>940.3</b>	<b>102.1</b>	<b>101.0</b>	<b>44.6</b>	<b>47.5</b>
Central European market	413.0	360.4	41.1	42.1	18.7	21.3
South Eastern European market	380.4	312.0	52.6	49.2	19.7	21.8
Western European market	193.7	265.7	12.0	13.1	9.1	8.2
Holding and other companies, consolidation adjustments	1.4	2.1	-3.6	-3.5	-2.9	-3.7
consolidation adjustment	-13.5	-7.5	-3.9	-0.5	-3.9	-0.5
<b>Asseco Group</b>	<b>4 335.4</b>	<b>4 047.5</b>	<b>494.0</b>	<b>480.5</b>	<b>120.4</b>	<b>124.7</b>

Figures in PLN million.

\* Non-IFRS figures including adjustments for: the cost of amortization of intangible assets recognized in purchase price allocation (PPA), the costs of share-based payment transactions with employees (SBP), the revenues and costs resulting from the transactions of purchase and sales of companies (M&A) and one-offs (and related tax effects).



# Cash generated (LTM)

	Asseco Group	Formula Systems Segment	Asseco International Segment	Asseco Poland Segment
<i>CFO</i>	2 209.2	1 372.5	593.1	245.3
<i>CAPEX* + leasing**</i>	-729.1	-402.5	-225.5	-102.9
<b>Free cash flow***</b>	<b>1 480.1</b>	<b>970.0</b>	<b>367.6</b>	<b>142.4</b>
<b>Cash conversion ratio****</b>	<b>73%</b>	<b>75%</b>	<b>79%</b>	<b>49%</b>

Figures in PLN million; figures for the Group include consolidation adjustments; data for the last 12 months, i.e. IV 2022 - III 2023.

\* Less financing.

\*\* Repayment of lease obligations.

\*\*\* CFO + CAPEX + leasing.

\*\*\*\* Free cash flow / EBIT non-IFRS.

# Stable liquidity situation

		As at March 31, 2023			
	Asseco Group	Formula Systems Segment	Asseco International Segment	Asseco Poland Segment	Eliminations
Cash	3 189.2	1 923.9	756.9	508.4	-
<b>Interest-bearing liabilities (ST)</b>	<b>(1 443.6)</b>	<b>(1 219.4)</b>	<b>(208.8)</b>	<b>(17.1)</b>	<b>1.7</b>
<i>Loan liabilities (ST)</i>	(1 170.5)	(1 011.9)	(157.4)	(1.2)	-
<i>Leasing (ST)</i>	(273.1)	(207.5)	(51.4)	(15.9)	1.7
<b>Net cash</b>	<b>1 745.6</b>	<b>704.5</b>	<b>548.1</b>	<b>491.3</b>	<b>1.7</b>
<b>Inventories + ST receivables - ST liabilities*</b>	<b>1 323.7</b>	<b>846.5</b>	<b>156.9</b>	<b>325.1</b>	<b>(4.8)</b>
<b>Net operating assets (ST)</b>	<b>3 069.3</b>	<b>1 551.0</b>	<b>705.0</b>	<b>816.4</b>	<b>(3.1)</b>

Figures in PLN million.

\* Inventories + short-term receivables + short-term prepayments - short-term liabilities excluding bank loans and finance lease liabilities.

# Attachments



# Development of Asseco's competence areas

Revenues in Q1 2023

## Strong position in the area of:

### Banking and Finance

PLN 1.4 billion

## Development in new areas

### Cloud solutions

PLN 270 million

### Cyber Security

PLN 81 million

### Robotics

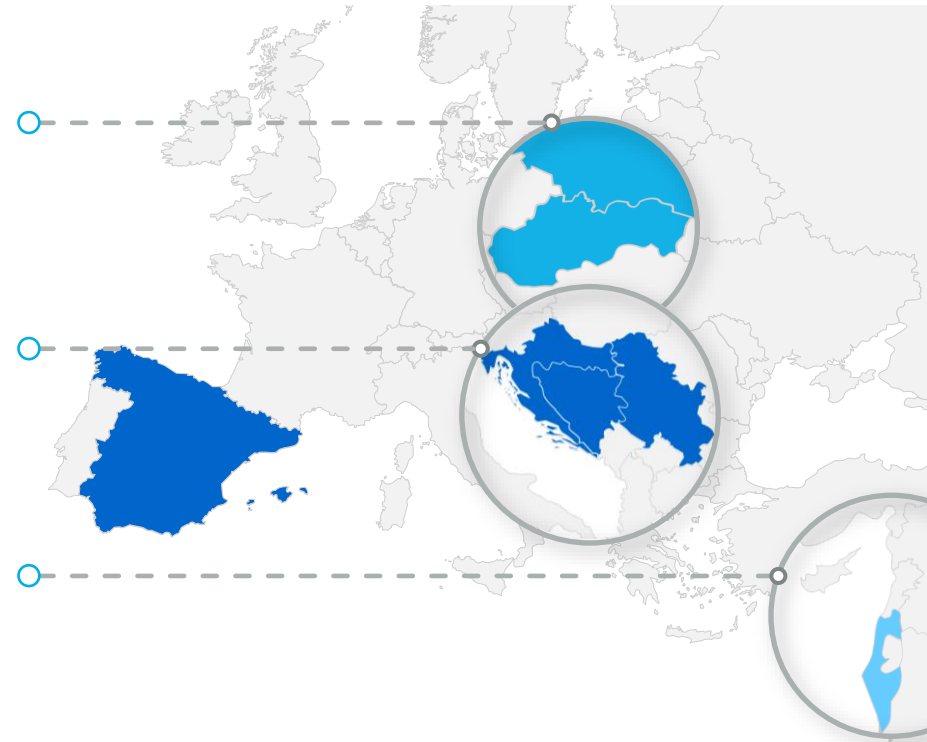
PLN 16 million

## INTERNATIONAL COMPETENCE CENTERS

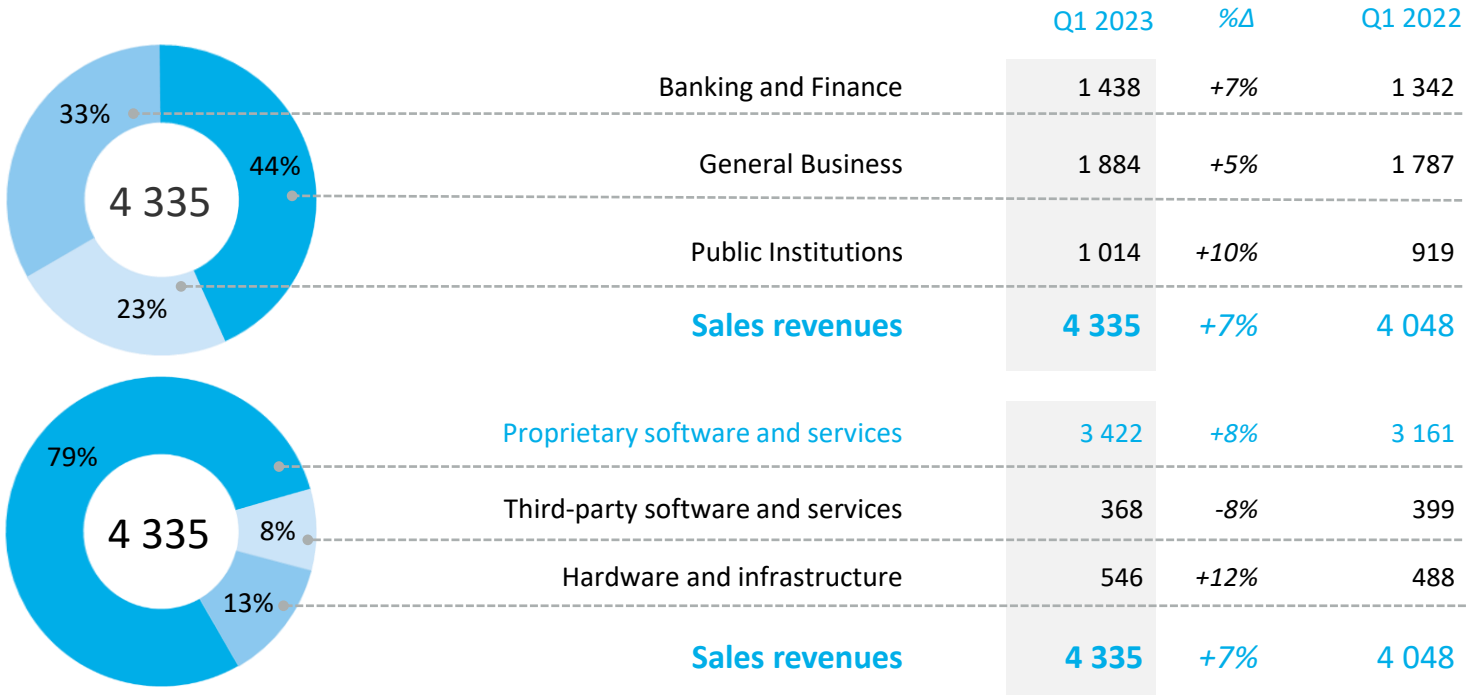
**ERP**  
 PLN 227 million  
 Asseco Enterprise  
 Solutions

**Payments**  
 PLN 172 million  
 Payten

**Insurance**  
 PLN 544 million  
 Sapiens International

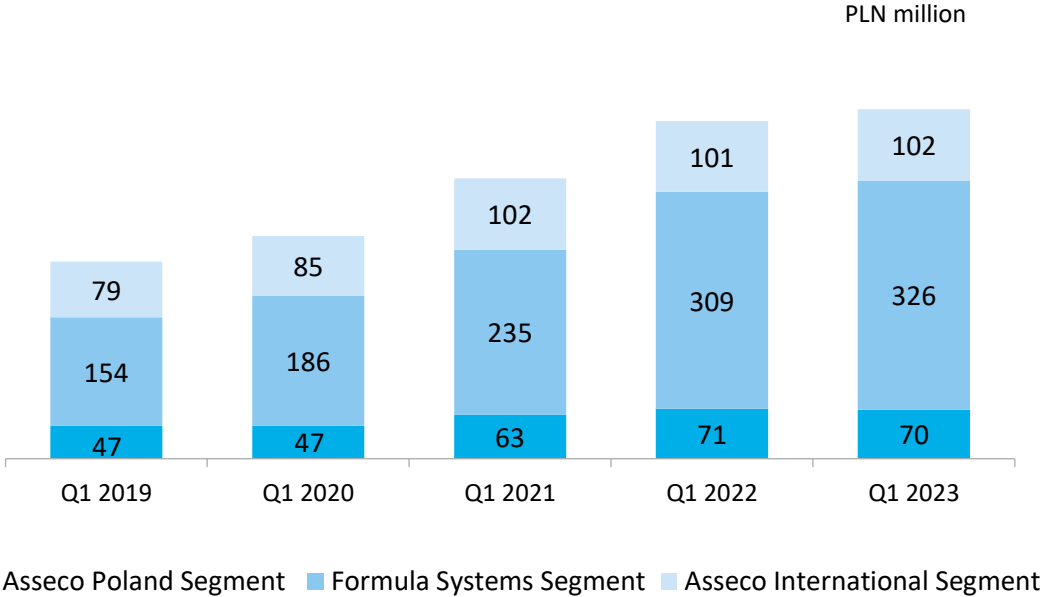
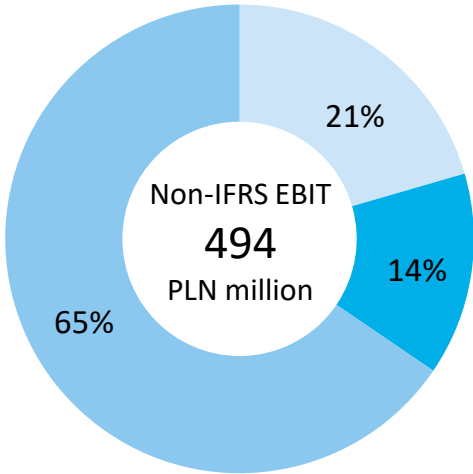


# Sales revenues by sectors and products



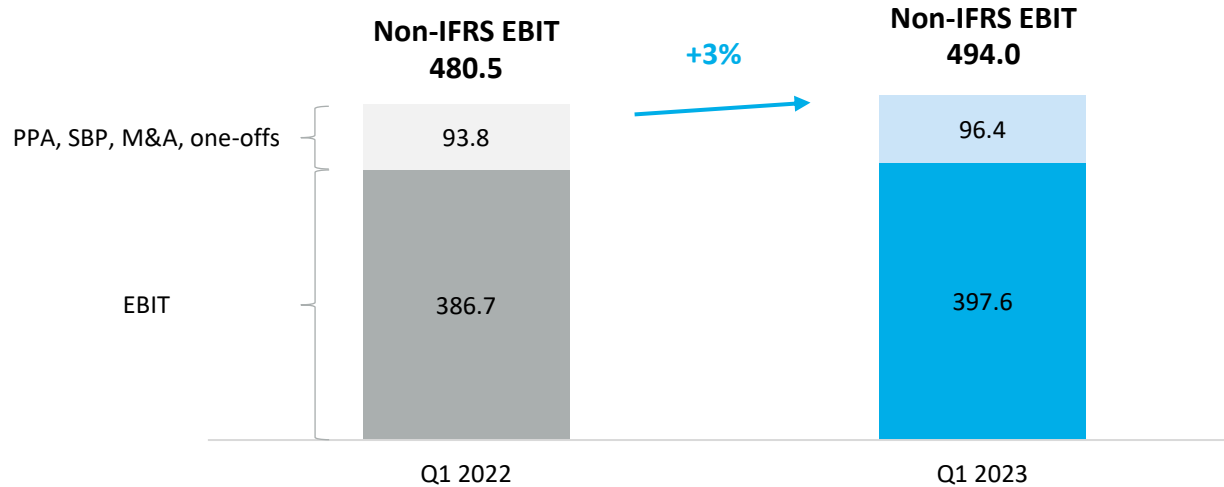
Figures in PLN million.

# Non-IFRS operating profit



# Non-IFRS operating profit

PLN million



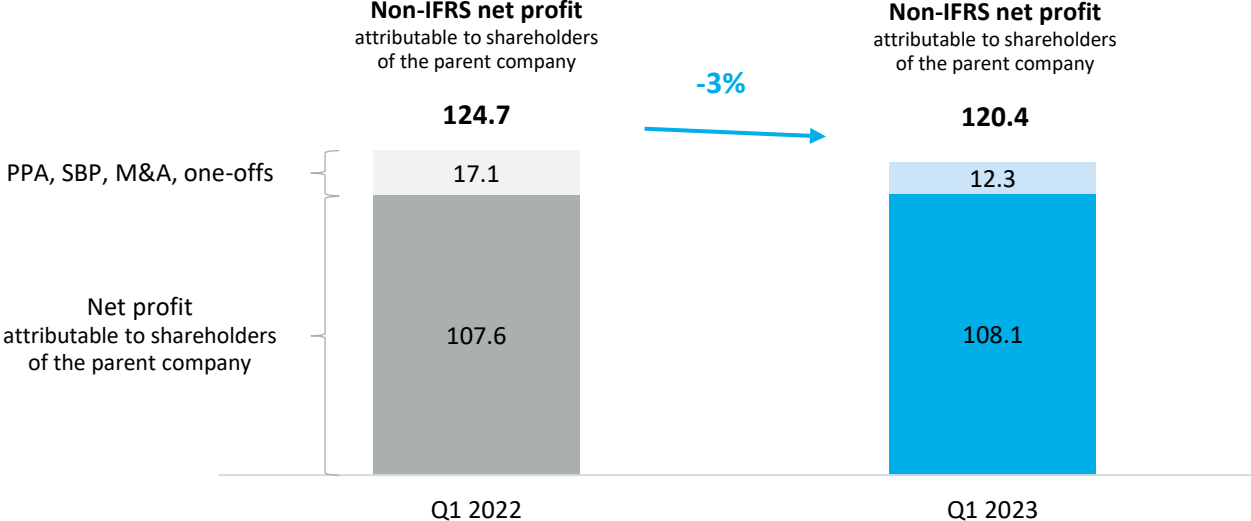
*PPA: cost of amortization of intangible assets recognized in purchase price allocation.*

*SBP: costs of share-based payment transactions with employees.*

*M&A and one-offs: financial costs/revenues related to company acquisitions/sales transactions and one-offs.*

# Non-IFRS net profit

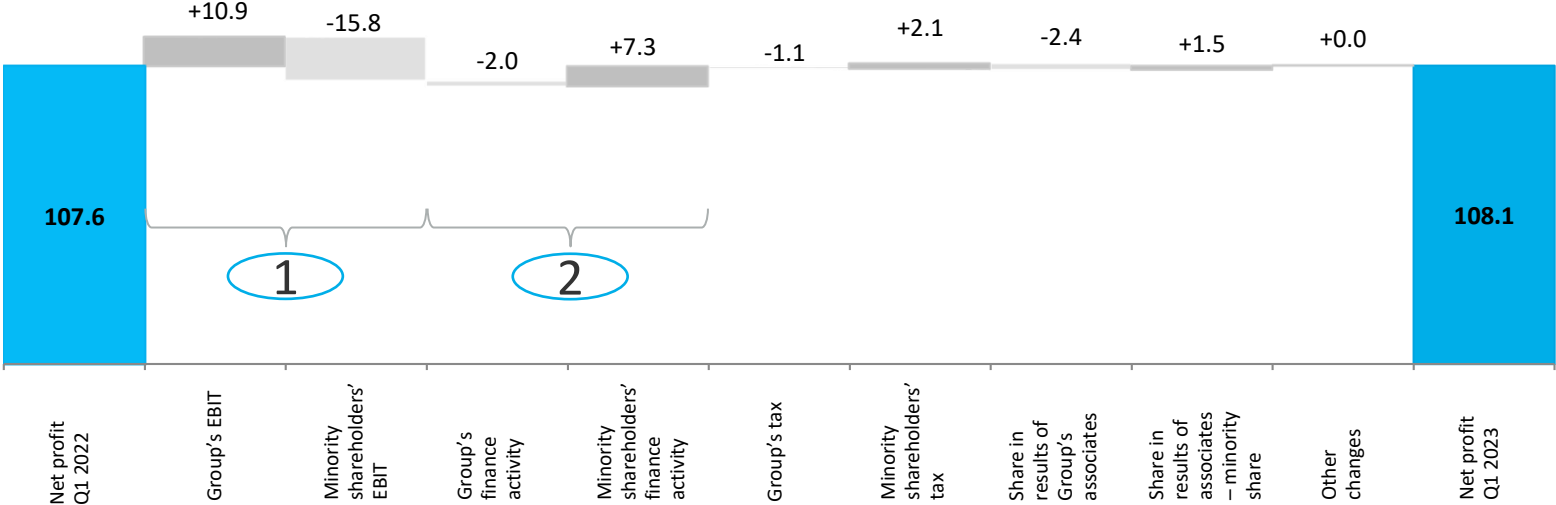
PLN million



PPA: cost of amortization of intangible assets recognized in purchase price allocation.  
SBP: costs of share-based payment transactions with employees.  
M&A and one-offs: financial costs/revenues related to company acquisitions/sales transactions and one-offs.



# Asseco Group: explanation of change in net profit



	EBIT change	Change for minority shareholders	Change for Asseco shareholders
Asseco Poland Segment	-1.3	+1.3	-2.6
Other markets	+12.2	+14.5	-2.3
<b>Asseco Group</b>	<b>+10.9</b>	<b>+15.8</b>	<b>-4.9</b>

	Finance activity change	Change for minority shareholders	Change for Asseco shareholders
Asseco Poland Segment	+3.0	+0.4	+2.6
Other markets	-5.0	-7.7	+2.7
<b>Asseco Group</b>	<b>-2.0</b>	<b>-7.3</b>	<b>+5.3</b>

1

2

# Revenues by regions and sectors in Q1 2023

	General Business	Banking and Finance	Public Institutions	Total**
Asseco Poland Segment	112.1	125.3	219.7	457.1
Formula Systems Segment	1 300.4	956.6	646.4	2 903.4
Asseco International Segment	479.7	360.6	148.1	988.4
Central European market	267.4	32.9	112.6	413.0
South Eastern European market	87.4	270.1	22.9	380.4
Western European market	124.4	56.7	12.7	193.7
<b>Asseco Group*</b>	<b>1 883.6</b>	<b>1 437.9</b>	<b>1 013.9</b>	<b>4 335.4</b>

Figures in PLN million.

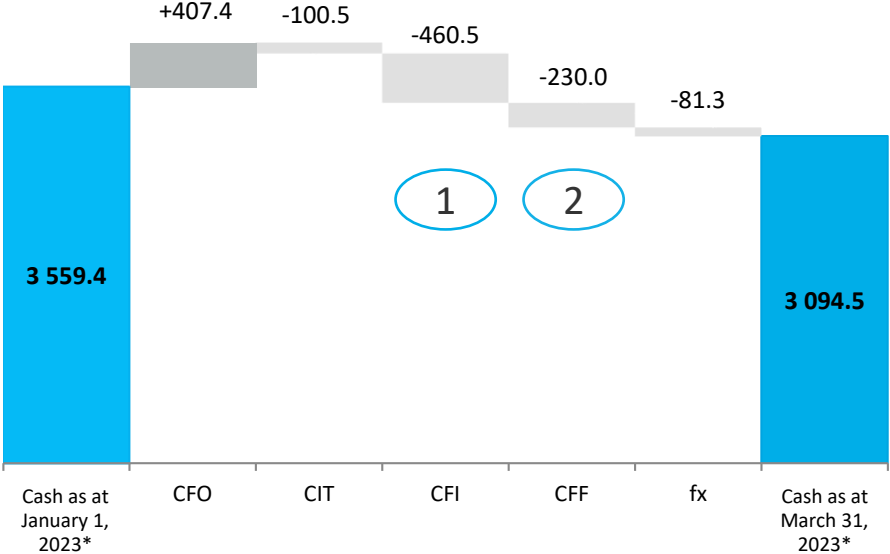
\* Data including consolidation adjustments.

\*\* Market revenues include sales to external customers and sales between segments.

# The Asseco Group: non-IFRS adjustments

	Impact on operating profit			Impact on net result		
	Q1 2023	Q1 2022	Δ	Q1 2023	Q1 2022	Δ
<b>PPA</b>	<b>-75.3</b>	<b>-72.5</b>	<b>-2.8</b>	<b>-12.7</b>	<b>-12.9</b>	<b>+0.3</b>
Asseco Poland segment	-3.5	-3.2	-0.4	-2.9	-2.6	-0.4
Formula Systems segment	-67.5	-63.5	-3.9	-7.3	-6.8	-0.5
including those relating to the acquisition of Formula Group	-25.9	-25.5	-0.4	-2.6	-2.6	-
Asseco International segment	-4.3	-5.8	+1.6	-2.5	-3.6	+1.1
Central European market	-0.7	-0.6	-0.1	-0.5	-0.4	-0.1
South Eastern European market	-2.1	-3.2	+1.1	-0.9	-1.9	+1.0
Western European market	-1.4	-2.0	+0.5	-1.1	-1.2	+0.2
Other	-	-	-	-	-	-
<b>SBP</b>	<b>-19.3</b>	<b>-18.3</b>	<b>-1.0</b>	<b>-3.5</b>	<b>-3.4</b>	<b>-</b>
Formula Systems segment	-19.1	-18.2	-0.9	-3.4	-3.4	-
Asseco International segment	-0.2	-0.1	-0.1	-0.1	-	-
South Eastern European market	-0.2	-0.1	-0.1	-0.1	-	-
<b>M&amp;A and one-offs</b>	<b>-1.9</b>	<b>-3.0</b>	<b>+1.1</b>	<b>3.9</b>	<b>-0.7</b>	<b>+4.6</b>
Asseco Poland segment	-	-0.2	+0.2	-0.1	-0.2	-
Formula Systems segment	-1.9	-2.8	+1.0	-0.4	-0.1	-0.3
Asseco International segment	-	-	-	4.5	-0.4	+4.9
South Eastern European market	-	-	-	4.5	-0.3	+4.8
Western European market	-	-	-	-	-0.1	+0.1
Other	-	-	-	-	-0.1	+0.1
<b>Total non-IFRS adjustments (PPA, SBP, M&amp;A and one-offs)</b>	<b>-96.4</b>	<b>-93.8</b>	<b>-2.6</b>	<b>-12.3</b>	<b>-17.1</b>	<b>+4.8</b>
including those relating to the acquisition of Formula Group	-25.9	-25.5	-0.4	-2.6	-2.6	-

# Explanation of change in consolidated cash balance\*



1

Cash from investing activities:

M&A	-128.6
CAPEX + R&D	-92.7
Loans, debt instruments and other	-239.2
<b>Total</b>	<b>-460.5</b>

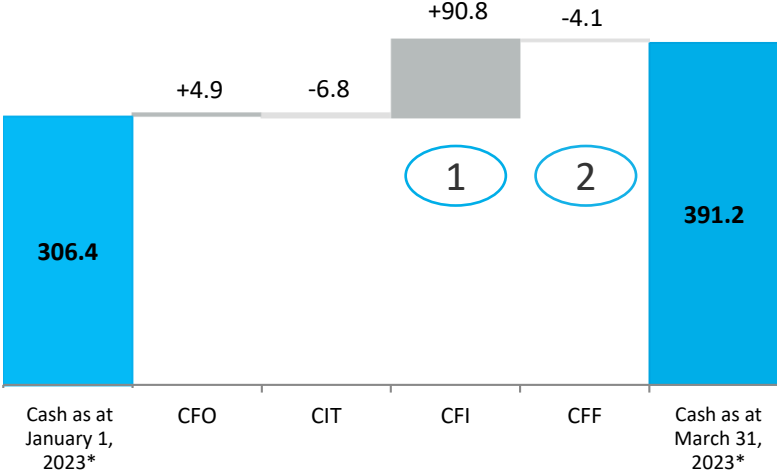
2

Cash from financing activities:

Dividends for minorities	-12.6
Debt and leasing	-216.3
M&A	-12.4
Other	+11.3
<b>Total</b>	<b>-230.0</b>

\* Net cash and cash equivalents include bank credits on current account used for current liquidity management.

# Explanation of change in stand-alone cash balance\*



1

Cash from investing activities:

Dividends	+119.5
CAPEX + R&D	-16.7
M&A	-10.9
Loans	-1.1
<b>Total</b>	<b>+90.8</b>

2

Cash from financing activities:

Debt and leasing	-4.1
<b>Total</b>	<b>-4.1</b>

\* Net cash and cash equivalents include bank credits on current account used for current liquidity management.

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