

Transcript from broadcast of Asseco's 2023 earnings conference call**Artur Wiza - Vice President of the Management Board of Asseco Poland (AW):**

Good afternoon. We would like to welcome you very warmly to Asseco's annual results meeting. During today's meeting, we will traditionally present our Group's activities over the past year and discuss financial information. We are also hosting today the President of the Management Board, Adam Góral, who will discuss the Group's development prospects. Karolina Rzońca-Bajorek, Vice President of the Management Board of Asseco Poland will present financial information. Marek Panek, Vice President of the Management Board of Asseco Poland, will talk about the Group's operations. Today's meeting is conducted in two languages: Polish and English. For people from abroad who are watching us, a presentation in English will be shown. Questions can also be asked in English.

We will start with a presentation of our activities and a summary of the year. In the second part, we are at your disposal for questions and answers. Questions can be sent during the meeting. After the presentation, we will answer them. I turn the floor over to the President of the Management Board, Adam Góral.

Adam Góral - President of the Management Board of Asseco Poland (AG):

Good afternoon to you. I am very happy that we can be together. I regret that we are not quite truly together. I miss the meetings when we used to meet in one room. For us, people who are not actors, it was easier. Even more so, I welcome all the people, the analysts, who are in the room with us. From time to time, looking at them, I will be able to verify that what I am talking about is understood.

We come in very good spirits when it comes to our business. Of course, for responsible, mature people looking at current events, it is hard to start today with joy related to business successes. We are all paying a price for the war in Ukraine. We are thinking about it. Our country is in a special place. We have lived in peace for many years and we are all a little concerned that this peace is under threat. We are paying the price for what is happening in Israel. Of course, we have mostly friends there and we understand the war, we understood the beginning, we understood the reaction. But today we are all worried, because we are aware that innocent people are being killed. I think all of us, both those here in the hall and also remotely, wish for peace. We assume that this peace will come, and that is why I say, with great enthusiasm, that my faith in us, in the people who work in this company, is incredible. This faith is confirmed by our achievements. I personally consider the past year to be the best ever, given our results: PLN 16.9 billion in revenues, PLN 2.5 billion in EBITDA, PLN 1.6 billion in operating profit, PLN 483 million in net profit. Someone may say that, after all, the PLN 483 million net profit for 2023 is less than the PLN 502 million net profit in 2022. Why do I consider this PLN 483 million as a better result? Last year we had to face risks. I am referring to the war in Israel that affected us. 1,000 people from Formula Systems subsidiaries were called up for military service, of which 600 have already returned to work today. I'm impressed by how Israel, Formula Systems and the people working there have done capably. If you look at Formula Systems' results, you'll notice that – given the results recorded in the original currency - the company was growing. We were still not able to improve our results in Slovakia and return the business in that market to its pre-pandemic state. Today we are much more optimistic. We think that solutions for public institutions will become very important again in this country. We are looking very positively at the Czech Republic. Given these facts, we are very happy today. In a moment, Karolina will explain precisely why I consider last year to be the best year. On the right side of the displayed slide is a summary of 20 years of our presence on the stock exchange, and this is to thank you. A huge thank you to my partners, investors. I believe in this company of ours. You help us achieve the impossible. Please note that our revenues since the IPO, in 20 years, have increased 156 times, EBITDA has increased 125 times, operating profit has increased 93

times, and net profit has increased 36 times. I'm glad that there was such an idea to show this. I am very grateful to the people who built the capital market and who take care of its development. We are happy with yesterday's already official appointment of the President of the Warsaw Stock Exchange (WSE), who is an alumni of this market and we believe he will put a lot of work to fight for the liquidity of our stock market. This is its one weakness that should not be hidden. On the other hand, I will always say that if there was no Polish stock market, one Pole, Adam Góral, would not have succeeded in integrating companies in Europe. Other markets would not have been able to get the resources to do so. We are convinced that we have not failed. I believe in our future. We are about to prove that this belief is supported by numbers and a great team, of which I am immensely proud. Thank you, for this support, because we always feel your kindness. Thank you for this faith in us. What is the reason for our success? We focus on our proprietary software and services for key economic sectors. 78% of our revenues come from this area. This is the sanctity of this company. We use domain and technological expertise. We have proven ourselves in the toughest times, as evidenced by how we went through a very difficult pandemic period with some institutions. It really was a world championship. I don't want to brag about it, but we carried out impossible projects, and my pride in this team, which was responsible for its functioning in relation to the state, is immense. Believe me that it is fully justified. Of course, we will never give up our acquisition ambitions and we will maintain this direction. You will also certainly notice that the Group companies have been finding it more difficult to buy other entities for some time, which is related to the fact that, for example, in our closest markets, such as Slovakia, the Czech Republic, Poland and the Balkans, there have not been so many successful companies. As a result, there are fewer potential partners, and we are interested in attracting entrepreneurs to the Group, people who have shown that they understand what the business is all about.

We have a bigger problem when it comes to start-ups. We have a start-up that we are very happy with. That start-up is Nextbank. When it comes to start-ups, this path of gaining market, building credibility, it is sometimes very long. From Asseco's point of view, it is always more interesting to see a project led by a person who has shown that he or she knows the business, and by working with Asseco it will be possible to accelerate the development of his or her business. Our thinking has led to the fact that today the Group has more than 33,000 employees, and 87% of those working at Asseco are people representing production departments.

I would also like to say a few words about dividends. You know me. I am an opponent of credit, loans, but there came a time when I decided that we were taking credit. I understood the motivation of some of our partners, because we all appreciate their courage, to invest in energy, because this is building the future. It is an extremely important area. We conducted the share buyback process in a very transparent way. Of course, in making the decision, we had everything carefully calculated. I avoided credit for years, but I made this decision very consciously. I'm very happy that today we have 17.8% of our shares available, and this mobilizes us to take a fresh look at our company. We prepared our investor presentation from scratch. With the credit already in place, we came to a decision about the dividend. With my team, we kind of hesitated to make a decision, we were wondering whether we should to accelerate the repayment of the loan, somewhat at the expense of the dividend, or not. Given the backlog we are showing and the overwhelming likelihood that we will continue to do very well, we concluded that it would be worth it for our shareholders to receive a very reasonable dividend. We have decided to recommend to the General Meeting a payment of PLN 250 million, which means a payment of PLN 3.66 per dividend-paying share. I hope this is a pleasant surprise, as there have been various discussions in the market on this topic. For me, your interest is also my personal interest. I always prefer a higher dividend, I have to admit that. I think we are all satisfied. Our dividend recommendation is also a confirmation of how seriously we take you.

I will now discuss the growth prospects. Despite the fact that today I live hugely by the buzzwords: cloud, Artificial Intelligence and cybersecurity, I am very proud of what we are achieving in terms of our core business. I am referring to our proprietary software and related services, as well as building and strengthening our position in the banking, insurance, telecommunications, healthcare, energy, and government sectors. All of you are following our tremendous success when it comes to ERP. Rafał Kozłowski, who will someday succeed me, performs capably as an integrator. His career at Asseco Enterprise Solutions is a beautiful bridge to what I hope he will take over at some point. He is currently building his international position. He has already achieved this position. He is recognized and has had tremendous success. Piotr Jeleński is developing the payments area, a beautiful project. I remember 12 years ago our discussions started almost from scratch. You follow Asseco South Eastern Europe and know what a success this group has been. Step by step we are building a position in trust services with Asseco Data Systems. We also have a superb team when it comes to electronic signatures. I hope that we will be a healthy competitor for the Polish Post Office when it comes to e-Delivery, and this will make the Post Office better too. Here it is worth noting that we often started with old technologies. We have a beautiful history. To get away from older technologies is to move with the customer step by step, in fragments of systems, to new technologies. And this is a great success. We, the investors, have not been exposed to a situation where we open a completely new project, where we don't have a customer yet, and we wait for, say, 3-5 years. Estimating the time to build something new, without a customer, borders on the miraculous. Then finding the first customer in the areas we represent, which are very sensitive, where large solutions are being developed, borders on the miraculous. Believe me, in all areas, we owe this to the wisdom and efforts of our substantive teams: from the visionaries starting with the people who handled the production part. This must continue to be maintained. It represents a great value. These values make us know exactly, we are sure, that we will take a very worthy place in the cloud area, that we will also develop a very significant position when it comes to Artificial Intelligence (AI). We have the ambition to become at least one of the leaders when it comes to cyber security. I will elaborate on this in a moment.

As for the M&A strategy, we continue to look for it and will not rest. Marek is responsible for this. We wonder if we are making some mistake in our thinking. Maybe sometimes we don't have the information, and if that's the case, if we have certain weaknesses, we will discover them and correct them. We continue to look for companies that have their own software and know how to implement it, in order to enrich our offerings. We will continue to pursue these ambitions. On the other hand, when it comes to those areas that will 100% be the future, such as the cloud – here we already have a lot of achievements. As you know, Asseco is building its cloud and developing the Asseco Cloud project, which is already functioning well in Poland. For now, Asseco Cloud has more or less 50% of its revenues coming from Asseco Poland, and it started mainly by selling to the parent company. Now 50% of revenue comes from other companies in the market. There are customers that Asseco Cloud attracts, and these are very significant brands. I'm very happy that this team is doing this efficiently. We are defining our offerings better and better. We are learning it from the largest players. However, we have always said that there will be situations that our cloud will not cope with. We had such a situation with Allegro Pay, where the December sales peak made the cost of the infrastructure to be used more expensive for our service, and this is, after all, a subscription model. I am very proud of last year's project to move the Allegro Pay service to the Oracle cloud. It's a joint success. We are all proud of it. Allegro is a Polish company, very well built. Cooperation with such a company is a pleasure for us and proof of their respect for us. A perfectly built project in the Google cloud when it comes to PKO BP debit cards. This is a joint success. PKO BP, as one of the first Polish banks, showed the way and was not afraid of this project. It made everyone realize what role cloud solutions will have. It's also a big success. We are now close to the implementation of the next batch when it comes to credit cards, and I hope to complete the next project during the holiday season.

With the cooperation and relationship with global clouds, I am also very satisfied. I'm glad that we have people prepared for this. As for cloud in Asseco Central Europe, Jozef Klein, as a leader, is implementing an analogous project, that is, building teams in Slovakia and the Czech Republic. Piotr Jeleński will also implement a similar project. As for Asseco South Eastern Europe, we are very successful there, and we don't want to distract them at the moment. We need to make a decision at the right moment. I don't put that much pressure on Piotr yet, but I dream of combining these cloud projects from different places. It will be, let's call it, a micro European cloud, because the fact that Europeans have no ambition to build a cloud is a mistake. With all due respect to global public clouds, we Europeans should have such a cloud. In Asseco, we are showing that on a micro scale we will be able to do it. It will be a decent, well-earning company.

Little by little, we are all becoming passionate about Artificial Intelligence. Probably among us, i.e. you who are watching us online and those people who are in the room with us, there is not a person who does not appreciate the importance of this topic. For me, Artificial Intelligence is a field that has been under development for several decades, and this is no surprise. On the other hand, the fact that there has been an acceleration of this development, that there are concretes today, this is also obvious to me. The importance we give to this topic is enormous in the Group. For the period of the previous two years, 2022-2023, we assumed that we would support our enthusiasts in various places in the Group, as much as possible, and they would look for a place for Artificial Intelligence tools. These processes are happening in parallel, and Marek, in terms of information, has coordinated this well so far. Last week we decided that we are appointing an outstanding person, because the leader of our Business Intelligence Division, namely Jarek Bryl, as the coordinator responsible for leading our activities in this area. Jarek reports directly to me. Jarek is an entrepreneur, so we have not imposed a rigid framework in this project. In 3 months, a concept will be presented to make our work in this area coordinated. Where will our place be? Dear all, talking about AI, reminds me of the time when we started building our company, that is, the 1990s. Why? At that time I had to accept that I wouldn't build a world base, that I wouldn't produce software tools, but that I had to depend to some extent on those who had much more money. We have to accept that we will be dependent on those who are competing today in building tools. Our place is simple to define - we focus on our customer, expertise, and the tools themselves are not our focus. The customer is looking to increase sales with IT, reduce costs or increase security. We are good at that. Our expert potential is huge. In many places we feel what our customers need. As we learn these tools, we will also change our internal processes with their help. We hope that at some point we will also use these tools to make software production more efficient. We will improve the back-office sphere. We will work on development in this area relatively quickly. You know what the risk is - by design these tools are imperfect. If internally we mess up with something, we can handle it. But when it comes to customer relations, a mistake made when these tools are taken away can come at a huge price. We here will certainly be wise, but we give this area great importance. We know that there are people who have fears of this world, but we want to convince them to think differently. As an example, we can cite the period of rapid development of the Internet. After all, people who did not follow this trend are excluded today. We believe that the same will happen with the development of Artificial Intelligence. In this regard, I will never be calm, because we live in a time of tremendous competition, but believe me, we have given it weight, defined our place and already have the first achievements. I don't want to pester you with this yet, but we will brag about it. I am happy that we are developing this area, often with this youngest generation. I love to work precisely with these people, because they help us build this very beautiful future.

Another important area for us is cyber security. Krzysztof Dyki runs ComCERT. The people who used to create it are no longer with us. I think that for Krzysztof, as a leader, this is good. However, we are not satisfied with last year's

results. We are paying the price here for the, still huge, lack of market knowledge. We are analyzing, we are looking for partners, we are looking for companies in different countries that we could join the Group, as far as this slogan is concerned. Believe me, these are still small companies. Let me go back to history. When I started building software I was told I was making a mistake. At that time I was making a great living selling hardware. Today, most of those in the cyber security field say they sell hardware. They want to live on sales, on margins from licenses. Asseco is building capacity when it comes to the expertise of analysts. This is where we have had tremendous success. We did a SOC in Togo and now I have signals from that country that they want to go further. Karolina tells me what the results are from Cyber Defense Africa, in which we have a 32% stake.

KR-B:

This company had PLN 16 million in revenues and PLN 3 million in net profit in 2023.

AG:

Now there is a revival there, because Togo has the ambition to make this SOC such a SOC for neighboring countries. Whether they will succeed, whether we will promote it, I don't know. The minister in charge of this is in constant contact with us. She wants to promote cyber security awareness in Africa. I am proud of what we have done. Now we have high hopes for the SOC in Rzeszów. The mayor of Rzeszów was one of the first mayors in Poland who was aware of the price of successfully attacking the city's systems and the systems of those companies that are associated with serving the city. Today we are creating this example and building a place for our analysts. The city had ambitions to build an analytical team on its own. We were not against it. Meanwhile, believe me, we still have a handful of knowledgeable people in the market who can provide cyber security. I'm not talking at the lowest level, but at the second and third levels. We have educated people. We want these people to educate the next specialists. Asseco will survive this period. Someday it will be paid only for labor. Equipment will be an add-on. The same as it was before. Asseco exists because I believed that it is not the hardware, but the software that will make the difference. It will be the same in cybersecurity. Hardware is necessary, don't misunderstand me. Without it, we could not build these competencies, but the real value is in what the analysts do. They, by tracking network traffic, are able to secure us and stay ahead of those who want to be smarter than us. My dear friends, this is what we live, what I live for. I will now give the floor to Marek. Later, Karolina will take us through the numbers and prove that PLN 483 million of net profit in 2022 is more than PLN 502 million of net profit in 2023. Thank you very much for your attention.

Marek Panek - Vice President of the Management Board of Asseco Poland (MP):

Hello to you all very warmly. My business commentary today will probably be a little shorter than usual. We are discussing the annual results today, and we wanted to spend some time on our growth prospects and the new areas in which we are operating. We will also leave more time for questions and answers. We expect that there may be more of these than usual due to the presence of our President of the Management Board. In addition, there probably won't be many differences in the business commentary from what we discussed during the three quarters of last year, when we discussed the financial results for the respective periods. The trends we observed were also evident in the fourth quarter. We also had an unusual, important, sad event in Israel in the form of the outbreak of war. Of course, this had an impact on business in the Israeli group, although from a business perspective it was not significant.

Let me start by discussing our revenues by segments. You are familiar with these slides, as we present them each quarter. In the pie chart, we see a breakdown of our revenues of PLN 16.9 billion by 3 segments, namely the Asseco Poland segment, the Asseco International segment and the Formula Systems segment. Here, one comment that will continue to be made today, which is that we emphasize the large negative effect of exchange rate differences on our results. On a consolidated basis, this effect reduced the level of reported revenues by PLN 1.5 billion. In other words, if we had shown these sales only at constant exchange rates, from the end of last year, we would have had PLN 1.5 billion more. This is an effect beyond our control. However, we are happy about something else. If we look at the organic growth of our business, we are seeing roughly 5% growth across the Group. It, of course, varies from segment to segment. In Poland, this growth is the most dynamic, as you can see it was 13%. Here, exchange rate differences have no impact, and we are happy with this result. It was a really good year for the Asseco Group companies operating in Poland. We emphasize the good sales results in the finance, healthcare and energy sectors. There the increases were the highest. We are pleased with the level of sales to the public sector, where we are implementing difficult, large, multi-year projects, related to the digitization of public institutions. This also gives us a perspective for the years ahead. We are pleased with the dynamic growth in sales at Asseco Data Systems and Asseco Cloud. These are our subsidiaries, in which we have a 100% stake, and which grew very well last year. In the Asseco International segment, we recorded a 3% decline in sales. In this case, exchange rate differences are noticeable, although not as much as in the Formula Systems segment. Let's also remember that in the case of the Asseco International segment there is an effect of the sale of Danish companies at the end of 2022. There was no more revenue from these companies last year, so the decline in sales is natural. There are a few more aspects, which I will discuss when commenting on individual sectors. In the Formula Systems segment, revenues were 5% lower, affected by exchange rate differences. Out of the PLN 1.5 billion negative foreign exchange impact at the Group level, PLN 1.4 billion relates to the Formula Systems segment. In contrast, organic growth in this segment was 5%. Formula had its best year ever. Analyzing all profit and loss statement items in original currencies, growth is evident everywhere. Considering the events that took place in the fourth quarter, we are satisfied with this business area. At the beginning of October last year, the war in Israel began. 1,000 people were drafted into the army. Most of these people were project participants. This naturally affected business and caused uncertainty. The situation from a business standpoint is slowly returning to normal. More and more projects are appearing, even those related to defense.

We emphasize and remind you of our diversification, i.e., the distribution of revenues among the various sectors in which we operate. General business, finance and banking, and public institutions. I don't want to discuss individual percentages at this point. The fact that we are well diversified, both sectorally and geographically, is our strength. We are not dependent on individual customers, and we are always happy about that. This makes it so that even if things are more difficult in some place, or we have some unusual events, we are able to make up for it in other places. This is the strength of Asseco.

I will move on to the different sectors in which we operate. I'll start with finance and banking. On a consolidated basis, we are seeing similar sales to last year. Our revenues in this area amounted to more than PLN 5.7 billion. The largest contributor is Formula Systems. We see a 3% decline in this segment, but let's remember here the impact of exchange rate differences. Excluding them, we would have recorded increases. We are very pleased with the Sapiens business, as this company recorded strong sales increases of several percent. We are pleased with the sales increases in Europe, where more than 50% of Sapiens' revenues come from. Roughly 40% come from the US market, and only 10% from Israel. We are very pleased with this sales structure, since Sapiens was built from the beginning as a global company. At Asseco International, sales were at a similar level to last year. Such a result

pleases us, as there is also a foreign exchange effect. It should also be taken into account that we no longer include the revenues generated by the Danish companies. Very good sales results were achieved by the Asseco South Eastern Europe Group, especially in the segment related to banking solutions. I would like to remind you that that year we completed large core systems implementation projects. Please note that revenues were significantly higher because of this. In the Asseco Poland segment, we have seen very dynamic growth, which amounted to 17%. The financial and banking sector in Poland is very healthy. In this area, we see a large stream of recurring revenues related to the maintenance or development of systems. We also have new large core systems implementation projects underway.

The Group's sales in the general business sector were 7% lower in 2023 than in 2022. This area saw the strongest effect of exchange rate differences. In the Formula Systems segment, which is the largest contributor in this area, revenues were 8% lower. However, we are not worried about this, as we see this business growing organically. There was a significant decrease in revenues at Asseco International, which is due to two effects. First, we do not include the approximately PLN 50 million in revenues from the Danish companies sold at the end of 2022. In addition, we see a significant decline in infrastructure sales in Spain. We have seen this effect throughout the past year, and have commented on it previously as well. During the pandemic period in Spain, we had very strong revenue growth related to increased equipment sales. Thereafter, these sales naturally slowed down, and in 2023 they were roughly PLN 150 million lower than in 2022. I would like to emphasize that this is low-margin sales, which had very little impact on profitability and operating profit. In Poland, we have a very dynamic revenue growth of 22%. This is due to strong sales growth in the power and gas and telecommunications sectors. I would also like to remind you that in 2023 we completed a major project at PGNiG to implement a billing system. We are also pleased with the sales increases recorded at Asseco Data Systems, especially in the area related to electronic signatures and trust services.

In the public institutions sector, the Group recorded a 2% increase. The Formula Systems segment saw a 1% decline. Excluding the exchange rate effect, organic growth in this area would have been more than 5%. In this segment, Matrix IT Group is the main contributor, with several large government projects last year, as well as emerging projects related to the defense area. For years, Matrix has been working with the Israeli Defense Ministry. Additional projects also emerged at TSG, a company operating in the broader defense field. At Asseco International, we recorded a 4% increase in sales, which we are very pleased about. This is due, among other things, to our rebuilt position in the public sector in Slovakia and the Czech Republic. During the previous year, we signaled that we were facing a special geopolitical situation there. This is slowly changing. We are also pleased with the significant increase in revenues at Asseco South Eastern Europe. It was partly related to the sale of infrastructure, a low-margin business. We are pleased with the 4% growth, given that last year we did not include the PLN 110 million in revenues that were generated in the Danish companies in 2022. In Poland, in the public institutions sector, we recorded a 7% increase in revenues, driven by significantly higher sales in the healthcare area, where we recorded another record year. It seemed that it would be hard to repeat the 2022 sales result, but 2023 turned out to be even better. We are executing large, multi-year projects for central and local government institutions. We are also pleased with the growth prospects for the coming years.

The last slide I will discuss concerns acquisition activity. Last year, 7 companies joined our Group: 3 of them are from the Israeli market, another 3, acquired as part of the Asseco South Eastern Europe Group, are active in the European market, mainly related to payments, but not exclusively. The fourth company operates in the European market, but was bought by Sapiens. It is a Polish company, operating mainly in the Scandinavian

market. This is another company that will support business development in this part of Europe, where Sapiens is increasingly active. Scandinavia is being increasingly explored by us in terms of the insurance sector. This process was initiated, carried out some time ago, with the acquisition of Tia Technology, a company with a strong position in Denmark. For my part, that's all. Thank you and I give the floor to Karolina.

Karolina Rzońca-Bajorek - Vice President of the Management Board, CFO of Asseco Poland (KR-B):

Good afternoon. I will tell you a little bit about the fundamentals and discuss the financial results. Marek has already commented on the revenues, which were PLN 16,897 million in 2023. We would like to point out that the 5-year CAGR on sales is 12%. We believe this is a very good result to be proud of. Revenue from proprietary software and services amounted to PLN 13 218 million. In this case, the 5-year CAGR is 11%. EBITDA was over PLN 2.5 billion, and the 5-year CAGR is 12%. Non-IFRS EBIT amounted to nearly PLN 2 billion, and here the 5-year CAGR is the highest at 13%. As for non-IFRS net profit, we recorded PLN 531 million, and the 5-year CAGR is 10%.

As the effect of exchange rates and the effect of the acquisitions we are making can be difficult to estimate, we are presenting you with a bridge between the previous year's revenue and the current year's revenue. Hence, a new slide has appeared in our presentation. Revenues in 2022 amounted to PLN 17 370 million, and here, as Marek has already emphasized, we see a negative exchange rate impact of more than PLN 1.5 billion. On the other hand, we are pleased that the Group's organic revenue growth in constant exchange rates amounted to PLN 948 million. In addition, on the slide we present the net effect resulting from acquisitions. Marek talked about the companies sold, mainly the Danish companies, as well as the companies bought last year, which contributed to the profit and loss statement. The net effect was in the vicinity of PLN 120 million, hence we end up with PLN 16 897 million in revenues. We are presenting a similar reconciliation at the level of non-IFRS operating profit. Last year it amounted to more than PLN 2 billion. Exchange rate changes had a negative impact of PLN 122 million. Let's remember that in the previous year we had a one-time event, the sale of real estate, which generated more than PLN 13 million in profit at the operating level. Organic growth amounted to PLN 64 million. The net impact of acquisitions was more than PLN 30 million. Non-IFRS operating profit in 2023 was PLN 1 988 million.

On the next slide we are presenting the profit and loss statement data. I think that here it is worth highlighting the fourth quarter. I would like to point out the improvement in profitability. In previous earnings conferences, we have talked about the fact that we will focus on improving margins. We will want to narrow the "scissors" between rising costs, which have been a challenge for us during the pandemic period and will probably remain so, and revenue indexation. In the fourth quarter, the improvement in profitability is already evident. This is also due to the fact that certain projects that generated a loss are nearing completion and are not dragging down the Group's results. I will remind you that at the level below EBIT IFRS we had a significant impact of non-recurring events last year. Therefore, I would agree with Adam's statement that 2023 was better than 2022. From a business point of view, it was indeed better. In 2022, the settlement of one-time transactions, mainly the sale of a company in the Matrix IT Group, increased the result by PLN 135 million. Therefore, for the sake of comparability, the 2022 results would have to be cleaned up by this one-off. For this reason, we believe that from a business perspective, 2023 was a record year.

As for the commentary on items below EBIT, here the impact of the loan taken out at Asseco Poland and the additional interest expense of PLN 16 million is evident. Our companies also invest their funds, so the net effect on interest has increased insignificantly. The effect of hyperinflation at Asseco South Eastern Europe remains stable. In 2023, we were able to take advantage of tax benefits more effectively. This is a process that takes longer,

as sometimes it takes two instances in court to get a positive interpretation. Last year, we managed to win 5 proceedings and positively resolve some dilemmas for Asseco Poland, Asseco Data Systems and in general for companies operating in Poland regarding the use of tax credits. As a result, last year the effect of settlement or adjustment of historical returns is visible and the effective tax rate is lower. We ended 2023 with a net profit attributable to shareholders of the parent company of PLN 483 million. After taking into account one-offs and the effect of the sale of real estate in the previous year, the net result would have been about PLN 470 million. In 2023, there were few one-offs and positive at around PLN 3 million at the EBIT level. Hyperinflation had a similar impact, and an additional PLN 16 million in loan costs should also be taken into account. Thus, I am trying to prove the thesis that 2023 was business-wise better than 2022. As I mentioned, after excluding the above effects, we would have recorded a net profit of PLN 470 million in 2022, and in 2023 PLN 485 million.

As for financial information on individual companies, Marek has already commented on revenues. Instead, I would like to point out that we manage to improve or maintain profitability in companies in Poland, but also in the Formula Systems segment. Here Sapiens and Matrix IT are noteworthy. Both of these companies had historically the best results, and both managed to grow while improving profitability. I'm talking here about the numbers in the original, reporting currencies of these companies. The corresponding figures for Matrix IT are shekels, and for Sapiens they are dollars. When converted to zlotys, we see a negative impact of currency fluctuations. We are particularly pleased with the results of Asseco Poland. We recorded an increase in revenues. We are also working on profitability. At Asseco Data Systems, EBIT has improved. In other companies in Poland, the situation is stable. Comparing the two years, at the level of non-IFRS operating profit, the effect of the sale of real estate in 2022 is visible. As for the Asseco International segment, we have previously received a lot of questions about the Central European market. The fourth quarter was indeed better business-wise in this region, mainly in the Czech Republic. We completed a difficult phase in a major ESEL project, which we executed at a loss, as we discussed earlier. As a result, Q4 2023, compared to the same period in 2022, was much better in the Czech Republic. The situation in Slovakia is also improving. We hope that this is the kind of place that will improve and return to normal after a difficult two-year period. As for the Asseco International segment, noteworthy is the ERP product group, which contributes very significantly and where we see a significant year-on-year improvement in results. As for the South Eastern European market, we recorded very good results in banking and dedicated solutions. We are seeing stable results in payments. On the Western European market, at the level of revenues, we can see the effect that Marek mentioned earlier, i.e. lower equipment sales in Spain. It did not have a significant impact on the decline in profitability. Here, in turn, the year-on-year difference at the non-IFRS EBIT level is due to the fact that the 2022 results included a one-time effect of the settlement of Danish companies in the amount of PLN 10 million. Excluding this effect, the year-on-year results would have been comparable, implying better profitability.

During the last few conferences, I told you that we are asking for some patience when it comes to our cash flow. You can see on the next slide that this patience has paid off and, as expected, Q4 was a very good cash flow period. As far as operating cash flow at the Group level is concerned, the entire year 2023 was much better than 2022. Here, the Asseco Poland segment certainly deserves attention. In this area, we cashed long-term contracts, mainly in the public institutions sector, which required investment of operating capital. The settlement of these contracts at the end of the year resulted in the cash conversion at 142% in the Asseco Poland segment. We recorded very good cash flow in the Asseco International segment, in virtually all business areas, which contributed to a cash conversion ratio of 126%. A very good ratio was also achieved in the Formula Systems segment. At the level of the entire Group, the cash conversion ratio was 117%, with which we are very satisfied.

This translates into a very stable liquidity situation for the Group as a whole. On the slide presented, regarding the liquidity situation, the effect of the debt incurred in the Asseco Poland segment is visible. We present net debt in this segment at the end of the year. On the other hand, as we said, we look at debt service with confidence, and I think the figures show a stable outlook. In the Asseco International segment, we have net cash. In the Formula Systems segment, net debt is in line with expectations, completely safe and serviced on an ongoing basis.

You have often approached us with a request to show our Group from a slightly different perspective and to present a proportional approach when it comes to financial data. Addressing this request, I would like to present you with the profit and loss statement, taking into account the effective percentage in each of the consolidated companies. In this view, sales revenues amounted to nearly PLN 6 billion in 2023. The figures presented are the result of multiplying the consolidated revenues by the effective percentage of our share in each of the Group companies. In the case of Formula Systems, in which we have an effective stake of 26%, and in turn Formula Systems in Matrix IT holds 48%, the effective percentage will be about 11%, and the effect of such calculation in the Group structure is presented on the slide presented. Non-IFRS EBITDA on a pro-rata basis amounted to PLN 906 million. On this basis, we see better profitability. Non-IFRS operating profit was PLN 682 million, with a profitability of 11.5%. IFRS operating profit was almost PLN 618 million. We would like to show our profit and loss statement in the above terms in future periods as well.

In addition, on a proportionally consolidated basis, for the purposes of estimating the value of our Group, we will also present cash/net debt by segments, as shown on the slide displayed. On a proportionately consolidated Group level, net debt is PLN 516 million. The debt comes in a small part from Formula Systems, and in a significant part from the Asseco Poland segment, in which we consolidate virtually 100% of the companies.

Complementing the changes in our presentation of numbers, in addition to the proportional view, will be the presentation of our profit and loss statement by product groups. It will enable us to more easily relate our operations to market trends. In addition to breaking down our results by geographic segments, we are also presenting a breakdown by product group. On the slide you can see the figures on a proportional basis in this breakdown. Solutions for finance includes solutions for banking, insurance and the broader capital market. This is also where the entire payments area from Asseco South Eastern Europe fits in. In addition, the slide also shows a geographical segmentation. The second group of products is ERP solutions. Here we include mainly the ERP sector, which is shown today in the Asseco Central Europe Group, but also ERP solutions from Asseco Data Systems and part of Formula Systems' solutions that relate to this type of product. The third group is solutions for public institutions, and here intuition tells us that this is an area analogous to the public institutions sector, which is true. We have also added all the solutions for the energy industry here, as there is a very similar business model. Procurement is based on public procurement law, and contracts are fixed price plus maintenance. The situation is similar when it comes to the legal regime, which for these customers is similar to the public institutions sector. For this reason, we felt that energy should be included in the public sector solutions group. On the other hand, other IT solutions include electronic signature, solutions for telecommunications, that is, in general, product groups that did not fit into the categories above. We have excluded components related to the simple resale of infrastructure and third-party licenses from revenues, so that we can more easily discuss the profitability of individual product groups. This is not our core business, rather complementary to the others. In this case, margins are lower than in the four product groups mentioned above.

I think the slide presented explains why we are looking to the future with optimism. Our order book for 2024 in constant exchange rates is growing year-on-year by 14%. We see increases in all three segments: in the Asseco Poland segment by 11%, here the main contributor is the public institutions sector, in the Asseco International segment by 13%, and in the Formula Systems segment by 15%. This is the business picture of the backlog. Of course, in variable exchange rates, the effect of the strengthening of the zloty will be visible here, and the percentage increases are smaller. However, as I said, the business truth is fixed exchange rates.

That's all from my side. Thank you.

AW:

Many thanks to Adam, Marek and Karolina. We'll get to the questions in a moment, but I'll start with a comment that came in online: "Thank you for the proportional approach, very helpful for the analysis", also congratulations to Karolina and her team.

AG:

My dear friends, this is a consequence of the fact that we own shares. We took a fresh look at our presentation. I knew it would be mobilizing for us. I am glad to see such an evaluation.

Investor 1:

Can the result of the Central European market in Q4 2023, i.e. over PLN 90 million EBIT, be considered recurring? Did any one-time events happen here as well, such as the release of provisions?

I will also ask for guidance on the profitability of operating profit at the parent company.

KR-B:

As I mentioned, in Q4 we see a picture of improving business. The effect of the release of provisions also appeared there in this period. It was not significant and amounted to about PLN 4 million. The good result of Asseco Central Europe is actually the result of invoicing in several projects, which was on hold due to the difficult political situation in Slovakia.

To answer the second question, first of all, we do not give forecasts. On the other hand, we can say that we are working hard on profitability and have set targets in the budget for improving it.

Investor 2:

In 2024, can the Group's EBITDA profitability be significantly supported by efficiency gains associated with the use of AI tools?

KR-B:

I think that at this point we can't talk about significant profitability support from AI tools. We are only at the beginning of the road in this regard. Our business divisions are thinking intensively about using AI in software production, testing, etc. On the other hand, this is a moment of topic recognition, so if you ask about significant support, the answer is: not yet at this point.

Investor 2:

The strong free cash flow in the fourth quarter of 2023 was due to a large cash inflow from working capital. Could this factor reverse significantly in 2024?

KR-B:

Rather not. We had weak cash flow in previous years, and this is more of a catch-up effect than a prepayment effect.

Investor 3:

How do you assess salary pressures, now and in the coming year, in the Polish IT market? Do you see an increased supply of IT workers in the market, related to layoffs at competitors?

KR-B:

Wage pressure seems to have eased a bit, and this is evident in the recruitment process. Representatives of our HR department believe that it is relatively easier now to recruit employees and fill vacancies. We are a company that was one of the few to hire people in the past year. Employment increased year-on-year because we have new contracts and the process of getting people is easier, which does not mean it is easy. The average year-on-year salary in the Asseco Poland segment grew around 10%, which was in line with budget projections. As a result, the rate of growth seems to be lower, but the increases are still there. Getting the real experts we want is still a challenge in the Polish market.

Investor 3:

In which business/product areas do you see your opportunity under the recovery plan (KPO) funds? When do you realistically expect an acceleration in tendering?

KR-B:

I think the KPO funds are the subject of local governments, the public sector in general, health care and higher education. In general, this could be aggregated under public and additionally probably some energy projects, but this will affect us to a lesser extent. When do we expect an acceleration? I think in terms of tenders, this is not a question for us. It is more likely in the second half of the year.

AG:

Tenders are expected in the second half of the year, and here please note why I emphasized that the SOC in Rzeszów is so important. We will certainly support all cities, marshals. I imagine that the marshal should, for example, build a SOC for municipal offices, for these systems. The president for all institutions. Here I have high hopes, and awareness in these institutions is not yet high. Our expert team will support this, which we very much hope for. We also hope for acceleration when it comes to Asseco Data Systems. As you remember, this company offers solutions for cities. We've made tremendous technological progress and we've been successful. We have a really great reference in Kraków. We are counting on the cities to know how to use these funds. We will see how the situation will be in the banking sector, the area of cooperative banks. As for the cybersecurity sphere, we are

at the initial stage. We have ideas for these customers, too. We will do everything we can to support customers, because preparing an application is often complicated. Marek leads a team that is really efficient in preparing applications, in this assistance. I believe that the new EU funds will support us, but we always count on ourselves. So I prefer how we build our future, based on our reality, and I treat EU funds as something additional. On the other hand, I am glad that their acquisition has become real.

AW:

To clarify, as far as EU funds are concerned - the KPO includes more than EUR 60 billion that will come to Poland. Funds may still come from the Cohesion Fund, that is another EUR 70 billion. According to statements by representatives of the European Union and our Ministry, 25% of these funds are to be allocated to investments related to innovation and IT. Therefore, our industry can benefit greatly from this. We see huge potential here.

Investor 3:

What is the process of seeking an investor for Asseco Poland's own shares? Are you holding active talks, meetings on this topic? Do you think it is realistic to find an investor at a minimum price of PLN 80 in 2024?

AG:

We are not under pressure. As I said, we have several options. For me, number one is still redemption. We gave a year to this project. Karolina is leading a team that is prepared. You have seen today fragments of our achievements. Our team has worked hard to change the presentation, this will be used. Meetings with investors will show us if this dream that 17.8% of our shares can be dispersed to increase our liquidity and find, for example, 20 investors is real. Karolina is motivated and I "annoy" her already in the second meeting today, saying that the probability of this scenario in my opinion is not high. Why do I say it is not big? We are underestimated. I believe in us improbably. On the other hand, I am aware of the region in which we operate. I do not believe that for an American investor Poland is not a threatened place. Of course he or she is aware, the war is in Ukraine. I had once, years ago, a very interesting situation. I may have mentioned it to you. At some point, a potentially interesting partner appeared. Together we would build an unbelievable world group. Our participation would be incredible. It was the period of the invasion of Crimea. We tentatively agreed, but of course the road was still far. Some time later, this potential partner wrote: Adam, forgive me, but there is a war at your place. Today, after so many years, we can say that it was an initiation, however, and today's situation in Ukraine is a certain continuation. My team wants to prove me wrong, and I will be happy if they prove me wrong. Of course, we do not exclude any scenario. Investors who are interested in us are aware that today the Management Board has a 17.8% stake, and Asseco is difficult to buy. I myself have been buying shares in recent times, and it must have taken a while. Liquidity is our weakness, as it is for many Polish listed companies. I don't rule out that we will hold talks with someone who will come and express interest in this stake. If we were to act together, I can also add something: markets. We've had capital success in the West in terms of ERP and Germany. We have had great success when it comes to our Portuguese business and cooperation with Poland in general, because it is, after all, a phenomenal investment. We are working very well with these people. We believe that they will also add impetus to these great product developments in Poland. The infrastructure in our country was, as you remember, accidental, and here I was wrong. I quietly hoped that the Spaniards would lead us with our software to some banks, selling equipment to the banks. I was wrong, because in the banks, who else makes the decisions to buy software and who else makes the decisions to buy hardware. Instead, we respect this team immensely. If a partner emerges through which this "Polishness"

and our role are maintained, and which would increase our market opportunities, especially in the West, then for us such talks will be interesting. In conclusion, these 3 threads will be carried out. We will certainly keep you transparently informed. Today, I am very happy that we are prepared to promote us anew and talk about us in a slightly different language. I never understood when you said that Asseco is complicated. That's why we present a segmentation: Asseco Poland, Asseco International and Formula Systems. On the other hand, why didn't I understand? Believe me, this complex structure is our great value. The dispersion of shares makes us guarded in many places. When the shares are in one place, someone can be paid unduly. Today Jozef Klein is paying the price for being worse off. Of course, this is not related to less effective operations. It is related to the conditions in which Asseco Central Europe operates. We will always support this Group. If Jozef Klein had been "at the top" in Asseco Poland, he would have continued to make great money. For me, to maintain this complicated structure, is to attract a much larger group of people, for us to be effective as before. That is why I joke to myself that I do not understand how you sometimes say that we are complicated. To Karolina's team, I am very grateful that we are doing everything to make you understand us even better.

AW:

Thank you very much. We also have foreign investors with us today and a second channel in English where we are getting questions. First, thank you for joining some investors from the United States at such an early hour. We also received thanks for presenting the numbers on a proportional basis.

Investor 4:

Can you comment on and clarify the demand for your solutions? Given that organic revenue growth in 2023 was about 5%, and the backlog for 2024 in constant rates for software and proprietary services is growing by 14%, is it reasonable to conclude that demand is increasing?

What is your outlook for 2024 and what are your expectations for organic growth in the medium term?

KR-B:

Indeed, the backlog is growing faster than the reported numbers for 2023. However, let's remember that the reported revenues are in floating rates. In floating rates, the backlog is at a similar level.

Looking at the order backlog in the Asseco Poland segment and the Asseco International segment, we are optimistic. As for the Formula Systems segment, I would remind you that last year we had a change of concept in terms of presenting the backlog. Currently, I would say that in the case of Formula Systems, we are returning to normal circumstances.

Backlog is growing most dynamically in the public sector. This includes change request orders with existing customers, as well as new contracts and new customers in this market. All in all, these figures allow us to look to the future with optimism.

As for the outlook question, as I said, we do not give guidance for the future. There are too many variables here for us to declare anything today. On the other hand, both the backlog and the determination of our people, as well as the emerging prospects in the labor market, related to lowering wage pressures and easier recruitment, allow us to set targets for improved performance this year. I emphasize, however, that this is our ambition rather than a promise.

AG:

The ambition for us is to grow, and that's why I've been doing everything today to prove that the net profit generated in 2023, at PLN 483 million, is higher than the PLN 502 million net profit in 2022. I hope Karolina has successfully done that.

Investor 3:

How do you assess - can a change in the authorities of the Social Security Institution (ZUS) change the contracting process in this institution?

AG:

Dear all, in this area there are tenders and full transparency. We have a competitor that has played a very positive role. I have great respect for the Comarch team. As you look from a certain perspective, we won this competition a little bit. Why? Because we have great people. People who are well prepared, substantive, loyal. I believe that ZUS, because of the seriousness of this institution, will continue to be managed wisely, and I believe that there will be great continuity there. This year's backlog shows that our team really has a huge foundation today to continue to grow. Pandemic, a sad time, but to us it really helped to accelerate the digitization process. ZUS has become one of the leaders, and this is emphasized today by the new authorities. I do not know if you have paid attention to the opinion of the Minister of Justice on IT. I will repeat the information from my colleagues, so I apologize if it is not fully accurate. The Minister thanked his predecessors for IT. And we have been building this position step by step, patiently. Absolutely there it is worth accelerating. I quietly hope that when it comes to the judiciary, the judiciary, it will be possible to further streamline many processes with the help of IT. We believe that the beginnings are very promising. Please note that the people running for competitions, in companies operating at the interface with the state, or state-owned companies, are well-prepared people. There is no randomness there. These are people with great IT awareness. Therefore, the probability that these people will want to work with us and appreciate our knowledge is high.

AW:

Thank you very much. That was the last question we received from you. Are there any questions from people who are in the room?

Investor 5:

I have a question about Israel, where you show a very strong backlog. I wanted to ask you, since you are also operating there in the defense sector, could - if human resources were not limited - the backlog be even stronger?

AG:

We wish Israel peace. That's where I would start, because I think this is an incredibly difficult time for both Israeli society and Gaza. It would be best if we didn't grow out of it. The timing of this war has shown how respected the Formula Group is. Look, 1,000 employees were integrated into the army. Only 70% of their pay was paid by the state. Maintaining performance bordered on the miraculous. So I'm proud of what has been achieved. Marek mentioned that Q4 was very good for TSG, and this confirms that when it comes to defense solutions, we have

a very good reputation there. We wish the region there peace, but the likelihood that orders that we don't expect today will come to us is considerable. We have received confirmation in this difficult period of how seriously we are taken.

Investor 6:

Given the financial costs associated with the share buyback, should net profit be expected to increase in 2024?

KR-B:

We say that we have an ambition to improve EBIT profitability, and here, of course, we do not hide the fact that financing costs on an annual basis amount to almost PLN 60 million. Therefore, it will be a big challenge to make up for this effect.

Investor 4:

How can you explain the decrease in the level of operating profit margin at Asseco Poland from 16.8% to 14.2%, despite the increase in revenues by 13%? Is this temporary or is it rather related to some structural change?

KR-B:

The decline in operating efficiency at the parent company is a matter of labor costs rising faster than we initially anticipated and the effect of subsequent catch-up on the revenue side, related to contract indexation. The second effect is related to the decline in profitability in the public institutions sector, particularly central institutions. In 2022, we made a dramatic effort and admittedly signed a great deal of contracts, but this involved the team working massive overtime to complete state-critical tasks. In 2023, we decided to normalize these situations and made the decision to increase employment here. This is also an investment in the future of this business area. We have significantly increased the resources there, and as a result, the profitability has necessarily decreased.

AG:

We also want to emphasize that this investment was made in accordance with market analysis. This year's backlog is the best confirmation that without these people we hired, we would not have been able to achieve these goals.

AW:

This was the last question we received online. Thank you very much for participating in the conference.

AG:

Thank you for the online conference. Of course we would feel better with you here in the room. I dream that we will still meet in this traditional format. I, of course, will always find time for you. We have Artur, his team, so if you have any doubts or questions I invite you. All the best. For those celebrating Easter, I wish you a beautiful, cheerful holiday period and a moment of rest. After Easter, which is short, we will continue to act. All the best to you. Thank you very much.

AW:

We are already inviting you to our next conference, dedicated to the results of the first quarter of this year. Many thanks.