

**March 16, 2020**

---

---

**MERGER PLAN**

---

**Asseco Poland Spółka Akcyjna**

**seated in Rzeszów**

**and**

**SKG S.A.**

**seated in Bielsko-Biała**

**This Merger Plan** (the "**Merger Plan**") has been prepared and agreed pursuant to Articles 498 and 499 of the Act of September 15, 2000 - the Commercial Companies Code (Journal of Laws of February 22, 2019, item 505 as amended) (the "**CCC**") between:

(1) **Asseco Poland Spółka Akcyjna** seated at 14 Olchowa St, 35-322 Rzeszów, entered in the National Court Register (KRS) with No 0000033391, hereinafter referred to as "**Asseco**" or the "**Acquiring Company**".

and

(2) **SKG Spółka Akcyjna** seated at 336 Armii Krajowej Av, 43-309, Bielsko-Biała, entered in the National Court Register (KRS) with No 0000047940, hereinafter referred to as "**SKG**" or the "**Acquired Company**".

**Asseco and SKG** are hereinafter jointly referred to as the "**Companies**" and each of them is separately referred to as the "**Company**".

## **1. TYPE, COMPANY AND SEATS OF THE MERGING COMPANIES**

### **1.1 Acquiring Company**

Asseco Poland S.A. seated at 14 Olchowa St., 35-322, Rzeszów, entered in the Register of Entrepreneurs by the District Court in Rzeszów, XII Commercial Department of the National Court Register, under the KRS number 0000033391, NIP 522-000-37-82. The share capital of Asseco Poland amounts to PLN 83,000,303.00 and is divided into 83,000,303.00 ordinary bearer shares with a par value of PLN 1.00 each. Asseco Poland is a public company whose shares are listed on the Warsaw Stock Exchange ("WSE").

### **1.2 Acquired Company**

**SKG Spółka Akcyjna**, seated at 336 Armii Krajowej Av, 43-309, Bielsko-Biała, entered in the Register of Entrepreneurs by the District Court in Bielsko-Biała, VIII Commercial Department of the National Court Register, under the KRS number 0000047940, NIP 547-12-57-936, with the share capital of PLN 500,000 and divided into 500 ordinary registered shares with a par value of PLN 1,000 each, held by the sole shareholder - Asseco Poland S.A. They are divided into series designated with consecutive letters of the alphabet, as follows:

- 100 (one hundred) A-series ordinary registered shares,
- 250 (two hundred and fifty) B-series ordinary registered shares,
- 150 (one hundred and fifty) C-series ordinary registered shares.

## **2. MERGER METHOD**

2.1 The companies shall be merged pursuant to art. 492 § 1 item 1 of the CCC as well as art. 516 § 6 of the CCC, i.e. by transferring all the assets of SKG to Asseco and without increasing the share capital of Asseco. Following the merger, SKG shall be dissolved without liquidation ("Merger"). The merger shall be executed based on the resolutions passed by the General Meetings of Shareholders of Asseco and SKG, pursuant to the provisions of the CCC. Draft resolutions on the Merger (as indicated in art. 506 of the CCC) are attached as Appendix 1 and Appendix 2 to the Merger Plan, respectively.

- 2.2 Because the Acquiring Company holds all the shares in SKG and thus is the sole shareholder of SKG, the merger shall be executed according to the prohibition stipulated in art. 514 § 1 of the CCC, i.e. without increasing the share capital of the Acquiring Company and without issuing new shares.
- 2.3 Because the merger shall be executed pursuant to the prohibition stipulated in art. 514 § 1 of the CCC, this is without increasing the share capital of the Acquiring Company and without issuing any new shares, and because the merger does not give rise to any new circumstances that shall be disclosed in the Articles of Association of the Acquiring Company, the Articles of Association of Asseco shall not be amended as a result of the merger. The requirements of art. 499 § 2 item 2 of the CCC concerning incorporating draft amendments to the Articles of Association of the Acquiring Company to the Merger Plan shall not apply.
- 2.4 Due to the fact that the Acquired Company is a subsidiary of the Acquiring Company:
- a) no reports justifying the merger have been prepared (Article 501 § 1 of the CCC in connection with Article 516 § 5 of the CCC in connection with Article 516 § 6 of the CCC),
  - b) the Merger Plan is not subject to examination by an expert and an expert opinion in this respect is unnecessary (Article 502 § 1 of the CCC and Article 503 § 1 of the CCC in connection with Article 516 § 5 of the CCC in connection with Article 516 § 6 of the CCC).
- 2.5 Due to the fact that the Acquiring Company is a public company whose shares are listed on the Warsaw Stock Exchange (“WSE”) and in compliance with the regulations on public offering and the conditions for introducing financial instruments to the organized trading system and on public companies, it publishes and makes available semi-annual financial statements to shareholders, it takes advantage of the exemption provided for in Art. 499 § 4 of the CCC and does not prepare a statement containing information on the company's accounting status prepared for the purposes of the merger, in accordance with Art. 499 § 2 item 4 of the CCC.
- 2.6 The Company's Management Boards undertake to convene the General Meetings of Shareholders of Asseco and SKG, respectively, in order to pass resolutions on the Merger.

### **3. ECONOMIC RATIONALE FOR THE MERGER**

#### **3. Merger goals**

The planned Merger aims to strengthen the efficiency of the production capacity and increase the ability to compete on the domestic and European markets, which should contribute to the financial stability of operations and increase shareholder value.

#### **3.2 Benefits of the Merger**

The merger is expected to bring the following tangible benefits:

- (a) In the form of economies of scale, i.e. operational synergies resulting from, among other things, pooling as well as more efficient use and management of resources. As a result of the Merger, the benefits resulting from the reduction of operating costs of the merged companies are also expected – this applies to, among others, the merger of departments related to back-office - administration, HR, accounting and finance.

- (b) The opportunity to increase the range and quantity of products, services, IT solutions and know-how offered by the merged companies. The Merger will significantly increase the ability to offer comprehensive information technology solutions, providing a full range of functionalities required by the existing and new clients. The merger will complement and strengthen the competence of the services offered and will give an opportunity to compete not only on the domestic but also on the foreign markets.
- (c) The integration of the IT and production competence of the merging Companies will result in measurable benefits, among others, in the areas of transfer of specialist knowledge, experience related to the production of untypical solutions, use of ready-made components, tools and technologies in software development and implementation of IT projects. The merger will bring about possible cost synergies in the areas of production, software development and provision of services, among others through optimization and standardization of the production process. It will also be possible to reduce the costs related to the purchase of tools and licenses for software production as well as to more effective management of resources enabling their optimum utilization in particular processes or projects.
- (d) Increasing the share and scope of activity of the merging entities in the areas of their previous activity, especially in the sectors of public administration, general business and operating in new sectors of the economy where the Companies previously operated separately. After the Merger, it is expected that the customer base will significantly increase, to which solutions resulting from product synergy will be offered. The possibilities to reach customers in foreign markets will also appear. The arrangement and integration of the competences of the companies in the Capital Groups of the merging Companies will also make it possible to apply for the execution of contracts which so far, due to limited competences and lack of information about the possessed potential of the entities, could not be acquired and used effectively.
- (e) The creation, in accordance with the planned direction of building an international strategy, of the Capital Group, strongly rooted and highly specialized in strictly defined IT market segments, which could be a serious partner for large companies and enterprises operating in Europe.
- (f) An important benefit will also be the promotion and recognition of the brand and the extension of the rich reference list with the achievements of both Companies, allowing for a stronger credibility of the offered competences.

#### **4. SHARE EXCHANGE RATIO**

Because all the shares in the Acquired Company are held by the sole shareholder, namely Asseco, the merger shall be executed without increasing the share capital of the Acquiring Company and:

- a) without issuing shares of the Acquiring Company to a shareholder of the Acquired Company,
- b) without specifying in the Merger Plan the ratio for exchanging shares of the Acquired Company for the shares of the Acquiring Company,

c) without specifying in the Merger Plan the rules for granting shares in the Acquiring Company,

d) without specifying in the Merger Plan the date as of which the shares of the Acquiring Company issued to the shareholders of the Acquired Company entitle to participate in the profit of the Acquiring Company.

**5. RIGHTS GRANTED BY THE ACQUIRING COMPANY TO A SHAREHOLDER OF THE ACQUIRED COMPANY OR OTHER PERSONS WITH SPECIAL RIGHTS IN THE ACQUIRED COMPANY**

In connection with the merger by acquisition of SKG, there are no plans to grant any special rights in the Acquiring Company to any persons. The requirements for granting such special privileges to the persons who are specially authorized in the Acquired Company pursuant to art. 511 of the CCC as special privileges in the Acquired Company shall not apply because such privileges are vested in the sole shareholder - Asseco Poland S.A.

**6. SPECIFIC BENEFITS FOR THE MEMBERS OF THE BODIES OF THE MERGING COMPANIES AS WELL AS OTHER PERSONS INVOLVED IN THE MERGER**

In connection with the Merger, there is no provision for granting any special benefits to members of the bodies of the merging Companies or other persons participating in the Merger.

**LIST OF APPENDICES:**

1. Draft resolution of the General Meeting of Shareholders of Asseco Poland S.A. on the Merger.
2. Draft resolution of the General Meeting of Shareholders of SKG S.A. on the Merger.
3. Determination of the value of assets of the Acquired Company - SKG S.A. - as at February 1, 2020.
4. Statement containing information on the financial position of the Acquired Company - SKG S.A. - as at February 1, 2020.

The merger plan shall be deemed to have been adopted and agreed upon the date of its signing.

**On behalf of the Management Board of Asseco Poland S.A.**

\_\_\_\_\_

**On behalf of the Management Board of SKG S.A.**

\_\_\_\_\_

**Appendix 1**

**Draft resolution of the Ordinary General Meeting of Shareholders of Asseco Poland S.A.  
on the Merger**

**RESOLUTION NO [•]  
OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF  
Asseco Poland S.A. seated IN RZESZÓW**

**dated [•].....2020**

on the merger between Asseco Poland S.A. and SKG S.A.

**§ 1**

The Ordinary General Meeting of Shareholders of Asseco Poland S.A. seated in Rzeszów, entered in the Register of Entrepreneurs maintained by the District Court in Rzeszów, XII Commercial Department of the National Court Register, under the KRS number 0000033391 (in accordance with the Merger Plan of March ... 2020 - the Acquiring Company), acting on the basis of art. 506 of the CCC in conjunction with art. 492 § 1 item 1 of the CCC and art. 516 § 6 of the CCC, and taking into account art. 514 § 1 of the CCC, hereby decides:

1. on the merger with SKG Spółka Akcyjna seated in Bielsko-Biała, 336 Armii Krajowej Av, 43-309, Bielsko-Biała, entered into the Register of Entrepreneurs kept by the District Court in Bielsko-Biała, VIII Commercial Department of the National Court Register, under the KRS number 0000047940, NIP 547-12-57-936, with a share capital of PLN 500,000, which shall be divided into 500 registered ordinary shares with a par value of PLN 1,000 each (the Acquired Company), by transferring all the assets of the Acquired Company to the Acquiring Company without increasing the share capital of Asseco Poland S.A., to be conducted pursuant to art. 492 § 1 item 1 of the CCC and art. 516 § 6 of the CCC, taking into account art. 514 § 1 of the CCC; as a result of such merger the Acquired Company shall be dissolved without liquidation (art. 493 § 1 of the CCC), -----

2. to give consent to the Merger Plan of SKG Spółka Akcyjna and Asseco Poland Spółka Akcyjna as agreed in writing on March ... 2020 between the merging companies and published on the websites of those companies pursuant to art. 500 § 2<sup>1</sup> of the CCC as of (.....2020) ( the "**Merger Plan**"), and in particular to give consent to: -----

- a) no increase of share capital in the Acquiring Company, -----
- b) no changes in the Articles of Association of the Acquiring Company. -----

**§ 2**

The Management Board is authorized to take all necessary steps to implement this Resolution.  
-----

**§ 3**

The Resolution shall come into force on the date of its adoption, effective from the date of entry into the National Court Register. -----

-

**Appendix 2**  
**Draft resolution of the Ordinary General Meeting of SKG S.A.**  
**on the merger**

**RESOLUTION NO [•]**  
**OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF**  
**SKG S.A. SEATED IN BIELSKO-BIALA**

**dated [•].....2020**

on the merger between SKG S.A. and Asseco Poland S.A.

**§ 1**

The Ordinary General Meeting of SKG S.A. seated in Bielsko-Biała, 336 Armii Krajowej Av, 43-309, Bielsko-Biała, entered in the Register of Entrepreneurs kept by the District Court in Bielsko-Biała, VIII Commercial Department of the National Court Register under the KRS number 0000047940 (according to the Merger Plan of March ... 2020 – the Acquired Company), acting on the basis of art. 506 CCC in connection with art. 492 § 1 item 1 of CCC and art. 516 § 6 CCC, taking into account art. 514 § 1 CCC decides:

1. on the merger with Asseco Poland S.A. seated at 14 Olchowa St, 35-322 Rzeszów, Poland, entered in the Register of Entrepreneurs by the District Court in Rzeszów, XII Commercial Department of the National Court Register, under the KRS number 0000033391, NIP 522-000-37-82. The share capital of Asseco Poland SA amounts to PLN 83,000,303.00 and is divided into 83,000,303.00 ordinary bearer shares with a par value of PLN 1.00 each (the Acquiring Company), by transferring all the assets of the Acquired Company to the Acquiring Company without increasing the share capital of Asseco Poland S.A., to be conducted pursuant to art. 492 § 1 item 1 of the CCC and art. 516 § 6 of the CCC, taking into account art. 514 § 1 of the CCC; as a result of such merger the Acquired Company shall be dissolved without liquidation (art. 493 § 1 of the CCC), -----

2. to give consent to the Merger Plan of Asseco Poland Spółka Akcyjna and SKG Spółka Akcyjna as agreed in writing on March ... 2020 between the merging companies and published on the websites of those companies pursuant to art. 500 § 2<sup>1</sup> of the CCC as of (.....2020) ( the "**Merger Plan**"), and in particular to give consent to:

- a) no increase of share capital in the Acquiring Company, -----
- b) no changes in the Articles of Association of the Acquiring Company. -----

**§ 2**



The Management Board is authorized to take all necessary steps to implement this Resolution.

-----

**§ 3**

The resolution shall enter into force on the date of its adoption. -----

-----

**Appendix 3**

**STATEMENT OF THE MANAGEMENT BOARD OF SKG S.A.  
ON THE VALUE OF ASSETS  
OF THE COMPANY AS THE COMPANY BEING ACQUIRED  
AS AT FEBRUARY 1, 2020**

The Management Board of SKG S.A. seated at 336 Armii Krajowej Av., Bielsko-Biała, entered in the Register of Entrepreneurs maintained by the District Court in Bielsko-Biała, VIII Commercial Department of the National Court Register, under the KRS number 0000047940, hereby declares that the value of the Company's Assets and Liabilities for the purposes of the merger with Asseco Poland S.A. seated in Rzeszów, as at February 1, 2020, amounts to PLN 7,903,425.31 (seven million nine hundred and three thousand four hundred and twenty-five zlotys 31/100).

The determination of the value of SKG S.A.'s assets was based on the method of determining net assets. The above information is based on the values disclosed in the balance sheet of the Company prepared as at February 1, 2020, based on the data disclosed in the Company's stand-alone financial statements.

**BALANCE SHEET OF SKG S.A.  
as at February 1, 2020**

	<b><u>ASSETS</u></b>	<b>01.02.2020</b>
	<b>Non-current assets (long-term)</b>	<b>1 513 912.96</b>
	Tangible fixed assets	389 154.99
	Intangible fixed assets	127 138.21
	Long-term financial assets available for sale	0.00
	Long-term financial assets held to maturity	372 633.76
	Long-term receivables	193 290.00
	Deferred income tax assets	431 696.00
	Long-term prepayments	0.00
	<b>Current assets (short-term)</b>	<b>6 389 512.35</b>
	Inventory assets	330 134.35
	Prepayments	1 893 216.30
	Trade and services receivables	729 989.30
	Budget receivables	403 046.58
	Other receivables	352.00

	Financial assets held to maturity	0.00
	Cash and short-term deposits	3 032 773.82
	<b>TOTAL ASSETS</b>	<b>7 903 425.31</b>
	<b>LIABILITIES</b>	<b>01.02.2020</b>
	<b>Equity</b>	<b>3 389 415.56</b>
	Core capital	500 000.00
	Share premium	0.00
	Other capital	2 820 976.52
	Financial results from previous years	5 954.72
	Result for the reporting period	62 484.32
	<b>Long-term liabilities</b>	<b>82 267.71</b>
	Long-term provisions	15 336.48
	Long-term financial liabilities	66 931.23
	Long-term accrued revenues	0.00
	Other long-term liabilities	0.00
	<b>Short-term liabilities</b>	<b>4 431 742.04</b>
	Interest-bearing bank loans, borrowings and debt securities	0.00
	Provision for deferred income tax	406 686.00
	Provision for retirement and similar benefits	117 502.26
	Other provisions	737 692.00
	Trade and service payables	2 601 493.69
	Budget liabilities	116 153.79
	Financial liabilities	63 430.91
	Other liabilities	4 321.40
	Special funds	30 718.93
	Accrued expenses	20 500.00
	Deferred income	333 243.06
	<b>TOTAL LIABILITIES</b>	<b>4 514 009.75</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7 903 425.31</b>

**On behalf of the Management Board of SKG S.A.**

.....  
President of the Management Board

.....  
Member of the Management Board

#### **Appendix 4**

### **STATEMENT OF SKG S.A. CONTAINING INFORMATION ON THE FINANCIAL POSITION OF THE COMPANY AS AT FEBRUARY 1, 2020 PREPARED FOR THE PURPOSE OF THE MERGER**

Pursuant to art. 499 §2 item 4 of the CCC, the Management Board of SKG S.A. seated in Bielsko-Biała (hereinafter referred to as the Company) hereby declares that this information on the Company's accounting status has been prepared for the purposes of the merger as at February 1, 2020, based on the stand-alone financial statements of SKG S.A. using the same methods and in the same layout as the Company's last financial statements.

The accounting principles applied by the Company are consistent with the Polish Accountancy Act of September 29, 1994 (consolidated text: Journal of Laws of 2019, item 351).

Since 2001, the Company has been continuously applying the principles included in the Accounting Policy ensuring reliable and clear presentation of the assets and financial position as well as the financial result of the entity.

The financial statements as at February 1, 2020 have been drawn up on the assumption that the Company will continue its operations in the foreseeable future. As at the date of approval of these financial statements, there are no circumstances indicating a threat to the continuation of the Company's operations.

The Company presents its financial data in the Polish zloty ("PLN"), and all values, unless indicated otherwise, are given in PLN and grosz.

#### **Significant accounting principles**

##### ***Tangible fixed assets***

Tangible fixed assets are disclosed at purchase cost or production, expansion or modernization cost decreased by accumulated depreciation.

The initial value of tangible assets corresponds to their purchase cost increased by expenditures related directly to the purchase and adaptation of such assets to their intended use. Such expenditures may also include the cost of spare parts to be replaced on machinery or equipment at the time when incurred, if the recognition criteria are met. Any costs incurred after a tangible asset is made available for use, such as maintenance or repair fees, are expensed in the income statement at the time when incurred.

Tangible fixed assets are depreciated using the straight line method over their expected useful lives, as stated in the Act on the Income Tax from Legal Entities from February 15, 1992. (Journal of Laws 1992, No. 21, pos. 86, with later amendments).

Tangible fixed assets with low initial value not exceeding the amount of PLN 3,500 are depreciated at one time, in the month, in which they were put into service.

### ***Impairment of non-financial assets***

The company has not performed any impairment of non-financial assets.

### ***Cost of external borrowing***

Costs of external borrowing, that are directly attributable to the acquisition, construction or production of an asset, are part of such asset's purchase cost or production cost. Other borrowing costs shall be recognized as an expense.

### ***Intangible assets***

Intangible assets include computer software and development work.

Intangible assets are recognized if it is probable that they will bring economic benefits to the Company that may be directly related to those assets in the future. Initially, intangible assets are recognized at acquisition prices or production cost. After initial recognition, intangible assets are valued according to acquisition prices or manufacturing cost, less amortization and write-offs due to permanent loss of value. Intangible assets are depreciated on a straight-line basis in the period corresponding to their estimated period of economic usefulness.

The expected economic lifetime is as follows:

- Costs of completed development work 5 years
- Computer software 2 years
- Other intangible assets 5 years

Except for development work, internally generated intangible assets are not recognized as assets, and expenditures incurred for their generation are charged to the profit and loss account for the year in which they are incurred.

### ***Goodwill on acquisition of a business unit***

- not applicable (the Company has not performed any mergers).

### ***Shares and stocks in subsidiaries, associates and joint ventures***

The Company does not hold shares in other business entities.

### ***Financial assets***

At the moment of entry into books, financial assets are valued at cost (purchase price), which is the fair value of the payment made. Transaction costs are recognized in the initial value of these financial instruments. Financial assets are entered into the books under the date of transaction.

After initial recognition, financial assets are classified into one of four categories and measured as follows:

1 Financial assets held to maturity

-At adjusted acquisition price (amortized cost) determined using the effective interest rate

2 Loans granted and own receivables

-At the adjusted purchase price (amortized cost) determined using the effective interest rate. Receivables with short maturity, for which no interest rate was determined, are measured at the amount of payment required

3 Financial assets held for trading

-At fair value, and revaluation gains/losses are recognized in the profit and loss account

#### 4 Available-for-sale financial assets

-At fair value, and revaluation gains/losses are recognized in the profit and loss account.

The fair value of financial instruments traded on an active market is determined with reference to the prices quoted on that market as at the balance sheet date. Where there is no quoted market price, fair value is estimated on the basis of the quoted market price of a similar instrument, either on the basis of a valuation model taking into account inputs from active regulated trading or using other estimation methods generally accepted to be correct.

#### ***Permanent impairment of financial assets***

As at each balance sheet date, the Company assesses whether there is objective evidence of impairment of a financial asset or a group of financial assets. If such evidence exists, the Company determines the estimated recoverable value of an asset and makes an impairment write down in the amount equal to the difference between the recoverable value and the balance sheet value.

#### ***Inventories***

Inventories are valued at the lower of the following two values: purchase price or production cost and net selling price.

Disposal and valuation of inventories are recognized using the "identification of actual costs" method.

The manufacturing costs of finished products and work in progress include direct material and labor costs and a reasonable proportion of indirect production costs, determined using normal operating capacity.

Net selling price is the selling price possible to obtain as at the balance sheet date, excluding value added tax and excise tax, less discounts, rebates etc, as well as costs related to adapting the asset to be sold and making this sale, increased by the relevant subsidy due.

#### ***Trade receivables***

Trade receivables, usually with payment terms ranging from 14 to 90 days, are recognized and disclosed at the amounts initially invoiced (using the conservative valuation principle that includes the net value decreased by allowances) less any allowances for non-collectible receivables. Allowance for doubtful receivables is evaluated when the recovery of the full amount is no longer probable. Non-collectible receivables result in allowances - the allowances are estimated at the end of a year, or other period, for which a financial statement is prepared.

#### ***Accruals and prepayments***

The Company records prepayments if they relate to future reporting periods. In turn, accruals are recorded in the amount of probable liabilities falling on the current reporting period.

#### ***Cash and cash equivalents***

Domestic cash deposits are presented in nominal value.

Cash deposits denominated in currencies other than the Polish zloty are translated to Polish zlotys at the mid exchange rate applicable for the transaction date as published by the National Bank of Poland (NBP).

Cash and short-term deposits presented in the balance sheet consist of cash at bank and in hand and short-term deposits with the original maturity not exceeding three months.

The balance of cash and cash equivalents presented in the statement of cash flows consists of the above-mentioned cash deposits.

#### ***Interest-bearing bank loans, borrowings and debt securities***

At the time of initial recognition, bank loans and borrowings are recognized at cost, representing the value of cash received and including costs of obtaining the loan (transaction costs). Subsequently, all bank credits and loans, except for liabilities held for trading, are valued according to adjusted purchase price (depreciated cost), using the effective interest rate.

#### ***Trade and other liabilities***

Short-term trade liabilities are shown in the amount due.

#### ***Provisions***

Provisions are created for the costs of salaries and services for which there are no source documents and the service has been performed.

The provision for retirement benefits is recognized as at the balance sheet date in relation to employees who will acquire the right to a pension within the next 5 years.

#### ***Retirement benefits and jubilee awards***

According to the Company's remuneration system, the Company's employees are entitled to retirement benefits, paid out are paid only once, and they are equal to a monthly salary at the time of retirement. The amount of retirement benefits depends on the average salary of an employee.

Jubilee awards are not calculated and paid out.

#### ***Lease***

The Company is a party to lease agreements, based on which it accepts external fixed assets to use or draw benefits from for a fee for an agreed period.

In the case of lease agreements that transfer substantially all the risks and rewards incidental to the ownership of the leased assets, the leased asset is recognized as a fixed asset and a liability is recognized for an amount equal to the present value of the minimum lease payments at the commencement of the lease. Lease payments are divided between the finance costs and reduction of the liability so as to achieve a constant rate of interest on the remaining balance of the liability. Financial costs are recognized directly in the profit and loss statement.

Fixed assets subject to a financial lease agreement are depreciated in the manner specified for own fixed assets. However, if there is no control over the moment and no certainty as to the transfer of ownership of the subject of the agreement, then the fixed assets used on the basis of financial leasing agreements are depreciated for the shorter of the following two periods: the expected period of use or the duration of the lease.

Lease payments under agreements which do not meet the conditions of the financial lease agreement are recognized as costs in the profit and loss account on a straight-line basis over the lease term.

### ***Revenues***

Revenues are recognized in such an amount, in which it is probable that the Company will obtain economic benefits, which can be reliably estimated.

#### ***Sales of goods and products***

Revenues are recognized when the significant risks and benefits of ownership of the goods or products have been transferred to the buyer. Revenues include amounts due or received from sales, less value added tax (VAT).

#### ***Provision of services***

In the case of sale of proprietary licenses / services, revenues are recognized in the period in which the Company expects to be obliged to provide services to the customer.

Revenues from sales of third-party licenses/services may be recognized as revenue from sales of goods for resale or as revenue from sales of services, depending on the agreement with the customer. Revenues from sale of services shall be recognized in the period when the service is provided.

For tax purposes, prepaid maintenance services are shown in the period in which they were invoiced. As a result of such recognition, deferred tax assets are determined.

#### ***Provision of long-term services***

Revenues from the provision of long-term services are recognized proportionally to the degree of advancement of the service, which is measured on the basis of the share of costs incurred from the date of concluding the contract until the balance sheet date in the total cost of service provision.

The expected contract losses, estimated on the basis of a prepared budget of costs and revenues specified in the contract, are recognized in the profit and loss account immediately upon their identification and estimation

### ***Interest***

Interest revenues are recognized when they accrue (using the effective interest rate), if their receipt is not in doubt.

### ***Taxes***

Current tax.

Current tax liabilities and receivables for current and previous periods are measured at the amounts expected to be paid to the tax authorities'.

Value added tax (VAT).

Revenues, expenses and assets shall be disclosed in the amounts excluding value added tax. Net amount of value added tax which is recoverable from or payable to tax authorities shall be included in the balance sheet as a part of receivables or liabilities.

### ***Deferred tax***

Deferred income tax is determined using the balance sheet liabilities method in relation to all temporary differences as at the balance sheet date between the tax value of assets and liabilities and their carrying amount disclosed in the financial statements.

The provision for deferred income tax is created in relation to all positive temporary differences.

A deferred income tax asset is recognized for all negative temporary differences to the extent that it is probable that taxable profit will be available against which the above differences can be utilized.

The carrying amount of a deferred income tax asset is verified as at each balance sheet date and is reduced accordingly to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recovered.

Deferred income tax assets and provisions for deferred income tax are measured at the tax rates that, according to the regulations enacted up to the balance sheet date, will apply in the period when the asset is realized or the provision is released.

Deferred tax assets and deferred tax liabilities are presented separately in the balance sheet.

### ***Operating costs***

The Company maintains cost accounting both by cost nature and by cost function. Cost of sales of products and services comprises the cost of generation of services sold.

General and administrative expenses include the costs of the Company's management and administration activities.

### ***Equity***

The share capital is recognized in the amount specified in the agreement of the Company and entered into the National Court Register (KRS). The financial result, according to the agreement of the Company, may be divided into:

- supplementary capital,
- reserve capital,
- dividend payment.

## **BALANCE SHEET OF SKG S.A.** **as at February 1, 2020**

	<b><u>ASSETS</u></b>	<b>01.02.2020</b>
	<b>Non-current assets (long-term)</b>	<b>1 513 912.96</b>
	Tangible fixed assets	389 154.99
	Intangible fixed assets	127 138.21
	Long-term financial assets available for sale	0.00
	Long-term financial assets held to maturity	372 633.76
	Long-term receivables	193 290.00
	Deferred income tax assets	431 696.00
	Long-term prepayments	0.00
	<b>Current assets (short-term)</b>	<b>6 389 512.35</b>
	Inventory assets	330 134.35
	Prepayments	1 893 216.30
	Trade and services receivables	729 989.30
	Budget receivables	403 046.58
	Other receivables	352.00
	Financial assets held to maturity	0.00
	Cash and short-term deposits	3 032 773.82



	<b>TOTAL ASSETS</b>	<b>7 903 425.31</b>
	<b>LIABILITIES</b>	<b>01.02.2020</b>
	<b>Equity</b>	<b>3 389 415.56</b>
	Core capital	500 000.00
	Share premium	0.00
	Other capitals	2 820 976.52
	Financial results from previous years	5 954.72
	Result for the reporting period	62 484.32
	<b>Long-term liabilities</b>	<b>82 267.71</b>
	Long-term provisions	15 336.48
	Long-term financial liabilities	66 931.23
	Long-term accrued revenues	0.00
	Other long-term liabilities	0.00
	<b>Short-term liabilities</b>	<b>4 431 742.04</b>
	Interest-bearing bank loans, borrowings and debt securities	0.00
	Provision for deferred income tax	406 686.00
	Provision for retirement and similar benefits	117 502.26
	Other provisions	737 692.00
	Trade and service payables	2 601 493.69
	Budget liabilities	116 153.79
	Financial liabilities	63 430.91
	Other liabilities	4 321.40
	Special funds	30 718.93
	Accrued expenses	20 500.00
	Deferred income	333 243.06
	<b>TOTAL LIABILITIES</b>	<b>4 514 009.75</b>
	<b>L EQUITY AND LIABILITIES</b>	<b>7 903 425.31</b>

**On behalf of the Management Board of SKG S.A.**

.....

President of the Management Board

.....

Member of the Management Board