

Transcript from broadcast of Asseco's 2019 earnings conference call**Artur Wiza – Vice President of the Management Board, Asseco Poland (AW):**

Today's meeting, a conference on the annual results of Asseco, is attended by the following representatives of the Company: Adam Góral – President of the Management Board of Asseco Poland, Rafał Kozłowski – CFO, Vice President of the Management Board, Marek Panek – Vice President of the Management Board, and me – Artur Wiza, responsible for Investor Relations, Marketing and PR.

Dear Ladies and Gentlemen, firstly, I would like to ask the President of the Management Board to welcome and introduce everybody to the presentation on our financial performance. Then, we will go through the presentation in detail. Adam, I give you the floor.

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

Good day, I would like to kindly welcome everybody. I have been waiting to meet you all whole year because, and I am joking right now, I was “not given a chance” to do so before. I am happy with the meeting we had the opportunity to have last December and I would like to thank you very much for your trust and support, because I strongly believe that the cooperation with Grupa Cyfrowy Polsat will be very positive for both groups. We are all still learning to live in these new conditions. Neither you nor we were prepared for this, but please note how technology and companies like ours have made it possible to continue our activity without any obstacles. I am glad that so many people have decided to participate in our meeting. I give the floor to Marek, who will present the Group's results for 2019.

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

Thank you, Adam, for that introduction. I would like to welcome you all very warmly. Today, probably for the first time in our history, I am speaking to you from Rzeszów, the place where Asseco Poland's seat is based.

Traditionally, we will present you our achievements from 2019. We have prepared slides that illustrate our activities during this period. However, before I go into details, I will highlight a few main topics we would like to draw your attention to. We consider the year 2019 to be very good in our history. We recorded a very dynamic growth of our results, both in terms of revenues and operating profit. This is a result of business diversification in all three dimensions – geographical, sector and product. I think this gives us great security and ensures that we are not dependent on a particular market or sector – that is a very positive aspect. The company has grown to quite a solid size – currently, we employ almost 27 thousand people in over 50 countries, out of which 23.3 thousand are based in Poland. These people are working in the production departments, i.e. dealing with what is most important to us on a daily basis – above all the production and implementation of our proprietary IT solutions.

The Management Board has recommended the payment of a dividend of PLN 3.01 per share, equaling to the total amount of nearly PLN 250 million, which we will want to pay out, of course if the General Meeting agrees to it. On this occasion, I would like to mention the history of dividends paid out by us in the last dozen or so years. We are known for the fact that we always share our profits with our shareholders and we are willing to continue this trend. So far, we have paid out PLN 2.2 billion in dividends. The recommended dividend for 2019 is at the similar level to the payments of the last few years.

Let's move to Asseco Group's operations in 2019 and start with basic numbers, as we normally do. Sales revenues reached almost PLN 10.7 billion, representing a 14% increase versus 2018. The sales of proprietary software

and related services accounted for a very significant share of the total sales – it amounted to nearly PLN 8.65 billion, representing a 15% increase versus the previous year. EBITDA reached PLN 1.6 billion and was higher by 28% y/y. Non-IFRS EBIT amounted to PLN 1.2 billion, up by 15% y/y. Non-IFRS net profit amounted to PLN 366 million and was similar to that achieved in 2018.

And now let me show the confirmation of our diversification. I will start with the sectors we operate in. Just for the record, our activity is divided into 3 main sectors: general business, banking and finance and public institutions. These segments accounted for the following share of our total revenues: 38% – general business, 38% – banking and finance and 24% – public institutions. We are pleased that we have been growing in each of these areas year by year.

As far as the geographic diversification is concerned, in 2019 the Asseco Poland segment accounted for 11% of sales, Formula Systems for 61%, and Asseco International for 28%. The bar chart presents how the sales in each of these segments looked like over the last few years.

In turn, this is how the Group's non-IFRS operating profit was distributed among its individual segments – the Asseco Poland segment accounted for 14%, the Formula Systems segment for 56%, and the Asseco International segment for 30%.

Now, let me say a few words about what happened in individual regions from the business side. We will start with Poland. The pie chart shows the sales in Poland, which fell by 11%. I want to draw attention to a few issues here. Firstly, we had a high result base in 2018, especially in the banking sector, and this was signaled by us several times throughout the whole year. The year 2018 was special in banking thanks to one-offs related to legal changes. Additionally, in 2019, the effect of our decision to resign from selling the infrastructure was visible, which resulted in lower sales. Last year, the sales of infrastructure decreased by approximately PLN 75 million versus 2018. Please also remember that we completed significant projects in telecommunications. I will come back to this later, when presenting individual sectors we operate in. We are happy because we enjoy good prospects in Poland, especially in the public sector, in which we have won a number of projects, including the healthcare area, where our market share has been growing.

In the Formula Systems segment we recorded a significant increase in sales – by 21%. This is a result of organic growth and acquisitions carried out by the Formula Group. The growth is observed in practically every country in which the Formula Group operates.

The Asseco International segment increased its sales by 13%. We are satisfied with this part of our Group. All the topics you can see on the slide – ERP, Payten, public sector in Asseco Central Europe – will be presented by me in detail when I move to individual sectors.

Moving on to what happened in individual sectors we operate in, we will start with banking and finance. In this sector, we achieved sales of over PLN 4 billion, which represented a 10% increase versus 2018. The Formula System segment grew the fastest, recording the highest sales and percentage growth – reaching 13%. This is thanks, among others, to Sapiens, which has been really developing very well, has new contracts in Europe, a lot of contracts in the United States, and has made some interesting acquisitions. After weaker 2018, Sapiens returned to the right track, also improving its operating profitability.

In the Asseco International segment, the main player in banking is Asseco South Eastern Europe. We are satisfied with what Piotr Jeleński has done, both when it comes to the traditional sales of software for banking and in the

payments area. I would like to note that all our payment activities have been integrated under one umbrella and this is the most significant business area of Asseco South Eastern Europe.

As far as Poland is concerned, a 6% decrease can be observed. However, one has to remember about the high base in 2018, which was visible especially in the banking sector. I have already mentioned the infrastructure, whose sales dropped, and it obviously has an impact on each of the sectors I will talk about. Banking is the "apple of our eye", one of the most mature sectors. We are satisfied with the fact that in this sector we have a stable source of revenues in the form of long-term maintenance contracts, which today account for approximately 40% of our sales. We have been actively working on the export of our banking solutions. We have already implemented the first core systems from Poland outside our country, among others in: Gibraltar, Germany. We have implemented our omni-channel systems in Georgia, Kazakhstan and Czech Republic. This type of activity has been developing well and we will certainly continue our export efforts. At the moment, we see interesting prospects on the German market, which we are looking closely at.

The general business sector also recorded over PLN 4 billion in sales, i.e. by 15% more than in 2018. The Formula Systems segment is growing the fastest, by 21%, which is largely thanks to completed acquisitions. At the end of 2018 and in 2019 several companies joined the Formula Group.

We are very pleased with an 11% increase in sales in the Asseco International segment, mainly thanks to our ERP solutions. Let me note that, as you remember, everything related to the ERP production in Poland, Slovakia, the Czech Republic and Germany is today under one umbrella called Asseco Enterprise Solution, which is consolidated by Asseco International. We recorded significant sales growth in all countries. By the way, in the Czech Republic, Slovakia and Germany we also managed to improve our profitability, which is particularly pleasing.

In the Polish segment, revenues dropped by 17%, but one has to remember that we completed a large, long-term project in Orange, which had an impact on sales. There were also other events, such as withdrawal from the sub-contracting agreement with Huawei Polska. You know this story, of course. However, we are optimistic, we have signed a lot of new contracts, which we are currently implementing. They include contracts at PGNiG and PGE. We also have very interesting prospects related to the Cyfrowy Polsat Group, but Adam will tell you about them in a summary.

In the public institutions sector, sales exceeded PLN 2.5 billion, after a significant 22% increase. The Formula Group grew the fastest, by 41%, and generated the highest sales, which can be explained by acquisitions in Matrix (ca. 65% of the observed growth) and new projects of this company in the governmental and public sector.

The Asseco International segment grew by 20%. These are very good increases achieved primarily thanks to the Czech Republic and Slovakia, in which we have completed and are implementing new interesting projects – at the Ministry of the Interior in the Czech Republic or the Slovak Ministry of Labour and Social Policy, among others. Let me also mention the fact which we signaled in the third quarter – we signed new contracts with the public sector worth over EUR 55 million. These are, of course, contracts that we will be implementing in the coming years.

As for Poland, we have an 11% drop in sales. Let me remind of the fact that we faced some issues at the Social Insurance Institution (ZUS), which, I think, we all know about. We dropped out of maintenance for a while, and then we came back when our competitor did not cope with it to some degree. Due to that, there was a downtime in the implementation of new functionality in the system development. Today we are back to what we had in the previous years. We have increasingly more projects, increasingly more contracts related to the development

of the system in ZUS and we returned to the maintenance of the system to a large degree. Additionally, we have signed a lot of new, large, long-term contracts with institutions such as the National Health Fund (NFZ), the Farmers' Social Security Fund (KRUS) and the Agency for Restructuring and Modernization of Agriculture (ARiMR). We returned to ARiMR after several years of absence. All this is a source of optimism for us. Additionally, we are happy with what is going on in the health service – we have been performing further implementations of e-services in hospitals, signing increasingly more contracts with clinics and doctor's offices. We have been also carrying out maintenance contracts, which have a significant share in the total sales in this area.

The year 2019 was an active period in terms of acquisition activities. The Asseco Group was joined by a dozen or so companies which, along with a short description, are presented here on this slide and on the next one. We are still active in this area, are looking for interesting companies, although given the current situation, we have suspended our purchases for the time being.

We keep an eye on our competence areas. Just for the record, we have a very strong banking and finance segment, which recorded over PLN 4 billion in sales in 2019. We have ERP solutions which have either completed their integration process or are integrating increasingly more intensively – they include all the companies operating in Poland, Slovakia, the Czech Republic, Germany and Austria that operate under the umbrella of Asseco Enterprise Solutions. These companies cooperate increasingly more closely. They generated over PLN 600 million in sales last year. Payments account for almost PLN 370 million of revenues. We also have insurance, represented mainly by Sapiens. Today, Sapiens is one of the world's leading players in the production of software for the insurance industry. We also focus on the development in new areas – cloud, cyber security, robotics.

Finally, I would like to present you with a consolidated order book for 2020. As far as total sales is concerned, it is at the level of PLN 7.6 billion and is by 22% higher than the one shown last year. When it comes to proprietary software and services, the backlog amounts to almost PLN 6.8 billion, which means an increase by 19% as compared to what we showed in early 2019.

Rafał Kozłowski – Vice President of the Management Board, CFO, Asseco Poland (RK):

The turnover for 2019 in our entire Group amounted to PLN 10 667 million, which marks a 14% increase on annual basis. We are very pleased with this result. I would also like to draw your attention to operating profit, which, after a 23% increase, reached PLN 976 million in 2019. I would like to comment on the difference between the non-IFRS operating profit and the operating profit – the part of PPA related to regaining control over Formula in 2017, mainly concerning the backlog, has been settled and therefore the growth rate of operating profit is higher than that of non-IFRS.

When it comes to the reconciliation of the net profit – the operating profit reached PLN 976 million, on the financial level the highest result is recorded on the interest level. The interest result was - PLN 75 million for 2019. The year-on-year increase on that level is primarily attributable to an increase in debt of the Formula Systems segment, but also to a slight increase in debt of Asseco International. Net profit for the Parent Company, the whole Group, amounted to PLN 322.4 million. This marks a 3% decrease; and we are very satisfied with this result. We should remember about 2018, which was exceptional, especially in the Polish segment. This was related to the regulations which we have already discussed several times today.

Maybe I will not discuss this slide in detail during this presentation but will rather kindly invite you to our website where a file is available with all the details. If you have any detailed questions about particular segments, please contact me or our IR department directly.

What is important is the “cash generated” slide. I would like to make a quick comment on that because I have noticed a question in the background concerning a very good cash flow in the fourth quarter. First of all, I would like to say that we are looking from a long term perspective and that is why this indicator includes four quarters at a time. Let’s look at the bottom line that I am now pointing to. We can see here that the cash conversion rate, i.e. the conversion of EBIT generated into cash we receive from our customers, is close to or exceeds 100%, which means that whole 2019 was very good in this respect. This makes us happy. In turn, the fourth quarter alone really looks exceptionally well in the Formula Systems segment – in that segment, both Magic and Sapiens had excellent cash flow in the fourth quarter. It is nothing special – it is linked with settling projects and receiving cash from issued invoices. For similar reasons, the fourth quarter was also very good in the Asseco International segment.

In my opinion this slide is very interesting, especially given the current situation and times. Here, we can observe the cash balance for the whole Group, i.e. PLN 2 153 million, while net cash, i.e. after deduction of short-term interest liabilities, is PLN 1 247 million for the whole Group. We can see that Formula has net cash of PLN 659 million, Asseco International – PLN 403 million, and the Asseco Poland segment contributes PLN 184 million. After adding other elements of current assets, the Group's net operating assets are PLN 1 888 million, where Formula Systems holds PLN 1 108 million, Asseco International – PLN 444 million, and the Asseco Poland segment – PLN 334 million. However, this item does not include dividends to be paid out in 2020. They have to be deducted. Whereas, it should be remembered that money in the Asseco International segment, in the holding companies which are 100% owned by Asseco Poland, includes PLN 144 million, which, in my opinion, should be added to the Polish segment – it would give us PLN 334 million plus PLN 140 million, i.e. nearly PLN 480 million. This is the balance of the Asseco Poland segment. If we take into account the planned dividend, i.e. PLN 250 million, and deduct it from PLN 480 million, we still have PLN 230 million of assets. I think this confirms a stable situation of the Asseco Poland segment. But, of course, we see that we also have surpluses in both the Formula Systems and Asseco International segments. This is thanks to our rather conservative money and debt policy.

AG:

I would like to thank Marek and Rafał. Indeed, we are very pleased with 2019, it is already behind us. We are now facing new conditions for which none of us was prepared and they surprised us. However, when it comes to our development prospects, our way of thinking, we have not fundamentally changed anything. We have already promised that we will work continuously to improve our efficiency and simplify the structure. We are working very hard to further develop our competence areas. This is a very important task for me, because on the one hand we value the federal model, but I have always shared my thoughts with you that I will do everything to ensure that the most talented people in the Group, representing the individual sectors, are very close to each other. We have made great progress in this respect. In the area of insurance – the position of Sapiens and the Polish team that was taken over after the project in PZU – prove that we made very good moves. The Polish team plays a very important role in Sapiens. We are making huge progress in ERP. Here we are in a very advanced stage. You may have noticed that our colleagues from ABS are on the Supervisory Boards of the Asseco Solutions companies. This helps us introduce what is great about ABS to the Slovak, Czech and German structures. I very much hope that these teams will be even closer. I am very happy with what Piotr has been doing at Payten. All of the best teams cooperate with

each other and work out their strategy together. I am happy with the progress we have been making in banking, especially the work of our Polish and Slovak teams.

We will continue our international expansion. Today is time to wait for a bit. Marek leads the team that is responsible for our investments and we have given this team a request to focus above all on collecting information for the time being. We maintain relations with many companies. We were close to one purchase, but we stopped it. It is fair to say that each of our companies, after what is happening today, may be a bit different, so today building or valuing something based on the future is uncertain. One should not be afraid of it, one should face it, but one should not make any moves, one should wait a little. Nothing changes, we will be consistent, we want to continue building our Group on similar principles as before.

Thank you again for following my request. For me, the cooperation with Grupa Cyfrowy Polsat is of great importance. It concerns especially the telecommunications sector, which – due to the completion of various projects – brought weaker results last year. I am glad that we survived it and that it all ended this way. I hope that we will soon provide first evidence of this. The chance that we will do a lot of work for this Group is huge. Of course, negotiations will not be easy, but some processes are already underway and we are approaching a promising start. I hope that soon you will receive tangible proof and that my dreams to build the best IT system, especially in the telecommunications sector, will be fulfilled.

In Poland, for years, we have been doing everything we can to boost exports. As Marek has already mentioned, the most mature sector is banking. I must say that I have one dream. This dream, I will not hide it, is the German market, where it seems that we have great opportunities. We were very advanced on it, coronavirus stopped it a bit, but I want to emphasize it – it stopped it only a bit, because today we know a lot about the needs of this market, when it comes to the banking sector. This sector is forced to change technologies, because they are very old. We have a significant partner in Germany and the probability that we will do something together is high. But today I am afraid to make any plans in this area, because our safety, the safety of people, is the most important thing. However, we will not slow down our work – we have been preparing dedicated solutions and the best possible offer for this market. We have the necessary knowledge and we are working on our offer. I am glad that after some issues, ZUS etc., we have been appreciated by very significant state institutions. We do not disappoint them. These institutions are fully aware of the fact that the preparation of such teams, which we have at our disposal, takes years and today they appreciate cooperation with us very much. That is why I have high hopes in this area.

But I am most proud of what happened in the last 2 weeks. As we have already said, we were all surprised by the sad news and we were not prepared for it. Meanwhile, Asseco, despite not thinking about such events, was prepared for them. This applies not only to Poland, but also to Asseco Central Europe and all companies associated with Asseco International, as well as Israel. We quickly switched to remote working. Remote working absolutely did not interfere with the service provided to our clients, which will be confirmed in the first quarter results, I am pleased to say. Of course, the type of work has changed, we are all experiencing it a little bit, because we lack direct contacts. We had an advantage over those companies which are not closely linked with technology, do not have this knowledge. We are proud, because we have managed to cope with this difficult situation.

Gabriela Żukowicz is leading the Crisis Management Center. It has been operating for 2.5 weeks. We do not do anything in panic. We prepare for various scenarios, we perform our tasks remotely. I think that the Poles started to make these very radical moves at the earliest and we have worked out patterns now available to everyone. Israel

also functions in difficult conditions, but everyone is calm and prepared. I am very proud of this, because it shows that we do not represent a group of chaotic companies, but a group of companies with high awareness and good organization. Today my goal is for our team to survive these sad times. We operate in an area that is very much needed in these times, so we are in a bit better situation than some of my colleagues have found themselves in, who have been cut off from the sales network. This does not reassure us, but as I said, we act in a conscious, responsible way.

I am proud of my team. The Management Board of Asseco Poland has resigned from advance payments for bonuses, it was my colleagues' initiative. I was grateful to them because this is how we should behave. We are a role model for the whole company. Today, if someone does the job, we pay all bonuses. However, we prepare various variants, because what is going to happen is a completely new experience for us, and when we are not prepared earlier for some bad scenarios, we do it later chaotically and in panic. I hope, however, that we will not have to run these scenarios, which are so difficult. I believe that we, humans, will defeat this virus – forever. We will live together in a different reality. We, as people, will be different, because we have realized that what has been shown in the movies and in the books is possible. I believe that we will all learn our lesson, our countries will draw right conclusions, and one day, if such sad situations come back, we will be better prepared.

I would like to appeal to everyone to act in solidarity and wisely in these difficult times, to support each other, not to be critical of those who are preparing something, because everything we have done so far was due to conditions which appeared by surprise. Let's look at it creatively – it is good that something will be launched today, let's criticize it after it is implemented, but in a kind way. Let's bear in mind that relatively small teams of people had to prepare such a multidimensional law in few days. We, the people of the software world, know that it is impossible to predict all cases, all situations. Let's improve what we have been doing, and I think that by acting together we will get out of this big problem.