

Transcript from broadcast of Asseco's H1 2021 earnings conference call**Artur Wiza – Vice President of the Management Board, Asseco Poland (AW):**

Good day. I would like to warmly welcome you to the meeting dedicated to the results of the Asseco Group in the first half of the year and the second quarter of 2021. We would like to welcome you with the following line-up: Karolina Rzońca-Bajorek - Vice President, CFO, Marek Panek - Vice President and Artur Wiza – Vice President. For the first time during the pandemic we have decided to organize the meeting also in a hotel hall. We would like to welcome those of you who have come to the meeting as well as those who participate in it remotely. The meeting will be divided into two parts. In the first part, we will present the Group's activities in the first half of this year. The second part will be devoted to a Q&A session. We will start with the presentation. I will now give the microphone to Vice President Marek Panek.

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

Thank you very much. I would like to welcome you very warmly. Please forgive me because we are trying out the hybrid model for the first time and I may be a little bit distracted by the fact that I have to look a little bit into the camera, a little bit at those of you who are present in the hall and a little bit at the presentation screen in front of me. Once again, I would like to officially welcome you and thank those of you who have decided to join us remotely. Traditionally, we would like to present to you what happened in the first half of this year, and I would like to emphasize right away, and probably I will do it a few more times during my speech, that it was a very good period for the entire Asseco Group. Why? I will tell you in a moment.

The very first slide says a lot. We had a successful half-year and we are satisfied with practically all aspects of our business, starting with what happened in our finances, i.e. the results we are showing. We recorded strong double-digit increases at all levels of the profit and loss statement, starting with the revenues, which grew by 18% to PLN 6.8 million, and ending with the non-IFRS net profit, which - after an increase by 24% - reached almost PLN 250 million. As you can see, it was a very successful period for us, and I would even say extremely successful, looking at our historical results. You are probably asking yourselves what this is related to. We would like to emphasize that we observe on the market, and you probably also observe it, the growing interest in digitization and IT solutions, partly resulting from the fact that we work increasingly more remotely, we serve increasingly more customers through various remote channels. This causes a situation in which the demand for IT services is growing and we are dealing with such a situation now. What we always emphasize is that our business is based on our proprietary software, which is the main element of IT, something that allows to support business. We have been observing growing interest in IT, which in our case translated into very good results in the last six months. Additionally, we support our development with acquisitions. You probably remember that we have quite an active acquisition policy and in this area, even during the pandemic, we have not slowed down. In the first half of 2021, 11 new companies joined us. I will talk a little more about this later in the presentation. I would like to emphasize that in all sectors and business segments we grew at a double-digit rate. I will elaborate on that in a moment. And to those of you who are looking at our future and trying to estimate what will happen by the end of the year, I would like to say that the outlook for the second half of the year is quite good. At the end of my part of the presentation, I will present to you our backlog, which is growing at a double-digit rate compared to what we showed a year ago. This gives us some optimism for the second half of the year. But let's remember that these are all projects that need to be completed first and we will work very hard on this.

On this slide we are showing you the basic numbers that characterized the first half of the year. Sales revenues, having increased by 18%, reached nearly PLN 6.8 billion. In our core business, i.e. proprietary software and services, we achieved sales of over PLN 5.3 billion, which means a 15% increase. EBITDA, having increased by 15%, exceeded PLN 1 billion in the first half of the year. Non-IFRS operating profit amounted to PLN 826 million and was by 22% higher than in the same period last year. Non-IFRS net profit grew by 24% and reached PLN 249 million. These are very good results, with which we are extremely satisfied.

Traditionally, we are showing you our diversification and sales broken down by sectors and geographic segments. Let me start with the sectoral diversification. As you can see, general business accounted for 41% of our sales, banking and finance for 34% and public institutions for 25%. This slide has not changed much over the last reporting periods. As we look at previous years, we have seen a little bit of an increase in the share of public administration. This is a result of what is happening in Poland. We have a lot of projects in Poland in this sector and indeed the growth is very dynamic.

When it comes to dividing sales revenues by the geographical segments in which we operate, the largest contributor is the Formula Systems Group which accounted for 64% of sales, followed by the Asseco International segment with 25% and the Asseco Poland segment with 11%. I think this is another proof of good diversification. Today we are not dependent on any particular countries. Let me just remind you that we operate in 60 countries. You can see on the bar chart that we have been growing successfully in each of our segments for many years.

In the case of contribution to non-IFRS operating profit, the proportions are slightly different. Still, the largest contributor is the Formula Systems Group which accounted for 58% of sales in the first half of the year; however, it is noticeable that our operations in Poland are slightly more profitable than in the remaining parts of the Group. Out of this 11% share in sales, the Asseco Poland segment generates a 17% share in non-IFRS operating profit. In the case of the Asseco International segment, this contribution is at the same level as in the case of revenues, this is 25%.

I will now briefly comment on our business by geographical segments. I will focus on the topics that we want to draw your special attention to. We will start with the Asseco Poland segment, which grew by 17%. In this case we would like to draw your attention to a few elements. First of all, we would like to emphasize the dynamic growth of revenues in two sectors: general business and public institutions. This +26% you see in the case of these two sectors is no mistake, it is just a coincidence. We are not surprised by these values. We see growing interest, we run many projects and especially in public administration - as we have emphasized many times - we have many long-term projects. This all adds up to dynamic revenue growth. The second element I would like to emphasize in the Polish segment are very good results of our wholly-owned subsidiary Asseco Data Systems. In the case of this company it is necessary to emphasize very strong performance in such areas as smart city, security and trust services, and education. At present, security and trust services are a very important and strong area of our operations, where the revenue growth is very dynamic. As far as the Formula Systems segment is concerned, we generated 20% growth in revenues. Practically all the companies of the Formula Group are growing and they do so mostly organically as over 60% of our revenues are generated organically, while the remaining portion resulted from acquisitions completed last year and in the first half of this year. The Formula Group was and is very active in this respect. I will also emphasize one point. Historically, we have experienced periods in which a considerable portion of increases resulted from foreign exchange differences. However, in this half-year foreign exchange differences had a negative impact. This is yet another proof of good condition of the Formula Systems segment and dynamic

growth of this part of Asseco. The Asseco International segment achieved a 12% increase in sales. In this segment we emphasize the activities of Asseco SEE. Probably some of you attended the company's earnings conference and had an opportunity to listen to the commentary by Piotr Jeleński. Here we would like to emphasize the dynamic growth of the payment part and the traditional banking part, where we provide IT solutions for banks operating in the region of South Eastern Europe. We also emphasize good standing of Asseco Enterprise Solutions, our ERP division. We are pleased because we have been growing in all the countries where we operate, namely in Poland, the Czech Republic, Slovakia and Germany. We are particularly pleased with the German part as it has grown the fastest and, moreover, significantly improved its profitability.

We will begin the presentation of the sectors in which we operate with banking and finance. In this sector we recorded a 10% growth in revenues which reached almost PLN 2.35 billion. The largest contributor was the Formula Group which generated PLN 1.6 billion in revenues, up by 11%. It is Sapiens which has the largest share in this segment – that is our company operating in the insurance sector. This company is doing very well. What we emphasize, and which we mentioned already when discussing the first quarter, but which is even more evident now, is the significant increase in Sapiens's sales in Europe. Sapiens has a large portion of its business located in the United States, but it has also made some interesting acquisitions on the European market in recent times. It bought a company in Spain, Germany, Denmark. In Denmark it was a significant acquisition - of a well-known company Tia. As a result, Sapiens generates over 40% of its revenues from the European market. The remaining 60% is generated mainly in the United States (ca. 50%), while other markets, apart from the ones just mentioned, account for ca. 10% of Sapiens's sales. The banking sector is also served, perhaps on a slightly smaller scale, by Matrix IT and Magic Software, and we achieved higher sales there as well. As far as the Asseco International segment is concerned, we achieved a 13% increase to PLN 564 million. In this segment, Asseco SEE is the main contributor. The Banking and Payments segment, as I mentioned earlier, developed very well. In the Asseco Poland segment, we reported similar sales to those of the first half of last year. Our revenues amounted to PLN 211 million. We are very satisfied with this level. It is the level of sales we expected. We expected it because we need to remember that the Polish banking market is very demanding. We are very pleased with the new projects we are signing and implementing on the market that seemed to be "closed" for new initiatives. A few days ago we informed about a new, long-term agreement with Bank Polskiej Spółdzielczości. Let me also remind you that we are carrying out a large project at Bank Gospodarstwa Krajowego (BGK), which was initiated several months ago. Additionally, in one of the large banks - unfortunately I cannot disclose the name, but you may guess it - we are implementing a migration project, i.e. the incorporation of another bank. It is a new experience for us as we take responsibility for the entire project, process, and not only for the technological "transfer" of data from one system to another. This is something new for us. So far, such projects have been carried out by a narrow group of American consulting companies. We are glad that we have been selected to implement this project. This is new and interesting experience for us. We also continue our export efforts. We are still working with the German company adesso to acquire the first projects on the German market. I hope that soon something will come out of this activity.

In the general business sector we generated PLN 2.8 billion in revenues, with a 22% growth rate. As usual, the largest portion of sales was generated in the Formula Systems segment. These sales have been growing very fast, by 24%. In this sector Matrix IT and Magic Software stand out. Furthermore, as you remember, at our last conference I mentioned that Formula Systems invested in a new business, namely ZAP Group, which is the largest group of consumer websites in Israel. This company was consolidated for only one quarter, but still, the revenues are visible – they reached ca. PLN 50 million. In the Asseco International segment, following a 16% growth, we surpassed PLN 800 million in revenues. Such improvement was mostly attributable to our ERP division, but it is

also worth mentioning our subsidiary Asseco CEIT. This company operates in the Industry 4.0 area, and provides automation and production line support solutions primarily to the automotive industry. This company was heavily affected by COVID-19 due to the closure of factories. Because of this, Asseco CEIT had a weaker 2020. However, today I am mentioning this company not without reason, as it is returning to its former scale of business. Projects that were put on hold are back on track, and new ones are appearing. Asseco CEIT is back on track, which of course makes us very happy. As far as Asseco Poland is concerned, we recorded a very dynamic 26% growth in sales, which reached PLN 185 million. Here we would like to emphasize our continuing cooperation with the Polsat Plus Group. We worked hard with Polsat for almost the entire last year, and at present our cooperation is obviously continued. We have recently signed a framework agreement which defines the way in which the projects will be carried out. What we did last year was still based on our historical agreements with Polkomtel. Today, we have a new framework agreement in place and, step by step, we are implementing a large-scale digital transformation project. Also noteworthy is Asseco Data Systems, which recorded a more than 30% increase in revenues in the general business sector. This is largely attributable to security and trust services, including digital signatures.

In the public institutions sector the Group recorded a 22% increase in sales to PLN 1.7 billion. The Formula Systems segment grew with the fastest dynamics. Here I would like to mention Matrix IT, which is the largest IT company in Israel and has a very high share of revenues from the public sector. It continues to implement long-term projects and signs new interesting contracts. Among such interesting projects it is worth mentioning the Nimbus project, which is Israel's national cloud. Matrix IT is strongly engaged in this project. In addition, Magic Software has grown dynamically as it also derives some revenues from the public institutions sector. As far as Asseco International is concerned, we see comparable sales year on year, increasing by 3%. This growth is a success anyway. Let us remember that the public sector in Asseco International consists primarily of two markets – Slovakia and Czech Republic. I have already mentioned at the previous meetings that there was some political turbulence there – elections, change of government, freezing of projects, even those already signed. All this caused a certain slowdown there. However, we are gradually recovering here and I think that this 3% growth is something to be happy about. In Poland, on the other hand, we have a very dynamic growth - 26%. This is a result of long-term contracts signed in 2019, 2020 and at the beginning of 2021. These are contracts with customers such as ZUS, ARiMR, KRUS, Ministry of Justice, NFZ. These are large-scale customers and long-term projects that we will implement not only this year, but also in future years. Additionally, you know that we have carried out a lot of activities at the Social Insurance Institution (ZUS) related to governmental programmes. Especially a lot of work was carried out last year, but this year there was also hard work. We will see what will be next, but I think that slowly these works should be extinguished this year. Nevertheless, if there was additional demand from the customer, we are ready to act in this area. I am glad because ZUS appreciated what we were doing and we heard a lot of warm words from this client about our teams and the efforts we made and the projects we completed in connection with the Anti-Crisis Shield. This work was done under time pressure and remotely.

We are not slowing down when it comes to acquisitions. In the first half of 2021, 11 companies joined us. You can see the list of these companies on the slides and I am not going to read it now. I will only underline once again the acquisition of the Israeli ZAP Group. This is the beginning of building the fourth leg of the Formula Group, because this is a business in which we have not been present so far. It is a very interesting and growing e-commerce business. ZAP manages consumer sites which receive around 17 million visits per month. It is really a very large scale. It is a retail business. We charge fees there. These are very small amounts, but from a lot of customers. We are an intermediary between the consumer and the shop where the purchase is made. The consumer ended up in that store just by being on ZAP. This is a new kind of business. We will keep an eye on it. ZAP has already been with us

a whole quarter, as this acquisition took place in early April. Our first impressions are very good. We had a meeting with the Israelis last week and we talked a little bit about it. We are satisfied. The ZAP people are doing what they promised, they are working hard, they are loyal, they are behaving as we expected. It seems that this business can be very interesting and we will watch it with curiosity from quarter to quarter.

We emphasize the development of our international competence areas - ERP, payments, insurance, banking and finance, etc. They all came up during today's meeting. I would just like to draw your attention to our development in new areas, such as cloud solutions, cyber security and robotics, where we are slowly reaching a noticeable scale and recording significant growth, which of course is very gratifying.

The last slide in my part of the presentation is the backlog. Its 16% growth compared to what we showed a year ago is a confirmation of what I mentioned at the beginning of our meeting. This growth is very similar in all segments in which we operate and is in the range of 15-17%. This obviously makes us somewhat optimistic about the second half of the year. However, we do not forget that all these projects need to be completed and we are focusing on them at the moment. Of course, we are also slowly thinking about building the portfolio of orders for 2022 and the following years.

That's all from my side. Thank you very much. I give the floor to Karolina.

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

Good day to you. I will now present only some additional financial information, because Marek has already said a lot about the financial area. On this slide we are presenting what is happening in our profit and loss statement. On a half-year-on-half-year basis, there is growth at every level of the statement, and the lower we go down here, the higher the growth rate is. This means that our profitability is growing and those places in the Group where we consolidate a larger share of results at the net profit level are growing. As for EBITDA profitability on a half-year-on-half-year basis, it is declining slightly. This is the result of a natural tendency after the outbreak of the pandemic to postpone some CAPEX expenses, resulting in slightly lower depreciation year-on-year. Operating profit growth, whether non-IFRS at 22% or IFRS at 21%, seems very respectable. The Group's operating margin is approaching 10%.

On this slide we are showing a reconciliation of operating profit and net profit. As far as financial activities are concerned, it is quite stable, in the sense that our borrowing costs have not increased, we do not have any special effect on foreign exchange transactions. The one-time gain on the sale of R-Style Softlab should be noted, which is visible in the line concerning M&A transactions. As we already announced at the conference after Q1, we managed to sell our shares in R-Style Softlab at a profit. This had a positive impact on the Group's net result in the amount of PLN 18.3 million. This was recognized by the Group in two places - partially in the Asseco International segment and partially in the parent company, Asseco Poland segment. Our pre-tax profit, having increased by 27%, amounted to PLN 640 million. At the bottom of the table you can see the net profit which increased thanks to a slightly lower effective tax rate. As a rule, it will always be a bit higher in the first half of the year due to the fact that this is the period of dividend collection. Some of the costs which are associated with these dividends are not tax costs, but in the perspective of the entire year this should even out. The half-year-on-half-year decline is due to two issues. One is a slightly wider use of tax credits by our companies than in H1 2020. The second issue, particularly noticeable in the Formula Systems segment, is higher sales in those locations where taxation is

effectively lower. In other words, we achieved higher sales in Israel, while the year-on-year results were weaker in the USA where taxation is simply high.

When analyzing the financial results of our regions and subsidiaries, we see that the Asseco Poland segment had very good half-year results recorded by its parent company. As you probably saw in the stand-alone financial statements of Asseco, the key driver of the half-year was definitely the public administration segment. This segment saw a substantial improvement in profitability. Sales revenues and operating profitability increased virtually everywhere in this segment, both in the social insurance and healthcare segments. It was a very good half-year performed by these segments. Marek has already highlighted the very strong performance of Asseco Data Systems. This will certainly be a record year for this company. We see an increase in revenues and very good operating profit. On the other hand, cash flow is a little worse, as this is a company which, as you know, signed two large contracts in the second quarter, some of which will involve the delivery of infrastructure. These are projects which require the involvement of working capital, the payment of a deposit conditional on participation in tenders. Given the scale of this company's operations, these are amounts that can disrupt cash flow. As far as other positions in the Asseco Poland segment are concerned, we are satisfied with them as well. It is important to remember that we consolidate smaller companies as well as those which are not part of our core business. As far as the Formula Systems segment is concerned, Marek has already said a lot about this area. I would just like to add that in the fourth row within the Formula Systems segment in the presented table we include ZAP and companies of the Michpal Group, hence on a half-year-on-half-year basis we see such an increase. In the Asseco International segment, we achieved very good results on the Central European market. Here, special attention should be paid to the whole Asseco Enterprise Solutions segment which, as we said after the 1st quarter, reported very good results in the 2nd quarter as well. We managed to improve our sales and worked hard on profitability, which is already reflected in our financial results. On the South Eastern European market, which is dominated by Asseco SEE, we achieved growth in each area - the fastest-growing banking sector, nicely growing payments area, which has the largest share in Asseco SEE, as well as in dedicated solutions. We are very happy with that. The first half of 2021 was also good for our companies on the Western European market. As you may remember, we consolidate such companies as Asseco PST (former Exictos) and Asseco Spain, which is a company trading mostly in hardware; hence our revenues are high, yet the profitability of this business is relatively low and this may explain the lower average profitability on the Western European market. The numbers in the remaining rows of the presented table are so small that I think they do not require any commentary.

As far as cash flow is concerned, because I know that this was an issue for us in the Group after Q1, Q2 was definitely better in this respect. I think we have to look at this issue from a longer perspective. We look at it in the perspective of the last 12 months. The cash conversion ratio of 90% is at a satisfactory level. I have already pointed out that Matrix IT had the weakest cash flow in the Formula Systems segment. This cash flow improved considerably in the second quarter, but cumulatively after the first half of the year it was still negative. It should be remembered that Matrix IT had fantastic cash flow in the fourth quarter of last year. Public institutions prepaid for the services provided by this company, and therefore this cash flow came earlier; whereas, now the result "catches up" with cash flow. As far as the Asseco International segment is concerned, cash flows from Asseco SEE are strong, cash flows from Asseco CE are stable, and slightly weaker in Asseco Spain. This is a consequence of the need to add new products to our portfolio. Let me remind you that Asseco Spain trades in equipment, and in order to be able to execute deliveries and have goods in stock, it needs to invest capital. Therefore, in the case of this company the cash flow after these two quarters is negative. Here, just as in the case of Matrix IT, we see the same trend, i.e. improving cash flow. I believe we will have decent numbers here by the end of the year. In the case of the Asseco

Poland segment, it should be pointed out that the growth dynamics, resulting primarily from the public institutions sector, is characterized by the fact that first we have the result and then cash flow. We have large valuation balances and a lot of projects where we recognize revenues and profit, whereas payments and settlements come at the end. Therefore this cash flow should also improve significantly in Q3 and Q4.

On the last slide, we are presenting to you our stable liquidity position within the Group, which was and remains stable. We have nearly PLN 2.5 billion of cash accumulated in the Group. In the pandemic period, we did not significantly increase our interest-bearing debt. The companies only made local use of state-supported loans and borrowings, but this did not make a difference at the Group level. In terms of working capital, we feel completely safe.

That's all for me. Thank you.

AW:

Thank you very much Karolina for presenting the Company's financial position. Marek, thank you very much for presenting our business. We already have some questions and we encourage you to keep on asking them. We will begin with questions from those in attendance. We have three questions from people who are attending the face-to-face meeting.

Investor 1:

What is the margin of the business you do in the public sector at the parent company? Please comment on H1 and your outlook for the coming quarters.

MP:

Karolina and I were wondering who should respond, who will do it best. I will comment on what is happening in the public institutions sector because indeed, as I have already emphasized, this sector was exceptional for us in the first half of the year. It was similarly exceptional in 2020 because it was driven by a number of projects that we had previously signed, as well as project renewals, because the National Health Service, for example, was a renewal of a multi-year service agreement. Of course, we dream that this trend will continue, but whether it will be repeatable, I am not so sure. We had a meeting with journalists today and we also discussed this issue. It is not so that these projects in ZUS related to the shield were implemented on the basis of some special profitability. In ZUS we have a framework agreement in which the rates for function points are specified. Let us remember that these projects were implemented in a really special way. Our people worked sometimes 16 hours at a time, automatically doing more than they would normally do. Perhaps this is why the results are also better. However, let us not focus only on ZUS. Please remember that we are present in, among others, the National Health Fund, ARMA, the Ministry of Justice, KRUS. There are many such projects. What is more, there are increasingly more subjects that we approach by submitting offers. At the moment we are optimistic about the public sector in Poland. I don't know if you remember, but a few years ago we had a certain stagnation in this sector. Of course, we always generated results in this sector, but there were some "pauses", there were fewer projects, we were wondering what to do next with our teams. Today, however, we can see that this is an area that is one of the main drivers of our growth and we would like this trend to continue. Will it succeed? It really depends on many factors, but we dream about it.

KR-B:

As far as the public administration sector is concerned, I would like to add that it is true that the second half of last year and the first half of this year were marked by the execution of orders under the Covid contract. At the same time we have to remember that we maintained the same team which was dedicated to provide services under the contract for development of KSI ZUS. In this case there will be a substitution effect. Our client had new priorities that partially displaced what should have happened in the subject of development of KSI ZUS. Please also remember that there is a certain diversification of revenues of the parent company as far as the public sector is concerned. The client is also diversifying. Until now we had two contracts - one for maintenance and one for development. Whereas, currently ZUS is becoming a digitization center in the context of redistribution of various benefits. The best example of this is the "Good Start" programme, which is currently handled by this institution. We strongly believe that some of the projects that will be handled by ZUS will also be handled by us to some extent. What we emphasize and what does not change in our strategy when it comes to public projects is our motto "we play to win, and not play just to play". We take a very selective approach to the projects appearing on the market. We try to accurately estimate risks and costs growing throughout the economy. This is particularly important when we talk about long-term projects. These are the reasons why our profitability is improving.

Investor 1:

What is the impact of the project executed for the Polsat Plus Group on Asseco's results and what is its profitability like?

As far as the general business sector is concerned, there is indeed an increase in these revenues and it is related to our key customer in this area. As for the exact amounts, we do not provide such information. However, the scale can be seen in our financial statements, as there is an obligation to disclose sales revenue from related parties. An amount appears there which is largely related to this customer. It should be remembered that we sell software and services to this client, while in the first half of the year we also sold hardware, which is on average less profitable. That is how I would explain the fact of a decline in profitability on a half-year-to-half-year basis. It is a one-off and temporary effect.

AW:

Thank you very much for your response. More questions have come in from the people who have connected with us online.

Investor 2:

What is the value of the contract signed with Bank Polskiej Spółdzielczości? Over what period of time will it be implemented? What annual revenues can Asseco expect during the implementation phase and the system maintenance phase?

MP:

We can't give you a specific amount, because this is quite an atypical agreement. We are offering a bank solution for the whole BPS association. We don't know how many banks will benefit from it. Please remember that, if I remember correctly, the BPS Group comprises over 250 cooperative banks. We are developing a solution that will allow these banks to use the core system from the cloud. It is not an obligation - these banks will be able but

not obliged to use it. This agreement is multi-year - for 10 years with the possibility of extension. This is nothing strange in the case of such cloud solutions, because this is exactly what it is about. Such long-term agreements are usually signed in a subscription model.

Investor 2:

At the end of July you signed a framework agreement with Polkomtel for cooperation in three stages of IT system transformation. Will this agreement expand the scope of work performed for the Polsat Plus Group? If so, what will be the scale, in terms of million PLN annually?

MP:

I already mentioned this agreement when discussing my part of the presentation. This is a framework agreement, so let's remember what that means. It means that there are virtually no figures in this agreement. It is rather an agreement that defines the way in which we are going to deliver solutions, conduct tests, receive work, define the scope and so on. There are many formal, legal and technical elements. But there are no figures, because it is a very big, long-term project. We are implementing it in such a way that we define individual stages, which will be, let's call it, ordered in a 'simpler' way. The scope will be defined and the amount will be specified. However, the remaining elements will come from the framework agreement.

KR-B:

The second part of the question was about the expected effects. The main goal of this agreement is to set some order. Today, we are working with this client on an ongoing basis and we are recognising the results on an ongoing basis. Therefore, I would not expect some kind of "big bang" effect in connection with the very fact of signing the agreement.

Investor 2:

What is the reason for the increase in profitability of the parent company and do you think that the current backlog and outlook allow for this higher level of profitability to be maintained in the next 1-2 years?

KR-B:

In fact, we have already commented on this issue a little bit. It is indeed the case that the higher level of profitability is mainly the result of the public administration sector. The Group's profitability should be viewed on a segmental basis as there are considerable differences between the segments. The Asseco Poland segment can expect to maintain its operating profitability at the level of 18-19%. In Q3 and Q4, when we turn more towards working in the stationary model, return to offices, and reduce Covid-related savings, the current profitability will still be achievable. It's also important to remember that we, as an organization, have learned some things when it comes to cost savings. Some of those efficiencies that we have realized with remote work will stay with us. Like the market as a whole, we are seeing wage pressures. We will probably be forced to address this issue. It is difficult today to talk about the outlook for the whole of 2022. As far as other segments are concerned and the profitability of the entire Group, which today is close to 10% - which we are very pleased with - it all depends on how our revenue structure will look like. One has to remember that the Formula Group's profitability is much lower - it oscillates around 7-8%. In the case of this segment, we expect to see an increase in earnings while maintaining profitability. A similar trend is probably observed in the case of the Asseco International segment. Asseco International improved

its profitability in the first half of the year, and we expect this improvement to continue. Here we are working hard on the profitability of Asseco Enterprise Solutions Group, which has already been reflected in the results for the first half of the year and will be visible throughout 2021 as well.

Investor 2:

What does your M&A pipeline look like? Is it possible that by the end of 2021 you will have closed some significant acquisitions worth over PLN 50 million?

MP:

This is a very broad subject. We receive such a question from you practically every quarter, and I answer it in a similar way. We are constantly looking for companies that would fit into our Group. We continue our efforts both on the Polish market and on foreign markets. This results in acquisitions. If you take a look at the acquisitions completed last year or in the first half of this year, the most active players in this area are the Israeli companies and Asseco SEE. However, the size of acquired companies is much smaller in the case of Asseco SEE. In Poland these acquisitions were somewhat smaller. Despite all these searches, it is not as if today we have some topics on the table that we will inform you about in a week, two or a month. Today we take a very selective approach to M&A. We are looking for companies that really fit with us in the way we have defined, that is companies that have products that we need for some reason, have an interesting market position, and most of all have people who identify with the idea we come to them with. I mean identification with the culture that Asseco has developed throughout its history - the federation model. Unfortunately, in our M&A activities we compete with funds that are ready to pay much more than we can offer. There is a contradiction here. We need to find people who are already looking at money with some distance and who do not care about “cashing” themselves today. We care about people eager for new challenges, who want to build the future and value of their companies together with the Asseco Group. This is a competition in which we often lose because someone comes along who is able to pay extraordinary, often incomprehensible to us, P/E ratios for a company which is worth less to us. We often have relatively small companies coming to us, and even if they have an interesting product, they are counting on the fact that Asseco is in 60 countries and has a lot of customers, which will drive their sales. On the other hand they want a lot of money for let's say 51% of shares. We are not really willing to make such a deal. When valuing these entities, they forget what Asseco brings to this joint venture, namely a potential market and potential customers. We are really going to let this company grow. If we have to pay a lot at the beginning, this is often the reason why we walk away from the table. To answer the question directly - there are no large companies in the pipeline today that we could inform you about soon. However, we are constantly looking for acquisition targets. We analyse this market very carefully. Sometimes we come back to the same companies we talked to a year, two or five years ago to ask if anything has changed. In the past, there were companies with which we did not get along for various reasons, but they are still very good companies. We are continuing our efforts and we hope to continue expanding the Group through acquisitions.

Investor 3:

Has Asseco Group increased its sales team significantly from 2019? Is it possible to know what approximate percentage of all contracts from this year are with customers who have already worked with the Asseco Group before?

AW:

Let me try to answer that question. We have not significantly increased the sales team. Our sales teams are connected to individual business divisions, products. We don't have one common sales team. We implement it in individual projects. There has been no significant increase in these teams. If we grow them, we grow the entire business divisions or companies, and not only the outlays on sales alone. As far as the percentage of all contracts concluded this year with customers who have already cooperated with the Asseco Group, it is difficult to answer such a question, even if we look at the parent company itself. We have cooperated with a very large number of clients for many years, and with some of them since the very beginning of our operations, that is 30 years ago. This cooperation sometimes takes place on a smaller scale. For example, this year we signed a large agreement with a bank, with which we cooperated maybe not to a large extent but in smaller projects, and now we are implementing a much larger project. This could be included in this group. Additionally for us a customer is for example a bank, as well as a customer who has purchased 10 electronic signatures. Also in this case we would need to do more analysis which would allow us to answer such question.

Investor 2:

Acquisition of 11 companies in H1 2021 - How much will the acquired companies generate in total revenues and EBIT (e.g. in 2020), divided between the companies acquired by Formula Systems Group, Asseco SEE and Asseco PST?

KR-B:

Indeed, it is the case that acquisitions in the Formula Group are the cause of a high percentage of growth. 50% of revenue growth in the Formula Systems segment is attributable to company acquisitions. In terms of numbers it translates to over PLN 350 million. At the EBIT level this contribution is even higher. Acquisitions account for 80% of the Group's EBIT growth. In terms of numbers it translates into ca. PLN 40 million. As far as Asseco SEE is concerned, the company's revenue growth is ca. PLN 10 million. As far as EBIT is concerned, this means ca. PLN zero plus. As far as Asseco PST is concerned, the acquisition growth at the level of revenues amounts to PLN 5 million. As far as EBIT is concerned, this figure is about zero plus, or less than PLN 1 million.

Investor 2:

Backlog dynamics in the Asseco Poland segment is +15% y/y. Can you present the dynamics by sectors: public institutions, general business, and banking and finance?

KR-B:

We have never shared such data and it will remain so. In terms of dynamics, I can give you the order. The order of contribution to the dynamics is: general business, public institutions, banking and finance. As far as the value share in the backlog is concerned, public institutions have the biggest share, followed by banking and finance, and then enterprises.

AW:

Thank you very much. That was the last question we received from you. If you have any further questions, you are welcome to ask them. Do we have any more questions from the hall? We also do not have any questions from those present in the hall. Therefore, we will be concluding our meeting. Of course, if there are any additional

questions, our IR services are at your disposal. We, as the management board, are also at your disposal. Just lastly, I would like to say that we had some fears about this face-to-face meeting - whether we would be able to meet all the requirements for COVID-19. We had a proposal from the hotel to rent a larger hall. In the end, however, we see that you prefer the online meeting. I can tell you right away that 96% of people attend online and only 4% physically. Therefore, it seems to us that the next meetings, if you do not wish to participate directly, will be organized only online. We will make recordings from our Warsaw studio, without renting a hotel hall. We are of course open to face-to-face meetings. If you wish, we will of course arrange such a meeting. Once again, we encourage you to contact us directly. If you have any questions, please do not hesitate to contact us. Additionally, we will also take part in meetings organized through brokerage houses. So feel free to contact us. Thank you very much for your participation in today's meeting. We cordially invite you to the next meeting after the results for the third quarter. Thank you and see you soon.