

Transcript from broadcast of Asseco's H1 2022 earnings conference call**Artur Wiza – Vice President of the Management Board, Asseco Poland (AW)**

Good day, I would like to welcome you to the meeting concerning the results of the Asseco Group for the first half of 2022. Today we will present our Group's activities. The presentation will begin with Vice President Marek Panek, who will introduce you to our activities carried out in the 6 months of 2022. Then, Vice President Karolina Rzońca-Bajorek will discuss financial results. Our meeting will be divided into two parts: the first part is a presentation, while the second part is a Q&A session. You have a panel to ask questions, which we will answer at the end. We encourage you to ask questions during the conference.

We will begin our meeting with a presentation of the Group's activities. I give the floor to Marek.

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

Good day to you all, I welcome you very warmly. I am glad that some of you have decided to visit us in person. I welcome all those who have connected with us remotely and will be watching our meeting on their monitors.

We have very positive information. We are summarizing the first half of 2022 - a very successful period for us. We are continuing our strategy based on our proprietary software and related services. This strategy, which we have implemented consistently for more than 30 years, has led us to this market position that Asseco holds today. Of course, we also continue our M&A activities - we have been adding new companies to the Group. I think this is a very important element in the strategy we have chosen.

In the presentation, you can see the basic items of the profit and loss statement - very solid increases in each of these items. I'm going to focus on what surrounds us - the changing macroeconomic situation and the changing labor market, because they represent extraordinary circumstances that we haven't faced for a long time. I'm referring to inflation, war, currency exchange rates changing very dynamically - all of these factors affect our business operations, and all these factors should be kept in mind when analyzing Asseco's business.

The aforementioned circumstances, unfortunately, most often have a negative impact on our business. On the other hand, we also find some opportunities in them. Looking at war, for example - it is a drama and tragedy for millions of people, something we would not want to experience in any way. On the other hand, this is the situation today and we have to face it. Its impact is difficult to predict in the long term. We don't know what will happen, how things will turn out in Eastern Europe, and what effect this will have on the economic situation. The facts are that the war has generated interest in our cyber security solutions, among others. We see a growing demand for such services, and we are happy to be in this business. I don't want it to sound like we are "making money from the war" - we try to find positive aspects in every situation and this business is growing.

We also have a lot of orders from the Polish Social Security Institution (ZUS), which handles the distribution of aid from our state to Ukrainians. We are not happy about this, because we would prefer this war not to happen, but the fact is that if we analyze our results, we see a reflection of this situation.

Looking at inflation - it's always a negative factor for the economy and there's no doubt about it, but in a moment Karolina, talking about the one-offs we saw in this half-year period, will tell you about the positive impact of hyperinflation in Turkey on our results. This is a paradox of sorts, but it did indeed take place.

We have been talking about the labor market for several quarters now. We now have an employee market, we have employee pressure on wages, we have less employee loyalty due to the fact that it has become much easier

to change jobs. Many people work remotely and the process of changing employers is very easy today. We have been experiencing this.

We have to deal with all this, and these are the negative aspects of it. On the other hand, however, inflation is causing customers to approach discussions with us regarding the indexation of maintenance contracts or the increase of daily rates for consultants with understanding. We try to find positive aspects in these difficult conditions.

The fact is that strong demand for our solutions persists. In every sector, digitization is essential for business growth. We are happy to have solutions that support our customers in their activities. Demand for these solutions is not weakening – on the contrary, it is intensifying regardless of external conditions. This is evidenced by our order backlog, which allows us to look ahead to the second half of 2022 with optimism.

Basic financial data for the first half of the year: sales revenues exceeded PLN 8.3 billion and increased by 22% compared to the first half of 2021. This is a very dynamic growth. The proprietary software and services segment grew similarly, by 21% - we exceeded PLN 6.4 billion in that area. Non-IFRS EBITDA was over PLN 1.2 billion, after an increase of 17%. Non-IFRS EBIT grew in a similar manner and reached PLN 964 million. Non-IFRS net profit stood at PLN 271 million - an 8% increase. Later, Karolina will comment more extensively on the results, as well as the one-offs we had in the first half of the year.

I will now focus on our operational activities. I'll start with the geographic segments - as a reminder, the largest one is Formula Systems, the second largest - Asseco International, and the third largest - Asseco Poland. We had a 22% increase in sales in the Group as a whole, while please keep in mind the changing exchange rates. Their reflection is very evident in the presented results for H1 2022 - in the whole Group, 44% of the increase in revenues is thanks to exchange rate differences. This is a significant amount, and it is worth bearing this in mind in the rest of the presentation. This is most evident in the Formula Systems segment, which reports in US dollars, and we convert those figures to zlotys.

Let me start with Poland - the Asseco Poland segment grew by 12%. This is pure growth, as we do not have the impact of exchange rate differences here. This is 91% organic-driven growth, partially supported by acquisitions. We would like to draw attention to the dynamic growth of revenues in the public administration and healthcare sectors. This is something we've been talking about for several quarters now, because we've been seeing growth in these areas for a long time. This has to do with the long-term contracts and projects we execute at institutions such as the Social Security Institution (ZUS), the National Health Fund (NFZ), the Agency for Restructuring and Modernization of Agriculture (ARiMR) and the Ministry of Justice. These are very important customers for us, important projects that we will continue to carry out for a long time to come. We also emphasize the dynamic growth

in sales of security and trust services - I mentioned this at the beginning of my speech. These services grew by as much as 20%. This is a very solid growth, without the effect of exchange rate differences. Among other things, our subsidiary Asseco Data Systems is implementing two large Smart City projects, which was reflected in H1 2022 revenues. These are projects in the Tri-City and Silesia regions – the projects that we have already discussed in previous conferences.

Moving on to the Formula Systems segment, which constitutes a very large part of the Asseco Group – here, we observed a 27% increase in sales, but let's keep in mind the large effect of foreign exchange, which explains 53% of this increase. However, this should not overshadow the efforts of the Formula companies, which posted solid

double-digit increases. Magic Software, one of the listed companies, grew the fastest, with 38% growth in H1 2022. Formula's growth is supported by acquisitions. In the period under review, 5 new companies joined the Formula Group.

As for Asseco International, we have a 15% increase in sales. We explain 17% of this growth by exchange rate differences, the remainder is mostly the result of organic growth and to a lesser extent the effect of completed acquisitions. In the case of Asseco International, we would like to emphasize the very dynamic growth in sales at Asseco South Eastern Europe. At the last conference of this company, its President - Piotr Jeleński - discussed in detail the determinants of this growth. I will emphasize that Payten, which is our payments business, has been growing really dynamically. In the first half of the year, dedicated solutions, i.e. all systems, tailor-made solutions for the public sector, and sometimes infrastructure deliveries, grew. It is also worth noting the very good situation in the ERP business, i.e. our holding company Asseco Enterprise Solutions, which operates in Poland, Germany, the Czech Republic, Slovakia, and Italy. This business has been developing very well. We have recorded solid double-digit growth there.

At the bottom of the slide you can see the growth of all segments over the last 5 years.

On this slide you can see our sector diversification. We have not seen significant changes over time: the largest share in total sales is accounted for by the general business segment - 43%, the second largest is the banking and finance sector with 33%, and finally, we have the public sector – which is responsible for 24% of total revenues. In the bar charts you can see how sales in these sectors looked, how they grew in the first half of the last 5 years.

Turning to the various business sectors in which we operate, I will start with banking and finance. We have a 19% growth in the entire Group, having reached nearly PLN 2.8 billion in sales. The largest contributor, unsurprisingly of course, is the Formula segment, which exceeded PLN 1.9 billion and grew by 21%. Here, the most focused player on the finance and banking sector is Sapiens International. It is a globally operating company that deals with solutions for the insurance sector. Sapiens has been increasingly strengthening its position in the European market. Europe already contributes 50% of revenues, the US for 41%, and the remaining markets, namely Israel and other countries outside Europe and the US, are responsible for 9%. Matrix IT has been doing very well. It is a solid player, one of the leaders in this sector. In addition to Matrix, Magic Software has been also doing well in the banking sector, although for both companies this is not their only business - they also operate in other sectors.

At Asseco International, it's worth highlighting once again the dynamic growth of Payten's payments business and the marked growth of our Portuguese company, Asseco PST, which sells in Portuguese-speaking markets, i.e. not in Portugal, but in African countries. Asseco International as a whole grew by 16% in banking and finance.

Poland generated nearly PLN 230 million in revenues, which marked an 8% increase over last year. We consider this a satisfactory growth, given the market environment in the banking sector. On the one hand, this is the result of long-standing maintenance and development contracts across the group of banks we serve. On the other hand, we are now carrying out three very large transformation and implementation projects including core transaction systems for: Bank Gospodarstwa Krajowego, Bank Polskiej Spółdzielczości, and a commercial bank, the name of which I can't mention because the contract forbids us to do so. In the case of the last project, we are acting as a subcontractor for IBM. This is a long-term project, because we are implementing a core system from the cloud, that is, from our outsourcing center. This is a multi-year agreement, based on which the bank will use our core banking system in a cloud model.

We don't forget about cooperative banks, a business that has been with us for 31 years, when Asseco started its operations. We are very strong there, providing interesting and modern solutions all the time, including the fact that we are currently executing projects to implement transaction systems in a cloud model. We do this through the associations of the Cooperative Banking Group and Bank Polskiej Spółdzielczości. Precisely having in mind the cooperative banks from these groups, we are making the core system available on a monthly fee basis and as a service. This is a certain novelty. We are happy that we already have this kind of offer for this sector and we have the first customers using this solution.

In the general business sector, we reached PLN 3.6 billion in sales across the Group - a very dynamic growth rate of almost 30%. The Formula Group grew the fastest, but let's keep in mind that some of this growth is thanks to exchange rate differences. Nevertheless, all of the companies that operate in the general business sector in the Formula Systems segment posted increases - primarily Matrix IT and Magic Software, but also smaller entities such as Insync Staffing and ZAP Group, which joined the Group last April. Thus, the dynamic revenue growth also includes the effect of the fact that we consolidated this company for only 2 months in the first half of last year, and now for the entire reporting period.

As for Asseco International, an almost 20% increase is evident, with sales of PLN 955 million. Contributing significantly to the result were: Asseco South Eastern Europe and the companies of the Asseco Enterprise Solutions Group, i.e. the ERP business, which I have already mentioned and of which we are proud. We also emphasize the increase in revenues at our companies in Spain and Denmark, which also largely work for the general business sector.

In the case of Poland, revenues were at a similar level to last year - PLN 181 million. When analyzing this figure, it should be remembered that in H1 2021 we had a one-off infrastructure sale to the telecom sector of more than PLN 10 million, which was not present this year. If we had excluded this one-off, there would have been a noticeable increase in sales. It is worth noting that our operations in the corporate sector in Poland (mainly in the energy and telecommunications sectors) are in line with budget. Our subsidiary, Asseco Data Systems, provides solutions for companies operating in other industries as well.

In the public institutions sector, we achieved 17% growth across the Group with nearly PLN 2 billion in sales. Here, too, the largest contributor was Formula Systems, which grew by 20%. The main player here was Matrix IT, to a lesser extent Magic Software. Matrix IT, as the largest IT company in Israel, does a great deal of projects for the public sector, mainly in Israel. These include projects for the Ministry of Defense and the Ministry of Education, among others.

The Asseco International segment recorded 2% growth. One can say that it is not fascinating, but considering the economic conditions and the situation in the Czech Republic in particular, this should be considered a success. We have been signaling for several quarters that there has been some stagnation in the Czech public sector. Many projects have been put on hold and this is also reflected in our business. Taking this into account, 2% growth should be considered a success.

In Poland, the situation is very good. Let me emphasize again: long-term contracts with large, important customers in the public sector, led by ZUS, ARiMR, NFZ, ministries. All this resulted in nearly PLN 430 million in revenues, a 21% increase over H1 2021.

On this slide, we are presenting detailed information about the various companies we acquired in the first half of 2022. The presentation we discuss is available on our website. During this period, 7 companies joined us. Formula Group was the most active in this area. The second most active was the Asseco South Eastern Europe Group. We also had one acquisition in the Polish market.

The consolidated order book for proprietary software and services in fixed exchange rates, as it should be analyzed from this angle, is 11% higher than in the same period last year, and this makes us optimistic when looking at the second half of 2022. As I mentioned at the beginning of the conference - given the current macroeconomic situation and what the labor market looks like today, we are approaching the future with caution. We have signed contracts, which we are consistently implementing. We are also implementing intensive activities focused on winning more contracts from existing and new customers. In floating rates, backlog growth is 24%.

Looking at Asseco's current performance, it is important to emphasize the great importance of diversification, which we have worked on for many years. We bear business risks every day, because we are present in many countries, sectors, and we are aware that something may happen, market conditions may deteriorate, etc. However, because we are well diversified, because the business is diversified both sectorally and geographically - the Group's thriving business areas sometimes allow us to offset weaker results in some market and ultimately show very good total results. This is what Asseco is - a strongly diversified business.

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

Good day to you all. When analyzing our profit and loss statement, we would like to ask you to pay attention to the revenues from proprietary software and services. This is the item we refer to when giving the backlog. I am mentioning this because questions arise with respect to total revenues - hence my request to pay attention to the fact that we give the backlog based on what we consider to be our core business, which is much more profitable for us on average, namely proprietary software and services. It matters when you compare the backlog across segments.

And now the situation below revenues - EBITDA on a non-IFRS basis grew by 17%, and profitability at this level is 15.0%, which is a slight decrease from H1 2021 – we have already signaled and expected that. We operate in the B2B sector, often under long-term contracts. And the cost growth, which is a variable from the market and which we are facing, translates more slowly into revenue growth, hence this slight decline in profitability.

In this half-year period, we would like to particularly draw your attention to the level of profit in non-IFRS terms, as this is a measure of our business without one-offs. We earned PLN 964 million at this level - an increase of 17%. You probably noticed that IFRS operating profit, which we reported at nearly PLN 930 million, was burdened by one-offs. We would like to inform you that now we will always show the effects related to our Group's capital activities above EBIT. This was also the case in this half-year, where we reported a gain on the sale of Infinity Labs, which took place in Israel. This company was sold by the Matrix IT Group. We recorded the result from its sale in the amount of PLN 192 million in other operating activities. This was the first positive one-off at a level above EBIT. On the other hand, as a certain business risk related to our investment in Tecsisa materialized, we acted conservatively in accounting terms and wrote off both the goodwill and the value of capitalized development work related to the software this company had in the H1 2022 results. The total value of this write-off above EBIT was PLN 47 million. These effects: one "positive" and one "negative" totaled almost PLN 145 million above EBIT. IFRS operating profit margin is 11.2%. If we did not consider the one-time effects, we would settle at 9.4-9.5%.

Analyzing the situation below operating profit, we have a stable result on interest. This is important information in view of the fact that in practically all countries where we operate, reference interest rates are rising. It should be remembered that about 70% of our debt is based on fixed interest rates. This causes these macroeconomic effects to translate much more slowly into interest costs. Hence, we are seeing a stable level of interest costs.

In addition, we noted the positive effect of hyperinflation in Turkey - this is included in the financial statements of Asseco South Eastern Europe. The total effect of hyperinflation recognized by the opening balance of retained earnings is more than PLN 50 million. Turkey is an economy where inflation has reached more than 100% over the past three years. Therefore, from an accounting standpoint, the value of non-monetary assets in Turkish companies had to be revalued to reflect the current value of these assets. What we see in the profit and loss statement is a reflection of this effect, positive of course. The Asseco Group, through Asseco International, owns just under 51% in Asseco South Eastern Europe, so the level of contribution to Asseco Poland's net income is about half of the amount mentioned earlier.

We can also observe a stable effective tax rate, which amounted to 21.9%. Please note that this tax includes the effect of capital tax on the gain on the sale of Infinity Labs. This is important because, in analyzing your analytical reports, we noticed that you compare operating cash flow to EBIT or EBITDA. Please note that in EBITDA the result on the sale of Infinity Labs is indeed included, while in operating cash flow it is no longer there, so you should take this effect off and only compare. If we are looking at EBITDA cash conversion, I encourage you to include the non-IFRS figures, which gives a fair picture of business reality.

Below gross profit, we have a large increase in the share of profit of associates. This is a one-time effect related to the sale of the joint venture investment in Asseco Spain, which we wrote off at the end of last year. This company did not perform as we expected. As a result, accounting-wise we were conservative again. However, we did not give up when it came to cashing in this investment. The sale took place and in July we already obtained cash. The revaluation to fair value, i.e. to the value at which this investment was sold, was included in this line - it is an amount of about PLN 5 million.

At the level of net profit attributable to non-IFRS parent shareholders, we have an 8% increase. This growth rate is in single digits - it was affected by faster growing Formula Group companies and Asseco International - especially Asseco South Eastern Europe, where we consolidate smaller percentages. Taking this into account, we are of the opinion that an 8% increase is a solid result.

Net income attributable to shareholders of the parent company on an IFRS basis amounted to PLN 248 million. One more remark when comparing half-year to half-year - the sum of the one-time events I mentioned and their impact on the contribution to net income is PLN 9.3 million. Please remember that in the same period of the previous year, there was also a one-time event that also positively affected our results, in the amount of twice as much, at PLN 18.4 million. At that time we recognized the sale of shares in an affiliate at the time of the sale, i.e. in our Russian operations. All in all, as I said, the better picture of operations is reflected in the 8% growth and PLN 270 million in net income for shareholders of the parent company on non-IFRS basis.

Analyzing the situation in individual Group companies, the trends are consistent with those of last year. In Asseco Poland, the growth engine is the public administration sector, both in the area of servicing central institutions and government administration, and in the area of health care. We also achieve good results in the corporate and banking and finance sectors. At Asseco Data Systems, we are seeing slightly worse year-on-year results in electronic signature, but please note that we are making a lot of investments in this area, and we are not

capitalizing on these investments - this is our conscious decision. We believe that this area has great potential and investments are included in costs, not in the balance sheet. Worth noting are the good results in the Smart City area, achieved thanks to the implementation of large infrastructure projects in the Silesia and the Tri-City regions. They are already reflected in the result, but they burden our cash conversion. I'll say in advance that cash conversion at Asseco Data Systems is a little worse, while nothing is happening here that we need to worry about. Public institutions always pay us. We don't have a case of bad debt from this area in our history. Here you simply have to wait a little longer for cash flow. In other companies in the Polish segment we see good results: growth in ComCERT, positive results in Asseco Cloud.

In the Formula Systems segment, we see growth in all sub-groups. Worth noting is the recovery of Matrix IT's position in the US - last year they had a worse time in banking. Now they are reporting a return to the "standard" results they were achieving there. There are also noticeable increases at Magic Software - largely thanks to acquisitions, but executing successful acquisitions is also an art. At Sapiens International, operations in the US are stable with a positive outlook, and increases are seen in Europe. In the case of other companies, the ZAP Group effect should be kept in mind, as we consolidate ZAP from April 2021, so when comparing backlog dynamics, this should be kept in mind.

In the Asseco International segment, slightly worse results in the Central European market – a continued stable situation in the ERP area, but turbulent political situation in the public sector in the Czech Republic. We are executing two contracts there, which result in slightly worse results, but we treat them as places where we are building the brand of a stable supplier. I think this will prove to be a positive strategy in the future, because history shows that as a stable supplier in difficult times we benefit from having such a reputation. In the case of the Southeast European market, Asseco South Eastern Europe, we are seeing very good results, especially in Payten. The rebounding tourist traffic in the countries where Asseco South Eastern Europe operates is causing the payment processing branch to perform well, also in terms of improving profitability. We see consistently good results in e-commerce – this is the impact of both the growth of this branch in Turkey and hyperinflation in that country. We see slightly worse profitability in banking, but we expected that. In 2021, there were quite a lot of license sales in banking, while in 2022 the same revenues are achieved by servicing, resulting in slightly worse half-year-to-half-year profitability. In the Western European market, where we have companies such as Asseco Spain, Asseco PST, Danish companies, Peak Consulting, we achieved very good results. At Asseco PST, we were forced to write off more than EUR 700,000 in receivables from Russian bank VTB Africa, which has liquidity problems. Again, we acted conservatively in writing off these receivables.

When analyzing the cash position, I would ask you to use a rolling approach, as it gives a more reliable picture, and also take into account non-IFRS results. In Asseco International, the situation is good, somewhat burdened by Asseco Spain, which sells equipment and therefore has to "stock up" and working capital is put aside in these inventories. In the Asseco Poland segment, there is no reason to worry. The situation is natural, cyclical, businesslike. In Asseco Poland itself, assets from contract valuations are growing, but this is the same case as in Asseco Data Systems, i.e. we have already recognized EBIT from long-term contracts, while we are waiting for cash. Both Asseco Poland and Asseco Data Systems are already large enough organizations to handle contracts without the need for debt, and they can afford to wait for cash flows either until milestones are reached or until the contract is completed. You probably remember that we already had good cash flows in Q1 2022, this was the result of cash inflows from some contracts in the public sector. We will see a similar situation this year.

In the Formula Systems segment, cash conversion of 67% is largely due to the situation at Sapiens International, where, as at Asseco Poland, we are waiting for payments after reaching milestones in long-term contracts. In Matrix, half-year-to-half-year cash conversion has improved, while it should be remembered that this is a company that also trades in inventory. In view of today's macro situation and broken supply chains, we decided to hedge this part of our business by buying inventory, which is reflected in the indicators. Q3 2022 in Israel may still be difficult, as we have a lot of holidays. Part of this activity is a Time & Material business of reselling to people and invoicing at the end of the month, and if holidays fall at the end of the month in Israel, invoicing shifts. However, these are natural, business processes, so there is nothing to worry about.

The data presented here illustrate the liquidity situation in our Group as at June 30, 2022. The situation is stable in all Group segments. We have net cash at the level of PLN 1.2 billion. We are rebuilding cash at Asseco Poland after the payment of dividends. Debt-to-EBITDA ratios in the Asseco International and Asseco Poland segments are ultra-conservative, as there is virtually no debt there. As for the Formula Systems segment, on the other hand, despite the existence of debt, it is worth remembering that it is largely incurred at fixed interest rates. Similarly, new rollover debt is also at a fixed rate. Ultimately, the net cash is sufficient for both acquisitions and the safe rolling of this debt.

That's all from my side. We can move on to answering your questions.

AW

Thank you Karolina, thank you Marek.

The great need for digitization evident in the market is resulting in increased orders for our services, which is reflected in very good results. We counted that since our IPO 18 years ago we have held 50 conferences where we showed you positive results, never negative results. We hope to continue this trend.

We will now move on to answer your questions.

Investor 1

Despite a very good Q2 2022 and strong backlog growth, do you still expect the EBIT margin for the full year 2022 to be around 9.5%?

KR-B

While we cannot predict the future, our data and forecasts do not indicate that we should change our previous thoughts in the context of the full year. Just remember to count profitability excluding one-offs.

Investor 1

Do you expect Polish public sector IT spending to weaken in 2023 because of the elections?

AW

It is difficult to predict what the market will be like. In our experience, when there is a change of government, or even elections themselves, there are often some slowdowns in spending. However, this is also affected by all sorts of other factors related to, for example, budgets, European Union funds or other funds that are then available in the market. It is therefore difficult for us to answer what the situation in the public sector will be like.

Investor 2

Backlog in constant rates is +11% y/y, but after Q1 2022 it was +18% y/y. There is a clear decrease in backlog growth in constant exchange rates at Formula Systems. Is this only due to the absence of the sold Infinity Labs company in the backlog after Q2 2022, or were some other business factors affecting it?

KR-B

There are no business factors that would give us any concerns about the future of Formula Systems. As far as the numbers are concerned, this effect is actually due to the fact that we had to “drop out” Infinity Labs' revenues. The second effect, which I have already mentioned, is the ZAP effect - when we made comparisons after Q1, in May 2022 to May 2021, a lot of the backlog dynamics were thanks to ZAP, and now this effect is not there. If we cleaned the backlog of these events, the numbers would look different. So there are no business factors that raise concerns about the future of the group.

Investor 3

Backlog growth in Poland is 8%, compared to the approximately 12% revenue growth you had in H1 2022. Should we expect a slowdown in growth in H2 2022 as the backlog suggests? Same question regarding Asseco International, where the backlog is 12% vs. revenue growth of 15% in H1 2022.

KR-B

If we look at revenues from proprietary solutions, the backlog in Poland is stable. From the backlog of Asseco Data Systems the backlog of the Komunikacja Masowa company is disappearing. In events after the balance sheet date, we reported that we would be selling this company, due to the fact that in our opinion this entity would be "better off" elsewhere outside the Group. This has never been our core business. For this reason, the backlog in the Polish segment is declining somewhat. Please also remember that last year at Asseco Data Systems we had two large contracts signed, which we are now executing, so the observed decline in dynamics is not at all worrying. In the case of Asseco International, we are seeing a minimal decline in backlog dynamics. This is largely due to the Western European market, where we have a large turnover in Asseco Spain with little profitability. So there is no reason to worry. We have a minimal decline in the case of the Southeast European market, but Asseco South Eastern Europe has already proven many times that it achieves great results, so we are calm here as well.

Investor 3

What is the share of long-term contracts, i.e. over 12 months, in the sales structure of Asseco Poland and Asseco International?

KR-B

This is a very difficult question. I would like to understand the context in order to answer it accurately. Which moment are we referring to? Long-term contracts are indeed abundant, while they do not make up the majority. A 12-month contract will have today 6 months or 4 months until the end of performance. I would need to understand the intent of the question in order to accurately answer it. I don't have information at this point what the percentage is at August 31, 2022.

AW

Our contracts are mostly long-term, but long-term is not a matter of 12 or 24 months at this point. We recently had a project where we signed a contract for 15 years.

KR-B

I feel that this question is about taking indexation into account, because you can see a long-term contract as something good because we have a secured backlog, or something negative because we have a fixed price. Therefore, I would prefer to understand the context of the question and then answer it.

Investor 2

Can you comment on the current situation in the IT market in Poland? There are reports that due to the uncertain economic situation and high labor costs, some IT projects are starting to be put on hold or even canceled, which in some cases has also resulted in the first job cuts.

AW

I have not heard about downsizing in the IT industry in Poland. This is perhaps more a peculiarity of individual companies - an example would be Elzab, which provided information about a change in employment structure. On the other hand, we have not seen any information regarding the Polish market. We are entering a period of great turbulence, which is caused by various macroeconomic factors. In IT at the moment, the demand for digitization is huge. I even read an interesting article today: "Digitize or perish". Every sector of the economy needs digitization to grow. So we are in a good place in this market, because everyone who wants to operate needs IT solutions. Our Group's business is conducted internationally, so if the entire global economy is growing, we are also growing, and if there is a bigger slowdown in the economy, this will also affect the various branches of our business. However, I know nothing about job cuts in the IT industry in Poland.

MP

We also don't have information about projects on hold – this certainly has not happened to us.

AW

Exactly. We don't see projects being put on hold. Moreover, we are having a great deal of discussions. As we have mentioned in previous meetings, we approach projects very selectively. We try to choose projects that we are able to execute and that are profitable for us. We had a situation where we negotiated a 15-year contract with a client. The client initially didn't want to agree to the contractual provisions on indexation, so we said outright that we wouldn't sign such a contract, because it was more of a risk than an opportunity for us. This is how we approach most projects. We try to strongly emphasize that this is also a security for the client, that if we implement a project we take full responsibility for it and try to be a partner that finalizes it. This is very important to us.

Investor 2

How do you assess the labor market - has there been any change over the past 3 months, in the sense of whether the rate of employee turnover and wage pressure is stabilizing, or is it still a strong employee market?

MP

I am happy to answer this question. The topic of the difficult labor market, the pressure from employees has been discussed at our conferences for a long time. We are happy, we can again travel to Israel and exchange experiences during direct meetings with our Formula partners, because the situation is already beginning to change in that market. After strong turmoil, the situation is slowly beginning to normalize in the sense that the pressure is easing. Israel is seen as a country of start-ups, where indeed these start-up initiatives are plentiful and great deal of money has been spent. These start-ups had almost unlimited budgets for hiring IT specialists and even "bought up" employees from the Formula Group, paying them twice as much because there was money to do so. Today, the market is changing, money is getting more expensive, there is less and less investment in start-ups and the approach towards them is becoming more cautious. All this causes the labor market to change, too. People are starting to respect their jobs, are more loyal, and I think this is the beginning of a trend that will also come to us. At Asseco, turnover is well below the market average. People want to stick with us, and we offer them interesting work on interesting projects. As the Management Board, we talk about how to hire new employees on the one hand, and how to keep current employees on the other. We are happy that we have a stable staff. In our opinion, these trends I'm talking about, which are observed in Israel and we hear also in the US, will also come to us in some time.

AW

It should be noted that Asseco's position in the Polish market is unique. We are the market leader as a whole, but we are also the leader in particular sectors, and this is also how we attract people who want to specialize whether in banking, energy or telecommunications. In the last Computerworld TOP200 ranking we were ranked 1st in 11 categories, and in the ITwiz Best100 ranking, which was published today, we are ranked 1st in 14 categories. The fact that we are a company, a leader that sets trends and operates in international markets, helps us attract employees.

MP

ITwiz ranking sounds pretty much like Artur Wiza's private ranking.

Investor 4

What is the reason for the delay in the bid opening date for the CSIRE tender for PSE? When do you expect the tender to be awarded?

MP

This question should be addressed to the PSE.

AW

Yes, but there is something we can comment on. The bidding deadline passed today and the latest postponement was due to inquiries sent by one of the bidders. I can confirm that Asseco did not submit a bid. We approached this project in a consortium with a foreign partner which is a software developer. A large part of this project was to be the software provided by the foreign partner, and it confirmed that the deadlines for this system were much longer than those required by the tender conditions. As a result, we decided not to submit a bid in this tender. There are projects that are important, large – we did not approach these projects due to the fact that the conditions that

were indicated there posed more risks than opportunities. For example, there was a deadline indicated in PGE that was unrealistic, which we signaled several times, having vast experience in the energy market. There was also a stipulation in the contract and in the terms and conditions of the order that if we did not complete the project within that time, the company that commissioned it could complete it at our expense with another contractor. These are conditions that are unacceptable to us. That is why Asseco, when it undertakes a project, carries it out to the very end. Therefore, we analyze risks very carefully and take on such projects that we are able to complete. For us, the win is not the signing of the contract itself, but its execution. This creates later opportunities for us to provide maintenance services and long-term customer relationships. As an example we could mention here cooperative banks, most of which have been working with us for 31 years. This shows that we build relationships for many years and strive to be a partner for our customer, not just a solution provider.

Investor 4

Is the company considering showing shareholders of Asseco Poland cash flow, debt and cash adjusted for minority interests, i.e. attributable to shareholders of the parent company? Cash flow of the entire Group is mostly not applicable to Asseco Poland's shareholders and its analysis is therefore of limited value.

KR-B

We do not consider it. However, we publish a note in our consolidated financial statements in which we divide our business into three basic operating segments. There you can find cash flow by segment, as well as cash and liabilities generating interest expenses. If you want to forecast or rationalize something, you need to take into account effective minority interests. In the Asseco Poland segment, almost 100% are the results that are then attributed to the shareholders of the parent company, so you can apply that 100%. As for the Asseco International segment, effectively, at the IFRS level after the half-year, minority interests, or to be precise, non-controlling interests, total 35-36%. Therefore, one can multiply it with this effective percentage. In the Formula Systems segment, the effective share in sub-groups is 11-12%. We share all these figures in the financial statements in the note on segments. In turn, cash EBIT ratios are also counted on a segment-by-segment basis and commented on in the management report on our business operations. The information you are interested in is available.

AW

Thank you very much Karolina for your answer. Before our conference we had a meeting with journalists and there were questions about the stock market and how we evaluate it. It is difficult for us to assess the stock market situation. You are closer to the subject and have the opportunity to compare the Polish stock market with foreign stock exchanges. Many times during meetings with foreign investors, the issue of the much lower valuation of our company compared to similar companies operating in foreign markets comes up. They are surprised, because we have been delivering very good results for many quarters, we are efficient, we have a great reference list when it comes to clients, and if we were listed in a foreign market, similar companies there are valued at a minimum of 30x P/E. We operate in the Polish market and we don't intend to change that. We provide solutions for the capital market, for most brokerage houses. We can also boast that an important entity has recently joined the ranks of our clients - Dom Maklerski Santander Bank Polska, where we will be implementing our PROMAK NEXT solution. What distinguishes us in the market is a portfolio with a huge number of products that are competitive not only in the Polish market, but also abroad. An example is the solution we introduced to the banking market – Bank out of the Box. On the basis of this solution, this technology, we implemented a Common IT Platform (WPI) for cooperative banks. Looking at similar companies in the Western market, we really have something to compete with and are

able to fight for this market. We believe that by providing great products, having positive references, satisfied customers and good results, with a good market situation the valuation of our company will also be adequate.

Investor 3

An update regarding the question about the share of long-term contracts in the sales structure - I would like to understand what the sensitivity of the Company's results might be in the event of a significant economic slowdown or recession. What share of contracts in Asseco Poland and Asseco International can be reduced by companies in the short term in case of reduction of IT budgets? At the moment, the IT market is very strong, so the question is about a possible negative scenario.

KR-B

Thank you for the clarification. It changes the perspective of this question. In the case of Asseco Poland, of the contracts signed as at today, a rather small percentage are those from which customers could cancel. This is due to the fact that in the public segment tenders are for large projects. These are usually 4-year contracts. At our key customer, after much perturbation, we recently signed a 4-year system maintenance contract. We are also in the process of executing a long-term contract for the development of this system. In addition to these streams, there are ad-hoc topics related to the needs of the public administration, which are largely carried out by the Social Insurance Institution (ZUS). At another key customer in this area, the Agency for Restructuring and Modernization of Agriculture (ARiMR), we have also recently won a tender for a 4-year contract for a central workflow system, and we are bidding for further projects. To summarize - in the public administration segment, we are dealing with 4-year contracts, and it is necessary to analyze how many of these contracts are already "waiting ahead" at any given time, e.g., in the ARiMR we are finishing one contract, and another tender is already being decided. So it is difficult to talk about percentages here. In the banking and finance segment, wherever our core solutions are used, we also provide maintenance services. We are telling you about new implementation contracts not only because this is our success, but also because such implementation contracts later generate so-called recurring revenues, i.e. maintenance contracts that are extended every year. The same is true in the general business sector - in the energy industry. Where we have our billings implemented, the maintenance stream, as a rule, is recurring. Someone has to maintain these systems, and we are in the privileged position that these are our own solutions.

In the Asseco International segment, ERP implementations are usually made under shorter projects, but there is also a maintenance stream after implementation. These are stable businesses, as is the entire area for which Asseco Central Europe is responsible. Looking more specifically at Asseco South Eastern Europe, in banking we have the same nature of services, that is, implementation and then maintenance, and also in payment we offer ongoing services.

So we don't expect any increased departures due to the macroeconomic situation. Customers choose us because we are a very stable service provider. We are trying to build a backlog and provide a long-term revenue stream. That's why we don't focus very much on the fact that somewhere we have a one-off problem or a contract resulting in losses, because – looking at the long term – it's always in the course of a project's life that we manage to make a final profit.

MP

I would also go back to what I mentioned earlier today - diversification is our strength. Even if there was such a situation as Karolina mentioned, that is, some contract is cancelled, someone quits, we are so strongly diversified

today, we operate in so many markets, in so many sectors, that we would simply make it up elsewhere, as we have given evidence of many times in our history. There are different situations: sometimes a customer has a different strategy, sometimes they will merge with another entity and decide to replace the system. This is a normal business risk.

AW

In Asseco Marek is responsible for acquisitions and looks at various companies. We happen to take over clients of our competitors. We see what the situation is, how companies are valued, how and for whom they are carrying out projects. We always try to approach acquisitions in such a way that they make economic sense, that they pay off in the long term. However, if we see that at a given moment we can't buy something in the market, because, for example, it's too expensive, it's not profitable, then we invest in our solutions. This is our strategy – we grow both organically through our proprietary products and through acquisitions. If we don't buy something, we develop it in-house and invest in new solutions, in new products that give us the chance of long-term contracts with customers. We remember that customers also expect change, innovation. So we try to provide products that compete with those marketed by start-ups. So, on the one hand, we are a stable company that provides solutions and has a broad base of long-standing customers, on the other hand, we are implementing very innovative products in new markets, such as SaaS solutions. The specifics of these require us to invest more at the moment, but allow us to enter into longer contracts with customers. If we spun off this kind of business externally, according to valuations done by start-ups, it would probably cost more in foreign markets than the entire Asseco on the stock market. We have an example of a competitor to our BooX, whose valuation - with much worse results from this product category – is higher than that of Asseco as a whole.

KR-B

Exactly. It's important to note that our investments in these products are not necessarily capitalized on the balance sheet, which means that we actually incur their cost in ongoing expenses. An example of this is our banking sector, where people working for us are building innovative solutions in parallel. All this put together gives us these results. On the one hand, we take great care of our core business, from which we make a living. On the other hand, we try to take advantage of this moment to invest precisely in these new products. Today I was asked how much our P/E looked like and why exactly that much. To a certain extent, we are burdened by the fact that we are on the Polish stock exchange, that we show stable results, and that we position ourselves as a reliable company, a long-term investment. On the other hand, let's not forget that there is a lot of investment in R&D in our Group, roughly in the range of 9-10% of our revenues. This is the scale of our investments, and comparing us to companies that are starting out, which in fact, in terms of fundamentals, have even losses, negative P/E, it is very difficult for us to explain that we focus on the profitability of our business. Let's not forget that when it comes to those "catchy" solutions, innovations that are sold today with a good PR, one has to wait a while for money.

AW

Brokerage firms used to hold conferences where they presented the range of their products. We would be happy to present ours to you, as result conferences are not the right place for this. We sometimes try to invite a representative of a Division to introduce the specifics of our products and services, because in fact they generate revenues, are our strength and constitute what builds our development and future.

Investor 5

As of July 1, Grzegorz Bartler joined Asseco's Management Board. From the note on the website it appears that Mr. Bartler is all the time an active manager in the Cyfrowy Polsat Group (Netia), which is probably not a standard situation. Can you please comment on this in some way?

AW

I will comment, because we had this situation the other way - our colleague, Radosław Semkło, was a Management Board Member at Polkomtel and there he was responsible for IT. At Asseco we had no one in charge of the telecommunications part – it was directly under the supervision of President Adam Góral. Therefore, we needed a person who would substantively deal with this Division, and Grzegorz is a very experienced manager in this area. He is a great reinforcement for us, because he brings his experience not only as a person who has acted at the Management Board level, but also as a person who has worked almost all his professional life in telecommunications. We needed to have someone on our side who will - with the whole team and the Polsat Plus Group companies on the other side - be able to implement very important projects for us. Grzegorz is just such a person.

KR-B

The fact that he still works at Netia is of little importance here. It is even a kind of advantage, because we are able to implement several topics in cooperation with Netia. We are not in competition with each other.

AW

We even have some projects in which we support each other. This is especially true in the area of cyber security, which is very important for the telecommunications industry.

We have not received more questions from you. Are there any questions from you present in the room? Also there are no questions. We will therefore conclude our meeting today. Thank you for your participation. We would like to invite you to contact us not only during our quarterly meetings. The Management Board and our investor relations team are at your disposal. We are looking forward to seeing you at our next meeting regarding the third quarter results. We are looking forward to seeing you there.

KR-B, MP, AW

Thank you.