


The logo for ATENDE, featuring the word "ATENDE" in a bold, sans-serif font. The letter "A" is pink, and the letter "E" has a pink horizontal bar at its top right end. The remaining letters "T", "E", "N", and "D" are black.

**ATENDE**

The cover features a large, abstract geometric design. A light gray trapezoidal shape is positioned on the left side, extending from the top edge down to a dark gray horizontal band. A bright pink trapezoidal shape is located on the left side of this dark gray band. The text is centered within the dark gray band.

**Atende S.A.**  
**Consolidated quarterly report**  
**for the first quarter of 2020**

**Polish Financial Supervision Authority  
 Consolidated quarterly report QSr I/2020**

This report has been prepared in accordance with Articles 60(2) and 62(1) of the Regulation of the Minister of Finance dated March 29<sup>th</sup>, 2018 — Journal of Laws of 2018, item 757 for issuers of securities conducting manufacturing, construction, commercial or services activities.

The report for the 1<sup>st</sup> quarter of the financial year 2020 covers the period from January 1<sup>st</sup>, 2020 to March 31<sup>st</sup>, 2020. It includes condensed consolidated financial statements prepared in accordance with the International Financial Reporting Standards approved by the European Union ("EU IFRS") in the Polish currency (PLN) and condensed financial statements prepared in accordance with the International Financial Reporting Standards approved by the European Union ("EU IFRS") in the Polish currency (PLN).

**Full name of the Issuer:** Atende Spółka Akcyjna  
**Registered office:** plac Konesera 10a, 03-736 Warsaw  
**Sector according to the Warsaw Stock Exchange classification:** information technology  
**Core business:** ICT systems integration  
**e-mail:** [kontakt@atende.pl](mailto:kontakt@atende.pl)  
**website:** [www.atende.pl](http://www.atende.pl)  
**National Court Register No (KRS):** 0000320991  
**Tax ID No (NIP):** 954-23-57-358  
**Statistical ID No (REGON):** 276930771

Date of report approval and filing: May 19<sup>th</sup>, 2020

**Selected financial data**

Selected consolidated financial data	in PLN thousands		in EUR thousands	
	1 <sup>st</sup> quarter of 2020	1 <sup>st</sup> quarter of 2019	1 <sup>st</sup> quarter of 2020	1 <sup>st</sup> quarter of 2019
Net sales revenue	42,023	74,112	9,559	17,244
Operating profit (loss)	(692)	2,204	(157)	513
EBITDA <sup>1</sup>	2,477	5,720	563	1,331
Profit / (loss) before tax	(2,364)	1,451	(538)	338
Net profit/(loss)	(2,109)	1,401	(480)	326
Net profit (loss) attributable to shareholders of the parent company	(1,817)	1,228	(413)	286
Net cash flows from operating activities	8,639	2,990	1,965	696
Net cash flows from investing activities	(1,962)	(6,102)	(446)	(1,420)
Net cash flows from financing activities	3,666	(1,384)	834	(322)
Total net cash flows	10,342	(4,496)	2,352	(1,046)
Profit/(loss) per ordinary share (PLN/EUR)	(0.05)	0.03	(0.01)	0.01
Diluted profit (loss) per ordinary share (PLN/EUR)	(0.05)	0.03	(0.01)	0.01
	As at March 31 <sup>st</sup> , 2020	As at December 31 <sup>st</sup> , 2019	As at March 31 <sup>st</sup> , 2020	As at December 31 <sup>st</sup> , 2019
Total assets	176,266	197,427	38,720	46,361
Liabilities and provisions for liabilities	97,970	117,021	21,521	27,479
Long-term liabilities	36,341	31,135	7,983	7,311
Short-term liabilities	61,629	85,886	13,538	20,168
Equity	78,297	80,407	17,199	18,882
Share capital	7,269	7,269	1,597	1,707
Number of shares (units)	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	2.15	2.21	0.47	0.52
Diluted book value per share (PLN/EUR)	2.15	2.21	0.47	0.52

<sup>1</sup> EBITDA = Operating profit (loss) + amortisation/depreciation

Selected separate financial data	in PLN thousands		in EUR thousands	
	1 <sup>st</sup> quarter of 2020	1 <sup>st</sup> quarter of 2019	1 <sup>st</sup> quarter of 2020	1 <sup>st</sup> quarter of 2019
Net sales revenue	31,357	60,261	7,133	14,021
Operating profit (loss)	(628)	1,508	(143)	351
EBITDA <sup>1</sup>	1,079	3,265	245	760
Profit / (loss) before tax	(1,661)	899	(378)	209
Net profit/(loss)	(1,387)	997	(315)	232
Net cash flows from operating activities	2,244	(1,026)	510	(239)
Net cash flows from investing activities	(542)	(2,161)	(123)	(503)
Net cash flows from financing activities	3,377	(3,428)	768	(798)
Total net cash flows	5,079	(6,615)	1,155	(1,539)
Profit/(loss) per ordinary share (PLN/EUR)	(0.04)	0.03	(0.01)	0.01
Diluted profit (loss) per ordinary share (PLN/EUR)	(0.04)	0.03	(0.01)	0.01
	As at March 31 <sup>st</sup> , 2020	As at December 31 <sup>st</sup> , 2019	As at March 31 <sup>st</sup> , 2020	As at December 31 <sup>st</sup> , 2019
Total assets	138,534	157,238	30,432	36,923
Liabilities and provisions for liabilities	72,665	89,982	15,962	21,130
Long-term liabilities	24,893	20,442	5,468	4,800
Short-term liabilities	47,772	69,540	10,494	16,330
Equity	65,869	67,256	14,469	15,793
Share capital	7,269	7,269	1,597	1,707
Number of shares (units)	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	1.81	1.85	0.40	0.43
Diluted book value per share (PLN/EUR)	1.81	1.85	0.40	0.43

<sup>1</sup> EBITDA = Operating profit (loss) + amortisation/depreciation

**EUR EXCHANGE RATES (IN PLN):**

average exchange rate in the 1<sup>st</sup> quarter of 2020: 4.3963

average exchange rate in the 1<sup>st</sup> quarter of 2019: 4.2978

average exchange rate as at March 31<sup>st</sup>, 2020: 4.5523

average exchange rate as at March 31<sup>st</sup>, 2019: 4.2585

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## 1. Interim condensed consolidated financial statements prepared in accordance with EU IFRS

### 1.1. Consolidated statement of financial position

ASSETS	Note	as at March 31 <sup>st</sup> , 2020	as at December 31 <sup>st</sup> , 2019	as at March 31 <sup>st</sup> , 2019 (restated figures)*
<b>Non-current assets</b>		<b>81,563</b>	<b>80,084</b>	<b>101,073</b>
Tangible fixed assets	1.7.1	24,314	24,535	26,214
Intangible assets	1.7.3	18,711	18,633	29,099
Right-of-use assets	1.7.2	16,058	16,876	18,442
Goodwill	1.7.4	8,312	8,312	11,921
Other long-term financial assets		305	305	537
Assets from contracts with customers		592	1,132	2,011
Assets measured at fair value through other comprehensive income		80	80	80
Deferred income tax assets	1.7.8	874	618	1,305
Other non-current assets		12,317	9,592	11,464
<b>Current assets</b>		<b>94,702</b>	<b>117,343</b>	<b>124,715</b>
Inventories	1.7.5	8,111	6,308	13,627
Assets from contracts with customers		16,493	11,988	8,516
Trade receivables	1.7.6	29,160	62,601	54,052
Current income tax receivables		55	55	108
Other receivables	1.7.7	1,384	989	1,855
Other financial assets		545	8,803	153
Short-term prepayments and deferred expenses		13,214	11,201	24,064
Cash and cash equivalents		25,740	15,398	22,340
<b>TOTAL ASSETS</b>		<b>176,266</b>	<b>197,427</b>	<b>225,788</b>

\* Restated figures – for a description of changes, see Section 1.5.6 – “Changes in accounting principles (policy)”

<b>EQUITY AND LIABILITIES</b>	Note	as at March 31 <sup>st</sup> , 2020	as at December 31 <sup>st</sup> , 2019	as at March 31 <sup>st</sup> , 2019
<b>Equity</b>		<b>78,297</b>	<b>80,407</b>	<b>85,640</b>
Share capital		7,269	7,269	7,269
Supplementary capital from share premium		14,762	14,762	14,753
Other capital		36,461	36,461	33,647
Retained financial result		18,746	6,614	18,104
Profit or loss for the current period		(1,817)	12,133	1,228
Equity attributable to shareholders of the parent company		75,421	77,238	75,001
Non-controlling interest		2,876	3,168	10,639
<b>Long-term liabilities</b>		<b>36,341</b>	<b>31,135</b>	<b>39,526</b>
Credits and loans		3,897	11	830
Other financial liabilities		3,244	3,940	6,612
Lease liabilities		13,952	13,683	15,394
Liabilities from contracts with customers		11,425	9,969	13,705
Other long-term liabilities	1.7.9	178	180	101
Provision for deferred income tax	1.7.8	635	658	388
Deferred income		2,224	1,908	1,610
Provision for pensions and similar benefits	1.7.10	786	786	886
<b>Short-term liabilities</b>		<b>61,629</b>	<b>85,886</b>	<b>100,623</b>
Credits and loans		6,523	6,141	9,225
Other financial liabilities		3,783	4,571	4,498
Lease liabilities		3,485	3,556	3,077
Liabilities from contracts with customers		15,305	13,168	27,795
Trade liabilities		21,076	37,552	38,032
Current income tax liabilities		283	3,685	256
Other short-term liabilities	1.7.9	9,939	16,081	17,051
Deferred income		1,047	944	614
Provision for pensions and similar benefits	1.7.10	188	188	75
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>176,266</b>	<b>197,427</b>	<b>225,788</b>

## 1.2. Consolidated statement of comprehensive income

	1 <sup>st</sup> quarter 2020	1 <sup>st</sup> quarter 2019
<b>Net sales revenue<sup>1</sup></b>	<b>42,023</b>	<b>74,112</b>
Costs of sales	27,523	56,334
<b>Gross profit on sales</b>	<b>14,500</b>	<b>17,778</b>
Other operating revenue <sup>2</sup>	522	364
General and administrative costs	15,169	15,852
Other operating expenses <sup>3</sup>	545	86
<b>Operating profit/(loss)</b>	<b>(692)</b>	<b>2,204</b>
Finance income	431	207
Finance costs	2,103	960
<b>Profit/(loss) before tax</b>	<b>(2,364)</b>	<b>1,451</b>
Income tax	(255)	50
<b>Net profit/(loss)</b>	<b>(2,109)</b>	<b>1,401</b>
Profit attributed to non-controlling shareholders	(292)	173
<b>Net profit (loss) attributed to shareholders of the parent entity</b>	<b>(1,817)</b>	<b>1,228</b>
Other comprehensive income:		
- that will be reclassified to profit or loss upon satisfying certain conditions		-
- that will not be reclassified to profit or loss in subsequent periods		-
<b>Total comprehensive income</b>	<b>(2,109)</b>	<b>1,401</b>
Total comprehensive income attributed to non-controlling shareholders	(292)	173
<b>Total comprehensive income attributed to shareholders of the parent company</b>	<b>(1,817)</b>	<b>1,228</b>
<b>Net profit (loss) per share (in PLN)</b>		
Basic earnings for the financial period	(0.05)	0.03
Diluted earnings for the financial period	(0.05)	0.03

<sup>1</sup> Note 1.7.17

<sup>2</sup> This item comprises primarily the reversal of provisions and impairment losses recognised, and grants received.

<sup>3</sup> This item comprises primarily the costs of projects financed with grants and cost of recognised impairment losses on assets.

### 1.3. Consolidated cash flow statement

	1 <sup>st</sup> quarter 2020	1 <sup>st</sup> quarter 2019
<b>OPERATING ACTIVITIES</b>		
Profit / (loss) before tax	(2,364)	1,451
Total adjustments:	14,292	3,439
Amortisation and depreciation	3,169	3,516
Foreign exchange gains (losses)	417	(1)
Interest and shares in profits (dividends)	167	245
Gain/(loss) on investing activities	(49)	(1)
Other adjustments	(899)	(1,455)
Change in working capital, of which:	8,041	(1,665)
<i>Inventories</i>	(1,803)	(3,136)
<i>Receivables and contract assets</i>	29,081	1,216
<i>Liabilities and provisions</i>	(19,237)	255
Change in other assets	3,446	2,800
Cash flows from operating activities	11,929	4,890
Income tax (paid) / reimbursed	(3,290)	(1,901)
<b>Net cash flows from operating activities</b>	<b>8,639</b>	<b>2,990</b>
<b>INVESTING ACTIVITIES</b>		
Inflows	107	699
Disposal of intangible and tangible fixed assets	51	647
Other investment inflows	56	52
Outflows	2,069	6,801
Purchase of intangible and tangible fixed assets	2,069	6,800
Other investment outflows	-	1
<b>Net cash flows from investing activities</b>	<b>(1,962)</b>	<b>(6,102)</b>
<b>FINANCING ACTIVITIES</b>		
Inflows	6,841	3,197
Credits and loans	5,171	1,406
Proceeds from financing assignment of claims	-	669
Grants	1,670	1,118
Other financial inflows	-	4
Outflows	3,175	4,581
Repayments of credits and loans	1,564	3,222
Payment of lease liabilities	1,415	1,008
Interest	159	236
Other financial outflows	37	115
<b>Net cash flows from financing activities</b>	<b>3,666</b>	<b>(1,384)</b>
<b>TOTAL NET CASH FLOWS</b>	<b>10,342</b>	<b>(4,496)</b>
Balance sheet change in cash, including	10,342	(4,496)
- change in cash due to foreign exchange differences	-	-
<b>Cash as at the beginning of the period</b>	<b>15,398</b>	<b>26,836</b>
<b>Cash as at the end of the period</b>	<b>25,740</b>	<b>22,340</b>



**1.4. Statement of changes in consolidated equity**

	Share capital	Supplementary capital from share premium	Other capital	Retained financial result	Profit or loss for the current period	Equity attributable to shareholders of the parent	Non-controlling interest	Total equity
<b>1<sup>st</sup> quarter of 2020</b>								
<b>Equity as at January 1<sup>st</sup>, 2020</b>	<b>7,269</b>	<b>14,762</b>	<b>36,461</b>	<b>6,614</b>	<b>12,133</b>	<b>77,238</b>	<b>3,168</b>	<b>80,407</b>
Transactions with owners:	-	-	-	12,133	(12,133)	-	-	-
<i>Net profit distribution</i>	-	-	-	12,133	(12,133)	-	-	-
Total comprehensive income	-	-	-	-	(1,817)	(1,817)	(292)	(2,109)
<i>Net profit/(loss)</i>	-	-	-	-	(1,817)	(1,817)	(292)	(2,109)
<b>Equity as at March 31<sup>st</sup>, 2020</b>	<b>7,269</b>	<b>14,762</b>	<b>36,461</b>	<b>18,746</b>	<b>(1,817)</b>	<b>75,421</b>	<b>2,876</b>	<b>78,297</b>
<b>2019</b>								
<b>Equity as at January 1<sup>st</sup>, 2019</b>	<b>7,269</b>	<b>14,753</b>	<b>33,630</b>	<b>7,448</b>	<b>10,672</b>	<b>73,772</b>	<b>10,466</b>	<b>84,238</b>
<i>Net profit distribution</i>	-	-	2,831	7,842	(10,672)	-	-	-
<i>Dividends paid to shareholders</i>	-	-	-	(7,996)	-	(7,996)	-	(7,996)
<i>Dividend paid to minority shareholders</i>	-	-	-	-	-	-	(1,544)	(1,544)
<i>Cancellation of shares in EDL</i>	-	9	-	-	-	9	(50)	(41)
<i>Error adjustment at Atende Medica</i>	-	-	-	(156)	-	(156)	-	(156)
<i>Error adjustment at Atende Software</i>	-	-	-	(205)	-	(205)	-	(205)
<i>Sale of shares in Sputnik Software</i>	-	-	-	(506)	-	(506)	(6,291)	(6,797)
<i>Acquisition of additional shares in Atende Medica</i>	-	-	-	186	-	186	(368)	(182)
Total comprehensive income	-	-	-	-	12,133	12,133	955	13,088
<i>Net profit</i>	-	-	-	-	12,133	12,133	955	13,088
<b>Equity as at December 31<sup>st</sup>, 2019</b>	<b>7,269</b>	<b>14,762</b>	<b>36,461</b>	<b>6,614</b>	<b>12,133</b>	<b>77,238</b>	<b>3,168</b>	<b>80,407</b>
<b>1<sup>st</sup> quarter of 2019</b>								
<b>Equity as at January 1<sup>st</sup>, 2019</b>	<b>7,269</b>	<b>14,753</b>	<b>33,630</b>	<b>7,448</b>	<b>10,672</b>	<b>73,772</b>	<b>10,466</b>	<b>84,238</b>
Transactions with owners:	-	-	17	10,655	(10,672)	-	-	-
<i>Net profit distribution</i>	-	-	17	10,655	(10,672)	-	-	-
Total comprehensive income	-	-	-	-	1,228	1,228	173	1,401
<i>Net profit</i>	-	-	-	-	1,228	1,228	173	1,401
<b>Equity as at March 31<sup>st</sup>, 2019</b>	<b>7,269</b>	<b>14,753</b>	<b>33,647</b>	<b>18,104</b>	<b>1,228</b>	<b>75,001</b>	<b>10,639</b>	<b>85,640</b>

## **1.5. Information concerning principles adopted to prepare the statements**

### **1.5.1. Declaration of compliance and general principles of preparing the statements**

These interim condensed consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" and in compliance with the relevant International Financial Reporting Standards (IFRS) applicable to interim financial reporting, approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC), as approved by the European Union and applicable as at March 31<sup>st</sup>, 2020. These statements cover the areas required by the Regulation of the Minister of Finance dated March 29<sup>th</sup>, 2018 concerning the publication of current and periodic information by issuers of securities and the conditions for deeming equivalent the information required by the provisions of the law of a non-Member State (Journal of Laws of 2018, item 757). Comparable financial figures were prepared on the basis of the principles used in the preparation of the financial statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in an annual consolidated financial statements, and they should be read jointly with the annual financial statements for 2019, which include notes for the 12 months ended on December 31<sup>st</sup>, 2019, prepared according to IFRS, as approved by the EU.

The accounting principles used for preparing these financial statements are consistent with those used for preparing the annual financial statements for the year ended December 31<sup>st</sup>, 2019.

These condensed interim consolidated financial statements have not been reviewed or audited by an independent statutory auditor. The last financial statements audited by an independent statutory auditor were the financial statements for 2019.

The statements have been prepared on the assumption that the Group companies will continue as going concerns in the foreseeable future.

### **1.5.2. Functional currency and presentation currency**

#### a) Functional currency and presentation currency

The items included in the consolidated financial statements are appraised in the currency of the basic business environment in which the Group companies carry out its operations ("functional currency"). The consolidated financial statements are presented in Polish zloty (PLN) — the parent company's functional and presentation currency.

#### b) Transactions and balances

Transactions expressed in foreign currencies are translated into the functional currency according to the exchange rate applicable on the transaction date. FX gains and losses on settlement of these transactions and balance sheet valuation of monetary assets and liabilities expressed in foreign currencies are recognised in the profit and loss account unless they are deferred as equity, where they are qualified to be recognised as securities of cash flows and shares in net assets.

### **1.5.3. Description of adjustment of errors from previous periods and changes to data presentation principles**

In the 1<sup>st</sup> quarter of 2020, the Group did not make any adjustments of errors from previous years.

### **1.5.4. Consolidation principles**

#### a) Subsidiaries

A subsidiary is an entity that is controlled by a parent entity. Control occurs where the parent entity:

- has power over the investee,
- is exposed to, or has rights to, variable returns from its involvement with the investee,
- has the ability to use its power over the investee to affect the returns generated by the investee.

Subsidiaries are fully consolidated from the date on which control is taken over by the Group. They are no longer consolidated once the control ceases. The acquisition of subsidiaries by the Group is accounted for with the use of acquisition method. The cost of an acquisition is measured as the fair value of the transferred assets, issued equity instruments and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Surplus of acquisition costs over the fair value of the Group's share in the identifiable acquired net assets is recorded as goodwill. If the acquisition cost is lower than the fair value of net assets of the acquired subsidiary, the difference is recognised directly in the current period's profit or loss.

Revenue and costs, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence for impairment of the transferred asset. Accounting principles applied by subsidiaries have been changed, where necessary, in order to ensure compliance with the accounting principles applied by the Group.

b) Non-controlling shares and transactions with non-controlling shareholders

Non-controlling shares include shares in companies covered by consolidation which do not belong to the Group. Non-controlling shares are determined as the net value of assets of the related entity, attributable to shareholders from outside the capital group as at the acquisition date. Identified non-controlling shares in net assets of consolidated subsidiaries are recognised separately from the parent entity's ownership interest in these net assets. Non-controlling shares in net assets include:

- the value of non-controlling shares from the date of the original combination, calculated according to IFRS 3; and
- changes in equity per non-controlling share, starting from the date of combination.

Profit and loss as well as every item of other comprehensive income is attributed to the owners of the parent entity and non-controlling shares. Total revenue is attributed to the owners of the parent entity and non-controlling shares even when as a result, non-controlling shares assume negative value.

c) Companies covered by the consolidated financial statements

These consolidated financial statements for the period ended March 31<sup>st</sup>, 2020 cover Atende S.A. and the following subsidiaries which belong to the Group:

- Atende Software sp. z o.o., in which the Issuer holds 100% of shares and votes at the shareholders' meeting;
- TrustIT sp. z o.o. in which the Issuer holds 100% of shares and votes at the shareholders' meeting;
- Codeshine sp. z o.o. (on March 24<sup>th</sup>, 2020, change of the name from Energy Data Lab sp. z o.o. to Codeshine sp. z o.o. was entered in the National Court Register) in which the Issuer holds 75.31% of shares and votes at the shareholders' meeting;
- Atende Medica sp. z o.o., in which the Issuer holds 69.91% of shares and votes at the shareholders' meeting;
- A2 Customer Care sp. z o.o., in which the Issuer holds 60% of shares and votes at the shareholders' meeting;
- OmniChip sp. z o.o., in which the Issuer holds 55% of shares and votes at the shareholders' meeting;
- Phoenix Systems sp. z o.o., in which the Issuer holds 51% of shares and votes at the shareholders' meeting.

All subsidiaries are fully consolidated. In 2019, figures reported by Sputnik Software sp. z o.o. were consolidated, and all shares in this company held by the Issuer (60%) were sold on December 27<sup>th</sup>, 2019.

d) Companies not covered by the consolidated financial statements

As at March 31<sup>st</sup>, 2020, there were no such companies.

### **1.5.5. Significant values based on professional judgement and estimates**

#### **1.5.5.1. Professional judgement**

In the process of applying the accounting principles (policy) to the issues discussed below — except for the accounting estimations — the professional judgement of the management was of the greatest significance.

#### **Revenue recognition: determining the timing of satisfaction of performance obligations**

For performance obligations that the Group companies satisfy over time (implementation services), the progress towards complete satisfaction of a performance obligation is determined with reference to the project work budget, in accordance with the proportion of works performed by the balance sheet date. In the Group's assessment, the approach adopted most accurately reflects the value of works completed for the customer as at the balance sheet date.

For services of standing ready to provide support services, revenue is recognised on a straight-line basis over the period of service.

For performance obligations satisfied at a point in time, the Group recognises revenue upon the transfer of control which is considered to be the moment when the Group obtains a present right to payment for the performance of the obligation.

#### **Revenue recognition: determining the transaction price and the amounts allocated to performance obligations**

Due to the specific nature of services provided by the Group companies, consideration received for the performance of a contract is negotiated each time on an individual basis, taking account of the project budget covering internal and external costs that the Group will have to incur in relation to the implementation of the project, and the expected margin for the performance of a contract.

A significant variable consideration in contracts concluded by the Group is a variable consideration based on the time of the Group employees' work (consideration according to a hourly rate). In such cases, the Group recognises revenue in the amount that the Group has the right to invoice upon the completion of the service.

The nature of contracts and methods of determination of the transaction price also affect the manner of determining individual selling prices of promised goods or services, used to allocate the transaction price to individual performance obligations. Where a contract does not contain separate prices that would be allocated to individual performance obligations, the Group estimates individual selling prices based on expected costs plus a margin or based on the residual value.

#### **Classification of lease agreements**

Where a Group company acts as the lessor, it classifies leases as operating or finance lease based on an assessment of the extent to which risks and rewards incidental to ownership of the leased item are attributable to the lessor and the lessee. Such assessment is in each case based on the economic substance of the transaction.

#### **1.5.5.2. Uncertainty of estimates**

The key assumptions concerning the future and other key sources of estimation uncertainty as at the balance sheet date that carry a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities in the next financial year are discussed below.

#### **Accruals and provisions**

The Group companies recognise accruals for unpaid bonuses, unused leaves and uninvoiced costs. These items are measured at a justified and reliably estimated amount. The Group companies apply professional judgement in selecting appropriate methods and assumptions for the measurement.

The amount of provisions for pensions, disability benefits and years of service awards depends on a number of factors which are determined using actuarial methods based on a number of assumptions, such as:

- projected rate of increase in remuneration based on which future benefits are measured,
- likelihood of achieving an entitlement to a years of service award, one-off severance payment on retirement or disability
- discount rate.

Any changes in these assumptions will affect the amount of the provision.

#### **Deferred tax asset**

The Group companies recognise deferred tax asset based on the assumption that taxable profits will be available in the future against which the deferred tax asset can be utilised. If taxable profit deteriorates in the future, this assumption may prove invalid.

#### **Fair value of financial instruments**

The fair value of financial instruments for which no active market exists is assessed by means of appropriate valuation methods. The Group companies apply professional judgement in selecting appropriate methods and assumptions.

#### **Revenue recognition**

The Group companies apply the percentage of completion method in accounting for long-term contracts. This method requires the companies to estimate the proportion of works completed thus far to all the services to be performed.

#### **Depreciation and amortisation rates**

Depreciation and amortisation rates are determined based on the anticipated economic useful lives of tangible fixed assets and intangible assets. The economic useful lives are reviewed annually by the Group companies based on current estimates.

In the 1<sup>st</sup> quarter of 2020, amortisation and depreciation rates were not changed.

#### Value of assets

As at each balance sheet date, it is assessed whether objective evidence of impairment of an asset or a group of assets exists. If such evidence exists, an estimated, recoverable value of the asset is determined and an impairment loss is recognised, equal to the difference between the recoverable and the carrying amount. Impairment loss is recognised in the current period's profit or loss.

The Group companies update the value of receivables, according to the probability of them being received, by recognising an impairment loss. The Group companies update the value of inventories, according to the obtainable net sales prices, by recognising a revaluation write-down.

#### Leases

The following estimates affect the measurement of lease liabilities and right-of-use assets:

- For agreements that meet the criteria for being classified as a lease, the company determines the lease term covering:
  - the non-cancellable period for which the company has the right to use an underlying asset;
  - periods covered by an option to extend the lease (if the company is reasonably certain to exercise that option);
  - periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that option.
- For agreements with an indefinite period, the lease term is determined based on a professional judgment regarding the term of the agreement.
- For agreements concluded for a definite period without the option to extend the lease term, the company determines the lease term as the term resulting from the agreement.

Discount rate understood as the interest rate implicit in the lease (if that rate can be readily determined) or the incremental borrowing rate of the company, determined as the cost of interest on the credit facility, which a Group company would have to incur when taking out a credit facility to purchase a given asset with adequate security. The discount rates applied by the Group companies are based on the maturity and currency of lease agreements.

#### 1.5.6. Changes in accounting principles (policy)

For the purposes of the report for 2019, the Group's companies re-examined the leases signed and made the following adjustments concerning right-of-use assets:

- the discount rate used in the measurement of the right of perpetual usufruct of land was revised;
- the transfer of fixed assets to right-of-use assets used under leaseback agreements was adjusted.

As a result, carrying amounts of fixed assets, right-of-use assets, lease liabilities and other financial liabilities as at January 1<sup>st</sup>, 2019 and March 31<sup>st</sup>, 2019 were adjusted as compared to those presented in the report for the first quarter of 2019, in the balance sheet and supplementary notes.

Amounts in the items "Tangible fixed assets", "Right-of-use assets", "Lease liabilities" and "Other financial liabilities" in the statement of financial position were changed as specified in the table below:

	As at March 31 <sup>st</sup> , 2019 – figures reported as at March 31 <sup>st</sup> , 2019	Change	As at March 31 <sup>st</sup> , 2019 – restated figures
<b>Non-current assets</b>	<b>101,383</b>	<b>(310)</b>	<b>101,073</b>
Tangible fixed assets	23,043	3,171	26,214
Right-of-use assets	21,923	(3,481)	18,442
<b>Long-term liabilities</b>	<b>39,832</b>	<b>(306)</b>	<b>39,526</b>
Other financial liabilities	4,141	2,471	6,612
Lease liabilities	18,171	(2,777)	15,394
<b>Short-term liabilities</b>	<b>100,627</b>	<b>(4)</b>	<b>100,623</b>
Other financial liabilities	3,561	937	4,498
Lease liabilities	4,018	(941)	3,077

The following changes were made in the tables of movements in right-of-use assets:

	Gross carrying amount as at January 1 <sup>st</sup> , 2019 – figures reported as at March 31 <sup>st</sup> , 2019	Change	Gross carrying amount as at January 1 <sup>st</sup> , 2019 – restated figures
<b>Right-of-use assets</b>	<b>19,117</b>	<b>578</b>	<b>19,695</b>
Right of perpetual usufruct of land	645	(89)	556
Buildings and structures	15,669	802	16,471
Vehicles	1,389	525	1,914
Machinery and equipment	-	754	754
Other fixed assets	1,414	(1,414)	-

	Net carrying amount as at March 31 <sup>st</sup> , 2019 – figures reported as at March 31 <sup>st</sup> , 2019	Change	Net carrying amount as at March 31 <sup>st</sup> , 2019 – restated figures
<b>Right-of-use assets</b>	<b>21,923</b>	<b>(3,481)</b>	<b>18,442</b>
Right of perpetual usufruct of land	882	(330)	552
Buildings and structures	14,986	782	15,768
Machinery and equipment	3,050	(2,539)	511
Other fixed assets	1,394	(1,394)	-

The following changes were made in the table of movements in tangible fixed assets:

	Net carrying amount as at March 31 <sup>st</sup> , 2019 – figures reported as at March 31 <sup>st</sup> , 2019	Change	Net carrying amount as at March 31 <sup>st</sup> , 2019 – restated figures
<b>Tangible fixed assets</b>	<b>23,043</b>	<b>3,171</b>	<b>26,214</b>
Machinery and equipment	6,331	2,539	8,870
Other fixed assets	687	632	1,319

#### **1.5.7. Description of items affecting assets, liabilities, equity, net financial result and cash flows, which are atypical due to their type, size or influence**

None.

### **1.6. Segment data**

#### **1.6.1. Recognised operating segments**

The application of the management approach to reporting concerning segments of activity within the Atende Group allows for distinguishing two operating segments:

- integration of ICT systems at Atende,
- integration of ICT systems at subsidiaries.

**The Atende ICT system integration segment** includes comprehensive services related to systems used for collection, storage, processing and transmission of digital data. Within this operating segment, the Company provides, among others:

- data transmission networks and related systems:
  - networks for telecommunications providers, along with systems for monitoring and managing these networks;
  - corporate networks;
  - IP telephone systems, video conferencing systems;

- a proprietary system for telecom operators used to manage end-user access to services provided in IP (Internet Protocol) based telecommunications networks and billing for these services – SMaCS (Service Management and Charging System);
- o IT security systems;
- o server and mass storage systems:
- o data centres – comprehensive construction and fitting;
- o IT outsourcing comprising cloud computing services;
- o a proprietary service quality management system providing access to detailed information on individual systems and applications, diagnostics of possible errors and failures, as well as on unauthorised access or cyberattacks – the Smart Monitoring system;
- o solutions based on the blockchain technology (e.g. the so-called durable medium).

**Subsidiaries ICT systems integration segment** includes end-to-end services related to dedicated IT systems based mainly on proprietary software, as well as sales of outsourcing and consulting services, provided by subsidiaries. This segment offers, among others:

- o online multimedia distribution platform – redGalaxy (Atende Software);
- o power grids smart metering system (Atende Software);
- o redGuardian platform used for protection against DDoS (Distributed Denial of Service) attacks (Atende Software);
- o advanced IT security systems (Atende Software);
- o Medicus On-Line and CloudiMed – IT systems for the management of hospitals and outpatient clinics (Atende Medica);
- o innovative software for the Internet of Things market – Phoenix-RTOS, a real-time operating system (Phoenix Systems);
- o design of electronic circuits, including large-scale integrated circuits (OmniChip);
- o outsourcing services for remote and direct administration of client IT systems and providing support for users of those systems (TrustIT);
- o development of software, including software for data analysis using big data technology (Codeshine);
- o comprehensive implementation of specialist solutions in the area of customer service and ERP systems (A2 Customer Care);
- o eCars system for management and billing of electric vehicle charging stations (A2 Customer Care).

### 1.6.2. Information about individual operating segments

1 <sup>st</sup> quarter of 2020	ICT systems integration at Atende	ICT systems integration at subsidiaries	Other	Consolidation exclusions	Total
Sales revenue	31,015	11,704	342	(1,038)	42,023
- from external customers	30,826	10,855	342	-	42,023
- intersegment sales	189	849	-	(1,038)	-
Sales margin*	11,706	8,333	187	(100)	20,126
Operating profit/(loss)	(815)	36	187	(100)	(692)
Amortisation and depreciation	1,707	1,462	-	-	3,169
EBITDA**	892	1,498	187	(100)	2,477
Finance income <sup>^</sup>	x	x	x	x	431
Finance costs <sup>^</sup>	x	x	x	x	2,103
Profit/(loss) before tax <sup>^</sup>	x	x	x	x	(2,364)
Total segment assets***	31,089	29,795	-	(1,800)	59,084

1 <sup>st</sup> quarter of 2019	ICT systems integration at Atende	ICT systems integration at subsidiaries	Other	Consolidation exclusions	Total
Sales revenue	59,964	15,023	297	(1,172)	74,112
- from external customers	59,684	14,131	297	-	74,112
- intersegment sales	280	892	-	(1,172)	-
Sales margin*	14,295	10,582	142	(300)	24,719
Operating profit/(loss)	1,366	1,011	142	(315)	2,204
Amortisation and depreciation	1,757	1,759	-	-	3,516
EBITDA**	3,123	2,770	142	(315)	5,720
Finance income <sup>^</sup>	x	x	x	x	207
Finance costs <sup>^</sup>	x	x	x	x	960
Profit/(loss) before tax <sup>^</sup>	x	x	x	x	1,451
Total segment assets***	34,950	39,605	-	(800)	73,755

\*Sales margin = Sales revenue - Variable selling costs

<sup>1</sup> EBITDA = Operating profit (loss) + amortisation/depreciation (ratio not defined in IFRS)

\*\*\*Segment assets = Tangible fixed assets + Intangible assets (excluding goodwill) + right-of-use assets

<sup>^</sup> The body responsible for making operational decisions does not analyse financial revenue and expenses, nor does it analyse profit (loss) before tax by operating segment.

### 1.6.3. Geographical segments by sales revenue from external customers

	1 <sup>st</sup> quarter of 2020		1 <sup>st</sup> quarter of 2019	
	Value	Share	Value	Share
Domestic sales	40,741	96.9%	72,812	98.2%
Exports, including:	1,282	3.1%	1,300	1.8%
- European Union	1,248	3.0%	1,266	1.7%
- other	34	0.1%	34	0.1%
<b>TOTAL</b>	<b>42,023</b>	<b>100%</b>	<b>74,112</b>	<b>100%</b>

## 1.7. Detailed notes

### 1.7.1. Movements in tangible fixed assets (by type) and impairment losses

1 <sup>st</sup> quarter of 2020	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as at January 1 <sup>st</sup> , 2020	19,447	23,366	811	1,733	29	45,386
<b>Gross carrying amount as at March 31<sup>st</sup>, 2020</b>	<b>19,447</b>	<b>23,855</b>	<b>629</b>	<b>1,893</b>	<b>41</b>	<b>45,865</b>
Accumulated depreciation as at January 1 <sup>st</sup> , 2020	4,666	15,088	475	622	-	20,852
<b>Accumulated depreciation as at March 31<sup>st</sup>, 2020</b>	<b>4,898</b>	<b>15,664</b>	<b>316</b>	<b>672</b>	<b>-</b>	<b>21,551</b>
<b>Net carrying amount as at March 31<sup>st</sup>, 2020</b>	<b>14,549</b>	<b>8,191</b>	<b>313</b>	<b>1,221</b>	<b>41</b>	<b>24,314</b>

#### Impairment losses in the 1<sup>st</sup> quarter of 2020

No impairment losses on tangible fixed assets were recognised.

#### Amounts of commitments assumed for purchase of tangible fixed assets in the 1<sup>st</sup> quarter of 2020

No material commitments were assumed for the purchase of tangible fixed assets.



1 <sup>st</sup> quarter of 2019 (restated figures)*	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as at December 31 <sup>st</sup> , 2018	17,220	23,355	2,472	1,688	152	44,887
Reclassification to right-of-use assets	-	(1,176)	(1,158)	(1)	-	(2,335)
Gross carrying amount as at January 1 <sup>st</sup> , 2019	17,220	22,179	1,314	1,687	152	42,552
<b>Gross carrying amount as at March 31<sup>st</sup>, 2019</b>	<b>19,401</b>	<b>22,728</b>	<b>1,314</b>	<b>2,125</b>	<b>175</b>	<b>45,743</b>
Accumulated depreciation as at December 31 <sup>st</sup> , 2018	3,700	13,880	1,551	789	-	19,921
Reclassification to right-of-use assets	-	(422)	(633)	(1)	-	(1,056)
Accumulated depreciation as at January 1 <sup>st</sup> , 2019	3,700	13,458	918	788	-	18,865
<b>Accumulated depreciation as at March 31<sup>st</sup>, 2019</b>	<b>3,917</b>	<b>13,858</b>	<b>948</b>	<b>806</b>	<b>-</b>	<b>19,530</b>
<b>Net carrying amount as at March 31<sup>st</sup>, 2019</b>	<b>15,484</b>	<b>8,870</b>	<b>366</b>	<b>1,319</b>	<b>175</b>	<b>26,214</b>

\* Restated figures – for a description of changes, see Section 1.5.6 – “Changes in accounting principles (policy)”

#### Impairment losses in the 1<sup>st</sup> quarter of 2019

No impairment losses on tangible fixed assets were recognised.

#### Amounts of commitments assumed for purchase of tangible fixed assets in the 1<sup>st</sup> quarter of 2019

No material commitments were assumed for the purchase of tangible fixed assets.

#### 1.7.2. Changes in right-of-use assets (by type)

1 <sup>st</sup> quarter of 2020	Right of perpetual usufruct of land	Buildings and structures	Machinery and equipment	Vehicles	Total
Gross carrying amount as at January 1 <sup>st</sup> , 2020	556	15,316	570	3,740	20,182
<b>Gross carrying amount as at March 31<sup>st</sup>, 2020</b>	<b>556</b>	<b>15,409</b>	<b>570</b>	<b>3,794</b>	<b>20,329</b>
Accumulated depreciation as at January 1 <sup>st</sup> , 2020	7	2,127	170	1,003	3,307
<b>Accumulated depreciation as at March 31<sup>st</sup>, 2020</b>	<b>9</b>	<b>2,747</b>	<b>194</b>	<b>1,321</b>	<b>4,271</b>
<b>Net carrying amount as at March 31<sup>st</sup>, 2020</b>	<b>547</b>	<b>12,662</b>	<b>376</b>	<b>2,473</b>	<b>16,058</b>

1 <sup>st</sup> quarter of 2019 (restated figures)*	Right of perpetual usufruct of land	Buildings and structures	Machinery and equipment	Vehicles	Total
Gross carrying amount as at January 1 <sup>st</sup> , 2019	556	16,471	754	1,914	19,695
<b>Gross carrying amount as at March 31<sup>st</sup>, 2019</b>	<b>556</b>	<b>16,471</b>	<b>754</b>	<b>1,914</b>	<b>19,695</b>
Accumulated depreciation as at January 1 <sup>st</sup> , 2019	-	-	-	-	-
<b>Accumulated depreciation as at March 31<sup>st</sup>, 2019</b>	<b>4</b>	<b>703</b>	<b>243</b>	<b>303</b>	<b>1,253</b>
<b>Net carrying amount as at March 31<sup>st</sup>, 2019</b>	<b>552</b>	<b>15,768</b>	<b>511</b>	<b>1,611</b>	<b>18,442</b>

\* Restated figures – for a description of changes, see Section 1.5.6 – “Changes in accounting principles (policy)”

### 1.7.3. Movements in intangible assets (by type) and impairment losses

1 <sup>st</sup> quarter of 2020	Costs of development works	Patents and licences	Computer software	Other	Intangible assets under construction	Total
Gross carrying amount as at January 1 <sup>st</sup> , 2020	25,449	296	7,117	3,985	5,595	42,443
<b>Gross carrying amount as at March 31<sup>st</sup>, 2020</b>	<b>25,462</b>	<b>296</b>	<b>7,258</b>	<b>3,985</b>	<b>6,758</b>	<b>43,759</b>
Accumulated amortisation as at January 1 <sup>st</sup> , 2020	14,536	239	6,446	1,601	-	22,822
<b>Accumulated amortisation as at March 31<sup>st</sup>, 2020</b>	<b>15,470</b>	<b>203</b>	<b>6,607</b>	<b>1,779</b>	<b>-</b>	<b>24,060</b>
Impairment losses as at January 1 <sup>st</sup> , 2020	-	-	-	-	988	988
<b>Impairment losses as at March 31<sup>st</sup>, 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>988</b>	<b>988</b>
<b>Net carrying amount as at March 31<sup>st</sup>, 2020</b>	<b>9,992</b>	<b>93</b>	<b>651</b>	<b>2,206</b>	<b>5,770</b>	<b>18,711</b>

#### Impairment losses in the 1<sup>st</sup> quarter of 2020

No impairment losses were recognised in the 1<sup>st</sup> quarter of 2020.

**Amounts of commitments assumed for the purchase of intangible assets in the 1<sup>st</sup> quarter of 2020**

No material commitments were assumed for the purchase of intangible assets.

1 <sup>st</sup> quarter of 2019	Costs of development works	Right of perpetual usufruct of land	Patents and licences	Computer software	Other	Intangible assets under construction	Total
Gross carrying amount as at December 31 <sup>st</sup> , 2018	22,894	321	429	26,225	3,233	4,003	57,106
Reclassification to right-of-use assets	-	(321)	-	-	-	-	(321)
Gross carrying amount as at January 1 <sup>st</sup> , 2019	22,894	-	429	26,225	3,233	4,003	56,785
<b>Gross carrying amount as at March 31<sup>st</sup>, 2019</b>	<b>22,938</b>	<b>-</b>	<b>429</b>	<b>27,223</b>	<b>3,733</b>	<b>5,424</b>	<b>59,747</b>
Accumulated amortisation as at December 31 <sup>st</sup> , 2018	11,236	80	309	15,686	952	-	28,263
Reclassification to right-of-use assets	-	(80)	-	-	-	-	(80)
Accumulated amortisation as at January 1 <sup>st</sup> , 2019	11,236	-	309	15,686	952	-	28,183
<b>Accumulated amortisation as at March 31<sup>st</sup>, 2019</b>	<b>12,054</b>	<b>-</b>	<b>319</b>	<b>15,826</b>	<b>1,461</b>	<b>-</b>	<b>29,660</b>
Impairment losses as at January 1 <sup>st</sup> , 2019	-	-	-	-	-	988	988
<b>Impairment losses as at March 31<sup>st</sup>, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>988</b>	<b>988</b>
<b>Net carrying amount as at March 31<sup>st</sup>, 2019</b>	<b>10,884</b>	<b>-</b>	<b>110</b>	<b>11,397</b>	<b>2,272</b>	<b>4,436</b>	<b>29,099</b>

**Impairment losses in the 1<sup>st</sup> quarter of 2019**

No impairment losses were recognised in the 1<sup>st</sup> quarter of 2019.

**Amounts of commitments assumed for the purchase of intangible assets in the 1<sup>st</sup> quarter of 2019**

No material commitments were assumed for the purchase of intangible assets.

**1.7.4. Estimated changes in goodwill**

	31.03.2020	31.12.2019	31.03.2019
Atende Software sp. z o.o.	3,173	3,173	3,173
Atende Medica sp. z o.o.	2,523	2,523	2,523
Sputnik Software sp. z o.o. <sup>1</sup>	-	-	3,609
Phoenix Systems sp. z o.o.	860	860	860
TrustIT sp. z o.o.	323	323	323
OmniChip sp. z o.o.	499	499	499
Codeshine sp. z o.o.	935	935	935
<b>Goodwill (net)</b>	<b>8,312</b>	<b>8,312</b>	<b>11,921</b>

<sup>1</sup> On December 27<sup>th</sup>, 2019, the Issuer sold 60% of shares in Sputnik Software sp. z o.o. for the sales price of PLN 16.2 million.

**Changes in goodwill due to consolidation**

Did not occur in the 1<sup>st</sup> quarter of 2020.

**1.7.5. Inventories**

	31.03.2020	31.12.2019	31.03.2019
Materials for manufacturing purposes	3,685	3,507	3,627
Semi-finished products and work in progress	2,833	4,512	6,945
Goods	4,669	1,332	6,020
<b>Gross inventories</b>	<b>11,187</b>	<b>9,351</b>	<b>16,592</b>
Inventories revaluation write-down	3,076	3,043	2,965
<b>Net inventories</b>	<b>8,111</b>	<b>6,308</b>	<b>13,627</b>

Inventories pledged as collateral – a registered pledge is established on inventories up to PLN 9,000 thousand and as collateral for an authorised overdraft at BZ WBK (as at December 31<sup>st</sup>, 2019: PLN 9,000 thousand).

**Changes in inventories revaluation write-downs**

1 <sup>st</sup> quarter of 2020	Revaluation write-downs on materials	Revaluation write-downs on goods	Total inventories revaluation write-downs
<b>As at January 1<sup>st</sup>, 2020</b>	<b>2,951</b>	<b>92</b>	<b>3,043</b>
Increase, including:	67	-	67
- recognition of revaluation write-downs	67	-	67
Decrease, including:	34	-	34
- use of impairment losses	34	-	34
<b>As at March 31<sup>st</sup>, 2020</b>	<b>2,984</b>	<b>92</b>	<b>3,076</b>

1 <sup>st</sup> quarter of 2019	Revaluation write-downs on materials	Revaluation write-downs on goods	Total inventories revaluation write-downs
<b>As at January 1<sup>st</sup>, 2019</b>	<b>2,844</b>	<b>79</b>	<b>2,923</b>
Increase, including:	42	-	42
- recognition of revaluation write-downs	42	-	42
<b>As at March 31<sup>st</sup>, 2019</b>	<b>2,886</b>	<b>79</b>	<b>2,965</b>

In the period presented, there were no revaluation write-downs for semi-finished products and work in progress. Inventory expenditure is based on detailed identification in respect of items allocated for specific projects or, according to FIFO method, in respect of remaining inventories; costs are recognised in the cost of goods sold. Write-downs on inventories resulting from prudent valuation as well as write-downs on slow-moving goods and their reversals are recognised in the cost of goods sold.

**1.7.6. Trade receivables**

	31.03.2020	31.12.2019	31.03.2019
Short-term trade receivables, including:	29,160	62,601	54,052
- from related entities	-	30	3
- from other entities	29,160	62,571	54,049
Impairment losses (positive value)	593	663	837
<b>Gross short-term receivables</b>	<b>29,753</b>	<b>63,264</b>	<b>54,889</b>

**Change in impairment losses on trade receivables**

	1 <sup>st</sup> quarter of 2020	2019	1 <sup>st</sup> quarter of 2019
<b>Impairment losses on trade receivables as at the beginning of the period</b>	<b>663</b>	<b>817</b>	<b>817</b>
Increase, including:	-	191	20
- revaluation write-downs on overdue and disputable receivables	-	191	20
Decrease, including:	70	344	-
- use of impairment losses	70	73	-
- elimination of impairment losses of Sputnik Software which was not a member of the Atende Group as at December 31 <sup>st</sup> , 2019	-	271	-
<b>Impairment losses on trade receivables as at the end of the period</b>	<b>593</b>	<b>663</b>	<b>837</b>

**Trade receivables under litigation**

	31.03.2020	31.12.2019	31.03.2019
Trade receivables brought before the court	84	83	463
Impairment losses on disputable receivables	84	83	342
<b>Net value of trade receivables under litigation</b>	<b>-</b>	<b>-</b>	<b>121</b>

**1.7.7. Other receivables**

	31.03.2020	31.12.2019	31.03.2019
Other receivables, including:	<b>1,384</b>	<b>989</b>	1,855
- from tax, excluding corporate income tax	533	435	1,330
- advances for deliveries	149	115	143
- from deposits paid	57	69	256
- from deposits paid	289	275	-
- from employees	1	-	40
- valuation of derivative instruments	185	-	-
- from appeals against judgements and penalties	-	-	36
- other	170	94	50
Impairment losses	13	13	8
<b>Other gross receivables</b>	<b>1,397</b>	<b>1,002</b>	<b>1,863</b>

Other receivables comprise only short-term receivables from other entities.

**1.7.8. Net deferred tax assets/provision**

	31.03.2020	31.12.2019	31.03.2019
Deferred tax asset	874	618	1,305
Deferred tax provision	635	658	388
<b>Net deferred tax assets/provision</b>	<b>239</b>	<b>(40)</b>	<b>917</b>

The deferred tax asset and provision are offset in the statement of financial position, as permitted by the International Financial Reporting Standards.

**1.7.9. Other liabilities**

	31.03.2020	31.12.2019	31.03.2019
Liabilities from other taxes, duties, social security and other insurance, with the exception of corporate income tax	4,248	10,406	9,120
- VAT	2,685	8,816	7,004
- personal income tax	244	550	347
- social security contributions (ZUS)	1,155	1,028	1,752
- other	164	12	17
Other liabilities	362	562	815
- payroll liabilities towards employees	200	174	491
- other liabilities	162	388	324
Accruals due to:	5,507	5,293	7,216
- employee leaves	1,332	1,332	1,519
- bonuses and payroll	2,630	2,458	4,716
- un invoiced costs	1,545	1,424	951
- other	-	79	30
<b>Total, of which:</b>	<b>10,117</b>	<b>16,261</b>	<b>17,152</b>
- long-term	178	180	101
- short-term	9,939	16,081	17,051

**1.7.10. Provisions for pensions and similar benefits**

	31.03.2020	31.12.2019	31.03.2019
<b>Provisions for pensions and similar benefits</b>	<b>974</b>	<b>974</b>	<b>961</b>
- for pensions and disability benefits	398	398	454
- for years of service awards	576	576	507
<b>Total, of which:</b>	<b>974</b>	<b>974</b>	<b>961</b>
- long-term	786	786	886
- short-term	188	188	75

**1.7.11. Issue, redemption and repayment of debt securities and equities**

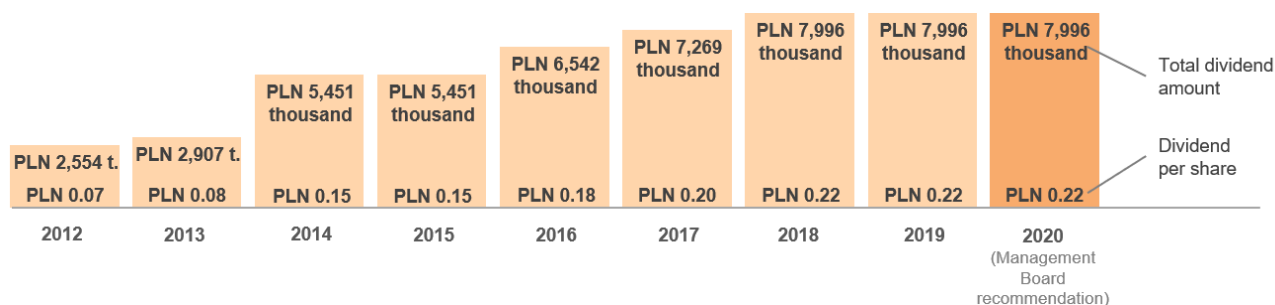
Did not occur in the 1<sup>st</sup> quarter of 2020.

**1.7.12. Paid out (or declared) dividend**

No dividend was paid out in the 1<sup>st</sup> quarter of 2020.

On May 11<sup>th</sup>, 2020, the Management Board of Atende adopted a resolution on distribution of the profit of Atende S.A. for 2019, pursuant to which it decided to recommend to the Ordinary General Meeting of the Company adoption of a resolution on allocating a total amount of PLN 7,995,535.68 from the Company's net profit for the financial year 2019, which amounted to PLN 14,056,137.26, to payment of dividend, i.e. PLN 0.22 per share, as well as allocating the remainder of the Company's net profit for the financial year 2019 in the amount of PLN 6,060,601.58 to the Company's supplementary capital. The Management Board of the Company recommended the date of July 24<sup>th</sup>, 2020 as the date of the dividend and August 10<sup>th</sup>, 2020 as the date of payment of dividend.

The Supervisory Board of the Company decided to recommend to the Ordinary General Meeting the adoption of the Management Board's proposal on the distribution of the Company's profit and setting the date of the dividend and the date of payment of dividend. Final decision on the distribution of the 2019 profit will be made by the Ordinary General Meeting of the Company.



### 1.7.13. Information concerning seasonality or periodicity of operations

The Group's activity in the market for ICT systems integration demonstrates a seasonal nature of sales typical of the whole industry. In this segment, sales revenue is usually lower in the first three quarters and increases in the fourth quarter. The first quarter in particular is usually characterised by the lowest income. Seasonality also has a material influence on changes in the amounts of receivables and liabilities which are much higher at the end of the annual period, as compared with the first three quarters.

### 1.7.14. Unpaid loans or breach of the provisions of a loan agreement with regard to which no remedial actions had been taken by the balance sheet date

Did not occur in the 1<sup>st</sup> quarter of 2020.

### 1.7.15. Contingent liabilities and collateral

Collateral established on the Group's assets	31.03.2020	31.12.2019	31.03.2019
Collateral for bank credits	51,500	51,500	53,500
Collateral for lease agreements concluded	-	-	543
<b>Collateral established on the Group's assets – total</b>	<b>51,500</b>	<b>51,500</b>	<b>54,043</b>

As at March 31<sup>st</sup>, 2020:

- the amount of PLN 51,500 thousand is made up of the following items:
  - PLN 42,500 thousand – mortgage securing the debt due to a bank overdraft facility and investment loan taken out by Atende S.A. from mBank S.A.;
  - PLN 9,000 thousand – registered pledge on inventories under the bank overdraft facility extended by Santander Bank Polska S.A. (formerly: BZ WBK – Bank Zachodni WBK SA).

As at December 31<sup>st</sup>, 2019:

- the amount of PLN 51,500 thousand is made up of the following items:
  - PLN 42,500 thousand – mortgage securing the debt due to a bank overdraft facility and investment loan taken out by Atende S.A. from mBank S.A.;
  - PLN 9,000 thousand – registered pledge on inventories under the bank overdraft facility extended by Santander Bank Polska S.A. (formerly: BZ WBK – Bank Zachodni WBK SA).

As at March 31<sup>st</sup>, 2019:

- the amount of PLN 53,500 thousand is made up of the following items:
  - PLN 42,500 thousand – mortgage securing the debt due to a bank overdraft facility and investment loan taken out by Atende S.A. from mBank S.A.;
  - PLN 9,000 thousand – registered pledge on inventories under the bank overdraft facility extended by Santander Bank Polska S.A. (formerly: BZ WBK – Bank Zachodni WBK SA).
  - PLN 2,000 thousand – collateral for a bank overdraft taken out by Sputnik Software sp. z o.o.
- PLN 543 thousand – bills of exchange securing debt due to lease agreements concluded by Sputnik Software sp. z o.o.

	31.03.2020	31.12.2019	31.03.2019
Liabilities due to bank guarantees granted largely as a security for performance of trade contracts	13,392	10,756	16,434
Surety for the repayment of lease liabilities	3,380	3,227	2,844
<b>Total guarantees and sureties granted</b>	<b>16,772</b>	<b>13,983</b>	<b>19,278</b>

As at March 31<sup>st</sup>, 2020:

- the amount of PLN 13,392 thousand is made up of the following items:
  - PLN 10,378 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is Atende S.A.;
  - PLN 1,872 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is Atende Software sp. z o.o.;
  - PLN 670 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is Atende Medica sp. z o.o.;
  - PLN 422 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is A2 Customer Care sp. z o.o.;
  - PLN 50 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is Codeshine sp. z o.o. (previous name: Energy Data Lab sp. z o.o.);
- the amount of PLN 3,380 thousand is made up of the following items:
  - PLN 2,980 thousand — surety granted by Atende S.A. for the repayment of lease liabilities concluded by TrustIT sp. z o.o.;
  - PLN 400 thousand — surety granted by Atende S.A. for the repayment of liabilities under an agreement concluded by PhoenixSystems sp. z o.o.

As at December 31<sup>st</sup>, 2019:

- the amount of PLN 10,756 thousand is made up of the following items:
  - PLN 8,698 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is Atende S.A.;
  - PLN 881 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is Atende Medica sp. z o.o.;
  - PLN 705 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is Atende Software sp. z o.o.;
  - PLN 422 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is A2 Customer Care sp. z o.o.;
  - PLN 50 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is Energy Data Lab sp. z o.o.;
- the amount of PLN 3,227 thousand is made up of the following items:
  - PLN 2,827 thousand — surety granted by Atende S.A. for the repayment of lease liabilities concluded by TrustIT sp. z o.o.;
  - PLN 400 thousand — surety granted by Atende S.A. for the repayment of liabilities under an agreement concluded by PhoenixSystems sp. z o.o.

As at March 31<sup>st</sup>, 2019:

- the amount of PLN 16,434 thousand is made up of the following items:
  - PLN 11,581 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is Atende S.A.;
  - PLN 3,111 thousand — the value of guarantees of proper contract performance and tender guarantees, the guarantee principal is Sputnik Software sp. z o.o.;
  - PLN 987 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is Atende Medica sp. z o.o.;
  - PLN 705 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is Atende Software sp. z o.o.;
  - PLN 50 thousand — the value of liabilities due to bank guarantees granted largely as a security for performance of trade contracts, the guarantee principal is Energy Data Lab sp. z o.o.;
- PLN 2,844 thousand — surety granted by Atende S.A. for the repayment of liabilities under lease agreements concluded by TrustIT sp. z o.o.



**1.7.16. Information on financial instruments**

Financial assets and liabilities by category	31.03.2020	31.12.2019	31.03.2019
<b>Financial assets</b>			
Financial assets measured at amortised cost	72,185	100,019	88,516
Financial assets measured at fair value through other comprehensive income	80	80	80
Financial assets measured at fair value through profit or loss	185	-	-
<b>Financial liabilities</b>			
Financial liabilities measured at amortised cost	58,890	70,673	79,172
Financial liabilities measured at fair value through profit or loss	-	205	-

Taking into account the nature and specific features of the financial instrument categories presented above, the following classes of instruments have been distinguished within individual groups:

With regard to the category of loans and receivables	31.03.2020	31.12.2019	31.03.2019
Trade receivables and assets from contracts with customers	46,245	75,894	64,854
Lease receivables	470	527	-
Cash and cash equivalents	25,740	15,398	22,340
Receivables from sale of shares in Sputnik Software	-	8,200	-
Other receivables	-	-	1,322
<b>Total</b>	<b>72,185</b>	<b>100,019</b>	<b>88,516</b>

In the category of financial liabilities measured at amortised cost	31.03.2020	31.12.2019	31.03.2019
Liabilities due to credits and loans	10,420	6,152	10,055
Trade liabilities	21,076	37,552	38,032
Accruals due to uninvoiced costs	1,545	1,424	951
Lease liabilities	17,437	17,239	22,189
Leaseback liabilities	2,886	3,279	-
Liabilities from assignment of receivables	5,526	5,027	7,702
Other liabilities – expenditure on fixed and intangible assets	-	-	243
<b>Total</b>	<b>58,890</b>	<b>70,673</b>	<b>79,172</b>

The fair value of financial instruments measured at amortised cost does not differ significantly from their book value.

**Hedge accounting**

In the 1<sup>st</sup> quarter of 2020 and in the 1<sup>st</sup> quarter of 2019, the Issuer did not apply hedge accounting.

**Derivatives**

In the 1<sup>st</sup> quarter of 2020 and in the 1<sup>st</sup> quarter of 2019, derivatives were held only by Atende and related to forward currency contracts.

**1.7.17. Revenue**

	1 <sup>st</sup> quarter of 2020	2019	1 <sup>st</sup> quarter of 2019
Sales revenue	42,023	295,289	74,112
Other operating revenue	522	6,760	364
Finance income	431	371	207
<b>TOTAL revenue</b>	<b>42,976</b>	<b>302,420</b>	<b>74,683</b>

Structure of revenue by product line	1 <sup>st</sup> quarter of 2020	2019	1 <sup>st</sup> quarter of 2019
Supply of equipment	16,305	130,230	40,722
Implementation, integration and other services	3,297	18,998	3,634
Support and maintenance services	11,835	97,758	20,318
Specialist services (audits, technical designs, concept development)	1,586	11,730	2,331
Services related to data transmission	7,450	30,143	4,302
IT services for the healthcare sector	1,015	6,396	2,950
Services related to the development and implementation of IT systems for the public sector	-	-	157
Other services	1,573	6,762	870
Consolidation exclusions	(1,038)	(6,729)	(1,172)
<b>Sales revenue from continuing operations</b>	<b>42,023</b>	<b>295,289</b>	<b>74,112</b>

Structure of revenue by the manner of satisfaction of performance obligations	31.03.2020	31.12.2019	31.03.2019
Revenue recognised upon satisfaction	34,629	223,095	58,040
Revenue recognised in the course of satisfaction	7,394	72,194	16,072
<b>Sales revenue</b>	<b>42,023</b>	<b>295,289</b>	<b>74,112</b>

Balances related to contracts with customers	31.03.2020	31.12.2019	31.03.2019
Long and short term trade receivables	29,333	62,774	54,327
Assets from contracts with customers	16,395	13,120	10,527
Liabilities from contracts with customers	26,730	23,137	41,500

	1 <sup>st</sup> quarter of 2020		2019		1 <sup>st</sup> quarter of 2019	
	Assets from contracts with customers	Liabilities from contracts with customers	Assets from contracts with customers	Liabilities from contracts with customers	Assets from contracts with customers	Liabilities from contracts with customers
Revenue recognised in the current period that was included in the opening balance of the liability from contract	-	(8,264)	-	(31,874)	-	(8,941)
Increase due to payments made by Customers or recognition of receivables for a performance obligation that is are unsatisfied or partially unsatisfied	-	11,758	-	14,095	-	9,525
Change in contract assets following the classification of the consideration as unconditional	3,077	-	3,974	-	1,502	-

#### **1.7.18. Settlements arising from court cases**

As at the date of report publication, neither the Company nor its subsidiaries are parties to any court dispute whose value exceeds PLN 1 million.

#### **1.7.19. Events after the balance sheet date**

##### **Recommendation of the Management Board concerning distribution of profit for 2019**

On May 11<sup>th</sup>, 2020, the Management Board of Atende adopted a resolution on distribution of the profit of Atende S.A. for 2019, pursuant to which it decided to recommend to the Ordinary General Meeting of the Company adoption of a resolution on allocating a total amount of PLN 7,995,535.68 from the Company's net profit for the financial year 2019, which amounted to PLN 14,056,137.26, to payment of dividend, i.e. PLN 0.22 per share, as well as allocating the remainder of the Company's net profit for the financial year 2019 in the amount of PLN 6,060,601.58 to the Company's supplementary capital. The Management Board of the Company recommended the date of July 24<sup>th</sup>, 2020 as the date of the dividend and August 10<sup>th</sup>, 2020 as the date of payment of dividend.

The Supervisory Board of the Company decided to recommend to the Ordinary General Meeting the adoption of the Management Board's proposal on the distribution of the Company's profit and setting the date of the dividend and the date of payment of dividend. Final decision on the distribution of the 2019 profit will be made by the Ordinary General Meeting of the Company.

#### **1.7.20. Changes in the structure of the Capital Group and business entities which are its members, made in the 1<sup>st</sup> quarter of 2020**

None.

## **2. Management Board report on the activities of the Capital Group**

### **2.1. Core operations**

The parent company of the Atende Capital Group (the "Group", the "Capital Group", the "Atende Group") is Atende S.A. (the "Company", the "Issuer", "Atende") with its registered office in Warsaw at plac Konesera 10a, registered at the District Court for the capital city of Warsaw, 13<sup>th</sup> Commercial Division of the National Court Register under KRS No: 0000320991, Share capital: PLN 7,268,668.80 paid in full, Tax ID No (NIP): 954-23-57-358, Statistical ID No (REGON): 276930771. As of May 28<sup>th</sup>, 2012, the Company has been listed on the Warsaw Stock Exchange.

The Company has been operating under the name of Atende since April 12<sup>th</sup>, 2013, when the change in the Issuer's name from ATM Systemy Informatyczne S.A. to Atende S.A. was registered in the National Court Register. ATM Systemy Informatyczne S.A. had been established as a result of acquisition of all assets of ATM Systemy Informatyczne sp. z o.o. by KLK S.A., with simultaneous change of the company name from KLK S.A. to ATM Systemy Informatyczne S.A. and relocation of its registered office to Warsaw. The aforementioned changes were registered in the National Court Register on January 3<sup>rd</sup>, 2011.

The Issuer's core business is the integration of ICT systems. The Company has over twenty years of experience resulting from the performance of many implementation projects. The implementations are characterised by a high quality, the highest technological level and a large scale of complexity. Moreover, Atende is competent in the field of software development and offers IT outsourcing as well as cloud computing services. Atende S.A. is one of the leading IT companies in Poland.

Through its subsidiaries, the Issuer's Capital Group carries out activities in other attractive niches of the IT market. Atende Software sp. z o.o. specialises in innovative software for online multimedia distribution, for Smart Grids and cyber security. Atende Medica sp. z o.o. offers IT solutions for the healthcare sector, in particular hospitals, outpatient clinics and doctors' offices. Phoenix Systems sp. z o.o. offers a proprietary, real-time operating system dedicated to the Internet of Things. OmniChip sp. z o.o. designs electronic circuits, TrustIT sp. z o.o. offers modern services of remote IT systems maintenance, Energy Data Lab sp. z o.o. develops software and provides data analyses in the Big Data technology, while A2 Customer Care sp. z o.o. implements specialist solutions in the area of customer service and ERP systems. The Atende Group companies were established for an indefinite period of time.

### **2.2. Composition of the Company's governing and supervising bodies**

The Company is managed by the Management Board comprising five members. Its composition as at the date of submission of this report is as follows:

- Roman Szwed — President of the Management Board,
- Iwona Bakuła — Vice-President of the Management Board,
- Jacek Forysiak — Vice-President of the Management Board,
- Szymon Stępczak — Vice-President of the Management Board,
- Jacek Szczepański — Vice-President of the Management Board.

No changes in the composition of the Management Board took place in the 1<sup>st</sup> quarter of 2020 and after the balance sheet date.

The Company is supervised by a Supervisory Board comprising five members. Its composition as at the date of submission of this report is as follows:

- Patrycja Buchowicz — Chairperson of the Supervisory Board,
- Jan Madey — Member of the Supervisory Board,
- Paweł Małyska — Member of the Supervisory Board,
- Maciej Matusiak — Member of the Supervisory Board,
- Monika Mizielewska-Chmielewska — Member of the Supervisory Board.

Michał Markowski resigned from the Supervisory Board of Atende S.A. as of December 31<sup>st</sup>, 2019. Paweł Małyska was appointed as a member of the Supervisory Board on January 10<sup>th</sup>, 2020. No other changes in the composition of the Supervisory Board took place in the 1<sup>st</sup> quarter of 2020 and after the balance sheet date.

## 2.3. Description of the organisation of the Capital Group

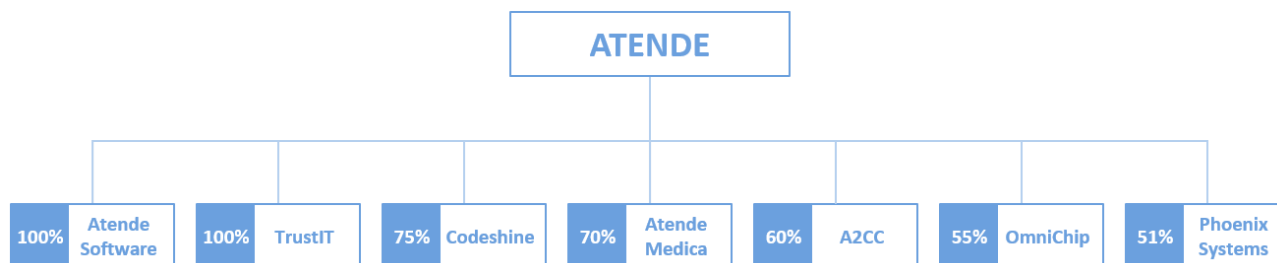
### 2.3.1. Structure of the Capital Group

As at March 31<sup>st</sup>, 2020, the Atende Capital Group comprised 8 entities:

- Atende S.A. — the parent company;
- 7 subsidiaries:
  - Atende Software sp. z o.o. with its registered office in Warsaw, in which the Issuer holds 100% of share capital and votes at the shareholders' meeting;
  - TrustIT Sp. z o.o. with its registered office in Łódź, in which the Issuer holds 100% of shares and votes at the shareholders' meeting;
  - Codeshine sp. z o.o. (on March 24<sup>th</sup>, 2020, change of the company's name from Energy Data Lab sp. z o.o. to Codeshine sp. z o.o. was entered in the National Court Register) with its registered office in Warsaw, in which the Issuer holds 75.31% of share capital and votes at the shareholders' meeting;
  - Atende Medica sp. z o.o. with its registered office in Warsaw, in which the Issuer holds 69.91% of share capital and votes at the shareholders' meeting;
  - A2 Customer Care sp. z o.o. with its registered office in Wrocław, in which the Issuer holds 60% of share capital and votes at the shareholders' meeting;
  - OmniChip sp. z o.o. with its registered office in Warsaw, in which the Issuer holds 55% of share capital and votes at the Shareholders' Meeting;
  - Phoenix Systems sp. z o.o. with its registered office in Warsaw, in which the Issuer holds 51% of share capital and votes at the Shareholders' Meeting.

The Atende Group companies were established for an indefinite period of time.

The structure of the Capital Group as at the end of the reporting period.



### 2.3.2. Consolidated and non-consolidated entities

All subsidiaries are fully consolidated. For information about consolidation, see Section 1.5.4 hereof.

### 2.3.3. Changes in the organisation of the Capital Group

In the 1<sup>st</sup> quarter of 2020, there were no changes in the Capital Group's organisation.

On March 24<sup>th</sup>, 2020, the change of the company name from Energy Data Lab sp. z o.o. to Codeshine sp. z o.o. was entered in the National Court Register.

## 2.4. Commentary of the Management Board on the Issuer's achievements in the 1<sup>st</sup> quarter of 2020

Atende Group's performance in the 1<sup>st</sup> quarter of 2020 was weaker than in the first quarter of the previous year; however, they do not differ significantly from the results usually obtained in the first quarter of the year. The Group's performance and year-on-year comparison were affected by three major factors. Firstly, Sputnik Software's figures are no longer consolidated because the Issuer sold its shares in the company at the end of 2019. The second factor, though with the most significant impact on the result of the comparison between the first quarter of this year and of 2019, is the very high benchmark due to very strong performance in the first quarter of 2019, usually difficult to achieve in the first quarter of the year. Another factor that had a negative bearing on the performance was the restrictions introduced in March this year due to the pandemic and

the ongoing stagnation in the public procurement market. It resulted in postponement of the implementation of projects with a total value of about PLN 10 million, and revenues from public sector clients in the parent company, Atende, alone decreased by PLN 13.6 million compared to the first quarter of 2019. The result was also adversely affected by foreign exchange losses related to the measurement of liabilities under long-term lease agreements for office space in Atende, Atende Software and Omnichip, denominated in EUR and recognised in the statement of comprehensive income in accordance with IFRS 16, which reduced the Atende Group's profit before tax by a total of PLN 955 thousand in the first quarter of 2020 (in the first quarter of 2019 the negative impact was PLN 3 thousand).

The Management Board believes that in the current economic situation, the company's financial stability is more important than a temporary increase in sales. It is particularly worth emphasizing that the Atende Group has a very good cash position. As at the end of the first quarter of 2020, cash stood at PLN 25.7 million, having increased by PLN 10.3 million over the reporting period.

In the 1<sup>st</sup> quarter of 2020, the Atende Group earned sales revenue of PLN 42,023 thousand, which represents a decrease by 43% y/y, while the gross profit on sales amounted to PLN 14,500 thousand, which means a decrease by 18% y/y. The decrease in gross profit on sales translated into weaker performance of the Atende Group in the 1<sup>st</sup> quarter of 2020. In the reported period, operating result was negative and stood at PLN (692) thousand (down from PLN 2,204 thousand in the 1<sup>st</sup> quarter of 2019), EBITDA at PLN 2,477 thousand (down by 57% y/y), and the Group recorded a net loss<sup>1</sup> of PLN 1,817 thousand compared to a profit of PLN 1,228 thousand in the previous year. The net profit was also adversely affected by finance costs which were higher by PLN 1,143 thousand year-on-year. The increase in finance costs was primarily driven by the aforementioned foreign exchange losses resulting from the measurement of liabilities related to office space lease contracts denominated in EUR.

Selected financial data	Atende Capital Group			Atende S.A.		
	1 <sup>st</sup> quarter of 2020	1 <sup>st</sup> quarter of 2019	Change	1 <sup>st</sup> quarter of 2020	1 <sup>st</sup> quarter of 2019	Change
Sales revenue	42,023	74,112	(43)%	31,357	60,261	(48)%
Gross profit on sales	14,500	17,778	(18)%	7,305	10,350	(29)%
<i>Gross profit margin on sales</i>	<i>34.5%</i>	<i>24.0%</i>	<i>10.5 p.p.</i>	<i>23.3%</i>	<i>17.2%</i>	<i>6.1 p.p.</i>
General and administrative costs	15,169	15,852	(4)%	7,967	8,919	(11)%
Operating profit (loss)	(692)	2,204	-	(628)	1,508	-
EBITDA <sup>1</sup>	2,477	5,720	(57)%	1,079	3,265	(67)%
Profit (loss) before tax	(2,364)	1,451	-	(1,661)	899	-
Net profit (loss) <sup>2</sup>	(1,817)	1,228	-	(1,387)	997	-

<sup>1</sup> EBITDA = Operating profit (loss) + amortisation/depreciation (ratio not defined in IFRS)

<sup>2</sup> for the Atende Group: net profit (loss) attributed to shareholders of the parent entity

The combined impact of subsidiaries on the consolidated profits at operating, pre-tax and net levels, achieved in the first quarter of 2020, was negative. Among subsidiaries, A2CC had the most significant positive impact on the results. Atende Software and TrustIT also delivered positive figures. Other companies reported losses in the first quarter of this year.

In the 1<sup>st</sup> quarter of 2020, Atende earned sales revenue of PLN 31,357 thousand which represents an increase by 48% y/y. The decrease in gross profit on sales by 29% y/y (to PLN 7,305 thousand), despite a decrease (by 11% y/y) in general and administrative expenses, translated into weaker performance of the Company. At the operating level, a loss of PLN 628 thousand was recorded (compared to a profit of PLN 1,508 thousand a year earlier), EBITDA amounted to PLN 1,079 thousand, down by 67%, and the Company posted net loss of PLN 1,387 thousand compared to a profit of PLN 997 thousand in the 1<sup>st</sup> quarter of 2019.

### Capital Group's sales by market segment

In the 1<sup>st</sup> quarter of 2020, the Atende ICT systems integration segment generated sales revenues lower by PLN 28.9 million (or 48%) y/y, mainly as a result of much lower sales to public sector customers (drop by PLN 13.6 million as compared to the 1<sup>st</sup> quarter of 2019) and to the telecommunications and media sector (decrease by PLN 9.6 million). Due to the restrictions

<sup>1</sup> Net profit/loss attributed to shareholders of the parent company

associated with the pandemic, a significant amount of revenue was carried over to the next quarter. Due to the 18% y/y decrease in sales margin, despite a year-on-year decrease in costs, profit on the EBITDA level in the 1<sup>st</sup> quarter of 2020 amounted to PLN 0.9 thousand, compared to a profit of PLN 3.1 million in the 1<sup>st</sup> quarter of 2019.

The subsidiaries ICT systems integration segment also reported a year-on-year decrease in sales (down by 22% y/y) and in margin on sales (down by 21% y/y) in the 1<sup>st</sup> quarter of 2020. In turn, the segment's EBITDA decreased by 46% y/y to PLN 1.5 million. This was mainly due to discontinuation of consolidation of Sputnik Software, following the sale of all shares in this company by the Issuer on December 27<sup>th</sup>, 2019. In the first quarter of 2019, Sputnik Software earned sales revenue of PLN 5.7 million, sales margin of PLN 3.8 million and EBITDA of PLN 1.2 million. In the first quarter of 2020, A tende Software and A2CC had the greatest positive impact on the segment's performance.

Consolidated sales by market segment <sup>1</sup>	1 <sup>st</sup> quarter 2020	1 <sup>st</sup> quarter 2019	Change
<b>Integration of ICT systems at Atende</b>			
Sales revenue	31,015	59,964	(48)%
Sales margin <sup>2</sup>	11,706	14,295	(18)%
<i>Sales margin in %</i>	37.7%	23.8%	13.9 p.p.
EBITDA <sup>3</sup>	892	3,123	(71)%
<b>Integration of ICT systems at subsidiaries</b>			
Sales revenue	11,704	15,023	(22)%
Sales margin <sup>2</sup>	8,333	10,582	(21)%
<i>Sales margin in %</i>	71.2%	70.4%	0.8 p.p.
EBITDA <sup>3</sup>	1,498	2,770	(46)%

<sup>1</sup> excluding consolidation exclusions and other revenue

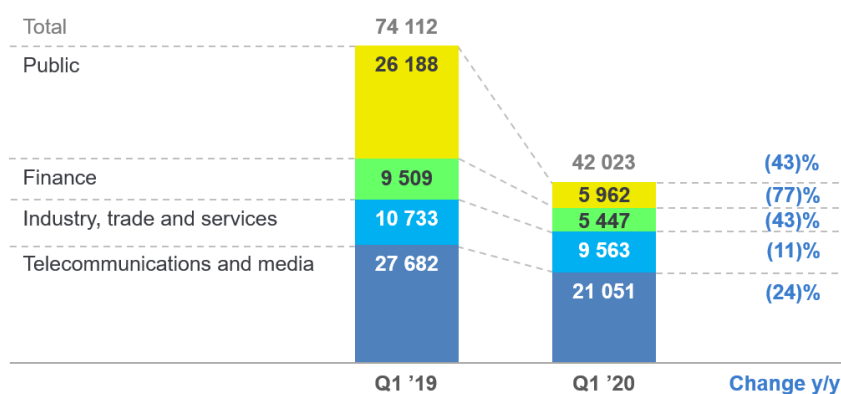
<sup>2</sup> Sales margin = Sales revenue - Variable selling costs

<sup>3</sup> EBITDA = Operating profit (loss) + amortisation/depreciation (ratio not defined in IFRS)

### Capital Group's sales by market segment

In the 1<sup>st</sup> quarter of 2020, the Atende Group's sales in all reported sectors were lower than in the previous year. The decrease in consolidated revenue from sales in the 1<sup>st</sup> quarter of 2020, as compared to the corresponding period of the previous year, was primarily due to the public, where revenue decreased by PLN 20.2 million y/y. This primarily results from continued tightening of public procurement and disposal of Sputnik Software, a company operating on the public market, at the end of 2019 (revenue of PLN 5.6 million in the first quarter of 2019).

Atende Group's sales by market segment



In the market of telecommunications and media operators, which is a key market for the Issuer, the Atende Group's sales revenue for the 1<sup>st</sup> quarter of 2020 amounted to PLN 21.1 million, which represents a decrease by 24% as compared to the previous year. Revenue from this sector accounted for 50% of total consolidated revenue in the 1<sup>st</sup> quarter of 2020 as compared to 37% in the previous year. Projects implemented by Atende for mobile operators were of key importance within this sector. They included mainly the area of data transmission infrastructure extension, including the LTE technology, as well as settlements and IP services billing. In the 1<sup>st</sup> quarter of 2020, revenue from the most stable group of Atende's customers, i.e. mobile operators, amounted to PLN 9.1 million, as compared to PLN 14.6 million in the previous year. The decrease is

mainly due to a postponement of delivery of one project to the second quarter, caused by restrictions related to the pandemic. Apart from Atende, sales to telecommunications and media sector's customers are also generated by Atende Software, which provides multimedia content distribution services. In the 1<sup>st</sup> quarter of 2020, Atende Software's sales of these services to customers in this sector amounted to PLN 6.7 million (up by 78% y/y).

The second largest sales sector in terms of sales in the 1<sup>st</sup> quarter of 2020 was the industry, trade, and services sector. Sales to customers in this sector stood at PLN 9.6 million, down by 11% y/y. In the 1<sup>st</sup> quarter of 2020, the sector's share in consolidated revenue amounted to 23%, as compared to 14% in the corresponding period of the previous year. The largest implementation was related to the upgrade of technical infrastructure in an industrial company (PLN 0.7 million). Activities related to smart grids, carried out by Atende Software, generated PLN 0.6 million in the 1<sup>st</sup> quarter of 2020, as compared to PLN 0.9 million in the previous year. In turn, A2CC earned revenue of PLN 1.1 million from customers in the sector, compared to PLN 0.6 million in the first quarter of 2019, from the implementation of specialist customer service solutions and ERP systems.

Revenue from public sector customers decreased by 77% y/y in the first quarter of this year to PLN 6.0 million. In the reporting period, this sector's share in consolidated revenue amounted to 14%, as compared to 35% in the previous year. The decline in the Atende Group's sales in the sector, as already mentioned above, was caused by reduced procurement by public entities and disposal of Sputnik Software by the Issuer. The largest project was related to the extension of the three-centre virtualisation platform environment for the Ministry of National Defence (total revenue in the 1<sup>st</sup> quarter of 2020: PLN 1.2 million). Atende Medica, a company operating on the public sector market, earned sales revenue of PLN 1.0 million, down from PLN 2.2 million in the previous year. This decline is largely explained by delays in implementation caused by the pandemic.

The Capital Group's sales structure by market sector	1 <sup>st</sup> quarter 2020	1 <sup>st</sup> quarter 2019	Change
Telecommunications and media	21,051	27,682	(24)%
Finance	5,447	9,509	(43)%
Public	5,962	26,188	(77)%
Industry, trade and services	9,563	10,733	(11)%
<b>TOTAL</b>	<b>42,023</b>	<b>74,112</b>	<b>(43)%</b>

In the 1<sup>st</sup> quarter of 2020, sales of the Atende Group to the financial sector's customers, which are practically entirely generated by Atende, declined by 43% as compared to the same period of the previous year and amounted to PLN 5.4 million. Revenue from this sector accounted for 13% of consolidated revenue in the 1<sup>st</sup> quarter of 2020, as in the previous year. Sales to capital market entities were of the greatest importance for this sector in the reported period, accounting for 50% of the sector's total sales revenue. The largest project in the sector concerned the upgrade of a network infrastructure at a brokerage house (PLN 2.3 million). Atende also executed smaller contracts for a number of entities in the financial sector, mainly for insurance companies and banks, primarily in the field of outsourcing, maintenance and cloud computing services.

In the following years, the Issuer will be firmly committed to balanced sales to all market sectors. However, given our experience, expertise and solutions offered, Atende will focus on a dynamic growth in sales to mobile telecommunications operators and online content distribution platforms, institutions and companies in the defence sector, electricity distributors and entities in the financial sector.

### Companies of the Capital Group

In the 1<sup>st</sup> quarter of 2020, **Atende Software**, which specialises in developing innovative software and products and services based on this software, has developed its activities in three sectors: multimedia, smart grids and IT security. In the multimedia sector, the fourth stage of the Multiplatforma project for Festival Group sp. z o.o. was delivered on time. The entire project, involving the implementation of the redGalaxy platform, extended with innovative functionalities enabling the viewer to interact with the content, was completed on April 28<sup>th</sup>, 2020. The redGalaxy platform is the largest system for Internet TV in Poland, used, among others, by TVN S.A., Polkomtel sp. z o.o., TVP S.A., ITI Neovision S.A., P4 sp. z o.o., Multimedia Polska S.A., Vectra S.A. and EuroZet sp. z o.o. The daily load of the redGalaxy CDN content distribution system reaches the level of 450 Gbit/s.

In the smart grid sector, Atende Software has won two major orders from Energa Operator S.A.: "Contract for the provision of IT services in the area of development of the Central Database for Measurements system" worth PLN 6.9 million and "Contract for implementation of changes in the Central Database of Measurements, with respect to support for power fee and prepaid functionality" worth PLN 1.0 million. The contracts will be implemented over the period 2020-2021. Additionally, the company implemented current contracts with Energa-Operator S.A. concerning the maintenance and development of AMI (*Advanced Metering Infrastructure*) application. The company also developed the AMI software with a view to potential foreign customers and smaller domestic customers. In addition, the company implemented projects co-financed with the EU funds: besmart.energy – the aim of which is to design and build a platform for the management of energy clusters and "Intelligent



system of support and optimization in the field of network assets management" (implemented in consortium with PKP Energetyka by mid-2021).

In the security sector, the company implemented an internal development project to commence offering protection against application attacks, using a reverse proxy model. The system is scheduled to go live in mid-2020. The first contract to launch this system for a public sector client has also been executed. In addition, the company continued the development of the redGuardian platform. The solution is the first Polish product used for protection against DDoS (*Distributed Denial of Service*) attacks and is offered both in the implementation model (in a form of a dedicated device) and as a service (as a scrubbing center).

In the 1<sup>st</sup> quarter of 2020, **Atende Medica** — the company offering IT solutions for the medical sector — completed the computerisation project at the Hospital in Mrągowo (the gross value of the part of the project delivered this year amounts to PLN 0.5 million) and completed the project "Delivery and implementation of an Integrated ERP System" at the Solec Hospital (project with the gross value of PLN 1.0 million). Also in the first quarter of this year, a contract was signed for the implementation of a queuing system for two outpatient clinics.

In connection with the announcement of the state of the epidemic, the company has taken a number of measures to upgrade its software in order to adapt its functionalities to the situation. The support for the message for checking the status of entitlements to eWUŚ benefits has been enabled in the application in version v5, running in parallel with the currently valid version v3 of the message. The view of information on putting into quarantine has been introduced. This information is contained in the universal element introduced, presenting additional information related to the person verified in eWUŚ. A possibility to store historical records concerning patient quarantine has been introduced in the system. Also in the first quarter, the company enabled all its customers to launch patient portals free of charge in order to ensure the maximum safety for their medical staff. All these activities were covered by free service and implementation support.

In the 1<sup>st</sup> quarter of 2020, **Phoenix Systems**, a company developing innovative software for the market of Internet of Things, carried out a number of development projects. In cooperation with Apator Metrix, the company developed software for new hardware platform of gas meter. For Apator S.A., the company worked on development of a smart electricity meter. The company also developed software for the platform of concentrator and pulse counter devices for Energa Operator S.A. and continued to develop an innovative electricity meter for Atende Software. It is important to emphasize that Apator Metrix, being one of the main customers of the Company, won the tender for delivery of gas meters to Polska Spółka Gazownictwa. This is the first implementation of the Phoenix-RTOS system in the gas sector. First deliveries are scheduled for the turn of the second and third quarter of this year.

In the 1<sup>st</sup> quarter of 2020, **OmniChip**, a company which designs electronic devices and integrated circuits, continued sales of its products: ActiveBlocker — a card with integrated circuit protecting against unauthorized obtaining of data from payment cards, and Akadi devices — air quality sensors. The company also worked on the commercialisation of semiconductor IP (*Intellectual Property*), developed as part of the ActiveBlocker project, and on the project entitled "Universal hardware platform supporting games for the blind and partially sighted, with particular emphasis on multiplayer and integrating games", co-financed by the NCRD as part of the GameInn programme. At the same time, the company carried out design work for two external semiconductor companies.

In the 1<sup>st</sup> quarter of 2020, **TrustIT**, which specialises in remote IT systems maintenance services, continued to provide services to its customers. Additionally, the company launched a procedure to implement the ISO 27001 information security management system.

In the 1<sup>st</sup> quarter of 2020, **Energy Data Lab** — now **Codeshine**, which specialises in state-of-the-art Internet software development and advanced analysis of large amounts of data from different sources, i.e. in the Big Data technology, focused on the implementation of the strategy established in 2019 in order to develop, stabilise its financial standing and expand its sales activities to other sectors and markets. After the successful closing of 2019, the complete rebranding of the company to Codeshine was an important step in the company's development. The aim of these efforts was to build a new brand in the area of software development on the domestic and foreign markets. In the first quarter of this year, the most significant work was carried out for Kantar Polska S.A. in the area of promoting and developing the "TGI smart" product ([www.tgismart.com](http://www.tgismart.com)).

In the 1<sup>st</sup> quarter of 2020, **A2 Customer Care**, which specialises in comprehensive implementation of specialist solutions in the area of customer service and ERP systems, continued to execute a framework agreement, signed in the 4<sup>th</sup> quarter of 2018, for the provision of support services and development of customer systems in the gas sector (3-year agreement). In addition, the company developed the eCars platform for the management of charging stations for electric cars and was engaged in commercial activities, both among commercial companies and local government units.

#### **2.4.1. Sales of permanent services**

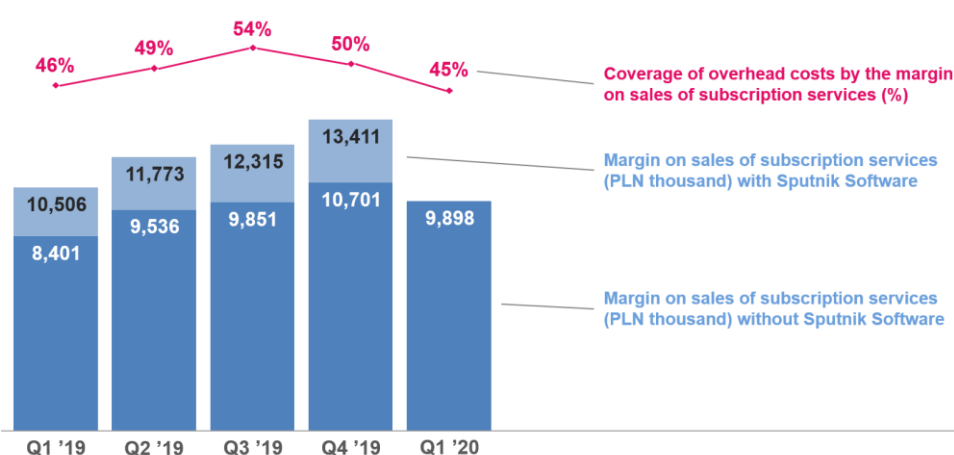
Atende pays particular attention to services of a permanent nature, hereinafter referred to as subscription services. These are mainly revenues from the sales of services in the cloud computing model as well as outsourcing and maintenance services. These services are typically billed in cycles (most often on a monthly basis), and contracts for the provision of such services

are usually concluded for several years or provide for long notice periods. The increase in subscription sales is an important element of the Issuer's strategy.

On December 27<sup>th</sup>, 2019, the Issuer sold all shares held in Sputnik Software, a company that generated 20% of margin on sales of subscription-based services in 2019. Therefore, in order to analyse changes in sales of currently offered permanent services, the figures generated in 2020 will be compared to those of 2019, excluding margins generated by Sputnik Software.

In the 1<sup>st</sup> quarter of 2020, the consolidated sales margin on subscription services amounted to PLN 9,898 thousand, which represents an increase by 18% y/y, covering 45% of fixed costs of the Atende Group in the reported period. The provision of maintenance services by Atende and multimedia content distribution services by Atende Software are of the greatest importance for the sales of subscription services. On the other hand, compared to the previous quarter, i.e. the fourth quarter of 2019, margins in the reporting period decreased by 8%. Lower margins were earned from multimedia content distribution and sales of maintenance services by Atende. Higher margins were earned from the remote IT systems maintenance services provided by TrustIT and permanent services provided by Atende Medica to medical entities..

Sales of subscription services of the Atende Group – quarter-on-quarter



\*Sales margin = Sales revenue – Variable selling costs

## 2.5. Description of atypical factors and events which materially affect financial results achieved

There were no such factors and events.

## 2.6. Significant events during the period covered by the statements

### Appointment of a Supervisory Board Member

On January 10<sup>th</sup>, 2020, the Supervisory Board of the Company, pursuant to provisions of the second sentence of § 21 (5) of Atende S.A.'s Articles of Association, appointed Paweł Małyska as a member of the Supervisory Board. The new member of the Supervisory Board was appointed following Michał Markowski's resignation as of December 31<sup>st</sup>, 2019.

### Information on the impact of the COVID-19 pandemic on operations of the Atende Group

On March 25<sup>th</sup>, 2020, the Company informed in its current report No 4/2020 about the impact of the COVID-19 pandemic on the operations of the Atende Group. According to the Issuer's assessment as at March 25<sup>th</sup>, 2020, the COVID-19 pandemic and the related market situation will adversely affect the financial performance of Atende and the Atende Group in 2020. At the same time, given the unprecedented nature of the current situation, including the unpredictable length of the further duration of the epidemic risk, the scale of all administrative restrictions, their economic impact, both during and after the end of the epidemic threat, it is not possible to estimate the scale of this impact at the time of publication of this report.

The Issuer has identified the major risks associated with the pandemic. These are: deterioration of the financial standing of the Group's clients, creation of payment bottlenecks at business partners, reduction or delay of IT projects by the Group's clients, delays in the execution of orders by suppliers, postponement of orders and execution, and fluctuations in exchange rates.

The Company is taking steps to minimize the negative effects of the pandemic. Expenditures, including investments, which are not essential for the continuation of operations have been postponed. In addition, the Company analyses scenarios of cost-saving measures, depending on the current and anticipated effects of the pandemic. The advantageous factor in the current situation is the current, very good financial situation of the Issuer.

The Atende Group follows all safety, health and hygiene guidelines recommended by the Chief Sanitary Inspectorate and other state institutions. First of all, direct contacts of employees inside and outside the organization have been limited, remote communication methods are widely used, more office workers perform their duties remotely. The Issuer's priority is to maintain business continuity and ensure the safety of Atende Group's employees and stakeholders.

## **2.7. Material events after the balance sheet date**

### **Recommendation of the Management Board concerning distribution of profit for 2019**

On May 11<sup>th</sup>, 2020, the Management Board of Atende adopted a resolution on distribution of the profit of Atende S.A. for 2019, pursuant to which it decided to recommend to the Ordinary General Meeting of the Company adoption of a resolution on allocating a total amount of PLN 7,995,535.68 from the Company's net profit for the financial year 2019, which amounted to PLN 14,056,137.26, to payment of dividend, i.e. PLN 0.22 per share, as well as allocating the remainder of the Company's net profit for the financial year 2019 in the amount of PLN 6,060,601.58 to the Company's supplementary capital. The Management Board of the Company recommended the date of July 24<sup>th</sup>, 2020 as the date of the dividend and August 10<sup>th</sup>, 2020 as the date of payment of dividend.

The Supervisory Board of the Company decided to recommend to the Ordinary General Meeting the adoption of the Management Board's proposal on the distribution of the Company's profit and setting the date of the dividend and the date of payment of dividend. Final decision on the distribution of the 2019 profit will be made by the Ordinary General Meeting of the Company.

## **2.8. Factors which in the Issuer's opinion will affect its financial performance over at the following quarters**

The following external factors may influence operations and financial results of the Issuer and its Capital Group in the upcoming quarters:

- effects of the COVID-19 pandemic;
- the pace of Poland's economic development;
- stability of the domestic situation in the country;
- impact of the political situation on investment decisions of public institutions and enterprises,
- the tendency of enterprises to invest in IT infrastructure development;
- changes in the exchange rate of PLN in relation to EUR and USD;
- the level of utilisation of EU funds by enterprises and other entities;
- development of new technologies;
- increased awareness of needs in the scope of IT;
- availability of credit facilities.

Internal factors important for the development of the Atende Group companies include:

- the maximum use of the synergy effect between Atende and companies comprising the Group: Atende Software, Atende Medica, Phoenix Systems, OmniChip, TrustIT, Codeshine (change of the company's business name from Energy Data Lab on March 24<sup>th</sup>, 2020) and A2 Customer Care,
- dynamic increase in revenue from the services segment, including from the permanent (subscription) services segment;
- obtaining the highest partnership status in the largest hardware and software manufacturers;
- expansion and strengthening of the customer base;
- improvement of sales operations;
- the level of diversification of trading partners.

In line with the strategy, the Group companies will intensify development of their services — especially in terms of subscription services — which have a major impact on the stabilisation of the financial situation of the Issuer and the Capital Group, and will also seek to increase sales of software, innovative technical solutions and high-margin services.

### **Risk related to COVID-19 pandemic**

At the time of publication of this report, the effects of the COVID-19 pandemic may have the greatest impact on the development prospects of the Atende Group in 2020. According to the Issuer's assessment, the COVID-19 pandemic and the related market situation will adversely affect the financial performance of Atende and the Atende Group in 2020. At the same

time, given the unprecedented nature of the current situation, including the unpredictable length of the further duration of the epidemic risk, the scale of all administrative restrictions, their economic impact, both during and after the end of the epidemic threat, it is not possible to estimate the scale of this impact at the time of publication of this report.

The Issuer has identified the major risks associated with the pandemic. These are: deterioration of the financial standing of the Group's clients, creation of payment bottlenecks at business partners, reduction or delay of IT projects by the Group's clients, delays in the execution of orders by suppliers, postponement of orders and execution, and fluctuations in exchange rates.

The Company is taking steps to minimize the negative effects of the pandemic. Expenditures, including investments, which are not essential for the continuation of operations have been postponed. In addition, the Company prepares scenarios of cost-saving measures, depending on the current and anticipated effects of the pandemic. The advantageous factor in the current situation is the current, very good financial situation of the Issuer.

The Atende Group follows all safety, health and hygiene guidelines recommended by the Chief Sanitary Inspectorate and other state institutions. First of all, direct contacts of employees inside and outside the organization have been limited, remote communication methods are widely used, more office workers perform their duties remotely. The Issuer's priority is to maintain business continuity and ensure the safety of Atende Group's employees and stakeholders.

## 2.9. Other information

### 2.9.1. The opinion of the Management Board regarding the possibility of fulfilling the previously published forecasts of results for a given year

The Company did not publish forecasts for 2020.

### 2.9.2. Information on shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Issuer's general meeting as at the date of submission of the report

	Number of shares shown in the previous interim report <sup>1</sup>	Share in the number of votes at the General Meeting represented in the previous	Change in the number of votes at the General Meeting between March 27 <sup>th</sup> , 2019 and	Number of shares as at the date of filing the report <sup>2</sup>	Share in the number of votes at the General Meeting as at the date of filing the
Roman Szwed together with the related entity Spinoza Investments Sp. z o.o. S.K.A.	11,956,958	32.90%	-	11,956,958	32.90%
Nationale-Nederlanden OFE	6,000,000	16.51%	-	6,000,000	16.51%
PKO OFE	3,333,615	9.17%	-	3,333,615	9.17%
Other	15,052,771	41.42%	-	15,052,771	41.42%
<b>Total</b>	<b>36,343,344</b>	<b>100%</b>	<b>N/A</b>	<b>36,343,344</b>	<b>100%</b>

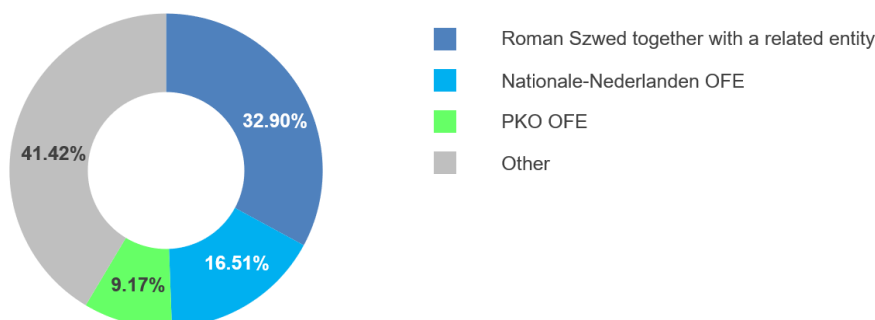
<sup>1</sup> According to confirmations obtained as at March 31<sup>st</sup>, 2020.

<sup>2</sup> According to confirmations obtained by May 19<sup>th</sup>, 2020

<sup>3</sup> Spinoza Investments Sp. z o.o. S.K.A. is an entity controlled in 100%, directly and indirectly (through Spinoza Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych) by Roman Szwed.

Percentage share of the shareholders in the Company's share capital corresponds to the percentage share in the number of votes at the general meeting.

Shareholding structure as at the date of filing this report  
 (shareholders having more than 5% of the total number of votes at the general meeting of the Issuer)



### 2.9.3. Number of the issuer's shares or rights to issuer's shares held by members of the Management Board and Supervisory Board with information on changes in the number of shares held

The ownership of the Issuer's shares by members of the Management Board and Supervisory Board together with the statement of changes consistent with the Management Board's knowledge has been presented in the table below.

	Number of shares shown in the previous interim report <sup>1</sup>	Increases	Decreases	Number of shares as at the date of filing the report <sup>2</sup>
Roman Szwed — President of the Management Board <sup>3</sup>	11,956,958	-	-	11,956,958
Iwona Bakuła — Vice-President of the Management Board	-	-	-	-
Jacek Forysiak — Vice-President of the Management Board	49,940	-	-	49,940
Szymon Stępczak — Vice-President of the Management Board	-	-	-	-
Jacek Szczepański — Vice-President of the Management Board	-	-	-	-
Patrycja Buchowicz — Chairperson of the Supervisory Board	-	-	-	-
Jan Madey — Member of the Supervisory Board	-	-	-	-
Michał Małyska — Member of the Supervisory Board	-	-	-	-
Maciej Matusiak — Member of the Supervisory Board	-	-	-	-
Monika Mizielińska-Chmielewska — Member of the Supervisory Board	-	-	-	-

<sup>1</sup> According to confirmations obtained as at March 31<sup>st</sup>, 2020.

<sup>2</sup> According to confirmations obtained by May 19<sup>th</sup>, 2020

<sup>3</sup> Together with a related entity, Spinoza Investments Sp. o.o. S.K.A., which is controlled in 100%, directly and indirectly (through Spinoza Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych) by Roman Szwed.

The number of shares is equal to the number of votes at the general meeting. Percentage share of the aforementioned shareholders in the Company's share capital corresponds to the percentage share in the number of votes at the General Meeting. The nominal value of 1 share in Atende S.A. is PLN 0.20.

Members of the Management Board and Supervisory Board hold no Company share options. None of the shareholders has special controlling rights with regard to Atende S.A. The Company has no preference shares.

**2.9.4. Information on significant proceedings pending before the court, arbitration panel or public administration body**

As at the date of report publication, neither the Company nor its subsidiaries are parties to any court dispute whose value exceeds PLN 1 million.

**2.9.5. Information about material transactions concluded by Group Companies with related entities on conditions other than arm's length conditions**

During the reporting period, neither the Issuer nor any of the Issuer's subsidiaries concluded material transactions on conditions other than arm's length conditions with related undertakings, neither individually nor jointly.

**2.9.6. Information on loan or borrowing sureties or guarantees granted by the Issuer or its subsidiary where the value of the surety or guarantee is significant**

During the reporting period, no loan or borrowing sureties or guarantees whose aggregate value is significant were granted by the Issuer or its subsidiaries to any party. Amounts of off-balance sheet liabilities are presented in note 1.7.15 hereof.

**2.9.7. Other information considered by the Company as important in the assessment of its personnel, asset and financial standing, financial result and changes in such items; and information relevant to the assessment of the Issuer's ability to fulfil obligations**

The Company has a stable personnel, asset and financial position. There are no known factors that could adversely affect the Issuer's ability to meet its obligations.

### 3. Interim condensed separate financial statement prepared in accordance with EU IFRS

#### 3.1. Separate statement of financial position

ASSETS	as at March 31 <sup>st</sup> , 2020	as at December 31 <sup>st</sup> , 2019	as at March 31 <sup>st</sup> , 2019 (restated figures)*
<b>Non-current assets</b>	<b>60,619</b>	<b>59,838</b>	<b>73,036</b>
Tangible fixed assets	18,465	18,985	20,847
Intangible assets	4,227	4,642	4,924
Right-of-use assets	8,397	8,891	9,179
Investments in subordinated entities	15,904	15,904	23,387
Assets measured at fair value through other comprehensive income	80	80	80
Other long-term financial assets	295	295	527
Deferred income tax assets	747	473	1,152
Assets from contracts with customers	592	1,132	2,011
Long-term prepayments and deferred expenses	11,739	9,263	10,654
Other non-current assets	173	173	275
<b>Current assets</b>	<b>77,915</b>	<b>97,400</b>	<b>99,428</b>
Inventories	7,777	6,062	13,267
Assets from contracts with customers	13,000	9,810	7,076
Trade receivables	24,186	47,917	44,008
Current income tax receivables	-	-	104
Other receivables	411	242	823
Other short-term financial assets	2,824	10,563	1,484
Short-term prepayments and deferred expenses	12,069	10,237	22,469
Cash and cash equivalents	17,648	12,569	10,197
<b>TOTAL ASSETS</b>	<b>138,534</b>	<b>157,238</b>	<b>172,464</b>

\*Restated figures – for a description of changes, see Section 3.5 “Changes in accounting principles (policy)”

<b>EQUITY AND LIABILITIES</b>	as at March 31 <sup>st</sup> , 2020	as at December 31 <sup>st</sup> , 2019	as at March 31 <sup>st</sup> , 2019 (restated figures)*
<b>Equity</b>	<b>65,869</b>	<b>67,256</b>	<b>62,193</b>
Share capital	7,269	7,269	7,269
Supplementary capital from share premium	14,753	14,753	14,753
Other capital	31,178	31,178	28,495
Retained financial result	14,056	-	10,679
Profit or loss for the current period	(1,387)	14,056	997
<b>Long-term liabilities</b>	<b>24,893</b>	<b>20,442</b>	<b>26,727</b>
Credits and loans	3,897	11	830
Lease liabilities	6,161	6,354	7,088
Other financial liabilities	2,446	3,142	5,793
Liabilities from contracts with customers	11,425	9,969	12,174
Provision for pensions and similar benefits	786	786	741
Other long-term liabilities	178	180	101
<b>Short-term liabilities</b>	<b>47,772</b>	<b>69,540</b>	<b>83,544</b>
Credits and loans	3,333	2,879	6,028
Lease liabilities	2,749	2,675	1,952
Other financial liabilities	3,196	3,742	4,005
Liabilities from contracts with customers	11,680	12,306	23,504
Trade liabilities	18,456	31,765	34,740
Provision for pensions and similar benefits	188	188	75
Current income tax liabilities	283	2,950	-
Other short-term liabilities	7,887	13,035	13,240
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>138,534</b>	<b>157,238</b>	<b>172,464</b>

\* Restated figures – for a description of changes, see Section 3.5 “Changes in accounting principles (policy)”



### 3.2. Separate statement of comprehensive income

	1 <sup>st</sup> quarter 2020	1 <sup>st</sup> quarter 2019
<b>Net sales revenue</b>	<b>31,357</b>	<b>60,261</b>
Costs of sales	19,464	49,911
<b>Sales margin</b>	<b>11,893</b>	<b>14,437</b>
Costs of sales – fixed	4,588	4,087
<b>Gross profit (loss) on sales</b>	<b>7,305</b>	<b>10,350</b>
Other operating revenue	76	129
General and administrative costs	7,967	8,919
Other operating expenses	42	52
<b>Operating profit/(loss)</b>	<b>(628)</b>	<b>1,508</b>
Finance income	437	206
Finance costs	1,470	815
<b>Profit/(loss) before tax</b>	<b>(1,661)</b>	<b>899</b>
Income tax	(274)	(98)
<b>Net profit/(loss)</b>	<b>(1,387)</b>	<b>997</b>
Other comprehensive income:		
- that will be reclassified to profit or loss upon satisfying certain conditions	-	-
- that will not be reclassified to profit or loss in subsequent periods	-	-
<b>Total comprehensive income</b>	<b>(1,387)</b>	<b>997</b>
<b>Net profit (loss) per share (in PLN)</b>		
Basic	(0.04)	0.03
Diluted	(0.04)	0.03

### 3.3. Separate cash flow statement

	1 <sup>st</sup> quarter 2020	1 <sup>st</sup> quarter 2019
<b>OPERATING ACTIVITIES</b>		
Profit / (loss) before tax	(1,661)	899
Total adjustments:	6,572	(1,573)
Amortisation and depreciation	1,707	1,757
Foreign exchange gains (losses)	361	(1)
Interest and shares in profits (dividends)	74	155
Gain/(loss) on investing activities	(49)	4
Other adjustments	(135)	(119)
Change in working capital:	8,922	(6,216)
<i>Inventories</i>	(1,715)	(3,374)
<i>Receivables and contract assets</i>	40,093	56
<i>Liabilities and provisions</i>	(29,456)	(2,898)
Change in other assets	(4,308)	2,847
Cash flows from operating activities	4,911	(674)
Income tax (paid) / reimbursed	(2,667)	(352)
<b>Net cash flows from operating activities</b>	<b>2,244</b>	<b>(1,026)</b>
<b>INVESTING ACTIVITIES</b>		
Inflows:	107	1,637
Disposal of intangible and tangible fixed assets	51	635
Repayment of long-term loans	-	1,002
Other investment inflows	56	-
Outflows:	649	3,798
Purchase of intangible and tangible fixed assets	149	3,347
Expenditure on financial assets	500	450
Other investment outflows	-	1
<b>Net cash flows from investing activities</b>	<b>(542)</b>	<b>(2,161)</b>
<b>FINANCING ACTIVITIES</b>		
Inflows:	5,804	686
Credits and loans	5,804	-
Proceeds from financing assignment of claims	-	669
Grants	-	12
Other financial inflows	-	5
Outflows:	2,427	4,114
Repayments of credits and loans	1,464	3,220
Payment of finance lease liabilities	838	621
Interest	91	158
Other financial outflows	34	115
<b>Net cash flows from financing activities</b>	<b>3,377</b>	<b>(3,428)</b>
<b>TOTAL NET CASH FLOWS</b>	<b>5,079</b>	<b>(6,615)</b>
Balance sheet change in cash, including	5,079	(6,615)
- change in cash due to foreign exchange differences	-	-
<b>Cash as at the beginning of the period</b>	<b>12,569</b>	<b>16,812</b>
<b>Cash as at the end of the period</b>	<b>17,648</b>	<b>10,197</b>

### 3.4. Statement of changes in individual equity

	Share capital	Supplementary capital from share premium	Treasury shares	Other capital	Retained financial result	Profit or loss for the current period	Total equity
<b>1<sup>st</sup> quarter of 2020</b>							
<b>Equity as at January 1<sup>st</sup>, 2020 according to IFRS</b>	<b>7,269</b>	<b>14,753</b>	<b>-</b>	<b>31,178</b>	<b>14,056</b>	<b>-</b>	<b>67,256</b>
Transactions with owners	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(1,387)	(1,387)
<i>Net profit</i>	-	-	-	-	-	(1,387)	(1,387)
<b>Equity as at March 31<sup>st</sup>, 2020 according to IFRS</b>	<b>7,269</b>	<b>14,753</b>	<b>-</b>	<b>31,178</b>	<b>14,056</b>	<b>(1,387)</b>	<b>65,869</b>
<b>2019</b>							
<b>Equity as at January 1<sup>st</sup>, 2019 according to IFRS</b>	<b>7,269</b>	<b>14,753</b>	<b>-</b>	<b>28,495</b>	<b>10,679</b>	<b>-</b>	<b>61,196</b>
Transactions with owners:	-	-	-	2,683	(10,679)	-	(7,996)
<i>Net profit distribution</i>	-	-	-	2,683	(2,683)	-	-
<i>Dividend payout</i>	-	-	-	-	(7,996)	-	(7,996)
Total comprehensive income	-	-	-	-	-	14,056	14,056
<i>Net profit</i>	-	-	-	-	-	14,056	14,056
<b>Equity as at December 31<sup>st</sup>, 2019 according to IFRS</b>	<b>7,269</b>	<b>14,753</b>	<b>-</b>	<b>31,178</b>	<b>-</b>	<b>14,056</b>	<b>67,256</b>
<b>1<sup>st</sup> quarter of 2019</b>							
<b>Equity as at January 1<sup>st</sup>, 2019 according to IFRS</b>	<b>7,269</b>	<b>14,753</b>	<b>-</b>	<b>28,495</b>	<b>10,679</b>	<b>-</b>	<b>61,196</b>
Transactions with owners	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	997	997
<i>Net profit</i>	-	-	-	-	-	997	997
<b>Equity as at March 31<sup>st</sup>, 2019 according to IFRS</b>	<b>7,269</b>	<b>14,753</b>	<b>-</b>	<b>28,495</b>	<b>10,679</b>	<b>997</b>	<b>62,193</b>

### 3.5.Changes in accounting principles (policies)

For the purposes of the semi-annual and annual report for 2019, the Company re-examined the leases signed and made the following adjustments concerning right-of-use assets as compared to the figures reported as at March 31<sup>st</sup>, 2019:

- the discount rate used in the measurement of the right of perpetual usufruct of land was revised;
- the discount rates used in the measurement of vehicle right-of-use assets were revised;
- the transfer of fixed assets to right-of-use assets used under leaseback agreements was adjusted.

As a result, carrying amounts of fixed assets, intangible assets, right-of-use assets, lease liabilities and other financial liabilities as at January 1<sup>st</sup>, 2019 were adjusted as compared to those presented in the report for the 1<sup>st</sup> quarter of 2019. The tables below present the values of individual items in the statement of financial position:

	As at March 31 <sup>st</sup> , 2019 – reported figures	Change	As at March 31 <sup>st</sup> , 2019 – restated figures
<b>Non-current assets</b>	<b>74,649</b>	<b>(1,613)</b>	<b>73,036</b>
Tangible fixed assets	19,306	1,541	20,847
Intangible assets	5,164	(240)	4,924
Right-of-use assets	12,093	(2,914)	9,179
<b>Total assets</b>	<b>174,077</b>	<b>(1,613)</b>	<b>172,464</b>

	As at March 31 <sup>st</sup> , 2019 – reported figures	Change	As at March 31 <sup>st</sup> , 2019 – restated figures
<b>Long-term liabilities</b>	<b>28,393</b>	<b>(1,666)</b>	<b>26,727</b>
Lease liabilities	10,406	(3,318)	7,088
Other financial liabilities	4,141	1,652	5,793
<b>Short-term liabilities</b>	<b>83,491</b>	<b>53</b>	<b>83,544</b>
Lease liabilities	2,343	(391)	1,952
Other financial liabilities	3,561	444	4,005
<b>Total equity and liabilities</b>	<b>174,077</b>	<b>(1,613)</b>	<b>172,464</b>

Warsaw, May 19<sup>th</sup>, 2020

Roman Szwed

Iwona Bakula

Jacek Forsytek

Szymon Stępczak

Jacek Szczepański

President of the  
Management Board

Vice-President of the  
Management Board

Vice-President of the  
Management Board

Vice-President of  
the Management  
Board

Vice-President of the  
Management Board