



Financial Statements of Asseco South Eastern Europe S.A. for the year ended 31 December 2023

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Financial Statements of Asseco South Eastern Europe S.A. for the year ended
31 December 2023

These standalone financial statements for the year ended 31 December 2023 have been approved for publication by the Management Board of Asseco South Eastern Europe S.A. on 27 February 2024.

Management Board:

Piotr Jełeński President
of the Management Board

Miljan Mališ Member
of the Management Board

Michał Nitka Member of the Management Board

Kostadin Slavkoski **Member**
of the Management Board

Person responsible for keeping the Company's accounting books:

Monika Kacprzak Chief Accountant

Financial Highlights of Asseco South Eastern Europe S.A.

The following table presents the selected financial data of Asseco South Eastern Europe S.A.:

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000	12 months ended 31 December 2023 EUR'000	12 months ended 31 December 2022 EUR'000
Revenues from holding activities	123,457	90,269	27,263	19,254
Revenues from operating activities	11,674	12,344	2,578	2,633
Operating profit	106,153	75,250	23,442	16,051
Pre-tax profit	86,086	78,179	19,010	16,675
Net profit	81,558	71,210	18,010	15,189
Net cash provided by (used in) operating activities	35,271	39,822	7,789	8,494
Net cash provided by (used in) investing activities	54,220	27,748	11,973	5,919
Net cash provided by (used in) financing activities	(80,474)	(63,368)	(17,771)	(13,516)
Cash and cash equivalents	29,361	20,344	6,753	4,338
Earnings per ordinary share (in PLN/EUR)	1.57	1.37	0.35	0.29
Diluted earnings per ordinary share (in PLN/EUR)	1.57	1.37	0.35	0.29

The selected financial data disclosed in these annual financial statements have been translated into EUR in the following way:

- Items of the statement of profit and loss and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
 - in the period from 1 January 2023 to 31 December 2023: EUR 1 = PLN 4.5284
 - in the period from 1 January 2022 to 31 December 2022: EUR 1 = PLN 4.6883
- cash and cash equivalents as at the end of the reporting period and the comparable period of the previous year have been translated into EUR at the mid exchange rates as published by the National Bank of Poland. These exchange rates were as follows:
 - exchange rate effective on 31 December 2023: EUR 1 = PLN 4.3480
 - exchange rate effective on 31 December 2022: EUR 1 = PLN 4.6899

In this report, all figures are presented in thousands of Polish zlotys (PLN), unless stated otherwise.

Statement of Profit and Loss and Other Comprehensive Income of Asseco South Eastern Europe S.A.

STATEMENT OF PROFIT AND LOSS	Note	12 months ended	12 months ended
		31 December 2023	31 December 2022
		PLN'000	PLN'000
Holding activities		123,457	90,269
Dividend income	<u>4.1</u>	104,889	73,006
Revenues from sale of services	<u>4.1</u>	18,568	17,263
Operating activities		11,674	12,344
Revenues from sale of IT services and software	<u>4.2</u>	11,674	12,344
Total sales revenues		135,131	102,613
Cost of sales	<u>4.3</u>	(21,307)	(22,507)
Recognition/reversal of allowances for trade receivables	<u>4.3</u>	(3)	74
Gross profit on sales		113,821	80,180
Selling costs	<u>4.3</u>	(960)	(738)
General and administrative expenses	<u>4.3</u>	(6,663)	(4,092)
Net profit on sales		106,198	75,350
Other operating income		15	28
Other operating expenses		(60)	(128)
Operating profit		106,153	75,250
Financial income	<u>4.4</u>	13,740	9,368
Financial expenses	<u>4.4</u>	(33,793)	(6,763)
Recognition/reversal of impairment losses on loans granted and other financial instruments	<u>5.8</u>	(14)	324
Pre-tax profit		86,086	78,179
Corporate income tax	<u>4.5</u>	(4,528)	(6,969)
Net profit		81,558	71,210
Earnings per share (in PLN):			
basic earnings per share	<u>4.6</u>	1.57	1.37
diluted earnings per share	<u>4.6</u>	1.57	1.37
<hr/>			
OTHER COMPREHENSIVE INCOME:		12 months ended	12 months ended
		31 December 2023	31 December 2022
		PLN'000	PLN'000
Net profit		81,558	71,210
Other comprehensive income:		-	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		81,558	71,210

Statement of Financial Position of Asseco South Eastern Europe S.A.

ASSETS	Note	31 December 2023	31 December 2022
		PLN'000	PLN'000
Non-current assets			
Property, plant and equipment	<u>5.1</u>	278	310
Intangible assets	<u>5.2</u>	4,922	5,525
<i>of which goodwill from business combinations</i>	<u>5.2</u>	4,567	4,567
Right-of-use assets	<u>5.3</u>	345	73
Investments in subsidiaries	<u>5.4</u>	677,925	691,407
Deferred tax assets	<u>4.5</u>	361	93
Other receivables	<u>5.7</u>	5,774	7,175
Other financial assets	<u>5.8</u>	8,699	62,742
		698,304	767,325
Current assets			
Prepayments and accrued income	<u>5.6</u>	3,294	2,053
Trade receivables	<u>5.7</u>	10,702	4,335
Corporate income tax receivable	<u>5.7</u>	-	-
Receivables from the state and local budgets	<u>5.7</u>	-	-
Other receivables	<u>5.7</u>	15,691	14,502
Other financial assets	<u>5.8</u>	14,573	13,660
Cash and cash equivalents	<u>5.9</u>	29,361	20,344
		73,621	54,894
TOTAL ASSETS		771,925	822,219

Statement of Financial Position of Asseco South Eastern Europe S.A.

EQUITY AND LIABILITIES	Note	31 December 2023	31 December 2022
		PLN'000	PLN'000
TOTAL EQUITY			
Share capital	<u>5.10</u>	518,943	518,943
Share premium	<u>5.10</u>	38,826	38,826
Other capitals	<u>5.10</u>	3,402	3,172
Retained earnings	<u>5.10</u>	156,305	150,513
		717,476	711,454
Non-current liabilities			
Bank loans	<u>5.11</u>	32,610	29,763
Lease liabilities	<u>5.12</u>	213	-
Other financial liabilities	<u>5.13</u>	-	141
Deferred tax liabilities	<u>4.5</u>	-	-
		32,823	29,904
Current liabilities			
Bank loans	<u>5.11</u>	18	8,091
Lease liabilities	<u>5.12</u>	122	90
Other financial liabilities	<u>5.13</u>	3,856	61,179
Trade payables	<u>5.14</u>	1,489	1,746
Contract liabilities	<u>5.14</u>	6,229	1,541
Corporate income tax payable	<u>5.14</u>	1,262	742
Liabilities to the state and local budgets	<u>5.14</u>	1,783	295
Other liabilities	<u>5.14</u>	202	406
Accruals	<u>5.15</u>	6,665	6,771
		21,626	80,861
TOTAL LIABILITIES		54,449	110,765
TOTAL EQUITY AND LIABILITIES		771,925	822,219

Statement of Changes in Equity of Asseco South Eastern Europe S.A.

	Note	Share capital	Share premium	Other capitals	Retained earnings	Total equity
As at 1 January 2023		518,943	38,826	3,172	150,513	711,454
Net profit for the reporting period		-	-	-	81,558	81,558
Total comprehensive income for the reporting period		-	-	-	81,558	81,558
Dividend	<u>4.7</u>	-	-	-	(75,766)	(75,766)
Valuation of share-based payment plan	<u>4.3</u>	-	-	230	-	230
As at 31 December 2023		518,943	38,826	3,402	156,305	717,476
As at 1 January 2022		518,943	38,826	2,981	145,728	706,478
Net profit for the reporting period		-	-	-	71,210	71,210
Total comprehensive income for the reporting period		-	-	-	71,210	71,210
Dividend	<u>4.7</u>	-	-	-	(66,425)	(66,425)
Valuation of share-based payment plan	<u>4.3</u>	-	-	191	-	191
As at 31 December 2022		518,943	38,826	3,172	150,513	711,454

Statement of Cash Flows of Asseco South Eastern Europe S.A.

	Note	12 months ended 31 December 2023	12 months ended 31 December 2022
		PLN'000	
Cash flows – operating activities			
Pre-tax profit		86,086	78,179
Total adjustments:		(89,043)	(73,005)
Depreciation and amortization	<u>4.3</u>	899	996
Changes in working capital	<u>6.1</u>	(2,051)	233
Interest income/expenses		175	(2,969)
Gain/loss on foreign exchange differences		114	(170)
Gain/loss on investing activities		(88,407)	(71,287)
Valuation of share-based payment plan	<u>4.3</u>	230	191
Other		(3)	1
Selected operating cash flows		39,043	37,399
Sale of shares in subsidiaries		721	1,436
Acquisition of shares in related entities	<u>6.1</u>	(61,254)	(21,219)
Dividends received	<u>6.1</u>	99,576	57,182
Cash generated from operating activities		36,086	42,573
Corporate income tax (paid) recovered		(815)	(2,751)
Net cash provided by (used in) operating activities		35,271	39,822
Cash flows – investing activities			
Inflows:		79,803	57,566
Disposal of property, plant and equipment, and intangible assets		2	2
Disposal/settlement of financial assets carried at fair value through profit or loss		236	-
Loans collected	<u>5.8</u>	77,047	55,040
Interest received	<u>5.8</u>	2,518	2,524
Outflows:		(25,583)	(29,818)
Acquisition of property, plant and equipment, and intangible assets	<u>6.2</u>	(148)	(207)
Acquisition/settlement of financial assets carried at fair value through profit or loss		-	-
Loans granted	<u>5.8</u>	(25,435)	(29,611)
Net cash provided by (used in) investing activities		54,220	27,748
Cash flows – financing activities			
Inflows:		-	9,573
Proceeds from bank loans	<u>6.3</u>	-	9,573
Outflows:		(80,474)	(72,941)
Dividends paid out	<u>6.3</u>	(75,766)	(66,425)
Repayments of bank loans	<u>6.3</u>	(2,611)	(5,659)
Payments of lease liabilities	<u>6.3</u>	(129)	(119)
Interest paid	<u>6.3</u>	(1,968)	(738)
Net cash provided by (used in) financing activities		(80,474)	(63,368)
Net change in cash and cash equivalents		9,017	4,202
Cash and cash equivalents as at 1 January		20,344	16,142
Cash and cash equivalents as at 31 December	<u>5.9</u>	29,361	20,344

Explanatory Notes to the Financial Statements

I. General information

General information on the Parent Company

Name	Asseco South Eastern Europe S.A.
Registered seat	14 Olchowa St., 35-322 Rzeszów, Poland
National Court Register number	0000284571
Statistical ID number (REGON)	180248803
Tax Identification Number (NIP)	813-351-36-07
Core business	Activities of head offices and holdings, production of software

Asseco South Eastern Europe S.A. (the "Company", "Issuer", "Entity", "ASEE S.A.") seated at 14 Olchowa St., Rzeszów, Poland, was established on 10 April 2007 as a joint stock company called Asseco Adria S.A. On 11 July 2007, the Company was entered in the register of entrepreneurs maintained by the District Court in Rzeszów, XII Commercial Department of the National Court Register, under the number KRS 0000284571. The Company has been assigned the statistical number REGON 180248803. On 11 February 2008, the Company's corporate name was changed from Asseco Adria S.A. to Asseco South Eastern Europe S.A. The Company has been listed on the main market of the Warsaw Stock Exchange since 28 October 2009.

According to the Articles of Association, the Company's business profile includes:

- Activities of head offices and holdings;
- Computer programming activities;
- Computer consultancy activities;
- Computer facilities management activities;
- Other information technology and computer service activities;
- Data processing, hosting activities;
- Web portals and call center activities;
- Research and experimental development on natural sciences and engineering;
- Reproduction of recorded media;
- Wholesale of computers, computer peripheral equipment and software;
- Wholesale of electronic and telecommunications equipment;
- Retail sale of computers, peripheral units and software;
- Accounting, book-keeping and tax consultancy;
- Business and other management consultancy activities.

ASEE S.A. is the Parent Company of Asseco South Eastern Europe Group ("ASEE Group"). The Parent Company shall operate within the territory of the Republic of Poland as well as abroad. The period of the Company's operations is indefinite.

The parent company of ASEE S.A. is Asseco International a.s. (hereinafter "AI") based in Bratislava, Slovakia. As at 31 December 2023, AI held 26,407,081 shares representing 50.89% in the share capital of our Company, which carried 26,407,081 votes or 50.89% of total voting rights at the Company's General Meeting of Shareholders. The parent company of Asseco International is Asseco Poland S.A. based in Rzeszów, Poland.

II. Basis for the preparation of financial statements and accounting policies applied

2.1. Basis for preparation

These financial statements have been prepared in accordance with the historical cost convention, except for financial assets carried at fair value through profit or loss or through other comprehensive income, as well as financial liabilities carried at fair value through profit or loss.

These financial statements have been prepared on a going-concern basis, assuming the Company will continue its business activities over a period not shorter than 12 months from 31 December 2023. Till the date of approving these financial statements for publication, we have not observed any circumstances that would threaten the Company's ability to continue as a going concern.

The scope of these standalone financial statements is in accordance with the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent the information required by laws of non-EU member states (consolidated text: Journal of Laws of 2018, item 757, as amended) ("Regulation"), and covers the annual reporting period from 1 January to 31 December 2023, as well as the comparable period from 1 January to 31 December 2022.

The Company also prepared the consolidated financial statements of Asseco South Eastern Europe Group for the year ended 31 December 2023, which have been approved for publication by the Company's Management Board on 27 February 2024.

Economic and political situation on the territory of Ukraine

On 24 February 2022, the Russian invasion of Ukraine caused a radical change in the geopolitical situation of the entire region in which the Company and other companies of ASEE Group are located.

ASEE Group does not conduct any business operations in Russia, Belarus or in Ukraine, and aggregate sales to these countries are marginal, representing approx. 0.1% of ASEE Group's total revenues in the whole year 2023. According to the Management's assessment, the existing situation does not have a significant impact on these financial statements. The Company continues to analyze the geopolitical developments and their impact on the Company's financial position and financial performance in the future.

At the moment the situation is dynamic and therefore it is difficult to assess the long-term economic effects for our region and impact on the overall macroeconomic situation, which indirectly affects the Company's financial performance.

2.2. Compliance statement

These financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU IFRS").

IFRS include standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

As at the date of approving publication of these financial statements, given the ongoing process of implementing IFRS in the European Union as well as the Company's operations, in the scope of accounting policies applied by the Company there is no difference between IFRS that came into force and IFRS endorsed by the EU.

These standalone financial statements provide a true and fair view of the Company's assets and financial position as at 31 December 2023, as well as the financial results of its operations and cash flows for the year ended 31 December 2023.

2.3. Functional currency and presentation currency

The presentation currency of these financial statements is the Polish zloty (PLN) and all figures are presented in thousands of PLN (PLN'000), unless stated otherwise. The Polish zloty is also the functional currency applied by Asseco South Eastern Europe S.A. Any inaccuracies in totals, amounting to PLN 1 thousand, are due to the adopted rounding of numbers.

Transactions denominated in currencies other than the Polish zloty are, at the time of initial recognition, translated into Polish zlotys using the exchange rate effective on the transaction date.

At the reporting date:

- monetary items denominated in a foreign currency are translated at the closing exchange rate, this is at the mid exchange rate of that currency as quoted by the National Bank of Poland on the reporting date;
- non-monetary items carried at historical cost denominated in a foreign currency are translated using the exchange rate effective on the transaction date;
- non-monetary items carried at fair value denominated in a foreign currency are translated using the exchange rate effective on the fair value measurement date.

For valuation purposes, we have adopted the following exchange rates of euro and US dollar (and analogically the exchange rates of other currencies as quoted by the National Bank of Poland):

- ✓ exchange rate effective on 31 December 2023: EUR 1 = PLN 4.3480
- ✓ exchange rate effective on 31 December 2022: EUR 1 = PLN 4.6899
- ✓ exchange rate effective on 31 December 2023: USD 1 = PLN 3.9350
- ✓ exchange rate effective on 31 December 2022: USD 1 = PLN 4.4018

2.4. Professional judgement and estimates

Preparation of financial statements in accordance with IFRS requires making estimates and assumptions which have an impact on the data disclosed in such financial statements. Although the adopted assumptions and estimates have been based on the Company's management best knowledge on the current activities and occurrences, the actual results may differ from those anticipated.

In the period of 12 months ended 31 December 2023, our approach to making estimates was not subject to any substantial modification in relation to the financial statements for the period of 12 months ended 31 December 2022.

In relevant explanatory notes, we have disclosed the main areas which in the process of applying the accounting policies were subject to accounting estimates and professional judgement made by our management, and whose estimates, if changed, could significantly affect the Company's future results.

The table below provides a list of estimates made by the Company, along with explanatory notes in which they have been described.

Selected estimates	Note	Page number
Corporate income tax	<u>4.5</u>	22
Property, plant and equipment	<u>5.1</u>	25
Intangible assets	<u>5.2</u>	26
Right-of-use assets	<u>5.3</u>	27
Impairment testing of assets	<u>5.5</u>	36
Contract assets, trade receivables and other receivables	<u>5.7</u>	40
Lease liabilities	<u>5.12</u>	47
Trade payables and other liabilities	<u>5.14</u>	48
Accruals	<u>5.15</u>	50

2.5. Accounting policies applied

The table below provides a list of accounting policies applied by the Company, along with explanatory notes in which they have been described.

Selected accounting policies	Note	Page number
Operating revenues	<u>4.1; 4.2</u>	16
Operating costs	<u>4.3</u>	18
Financial income and expenses	<u>4.4</u>	21
Corporate income tax	<u>4.5</u>	22
Property, plant and equipment	<u>5.1</u>	25
Intangible assets	<u>5.2</u>	26
Right-of-use assets	<u>5.3</u>	27
Investments in subsidiaries	<u>5.4</u>	28
Impairment testing of assets	<u>5.5</u>	36
Prepayments and accrued income	<u>5.6</u>	39
Contract assets, trade receivables and other receivables	<u>5.7</u>	40
Other financial assets	<u>5.8</u>	42
Cash and cash equivalents	<u>5.9</u>	44
Share capital	<u>5.10</u>	45
Bank loans	<u>5.11</u>	46
Lease liabilities	<u>5.12</u>	47
Other financial liabilities	<u>5.13</u>	48
Contract liabilities, trade payables and other liabilities	<u>5.14</u>	48
Accruals	<u>5.15</u>	50

Accounting policies adopted in the preparation of these financial statements have not been changed in relation to those followed when preparing the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2023. New standards or amendments effective from 1 January 2023:

- IFRS 17 'Insurance Contracts' and amendments to IFRS 17;
- Amendments to IAS 1 'Presentation of Financial Statements: Disclosure of Accounting Policies';
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates';
- Amendments to IAS 12 'Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction';
- Amendments to IAS 12 'Income Taxes: International Tax Reform – Pillar Two Model Rules'.

The amended standards and interpretations that were first applied in 2023 had no significant impact on the financial statements of the Company.

2.6. New standards and interpretations published but not in force yet

The following standards and interpretations were issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC), but have not yet come into force:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability' (issued on 15 August 2023) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2025;
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures: Supplier Finance Arrangements' (issued on 25 May 2023) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2024;

- Amendments to IFRS 16 'Leases – Lease Liability in a Sale and Leaseback' (issued on 22 September 2022) – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IAS 1 'Presentation of Financial Statements': 'Classification of Liabilities as Current or Non-current' (issued on 23 January 2020), 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date' (issued on 15 July 2020), 'Non-current Liabilities with Covenants' (issued on 31 October 2022) – effective for annual periods beginning on or after 1 January 2024.

The specified effective dates have been set forth in the standards published by the International Accounting Standards Board. The actual dates of adopting these standards in the European Union may differ from those set forth in the standards and they shall be announced once they are approved for application by the European Union.

The Company did not decide on early adoption of any standard, interpretation or amendment which has been published but has not yet become effective.

The Company is currently conducting an analysis of how the above-mentioned amendments are going to impact its financial statements.

2.7. Correction of errors

In the reporting period, no events occurred that would require making corrections of any misstatements.

2.8. Changes in the comparable data

In the reporting period, the Company has not restated any comparable data.

III. Information on operating segments

According to IFRS 8, an operating segment is a separable component of the Company's business for which separate financial information is available and regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Company has identified the following reportable segments:

- The **Holding activities segment** includes revenues and expenses related to managing the Group. The segment's revenues comprise primarily dividend income as well as sales of business and technical support services to the Company's subsidiaries.
- The **IT services segment** includes revenues and expenses related to our information technology operations in the areas of voice automation solutions and Live customer experience management and sales support platform (systems integration).

None of the Company's operating segments needed to be combined with another operating segment in order to be identified as a reportable segment.

The Company's financing activities as well as income taxes are monitored at the whole company level and therefore they are not allocated to individual operating segments. The Management also does not analyze assets and liabilities or cash flows in a breakdown by segments. The table below presents the key financial information reviewed by the chief operating decision maker in the Company.

Period of 12 months ended 31 December 2023	Holding activities	IT services	Total
	PLN'000	PLN'000	PLN'000
Dividend income	104,889	-	104,889
Revenues from sale of services	18,568	-	18,568
Revenues from sale of IT services and software	-	11,674	11,674
Total sales revenues	123,457	11,674	135,131
Gross profit on sales	108,230	5,591	113,821
Selling costs	-	(960)	(960)
General and administrative expenses	(6,370)	(293)	(6,663)
Net profit on sales	101,860	4,338	106,198

Period of 12 months ended 31 December 2022	Holding activities	IT services	Total
	PLN'000	PLN'000	PLN'000
Dividend income	73,006	-	73,006
Revenues from sale of services	17,263	-	17,263
Revenues from sale of IT services and software	-	12,344	12,344
Total sales revenues	90,269	12,344	102,613
Gross profit on sales	74,261	5,919	80,180
Selling costs	-	(738)	(738)
General and administrative expenses	(3,722)	(370)	(4,092)
Net profit on sales	70,539	4,811	75,350

IV. Explanatory notes to the statement of profit and loss and other comprehensive income

4.1. Holding activities – structure of operating revenues

Selected accounting policies

Operating revenues from holding activities comprise dividends received from subsidiaries as well as revenues from the sale of consulting, business and technical support services which are provided to subsidiaries of ASEE Group. As the Company is primarily engaged in holding operations, the above-mentioned categories of revenues are presented in operating activities.

Dividends are recognized when the shareholder's right to receive payment is established (i.e. most often on the so-called dividend record date or, if such a date is not determined in the resolution of the shareholders meeting, on the date of adopting the resolution on the distribution of profit).

Whereas, revenues from the sale of consulting, business and technical support services to our subsidiaries are recognized at the point in time of fulfilling such services.

Operating revenues in the period of 12 months ended 31 December 2023 and in the comparable period were as follows:

	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN'000	PLN'000
Dividends from related parties, of which:		
ASEE B&H	4,458	-
ASEE Croatia	8,668	4,689
ASEE Macedonia	5,984	12,183
ASEE Romania	6,769	4,968
ASEE Serbia	38,889	29,662
ASEE Bulgaria	2,523	3,256
ASEE Turkey	7,148	4,446
ASEE Kosovo	-	917
BS Telecom	-	6,062
Payten Holding	30,450	6,823
Revenues from sale of services	18,568	17,263
Total operating revenues from holding activities	123,457	90,269

Cash inflows from dividends received amounted to PLN 99,576 thousand in 2023, as compared to PLN 57,182 thousand received in 2022.

The difference between dividend income recognized and cash inflows actually received is due to dividends not yet paid which are receivable by the Company, withholding tax charged by our subsidiaries, as well as due to foreign exchange differences.

4.2. IT services – structure of operating revenues

Selected accounting policies

Valuation of IT contracts – supply of goods and services

The Company recognizes revenues from implementation and modification services provided as part of comprehensive contracts using the percentage of completion method. Contracts of such nature, as a rule, result in a separate performance obligation that consists in providing the customer with a functional IT system. In accordance with IFRS 15, revenue from such performance obligation may be recognized over time of transferring control of the supplied goods/services, as long as the contract performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed throughout the duration of the contract. Each of our contracts is subject to individual assessment in terms of meeting the above criteria. In the Company's opinion, the majority of comprehensive contracts will satisfy the above-mentioned criteria, and thus arising revenues will be recognized according to the percentage of completion method.

Licenses

The Company does not sell its own licenses. Recognition of revenue from third-party licenses is each time subject to the analysis of contractual provisions.

In situations where a promise to grant a license is distinct from services related to the sale of such license (a separate performance obligation), revenue is recognized in accordance with the type of license that has been sold. For this purpose, we each time analyze the nature of licenses sold by the Company, making a differentiation between a right to use and a right to access. This differentiation

determines the method of revenue recognition for licenses that meet the criteria of being distinct.

In the case of licenses with a right to use, the customer can direct the use of a license and obtain substantially all the benefits from a license. Such license is granted in order to enable the customer to use the intellectual property in the form in which it exists at the time of granting the license.

Whereas, licenses with a right to access require their provider to undertake activities that will significantly affect the intellectual property to which the customer is entitled under the license agreement, expose the customer to both positive and negative effects of activities undertaken by the provider, and do not lead to further transfer of goods or services to the customer. Such a license is granted in order to enable the customer to access the intellectual property in the form in which it exists throughout the licensing period.

In the case of licenses with a right to use sold without significant related services for an indefinite period, revenue is recognized at the point in time at which the control of the license is transferred to the customer. Whereas, in the case of licenses with a right to access sold for a definite period, revenue is recognized over time for which the license was granted. However, if it turns out that a license granted for a definite period is a license with a right to use, then revenue shall be recognized at the point in time at which the license is transferred to the customer.

Sale of hardware

Revenues from the sale of hardware and related services (e.g. design services, installation) that constitute a single performance obligation to provide a comprehensive system, where well-functioning infrastructure is one of the key elements of the project, are recognized according to the percentage of completion method.

Revenues from the sale of hardware and related services which are not part of a complex infrastructure project are recognized at the point in time of transferring control to the customer.

Variable consideration

In accordance with IFRS 15, if a contract consideration encompasses any amount that is variable, the Company shall estimate the amount of consideration to which it will be entitled in exchange for transferring promised goods or services to the customer, and shall include a portion or the whole amount of variable consideration in the transaction price but only to the extent that it is highly probable a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allocating the transaction price to performance obligations

The Company allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer.

Significant financing component

In determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Company with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract is deemed to contain a significant financing component.

As a practical expedient allowed under IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at the contract inception, that the period between when a promised good or service is transferred to the customer and when the customer pays for that good or service will be one year or less.

A contract with a customer does not contain a significant financing component if, among other factors, the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to the customer, and the difference between those amounts is proportional to the reason for the difference. This usually occurs when the contractual payment terms provide the customer with protection from the other party failing to adequately complete some or all of its obligations under the contract.

Costs of contracts with customers

The costs of obtaining a contract are those additional (incremental) costs incurred by the Company in order to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Company recognizes such costs as an asset if it expects to recover those costs. Such capitalized costs of obtaining a contract shall be amortized over a period when the Company satisfies the performance obligations arising from the contract.

As a practical expedient, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company would have otherwise recognized is one year or less.

Costs to fulfil a contract are the costs incurred in fulfilling a contract with a customer. The Company recognizes such costs as an asset if they are not within the scope of another standard (for example, IAS 2 'Inventories', IAS 16 'Property, Plant and Equipment' or IAS 38 'Intangible Assets') and if those costs meet all of the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract with a customer,
- b) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and
- c) the costs are expected to be recovered.

Operating revenues in the period of 12 months ended 31 December 2023 and in the comparable period were as follows:

	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN'000	PLN'000
Revenues from sale of software and IT services	11,674	12,344
Total operating revenues	11,674	12,344

Both in the year ended 31 December 2023 and in the comparable period, operating activities included revenues from license fees as well as from maintenance, implementation and consulting services.

The table below discloses revenues that the Company expects to recognize in the future from performance obligations that are not satisfied or only partially satisfied as at the reporting date.

Transaction price allocated to performance obligations to be satisfied within:	PLN'000
1 year	7,665
Over 1 year	155
Total	7,820

Because the Company closely monitors its revenues for the next three years only, the amount disclosed in the line 'Over 1 year' corresponds to revenues contracted for 2025-2026. Revenues from contracts already signed, which will be implemented in subsequent years, are not recorded by the Company and are therefore not included in the table above.

4.3. Structure of operating costs

Selected accounting policies

The Company maintains cost accounting both by cost nature and by cost function. Cost of sales comprises the costs arising directly from purchases of goods sold and generation of services sold. Selling costs include the costs of distribution and marketing activities. General and administrative expenses include the costs of the Company's management and administration activities.

Cost of goods, materials and services sold (COGS) represent the costs of purchases of goods and subcontractor services (excluding personal outsourcing) used for the implementation of projects. Such costs are associated both with revenues presented as own revenues (regarding revenues from services that are performed by subcontractors, if the use of third-party resources results from the Company's decision that treats such third-party resources as a substitute for own resources), as well as third-party revenues (services that must be performed by third parties – mostly software or hardware manufacturers).

Employee benefits comprise all sorts of benefits offered by the Company in exchange for work performed by their employees or for termination of employment. If an employee performs work for the Company's benefit, we recognize a cost equal to the undiscounted value of employee benefits expected to be paid in exchange for such work. In addition to remuneration, the costs of employee benefits include all paid absences, benefits resulting from the bonus schemes applied in the Company, as well as post-employment benefits.

Estimates

Due to the fact that the Company's costs are accounted for on an accrual basis, a portion of costs disclosed in the statement of profit and loss represent costs recognized as a result of estimates regarding, for example, the costs expected to arise from a bonus scheme offered to some employees of the Company.

Operating costs incurred during the period of 12 months ended 31 December 2023 and in the comparable periods were as follows:

	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN'000	PLN'000
Operating costs		
Cost of goods, materials and third-party services sold	(3,663)	(3,600)
Employee benefits, of which:	(12,018)	(10,413)
<i>Valuation of share-based payment plan</i>	(230)	(191)
Third-party services and outsourcing of employees	(7,774)	(7,122)
Depreciation and amortization	(899)	(996)
Maintenance costs of property and company cars	(3,269)	(3,587)
Business trips	(530)	(364)
Advertising	(238)	(318)
Other	(542)	(863)
Total	(28,933)	(27,263)
Cost of sales	(21,307)	(22,507)
Selling costs	(960)	(738)
General and administrative expenses	(6,663)	(4,092)
Recognition/Reversal of allowances for trade receivables	(3)	74
Total	(28,933)	(27,263)

Share-based payment transactions with employees

Currently, the Company has two share-based payment plans as defined in IFRS 2 which are settled in equity instruments.

2021 plan

On 23 September 2021, Asseco International a.s. and managers of ASEE Group companies signed agreements for the acquisition of shares in ASEE S.A. The whole incentive plan covers 547,550 shares of ASEE S.A. which represent 1.06% of the Company's share capital. Members of the Management Board of ASEE S.A. as well as parties related through Members of the Management Board of ASEE S.A. acquired 341,336 shares in total.

The above-mentioned agreements constitute an equity-settled share-based payment transaction as defined by IFRS 2.

The purchase rights were vested on 23 September 2021. The purchase price was set at the market price on the acquisition date and amounted to PLN 40 per share. According to the concluded agreements, the managers shall exercise all the rights attached to shares acquired (dividend rights, voting rights, etc.) since the shares acquisition date, this is from 23 September 2021. The payment for shares shall be made in 9 instalments, the first one after signing the agreements and subsequently in 8 annual instalments, payable from 31 July 2022. Interest will be charged starting from the shares acquisition date till making the payment, in the amount of 1.5% + max (EURIBOR12M,0) on an annual basis. The amount of such variable component will be determined at the beginning of each subsequent annual interest period. The accrued interest will be paid each year along with the payment of consecutive instalments of the price. The right to pay the acquisition price in instalments is granted to persons participating in this plan provided they continue to serve in a managerial position at the Group and do not violate any material conditions of the agreement (among others, make timely payments according to the schedule, establish a pledge on shares acquired, refrain from selling these shares during the lock-up period, etc.). The managers are not allowed to sell these shares over a lock-up period of 5 years. The managers shall be entitled to make an early payment for all the shares acquired at the agreed price of PLN 40 per share upon expiry of a 4-year period, i.e. from 23 September 2025. Any unpaid portion of the selling price shall be secured by establishing a pledge on shares purchased by each buyer.

The agreements also provide for put and call options, enabling the parties to resell or repurchase any unpaid shares.

The fair value of this incentive plan was estimated based on the Black-Scholes Merton model. The value of option rights was measured using Monte Carlo simulation techniques combined with the linear least squares regression, i.e. the Longstaff-Schwartz method. The total fair value of the plan as at the rights vesting date amounted to PLN 1,984 thousand. The incentive plan costs will be accounted for, along with the corresponding increase in equity, as the costs of employee benefits and recognized in the financial results of ASEE Group for the years 2021-2029.

The fair value of equity instruments awarded under the incentive plan has been measured based on the following assumptions:

Market price of 1 share of ASEE on the acquisition date	PLN 40
Purchase price of 1 share	PLN 40
Expected volatility in share price	29%
Expected volatility in EUR/PLN exchange rate	6%
Interest rate on PLN	1.5% to 1.7%
Interest rate on EUR	-0.54% to -0.40%

The expected share price volatility of 29% was computed based on historical quotes of our shares in the period of six months preceding the date of the shares sale transaction, taking into account their average prices.

In the valuation process, possible changes in the asset value resulting from the payment of dividends were taken into account. As at the valuation date, it is expected that dividends to be paid over the exercise period of purchase rights for ASEE shares will amount to PLN 1.00 per share annually.

The options may be exercised within 1 year for shares to be paid up in 2026, 2 years for shares to be paid up in 2027, and 3 years for shares to be paid up in 2028. These periods were correlated with the lock-up period applicable to the sale of shares.

The standalone financial statements present the costs related to the acquisition of 316,425 shares, including 280,000 shares acquired by Piotr Jeleński, CEO of ASEE S.A., and 25,000 shares acquired by Michał Nitka, Member of the Management Board of ASEE S.A.

The costs of share-based payment plan disclosed in the standalone financial statements of ASEE for the year ended 31 December 2023 amounted to PLN 168 thousand, as compared to PLN 168 thousand in the previous year. In correspondence, this transaction was recognized as a separate item of the Company's equity, in the same amount as disclosed in remuneration costs.

2022 plan

On 22 August 2022, ASEE S.A. signed agreements to sell shares in Payten Holding S.A. to the managers of ASEE Group companies. The whole incentive plan covers 426,571 shares of Payten Holding S.A. which represent 0.93% of the company's share capital.

The above-mentioned agreements constitute an equity-settled share-based payment transaction as defined by IFRS 2.

The purchase rights were vested on 22 August 2022. The purchase price amounted to PLN 22.57 per share. According to the concluded agreements, the managers shall exercise all the rights attached to shares acquired (dividend rights, voting rights, etc.) since the shares acquisition date. The payment for shares shall be made in 9 instalments, the first one after signing the agreements and subsequently in 8 annual instalments, payable from 31 December 2023. Interest will be charged starting from the shares acquisition date till making the payment, in the amount of 1.5% + max (EURIBOR12M,0) on an annual basis. The amount of such variable component will be determined at the beginning of each subsequent annual interest period. The accrued interest will be paid each year along with the payment of consecutive instalments of the price. The right to pay the acquisition price in instalments is granted to persons participating in this plan provided they continue to serve in a managerial position at the Group and do not violate any material conditions of the agreement (among others, make timely payments according to the schedule, establish a pledge on shares acquired, refrain from selling these shares during the lock-up period, etc.). The managers are not allowed to sell these shares over a lock-up period of 5 years. The managers shall be entitled to make an early payment for all the shares acquired at the agreed price of PLN 22.57 per share upon expiry of a 4-year period, i.e. from 23 August 2026. Any unpaid portion of the selling price shall be secured by establishing a pledge on shares purchased by each buyer.

The agreements also provide for put and call options, enabling the parties to resell or repurchase any unpaid shares.

The fair value of this incentive plan was estimated based on the Black-Scholes Merton model. The value of option rights was measured using Monte Carlo simulation techniques combined with the linear least squares regression, i.e. the Longstaff-Schwartz method. The total fair value of the plan as at the rights vesting date amounted to PLN 2,141 thousand. The incentive plan costs will be accounted for, along with the corresponding increase in equity, as the costs of employee benefits and recognized in the financial results of ASEE Group for the years 2022-2030.

The fair value of equity instruments awarded under the incentive plan has been measured based on the following assumptions:

Market price of 1 share of Payten Holding S.A. on the acquisition date	PLN 26.06
Purchase price of 1 share	PLN 22.57
Expected volatility in share price	30-36%
Expected volatility in EUR/PLN exchange rate	6-8%
Interest rate on PLN	5.6%-6.5%
Interest rate on EUR	0.67%-1.26%

Payten Holding shares are not listed and their market price has been computed by reference to the market price of ASEE shares. The expected volatility in the price of Payten Holding shares has been calibrated based on historical quotes of ASEE shares in the period comparable to the maturity of purchase rights.

In the valuation process, possible changes in the asset value resulting from the payment of dividends were taken into account. As at the valuation date, it is expected that dividends to be paid over the exercise period of purchase rights for Payten Holding shares will amount to PLN 0.73 per share annually.

The options may be exercised within 4 months for shares to be paid up in 2027, 1 year and 4 months for shares to be paid up in 2028, 2 years and 4 months for shares to be paid up in 2029, and 3 years and 4 months for shares to be paid up in 2030. These periods were correlated with the lock-up period applicable to the sale of shares.

The costs of share-based payment plan disclosed in the standalone financial statements of ASEE for the year ended 31 December 2023 amounted to PLN 62 thousand, as compared to PLN 22 thousand in the comparable period. In correspondence, this transaction was recognized as a separate item of the Company's equity, in the same amount as disclosed in remuneration costs.

4.4. Financial income and expenses

Selected accounting policies

Interest income comprises primarily interest on investments in debt securities (including in particular loans granted) and on bank deposits. Such income is measured at amortized cost using the effective interest rate.

Other interest income comprises interest on trade receivables as well as discounts on costs (liabilities) accounted for using the effective interest method.

Interest expenses incurred on external financing obtained by the Company are charged at amortized cost.

Financial income earned during the period of 12 months ended 31 December 2023 and in the comparable period was as follows:

Financial income	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Interest income on investments in debt securities and bank deposits carried at amortized cost	1,723	3,619
Other interest income	307	88
Positive foreign exchange differences	-	1,613
Commissions received on guarantees granted	3	10
Net gain on exercise and/or valuation of derivative instruments	898	38
Reversal of impairment losses on investments in subsidiaries	10,800	4,000
Other	9	-
Total	13,740	9,368

In 2023, gain on reversal of impairment losses on investments in subsidiaries was related to our investment in ASEE Kosovo (in the amount of PLN 10,800 thousand). The write-down amount was reversed based on the conducted impairment test which has been described in detail in explanatory note 5.5 to these financial statements. In the previous year, gain on reversal of impairment losses on investments in subsidiaries was related to our investment in ASEE B&H (in the amount of PLN 4,000 thousand).

Financial expenses incurred during the period of 12 months ended 31 December 2023 and in the comparable period were as follows:

Financial expenses	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Interest expenses on bank loans	(1,978)	(735)
Other interest expenses	(18)	-
Interest expenses on leases	(8)	(3)
Negative foreign exchange differences	(3,621)	-
Loss on exercise and/or valuation of derivative instruments	(38)	-

Impairment losses on investments in subsidiaries	(28,130)	(6,025)
Total	(33,793)	(6,763)

Impairment losses on investments in subsidiaries are related to our investment in BS Telecom (in the amount of PLN 28,130 thousand). The write-down amounts were determined based on the conducted impairment tests which have been described in detail in explanatory note 5.5 to these financial statements. In the previous year, impairment losses on investments in subsidiaries were related to our investments in BS Telecom (in the amount of PLN 6,000 thousand) and Payten Sp. z o.o. (in the amount of PLN 25 thousand).

Positive and negative foreign exchange differences are presented in net amounts (reflecting the excess of positive differences over negative differences or otherwise).

Interest expenses on leases are associated with the lease of an office building in Gdynia.

4.5. Corporate income tax

Selected accounting policies

The Company recognizes and measures its current and deferred income tax assets and liabilities in accordance with the requirements of IAS 12 'Income Taxes' on the basis of taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account the assessment of uncertainty over tax treatments.

Income tax comprises current and deferred portion.

Estimates

The Company makes an assessment of realizability of deferred income tax assets at each reporting date. This assessment requires the exercise of professional judgment and estimates.

The main charges on pre-tax profit resulting from corporate income tax (current and deferred portions):

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Current income tax and prior years' adjustments	(4,796)	(6,324)
Deferred income tax	268	(645)
Income tax expense as disclosed in the statement of profit and loss	(4,528)	(6,969)

The table below presents the amount of current income tax expense for 2023, as disclosed in the statement of profit and loss, in a breakdown by type of operations and other items:

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Current corporate income tax expense	(1,443)	(2,946)
Current income tax – core operations	(3,326)	(2,569)
Corrections of CIT filings for prior years	(27)	(809)
Total corporate income tax expense as disclosed in the statement of profit and loss	(4,796)	(6,324)

Regulations pertaining to the value added tax, corporate income tax, personal income tax or social security are frequently amended, thereby depriving taxpayers of a possibility to refer to well established court decisions and precedents. The current regulations in force are not always unambiguous, which may cause additional discrepancies in their interpretation. Tax treatments are subject to audit by the taxation authorities. Should any irregularities in tax settlements be detected, a taxpayer is obliged to pay the outstanding amounts along with the statutory interest thereon. Payment of tax arrears does not always release a taxpayer from penal and fiscal liability. Due to such circumstances, tax treatments are subject to a relatively high risk. Settlement of tax liabilities may come under control in a period of five years, counting from the end of the year in which relevant tax returns were filed. In effect, the amounts of taxes payable disclosed in the financial statements may be later changed, after they are finally determined by the taxation authorities.

Presented below is the reconciliation of corporate income tax payable on pre-tax profit at the statutory tax rate, with corporate income tax computed at the effective tax rate.

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Pre-tax profit from continuing operations	86,086	78,179
Statutory corporate income tax rate	19%	19%
Corporate income tax computed at the statutory tax rate	(16,356)	(14,854)
Dividends received from subsidiaries	9,198	3,744
Dividend income tax paid by subsidiaries	6,684	5,331
Share-based payment plan	(44)	(36)
Corrections of CIT filings for prior years	(27)	(809)
Recognition and reversal of impairment losses on investments in subsidiaries	(3,295)	(311)
Other permanent differences	(688)	(34)
Corporate income tax computed at the effective tax rate	(4,528)	(6,969)

During the period of 12 months ended 31 December 2023, our effective tax rate equalled 5.26% as compared to 8.91% in the comparable period.

Dividends received from subsidiaries based in the European Union countries, amounting to PLN 9,198 thousand in 2023 and PLN 3,744 thousand in 2022, are exempted from taxation under Art. 22 of the Corporate Income Tax Act. Whereas, the deduction of dividend income tax paid by subsidiaries amounting to PLN 6,684 thousand in 2023 and PLN 5,331 thousand in 2022 is related to our subsidiaries, dividends from which are taxable in Poland, but which had already paid income taxes in their own countries (tax deduction pursuant to Art. 20 of the Corporate Income Tax Act).

The table below presents information on deferred income tax assets and liabilities as well as impact of their changes on comprehensive income:

	Deferred tax liabilities		Deferred tax assets		Comprehensive income for the period of
	12 months ended 31 December 2023	12 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022	12 months ended 31 December 2023
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Right-of-use assets	66	-	-	-	(66)
Loans	84	240	-	-	156
Other receivables	1,095	1,374	-	-	279
Cash and cash equivalents	2	-	-	-	(2)
Trade payables	-	-	200	253	(53)
Financial liabilities	-	-	64	91	(27)
Accruals	-	-	1,267	1,286	(19)
Other	-	-	77	77	-
Deferred tax liabilities, gross	1,247	1,614			
Deferred tax assets, gross			1,608	1,707	
Deferred tax assets, net			1,608	1,707	
Deferred tax assets (+) / liabilities (-), net			361	93	
Change in deferred income tax in the reporting period, of which:					268
change in deferred income tax recognized directly in other comprehensive income					-
change in deferred income tax recognized in the statement of profit and loss					268

	31 December 2023 PLN'000	31 December 2022 PLN'000
Deferred tax assets	1,608	1,707
Deferred tax liabilities	1,247	1,614
Deferred tax assets (+) / liabilities (-), net	361	93

Based on the current financial budget and applicable tax regulations, the Company's Management believes that future utilization of deferred tax assets recognized in the Company's financial statements in the amount of PLN 361 thousand is very likely.

4.6. Earnings per share

Selected accounting policies

Basic earnings per share for each reporting period shall be computed by dividing the net profit from continuing operations for the reporting period by the weighted average number of shares outstanding in the given reporting period.

Diluted earnings per share for each reporting period shall be calculated by dividing the net profit from continuing operations for the reporting period by the total of weighted average number of shares outstanding in the given reporting period and all shares of potential new issues.

Both during the period of 12 months ended 31 December 2023 and in the comparable period, the Company had no instruments that could potentially dilute basic earnings per share.

The table below presents net profits and numbers of shares used for the calculation of earnings per share:

	12 months ended 31 December 2023	12 months ended 31 December 2022
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251
Net profit for the reporting period (in thousands of PLN)	81,558	71,210
Net earnings per share (in PLN)	1.57	1.37

4.7. Information on dividends paid out

The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów acting on the basis of art. 395 § 2 item 2 and art. 396 § 1 of the Commercial Companies Code, as well as pursuant to §12 sec. 4 item 2 of the Company's Articles of Association, on 22 June 2023 adopted a resolution to pay out a dividend in the total amount of PLN 75,766 thousand or PLN 1.46 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 30 June 2023 as the dividend record date. The dividend was paid out on 13 July 2023. The number of shares eligible for dividend was 51,894,251.

In 2022, the Parent Company paid out to its shareholders a dividend for the year 2021. The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2 of the Commercial Companies Code as well as pursuant to §12 sec. 4 item 2 of the Company's Articles of Association, on 21 June 2022 decided to pay out a dividend in the total amount of PLN 66,425 thousand or PLN 1.28 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 29 June 2022 as the dividend record date. The dividend was paid out on 12 July 2022. The number of shares eligible for dividend was 51,894,251.

V. Explanatory notes to the statement of financial position

5.1. Property, plant and equipment

Selected accounting policies

Property, plant and equipment are disclosed at purchase cost or production cost decreased by accumulated depreciation and any impairment losses. The initial value of a tangible asset corresponds to its purchase cost increased by expenditures related directly to the purchase and adaptation of such asset to its intended use. Such expenditures also include the cost of replacing parts of machinery or equipment at the time when incurred if the asset recognition criteria are met. Any costs incurred after a tangible asset is made available for use, such as maintenance or repair fees, are expensed in the statement of profit and loss at the time when incurred.

At the time of purchase tangible assets are divided into components of significant value for which separate periods of useful life may be adopted. General overhaul expenses constitute a component of assets as well.

Investments in progress relate to tangible assets under construction or during assembly and are recognized at purchase cost or production cost, decreased by any potential impairment losses. Tangible assets under construction are not depreciated until being completed and available for use.

A tangible asset may be derecognized from the balance sheet after it is disposed of or when no economic benefits are expected from its further use. Any gains or losses resulting from derecognition of an asset from the balance sheet (measured as the difference between net proceeds from disposal of such asset and its carrying value) are recognized through profit or loss in the period when such derecognition is made.

Estimates

At each reporting date, the Company determines if there are any objective indications of impairment of a given component of property, plant and equipment. In addition, at the end of each financial year, the Company verifies the periods of useful life of property, plant and equipment.

Such assets are depreciated using the straight-line method over their expected useful lives.

The periods of useful life are presented in the table below:

	Period
<i>Buildings and structures</i>	<i>40 years</i>
<i>Leasehold improvements</i>	<i>5 years</i>
<i>Computers and telecommunication equipment</i>	<i>1-5 years</i>
<i>Furniture</i>	<i>2-8 years</i>
<i>Office equipment</i>	<i>5-10 years</i>
<i>Transportation vehicles</i>	<i>4-6 years</i>
<i>Other tangible assets</i>	<i>2-5 years</i>

The Company verifies the adopted periods of useful life on an annual basis, taking into account the current estimates. In 2022, the rates of depreciation and amortization applied by the Company were not subject to any significant modifications.

Changes in the net book value of property, plant and equipment that took place during the period of 12 months ended 31 December 2023 and in the comparable period are presented below:

	Computers and other office equipment	Transportation vehicles	Other tangible assets	Total
As at 1 January 2023, less accumulated depreciation and impairment losses	14	296	-	310
Additions, of which:	52	96	-	148
Purchases and modernization	52	96	-	148
Reductions, of which:	(55)	(125)	-	(180)
Depreciation charges for the reporting period	(55)	(125)	-	(180)
Other	(4)	4	-	-
As at 31 December 2023, less accumulated depreciation and impairment losses	7	271	-	278
<hr/>				
As at 1 January 2023				
Gross value	391	1,171	139	1,701
Accumulated depreciation and impairment losses	(377)	(875)	(139)	(1,391)
Net book value as at 1 January 2023	14	296	-	310
<hr/>				
As at 31 December 2023				
Gross value	520	1,273	95	1,888
Accumulated depreciation and impairment losses	(513)	(1,002)	(95)	(1,610)
Net book value as at 31 December 2023	7	271	-	278

	Computers and other office equipment	Transportation vehicles	Other tangible assets	Total
As at 1 January 2022, less accumulated depreciation and impairment losses	4	458	-	462
Additions, of which:	78	-	-	78
Purchases and modernization	78	-	-	78
Reductions, of which:	(68)	(162)	-	(230)
Depreciation charges for the reporting period	(68)	(162)	-	(230)
As at 31 December 2022, less accumulated depreciation and impairment losses	14	296	-	310
As at 1 January 2022				
Gross value	313	1,171	139	1,623
Accumulated depreciation and impairment losses	(309)	(713)	(139)	(1,161)
Net book value as at 1 January 2022	4	458	-	462
As at 31 December 2022				
Gross value	391	1,171	139	1,701
Accumulated depreciation and impairment losses	(377)	(875)	(139)	(1,391)
Net book value as at 31 December 2022	14	296	-	310

Both as at 31 December 2023 and 31 December 2022, property, plant and equipment did not serve as collateral for any bank loans.

5.2. Intangible assets

Selected accounting policies

Intangible assets purchased

Intangible assets purchased in a separate transaction shall be capitalized at purchase cost. The purchase cost of intangible assets acquired under a business combination shall be equal to their fair value as at the merger date.

Goodwill

Goodwill is an asset representing future economic benefits arising from assets acquired as part of a business combination that cannot be individually identified or separately recognized.

In the standalone financial statements, goodwill is an asset arising from combinations of businesses under common control. The amount of goodwill is initially measured as the excess of the purchase price paid over the net value of identifiable assets acquired and, in the standalone accounting books, it is recognized at the date of merger of the acquired businesses.

Amortization

Amortization charges against intangible assets with a definite period of useful life are recognized in profit or loss, in the category which corresponds to the function of each individual intangible asset.

Intangible assets with an indefinite period of useful life and those which are no longer used are tested for possible impairment at least once a year and whenever there are indications to do so. Should the carrying value exceed the estimated recoverable amount (the higher of the following two amounts: net sales price or value in use), the value of these assets shall be reduced to the recoverable amount.

Any gains or losses resulting from derecognition of an intangible asset from the statement of financial position are measured as the difference between net proceeds from the sale of such an asset and its carrying value, and are recognized in the statement of profit and loss at the time when such derecognition is made.

Estimates

At each reporting date, the Company determines if there are any objective indications of impairment of a given component of intangible assets, as described in note 5.5 below.

The period of useful life of an intangible asset shall be assessed and classified as definite or indefinite. Intangible assets with a definite period of useful life are amortized using the straight-line method over their expected useful life, and amortization charges are expensed adequately in the statement of profit and loss.

The periods of useful life are presented in the table below:

	Period
Cost of development work	3-5 years
Computer software	2-5 years
Patents and licenses	2-5 years
Other	5 years

The Company verifies the adopted periods of useful life on an annual basis, taking into account the current estimates. In 2023, the rates of depreciation and amortization applied by the Company were not subject to any significant modifications.

Goodwill is tested for impairment on an annual basis as well as at each reporting date when there is a justified indication to do so. Performing such a test requires estimating the recoverable amount of a cash-generating unit and is usually carried out using the discounted cash flow method, which entails the need to make estimates for future cash flows, changes in working capital and the weighted average cost of capital.

	Software	Goodwill	Total
As at 1 January 2023, less accumulated amortization and impairment losses			
Additions, of which:	-	-	-
Purchases	-	-	-
Reductions, of which:	(603)	-	(603)
Amortization charges for the reporting period	(603)	-	(603)
As at 31 December 2023, less accumulated amortization and impairment losses	355	4,567	4,922
As at 1 January 2023			
Gross value	3,701	4,567	8,268
Accumulated amortization and impairment losses	(2,743)	-	(2,743)
Net book value as at 1 January 2023	958	4,567	5,525
As at 31 December 2023			
Gross value	3,701	4,567	8,268
Accumulated amortization and impairment losses	(3,346)	-	(3,346)
Net book value as at 31 December 2023	355	4,567	4,922
	Software	Goodwill	Total
As at 1 January 2022, less accumulated amortization and impairment losses			
Additions, of which:	129	-	129
Purchases	129	-	129
Reductions, of which:	(658)	-	(658)
Amortization charges for the reporting period	(658)	-	(658)
As at 31 December 2022, less accumulated amortization and impairment losses	958	4,567	5,525
As at 1 January 2022			
Gross value	3,572	4,567	8,139
Accumulated amortization and impairment losses	(2,085)	-	(2,085)
Net book value as at 1 January 2022	1,487	4,567	6,054
As at 31 December 2022			
Gross value	3,701	4,567	8,268
Accumulated amortization and impairment losses	(2,743)	-	(2,743)
Net book value as at 31 December 2022	958	4,567	5,525

Both as at 31 December 2023 and 31 December 2022, intangible assets did not serve as collateral for any bank loans.

5.3. Right-of-use assets

Selected accounting policies

At the contract inception, the Company determines whether a contract is a lease or contains a lease.

Short-term leases and leases of low-value assets

The Company has applied the exemption not to recognize right-of-use assets and liabilities for short-term leases with terms less than 12 months which do not contain a purchase option. The Company has also applied the exemption for the recognition of leases of low-value assets. Lease payments under short-term leases and leases of low-value assets shall be expensed on a straight-line basis over the lease term.

Initial recognition and measurement of right-of-use assets

Since 1 January 2019, in the case of contracts identified as leases, the Company has recognized right-of-use assets as at the lease commencement date (i.e. the date when the asset being leased is available for use by the Company).

Right-of-use assets are initially recognized at cost. The cost of the right-of-use asset shall comprise: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

Subsequent measurement of right-of-use assets

The Company shall measure the right-of-use asset applying a cost model, this is at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability (i.e. modifications that are not required to be accounted for as a separate lease).

Right-of-use assets are depreciated by the Company basically using the straight-line method. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company shall depreciate the right-of-use asset from the lease commencement date to the end of the useful life of the underlying asset. Otherwise, the Company shall depreciate the right-of-use asset from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies the provisions of IAS 36 'Impairment of Assets' to determine whether the right-of-use asset is impaired.

Estimates

At each reporting date, the Company determines if there are any objective indications of impairment of a given right-of-use asset. The Company applies the provisions of IAS 36 'Impairment of Assets' to determine whether the right-of-use asset is impaired.

Such assets are as a rule depreciated using the straight-line method over their expected useful lives.

In addition, at the end of each financial year, the Company's Management makes judgments for contracts concluded for an indefinite period in order to determine their duration with reasonable certainty.

Changes in the net book value of right-of-use assets that took place during the period of 12 months ended 31 December 2023 and in the comparable period are presented below:

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
As at 1 January, less accumulated depreciation and impairment losses	73	181
Additions, of which:	388	-
Modification of existing contracts (lease extension, interest rate change)	388	-
Reductions, of which:	(116)	(108)
Depreciation charges for the reporting period	(116)	(108)
As at 31 December, less accumulated depreciation and impairment losses	345	73
As at 1 January		
Gross value	498	498
Accumulated depreciation and impairment losses	(425)	(317)
Net book value as at 1 January	73	181
As at 31 December		
Gross value	886	498
Accumulated depreciation and impairment losses	(541)	(425)
Net book value as at 31 December	345	73

5.4. Investments in subsidiaries

Selected accounting policies

Subsidiaries are entities in which the Company possess all the following three elements of control:

- power over the investee;
- rights to variable returns from involvement with the investee; and
- the ability to use power over the investee to affect the amount of the investor's returns.

Associates are entities in which the Company holds more than 20% and not more than 50% of voting rights at the general meeting of shareholders and on which the Company exerts a significant influence, however, without the ability to control them jointly. This means they are neither subsidiaries nor joint ventures.

Investments in subsidiaries and associates are recognized by the Company at historical cost less any impairment charges.

The Company verifies its investments in related companies concerning the indications of possible impairment. Furthermore, at the end of each financial year, the Company estimates the recoverable amount of its financial assets by analyzing and measuring the future cash flows to be generated by such assets. The conducted impairment tests have been presented in detail in explanatory note 5.5.

Combinations/demergers of businesses under common control

A business combination involving business entities under common control is a business combination whereby all of the combining

business entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory. This refers in particular to transactions such as a transfer of companies or ventures between individual companies within a capital group, or a merger of a parent company with its subsidiary.

The effects of combinations of businesses under common control are accounted for by the Company by the pooling of interests method, assuming that:

- assets and liabilities of the combining business entities are measured at their carrying values as disclosed in the Company's consolidated financial statements. This means that goodwill previously recognized in the consolidated financial statements as well as any other intangible assets recognized in the merger accounting process are transferred to the standalone financial statements;
- merger-related transaction costs are expensed in the statement of profit and loss (financial expenses);
- mutual balances of accounts receivable/ payable are eliminated;
- any difference between the purchase price paid or transferred and the value of net assets acquired (at their carrying values disclosed in the consolidated financial statements) shall be recognized in equity of the acquirer (such amounts recognized in equity are not included in reserve capital, and therefore they are not distributable);
- the statement of profit and loss presents the financial results of both combined entities from the date when their merger was effected; whereas, the results for earlier reporting periods are not restated.

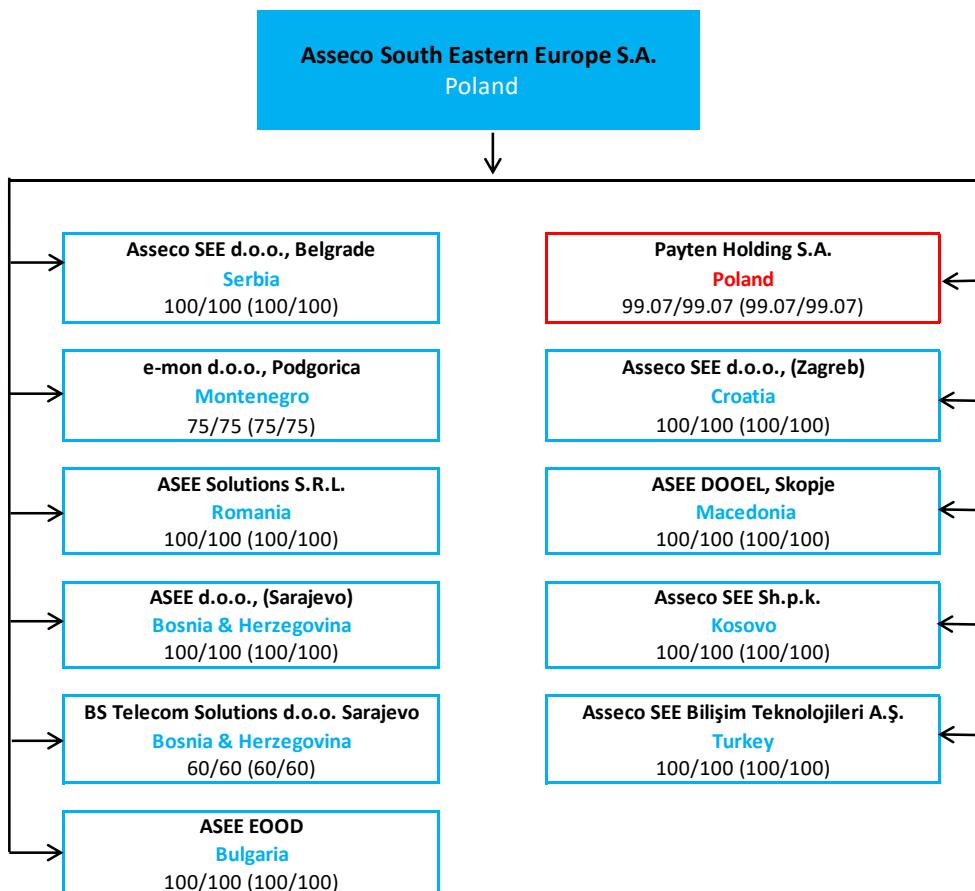
In the event of a business combination in which an investment in one subsidiary is contributed to another subsidiary or in which two subsidiaries of the Company are combined, the carrying value of investment in the acquiree subsidiary is only transferred to the value of investment in the acquirer subsidiary. Hence, a takeover of one subsidiary by another subsidiary has no impact on the Company's financial results whatsoever.

In the case of demerging companies under common control, the previous value of our investment is allocated to entities created from such demerger on the basis of the share in fair value of each of these companies that is estimated on the basis of their discounted cash flows.

The Company's equity investments held as at 31 December 2023 and in the comparable period are disclosed in the table below:

		31 December 2023	31 December 2022
		PLN'000	PLN'000
ASEE d.o.o., Sarajevo	ASEE B&H	25,830	25,830
BS Telecom Solutions d.o.o. Sarajevo	BS Telecom	37,984	66,114
ASEE EOOD	ASEE Bulgaria	4,265	4,265
Asseco SEE d.o.o. (Zagreb)	ASEE Croatia	56,783	56,783
Asseco SEE Sh.p.k. (Pristina)	ASEE Kosovo	44,361	33,561
ASEE DOEL, Skopje	ASEE Macedonia	98,480	98,480
ASEE Solutions S.R.L.	ASEE Romania	97,919	97,919
Asseco SEE d.o.o. (Belgrade)	ASEE Serbia	60,680	60,680
ASEE Bilişim Teknolojileri A.Ş.	ASEE Turkey	20,618	20,618
e-mon d.o.o., Podgorica	e-mon	3,842	-
Payten Sp. z o.o.	Payten	-	-
Payten Holding S.A.	Payten Holding	227,163	227,157
		677,925	691,407

The Company's investments in subsidiaries are presented in the chart below:



100/100 voting rights / equity interest as at 31 December 2023 (in %)
(100/100) voting rights / equity interest as at 31 December 2022 (in %)

ASEE BOSNIA AND HERZEGOVINA

The company of ASEE Bosnia and Herzegovina resulted from the merger of Cardinfo BDS d.o.o. (ASEE B&H Sarajevo) and ASEE B&H (Banja Luka).

The agreement for the acquisition of a 50% stake in Cardinfo BDS d.o.o. worth PLN 4,631 thousand was signed by ASEE S.A. on 13 September 2010. The remaining 50% of shares in Cardinfo BDS d.o.o. worth PLN 9,693 thousand as well as shares in ASEE B&H (Banja Luka) worth PLN 11,506 thousand were transferred within the Group's structure, from ASEE Serbia directly to ASEE S.A. Such transfer was carried out as part of the Group's reorganization process which was finalized by the merger of ASEE S.A. with its subsidiary ITD Poland Sp. z o.o. on 1 June 2012.

On 19 July 2012, there was registered a merger between our two subsidiaries seated in Bosnia and Herzegovina. As a result of that merger, the value of our investment in ASEE B&H (Banja Luka) amounting to PLN 11,506 thousand was added to our investment in ASEE B&H (Sarajevo). Following the merger, the total value of our investments in Bosnia and Herzegovina equalled PLN 25,830 thousand.

As a result of the impairment test conducted as at 30 June 2020, we recognized an impairment charge on these investments in the amount of PLN 4,000 thousand.

As at 31 December 2022, the Company analyzed the validity of indications for impairment loss that was recognized on our investment in ASEE B&H in previous years. Our recent analysis of the indications of impairment as well as the conducted impairment test showed that it is no longer necessary to carry such a write-down on our subsidiary ASEE B&H. As a result, the carrying value of our investment in ASEE B&H has

been increased to match its carrying value from before making the write-down, this is by PLN 4,000 thousand.

On 18 September 2023, our subsidiary company operating in Bosnia and Herzegovina was renamed from Asseco SEE d.o.o. Sarajevo to ASEE d.o.o. Sarajevo.

As at 31 December 2023, the value of our investment in ASEE B&H equalled PLN 25,830 thousand.

ASEE BULGARIA

ASEE Bulgaria was created by the merger of ASEE Bulgaria (formerly Pexim Solutions o.o.d) and Altius Bulgaria.

On 23 September 2010, ASEE S.A. acquired a 49% stake in ASEE Bulgaria. The remaining 51% of shares were purchased by ASEE S.A. from its subsidiary ASEE Macedonia on 1 December 2011. Following both the transactions, ASEE S.A. has become a direct owner of 100% of shares in its Bulgarian subsidiary. The total cost of investment recognized amounted to PLN 2,499 thousand.

On 19 October 2011, Asseco South Eastern Europe S.A. concluded an agreement for the acquisition of 100% of shares in Altius Bulgaria EOOD. Our investment in this company amounted to PLN 1,766 thousand.

The merger of both the above-mentioned companies was registered on 10 February 2012. Following this business combination, the total value of our investment in ASEE Bulgaria reached PLN 4,265 thousand.

As at 31 December 2017, we recognized an impairment loss on our investment in ASEE Bulgaria in the amount of PLN 4,265 thousand, due to lower than expected financial performance of that company and on the basis of conducted impairment tests.

As at 30 June 2020, the Company analyzed the validity of indications for impairment loss that was recognized on our investment in ASEE Bulgaria in previous years. Our recent analysis of the indications of impairment showed that it is no longer necessary to carry such a write-down on our subsidiary ASEE Bulgaria. As a result, the carrying value of our investment in ASEE Bulgaria has been increased to match its carrying value from before making the write-down, this is by PLN 4,265 thousand.

On 16 August 2023, our subsidiary company operating in Bulgaria was renamed from Asseco SEE EOOD based in Sofia to ASEE EOOD.

As at 31 December 2023, the value of our investment in ASEE Bulgaria equalled PLN 4,265 thousand.

ASEE CROATIA

ASEE Croatia was created by merging our four subsidiaries based in Croatia: Arbor Informatika d.o.o., Logos d.o.o., Biro Data Servis d.o.o. and EŽR.

On 20 December 2007, ASEE S.A. concluded an agreement for the acquisition of a 60% stake in Logos d.o.o. and a 70% stake in Arbor Informatika d.o.o. The control over Arbor Informatika d.o.o. was obtained on 22 January 2008; whereas, Logos d.o.o. has been controlled as of 8 April 2008.

The remaining non-controlling interests in these companies, i.e. 40% of shares in Logos d.o.o. and 30% of shares in Arbor Informatika d.o.o., were acquired by ASEE S.A. in 2009, in each case by conversion of those shares into shares of ASEE S.A. Following such swap transactions, ASEE S.A. became the owner of 100% of shares in both the companies.

On 4 January 2010, the subsidiary Logos d.o.o. was renamed as Asseco SEE d.o.o. (ASEE Croatia). Concurrently, the merger of ASEE Croatia (as the taking-over company) with Arbor Informatika d.o.o. (as the acquired company) was registered.

Afterwards, ASEE S.A. acquired a 100% stake in Biro Data Servis d.o.o. (BDS) under an agreement signed on 13 September 2010. The merger of ASEE Croatia with BDS was registered on 3 January 2011.

In the period of 12 months ended 31 December 2013, we recognized an impairment loss, decreasing the value of our investment in ASEE Croatia by PLN 4,800 thousand. Such write-down was recognized due to lower than expected financial performance of that company.

On 23 October 2013, ASEE S.A. acquired 100% of shares in the company EŽ Računalstvo 2013 d.o.o. seated in Zagreb, Croatia. The consideration for the shares has been divided into two portions. The first instalment

amounting to EUR 2,500 thousand (of which EUR 2,362 thousand due to the seller and EUR 138 thousand for the share capital increase) was paid on the date of signing the share acquisition agreement. The second instalment depended on the acquired company's financial results and finally amounted to EUR 402 thousand (PLN 1,686 thousand). The total value of investment recognized on this transaction amounted to PLN 12,287 thousand.

On 2 January 2014, a merger of ASEE Croatia (the taking-over company) and EŽR Croatia (the acquired company) was registered. Following the conducted mergers, the total value of our investments in Croatia reached PLN 118,167 thousand, net of impairment losses.

As at 31 December 2016, since the company has improved its financial performance and is expected to maintain this trend, we reversed the impairment loss amounting to PLN 4,800 thousand that was recognized on our investment in Croatia in prior years.

On 19 September 2017, a new company called Payten Croatia was officially separated from ASEE Croatia. The former value of our investment in ASEE Croatia has been divided in the following proportions: PLN 56,783 thousand to ASEE Croatia, and PLN 66,184 thousand to Payten Croatia. Such division corresponded to the share of fair value of each of these companies that was estimated on the basis of their discounted cash flows.

On 28 June 2019, shares held in Payten Croatia were contributed to Payten Holding S.A. (formerly Payten Sp. z o.o. limited partnership).

As at 31 December 2023, the value of our investment in ASEE Croatia equalled PLN 56,783 thousand.

ASEE KOSOVO

The agreement for the acquisition of 100% of shares in Pronet Sh.p.k was signed on 5 November 2009. Asseco South Eastern Europe S.A. gained control over that company as of 1 July 2009. On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k. (ASEE Kosovo).

In 2010, taking into account the audited consolidated financial statements of ASEE Kosovo for the year 2009, we finally completed the purchase price allocation process, which resulted in reducing the value of this investment by PLN 388 thousand. Whereas, in the first half of 2011, we recognized an impairment loss on our Kosovo investment, decreasing its value by PLN 6,033 thousand, because the achieved financial results were weaker than expected. In the period of 12 months ended 31 December 2013, the above-mentioned write-down was reversed entirely as the company's earnings improved. In the period of 12 months ended 31 December 2014, due to the expectation of weaker financial performance of ASEE Kosovo, we again decided to write down the value of this investment by PLN 5,120 thousand. In 2016, we recognized additional impairment losses on our investment in ASEE Kosovo in the amount of PLN 4,000 thousand as at 30 June 2016 and in the amount of PLN 5,000 thousand as at 31 December 2016, due to lower than expected financial performance of that company and on the basis of conducted impairment tests. In 2017, the said impairment losses were increased by another PLN 9,000 thousand.

Due to the improvement in the company's financial results, the impairment losses on this investment were reversed. Such write-downs were reversed by the amount of PLN 5,500 thousand in 2020 and by PLN 6,820 in 2021, which was followed by another reversal of impairment losses in the amount of PLN 10,800 thousand that was recognized as at 31 December 2023.

As at 31 December 2023, the value of our investment in ASEE Kosovo equalled PLN 44,361 thousand.

ASEE MACEDONIA

ASEE Macedonia joined ASEE Group in 2007, being a subsidiary of the acquired Serbian company. As a result of the demerger of ASEE Serbia and establishing of IPSA BHM Investments, as well as due to further reorganization of ASEE Group finalized by the merger with ITD Poland, the investment in ASEE Macedonia was transferred directly to ASEE S.A. and evaluated at PLN 98,480 thousand.

On 2 October 2023, our subsidiary company operating in Macedonia was renamed from Trade Company for production, service and trade ASSECO SEE Dooel Skopje (short name: ASSECO SEE Dooel Skopje) to Trade Company for production, service and trade ASEE DOOEL Skopje (short name: ASEE DOOEL Skopje).

During the period of 12 months ended 31 December 2023, the value of our investment in ASEE Macedonia remained unchanged.

ASEE ROMANIA

ASEE Romania was created by merging our three Romanian subsidiaries: Fiba Software s.r.l., Net Consulting s.r.l., and Probass S.A.

On 26 April 2007, Asseco Romania S.A. (a subsidiary of Asseco Poland S.A.) acquired 70% stakes in the companies of Fiba Software s.r.l. and Net Consulting s.r.l. As a result of the acquisition of shares in Asseco Romania S.A. by Asseco South Eastern Europe S.A. in January 2008 and subsequent merger of those companies executed on 8 May 2008, ASEE S.A. obtained control both over Fiba Software s.r.l. and Net Consulting s.r.l.

The remaining 30% non-controlling interests in each of these companies were acquired under the agreements for conversion of those shares into shares of ASEE S.A. Following such swap transactions, Asseco South Eastern Europe S.A. has become the owner of 100% of shares in both the Romanian companies.

On 29 December 2009, Net Consulting s.r.l. was renamed as Asseco SEE s.r.l. (ASEE Romania) and, subsequently, ASEE Romania acted as the taking-over company in the merger of our Romanian subsidiaries that was carried out on 31 December 2010.

On 11 December 2009, Asseco South Eastern Europe S.A. signed an agreement for the acquisition of 100% of shares in Probass S.A. On 1 June 2010, there was registered a merger of ASEE Romania (the taking-over company) with Probass S.A. (the acquired company).

After the mergers, the total value of our investments in Romania reached PLN 147,485 thousand.

On 16 May 2018, a new company called Payten Romania was officially separated from ASEE Romania. Such demerger resulted in the creation of two separate entities engaged in the payment business and other operations, respectively. Before the demerger, the value of investment stood at PLN 147,485 thousand. Subsequently, the amount of PLN 49,552 thousand was allocated to Payten Romania, while PLN 97,919 thousand was allocated to ASEE Romania. 1 (one) share in Payten Romania was transferred to ASEE Romania in order to meet the legal requirements related to the demerger process. This 1 share was worth PLN 14 thousand.

On 28 June 2019, shares held in Payten Romania were contributed to Payten Holding S.A. (formerly Payten Sp. z o.o. limited partnership).

As at 30 June 2022, we recognized an impairment loss in the amount of PLN 7,500 thousand on this investment; however, as at 31 December 2022, that impairment loss was reversed as the company's financial results improved.

On 20 July 2023, our subsidiary company operating in Romania was renamed from Asseco SEE S.R.L. to ASEE Solutions S.R.L.

As at 31 December 2023, the value of our investment in ASEE Romania equalled PLN 97,919 thousand.

ASEE SERBIA

ASEE Serbia was created by merging our three subsidiaries based in Serbia: Pexim d.o.o., Belgrade, Antegra d.o.o., Belgrade, and Pexim Cardinfo d.o.o., Belgrade.

Asseco South Eastern Europe S.A. acquired: 60% of shares in Pexim d.o.o. on 18 December 2007, 60% of shares in Pexim Cardinfo d.o.o. on 6 May 2008, as well as 70% of shares in Antegra d.o.o. on 21 May 2008.

The remaining non-controlling interests were acquired in 2009 under the agreements for conversion of those shares into shares of ASEE S.A. Following that transaction, Asseco South Eastern Europe S.A. became the owner of 100% of shares in that company.

On 23 November 2009, our subsidiary Pexim d.o.o. was renamed as Asseco SEE d.o.o., Belgrade (ASEE Serbia). On 4 January 2010, there was registered a merger of ASEE Serbia (the taking-over company) with Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company).

Demerger of ASEE Serbia and establishing of IPSA BHM Investments d.o.o.

On 22 November 2010, IPSA BHM Investments d.o.o., Belgrade (IPSA) was established as a result of the separation of a portion of assets of ASEE Serbia, which at the date of such separation was a wholly-owned subsidiary of Asseco South Eastern Europe S.A.

The separated assets of ASEE Serbia that were transferred to the newly established IPSA comprised shareholdings in the following companies:

- 100% of shares in ASEE B&H (formerly Pexim Solutions d.o.o.) seated in Banja Luka, Bosnia and Herzegovina;
- 100% of shares in IBIS a.d. seated in Banja Luka, Bosnia and Herzegovina;
- 50% of shares in ASEE B&H (formerly Cardinfo BDS d.o.o) seated in Sarajevo, Bosnia and Herzegovina;
- 100% of shares in ASEE Macedonia.

The market value of the separated assets was estimated to equal PLN 124,380 thousand. Following such separation of assets, in 2011 the value of our investment in ASEE Serbia was reduced by the amount corresponding to the estimated market value of assets transferred to IPSA (this is from the initial value of PLN 204,677 thousand to the value of PLN 80,297 thousand).

The company of IPSA was liquidated on 31 October 2011. Whereas, all of its shareholdings in the above-mentioned companies were transferred to ITD Poland.

On 3 January 2018, a new company called Payten Serbia was officially separated from ASEE Serbia. Such demerger resulted in the creation of two separate entities engaged in the payment business and other operations, respectively. Before the demerger, the value of investment stood at PLN 80,297 thousand. Subsequently, the amount of PLN 19,618 thousand was allocated to Payten Serbia, while PLN 60,680 thousand was allocated to ASEE Serbia.

On 26 June 2020, shares held in Payten Serbia with a value of PLN 19,618 thousand were contributed to Payten Holding S.A. (formerly Payten Sp. z o.o. limited partnership).

As at 31 December 2023, the value of our investment in ASEE Serbia equalled PLN 60,680 thousand.

ASEE TURKEY

ASEE Turkey resulted from the merger of ITD A.Ş., EST A.Ş. and Sigma A.Ş.

The companies ITD A.Ş. and EST A.Ş. were acquired by ASEE S.A. on 30 July 2010.

The value of investment in 99.662% of shares in ITD A.Ş. amounted to PLN 33,965 thousand. 29.0429% of shares in ITD A.Ş. were acquired in exchange for 837,472 newly issued, series S shares of Asseco South Eastern Europe S.A., with the issuance value of PLN 8,827 thousand, which was recognized as the investment's purchase cost. The value of investment in 99.997% of shares in EST A.Ş. amounted to PLN 28,267 thousand. Additionally, in March 2011, ASEE S.A. purchased 165 shares from a shareholder in ITD A.Ş., increasing the value of this investment by PLN 108 thousand.

In March 2011, Asseco South Eastern Europe S.A. sold a 23.1% stake in EST A.Ş. to ITD A.Ş.; hence the value of our investment in this company decreased by PLN 6,530 thousand.

The merger of both the Turkish subsidiaries was registered on 6 June 2011. As at the merger date, the value of our investment in ASEE Turkey amounted to PLN 55,810 thousand.

On 14 September 2012, ASEE S.A. acquired an 86.68% stake in the company Sigma Danışmanlık ve Uygulama Merkezi A.Ş. seated in Istanbul. The value of investment recognized on this transaction amounted to PLN 25,333 thousand. (Additional 12% of shares were purchased by our subsidiary ASEE Turkey.)

On 6 May 2013, ASEE S.A. sold a 38.22% stake of shares it held in Sigma Turkey to ASEE Turkey. Following this transaction, the value of our investment in Sigma decreased by PLN 9,683 thousand to the level of PLN 15,650 thousand.

On 11 September 2013, there was registered a merger between our Turkish subsidiaries: ASEE Turkey (the taking-over company) and Sigma Turkey (the acquired company). Concurrently to the merger, ASEE Turkey carried out a squeeze-out procedure and purchased a 1.32% non-controlling interest in Sigma. Following this procedure, ASEE S.A. has become the owner of all shares in both the merged companies.

On 2 January 2019, the company changed its corporate name to Payten Teknoloji A.Ş. On 2 January 2019, Payten Teknoloji A.Ş. separated a new company called Asseco SEE Bilişim Teknolojileri A.Ş. out of its

organizational structure. This demerger resulted in the creation of two separate entities engaged in the payment business and other operations. Before the demerger, the value of investment stood at PLN 71,460 thousand. Subsequently, the amount of PLN 20,618 thousand was allocated to ASEE Turkey, while PLN 50,842 thousand was allocated to Payten Turkey.

On 20 March 2020, shares held in Payten Turkey were contributed to Payten Holding S.A. (formerly Payten Sp. z o.o. limited partnership).

On 13 September 2023, our subsidiary company operating in Turkey was renamed from ASSECO SEE BİLİŞİM TEKNOLOJİLERİ A.Ş. to ASEE Bilişim Teknolojileri A.Ş.

As at 31 December 2023, the value of our investment in ASEE Turkey equalled PLN 20,618 thousand.

BS TELECOM SOLUTIONS

On 23 December 2022, ASEE S.A. signed an agreement for the acquisition of a 60% stake in BS Telecom Solutions d.o.o. from its subsidiary ASEE B&H, for the price of PLN 72,114 thousand (EUR 15.5 million). The impairment test carried out as at 31 December 2022 indicated that the value of our investment in BS Telecom decreased by PLN 6,000 thousand due to the distribution of the company's profit.

As at 31 December 2023, we recognized an impairment loss on our investment in BS Telecom, decreasing its value by PLN 28,130 thousand, due to the high discount rate applied in the valuation that was made using the method of discounted cash flows.

As at 31 December 2023, the value of our investment in BS Telecom equalled PLN 37,984 thousand.

PAYTEN Sp. z o.o.

On 29 January 2019, we established a new company called Payten Sp. z o.o. based in Poland. 100% of shares in this company were held by ASEE S.A.

As at 31 December 2022, we recognized an impairment loss for the whole value of this company amounting to PLN 25 thousand.

On 27 April 2023, the shareholders of Payten Sp. z o.o. adopted a resolution to liquidate this company. On 21 December 2023, the Court issued a decision to delete Payten Sp. z o.o. in liquidation from the National Court Register.

PAYTEN Holding S.A.

A new company called Payten Sp. z o.o. (limited partnership), based in Poland, was registered on 20 March 2019. 99 % of shares in this company were held by Asseco South Eastern Europe S.A., while the remaining 1 % stake was held by Payten Sp. z o.o. On 28 June 2019, ASEE S.A. made a non-cash contribution to Payten Sp. z o.o. sp.k. of shares in the following companies of Payten Group:

- Payten B&H
- Payten Croatia
- Payten Montenegro
- Payten Macedonia
- Payten Romania
- Payten Slovenia
- Necoplus Spain.

ASEE S.A. contributed shares in the companies Payten Turkey and Payten Serbia to Payten Sp. z o.o. (limited partnership), on 20 March 2020 and 26 June 2020, respectively.

These transactions consisted in making a contribution of our investments in several subsidiaries to another subsidiary company of ASEE S.A. and, in accordance with the Company's accounting policy, they have been accounted for only by transferring the carrying value of investments in the acquiree subsidiaries to the value of our investment in the acquirer subsidiary. Hence, such a takeover of our subsidiaries by another subsidiary company had no impact on the Company's financial results.

The transformation of the company Payten Sp. z o.o. (limited partnership) into Payten Holding S.A. was registered on 1 March 2022.

The share capital increase of Payten Holding S.A. by the amount of PLN 9,628 thousand was registered on 18 July 2022. The newly issued shares were acquired by the existing shareholders of Payten Holding S.A., namely ASEE S.A. and Payten Sp. z o.o., in exchange for a cash contribution. As a result, the value of ASEE's investment in Payten Holding increased by PLN 9,628 thousand.

On 22 August 2022, ASEE S.A. signed agreements to sell shares in Payten Holding S.A. to the managers of ASEE Group companies. The sale comprised a total of 426,571 shares in Payten Holding S.A. As a result, the value of ASEE's investment in Payten Holding decreased by PLN 9,628 thousand.

As at 31 December 2023, the value of our investment in Payten Holding equalled PLN 227,163 thousand.

E-MON D.O.O.

On 20 December 2023, ASEE S.A. acquired 75% of shares in the company e-mon d.o.o. from its subsidiary Asseco SEE d.o.o. Belgrade. The purchase price amounted to PLN 3,842 thousand.

5.5. Impairment testing of assets

Selected accounting policies

At each reporting date, the Company determines whether there are any indications of impairment of non-financial fixed assets. In the event such indications occur, or when it is necessary to carry out an annual impairment test, the Company estimates the recoverable amount of a given asset or cash-generating unit to which such asset has been allocated.

The recoverable amount of an asset or cash-generating unit corresponds to the fair value of such asset or cash-generating unit less the costs necessary to make the sale of such asset or cash-generating unit, or to the value in use of such asset or cash-generating unit, whichever is higher. The recoverable amount is measured for individual assets unless a given asset does not generate cash flows significantly independent from cash flows generated by other assets or groups of assets. Impairment takes place when the carrying value of an asset is higher than its recoverable amount, in which case such asset shall be written-down to the determined recoverable amount. In order to determine the value in use, estimated future cash flows shall be discounted to their present value by applying a discount rate that reflects the current market assessments of the time value of money and the risks related to the given asset. Impairment losses on assets used in continuing operations are recognized as operating expenses.

At each reporting date, the Company determines whether there are any indications for reversal or reduction of an impairment charge that was recognized on a given asset in the prior periods. If such indications exist, the Company needs to estimate the recoverable amount of the relevant asset. A formerly recognized impairment charge may be reversed only when estimates applied for determination of the recoverable amount of the relevant asset have changed since the time of the last recognition of impairment. If this is the case, the carrying value of such asset shall be increased to its recoverable amount. The increased amount cannot exceed the given asset's book value (net of depreciation) that would be carried in case no impairment charge was recognized on such asset in the prior years. A reversal of an impairment charge shall be immediately recognized as a reduction of operating expenses. Following a reversal of an impairment loss, the depreciation charges made on the relevant asset during subsequent financial periods shall be adjusted in such a way as to enable systematic depreciation of the asset's verified book value (net of residual value) over the remaining period of its useful life.

Investments in subsidiaries – impairment tests

The Company verifies its investments in related companies concerning the indications of possible impairment. Furthermore, at the end of each financial year, the Company estimates the recoverable amount of its financial assets by analyzing and measuring the future cash flows to be generated by such assets. An impairment loss on investments is determined by estimating the recoverable amount of cash-generating units represented by individual companies. In the event the recoverable amount of a cash-generating unit is lower than its carrying value, an impairment charge shall be recognized.

Goodwill – impairment tests

After initial recognition, goodwill is accounted for at purchase cost less any accumulated impairment charges. Goodwill is tested for impairment on an annual basis, or more frequently if there are indications to do so. Goodwill is not subject to amortization. As at the acquisition date, the acquired goodwill is allocated to every cash-generating unit which may benefit from synergy effects of the related business combination. Each cash-generating unit or group of units to which goodwill is so allocated shall represent the lowest level within the Company at which goodwill is monitored for internal management purposes; and not be larger than any operating segment identified in accordance with IFRS 8 'Operating Segments'. An impairment loss is determined by estimating the recoverable amount of a cash-generating unit to which goodwill has been allocated. In the event the recoverable amount of a cash-generating unit is lower than its carrying value, an impairment charge shall be recognized. Such a charge increases the Company's financial expenses. It is not possible to reverse any impairment loss that was previously recognized on goodwill.

In the event a cash-generating unit contains goodwill and a part of operation of this cash-generating unit is sold, goodwill related to the operation disposed shall be included in its carrying value for the purpose of determining a gain or loss on disposal of that operation. In such circumstances the value of goodwill sold shall be measured as a proportion of the value of business disposed to the value of the cash-generating unit retained.

Estimates

At each reporting date, the Company determines if there are any objective indications of impairment of a given component of intangible assets or investments in subsidiaries. Considering the indications of impairment as well as carrying out tests based on the discounted cash flow method requires a significant amount of estimates and professional judgment. First of all, this involves the estimation of future operating cash flows, but also the estimation of the appropriate discount rate.

Investments in subsidiaries – impairment tests

Each impairment test on investments in subsidiaries requires making estimates of the recoverable amount of a cash-generating unit or a group of cash-generating units constituted by individual subsidiaries. We estimated the recoverable amount of all of our investments in subsidiaries as at 31 December 2023.

The recoverable amount of investments in subsidiaries as at 31 December 2023 was determined on the basis of their value in use, applying the forecasted free cash flow to firm (FCFF) based on the financial forecasts approved by our management personnel. The detailed forecast covered the period of 5 years.

The discount rate applied to determine the present value of expected future cash flows was equivalent to the estimated weighted average cost of capital for each individual company. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the beta coefficient that was leveraged to reflect the market debt-equity structure, as well as the expected market yield.

The table below presents the basic assumptions concerning the discount rate and sales revenue growth as adopted in the testing model prepared as at 31 December 2023:

	Book value of investment	Discount rate applied in the model	Sales revenue growth rate
ASEE B&H	25,830	18.7%	10.7%
BS Telecom	37,984	18.7%	16.1%
ASEE Bulgaria	4,265	10.1%	4.5%
ASEE Croatia	56,783	9.9%	2.5%
ASEE Kosovo	44,361	13.1%	7.2%
ASEE Macedonia	98,480	14.2%	5.7%
ASEE Romania	97,919	12.6% - 13.9%	-0.6%
ASEE Serbia	60,680	12.3% - 14.6%	3.3%
ASEE Turkey	20,618	47.8% - 67.8%	51.9%
e-mon	3,842	15.5%	4.5%
Payten Holding*	227,163	9.0% - 66.3%	6.1%

*The discount rate adopted for Payten Holding represents the range of discount rates applied in impairment tests of individual subsidiaries of Payten Holding. The sales revenue growth rate adopted for Payten Holding represents the average of revenue growth rates applied for individual subsidiaries of Payten Holding, weighted by their respective investment values.

The table below presents the basic assumptions concerning the discount rate and sales revenue growth as adopted in the testing model prepared as at 31 December 2022:

	Book value of investment	Discount rate applied in the model	Sales revenue growth rate
ASEE B&H	25,830	22.7%	10.2%
BS Telecom	66,114	22.7%	20.1%
ASEE Bulgaria	4,265	13.5%	2.3%
ASEE Croatia	56,783	11.9%	2.1%
ASEE Kosovo	33,561	17.4%	5.6%
ASEE Macedonia	98,480	17.1%	6.3%
ASEE Romania	97,919	19.3%	2.3%
ASEE Serbia	60,680	17.7%	10.7%
ASEE Turkey	20,618	31.3%	30.8%
Payten	-	-	-
Payten Holding*	227,157	15.8%	7.5%

* In the case of our subsidiary Payten Holding which is engaged in holding operations, the levels of discount rate and sales revenue growth rate, as applied in the model, represent the weighted average level of discount rates and sales revenue growth rates of individual subsidiaries of Payten Holding, weighted by the value of investment.

The sales revenue growth rate specified in the tables above was calculated as the compound annual growth rate (CAGR), this is an average annual growth rate over the analyzed period, assuming that each year-on-year increase is added to the next period's base.

The conducted impairment tests indicated a necessity to recognize an impairment loss as at 31 December 2023 on our investment in BS Telecom in the amount of PLN 28,130 thousand. Such impairment charges were recognized in financial expenses.

In performing the impairment test on our investment in BS Telecom, in order to estimate the free cash flow to firm (FCFF), we assumed the average revenue growth rate of 16.1% per annum over the period of forecast. The discount rate applied to estimate the present value of expected future cash flows was equivalent to the estimated weighted average cost of capital of BS Telecom that equalled 18.7%.

The conducted impairment tests did not indicate a necessity to recognize any impairment charges on our investments in other subsidiaries as at 31 December 2023.

Analysis of sensitivity

Additionally, the Company carried out a sensitivity analysis in relation to the conducted impairment test. Such sensitivity analysis examined the impact of changes in:

- discount rate applied, and
- sales revenue growth rate

as factors with influence on the recoverable amount of a cash-generating unit, assuming other factors remain unchanged.

The objective of such a sensitivity analysis was to find the threshold values showing how much the selected parameters applied in the model could be changed so that the estimated value in use of each cash-generating unit was equal to its carrying value.

In the case of ASEE Macedonia, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 0.32 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 0.22 pp with other assumptions remaining constant. As at 31 December 2023, the recoverable amount of this investment exceeded its carrying value by PLN 2.73 million.

In the case of ASEE Romania, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 0.44 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 0.19 pp with other assumptions remaining constant. As at 31 December 2023, the recoverable amount of this investment exceeded its carrying value by PLN 3.83 million.

In the case of e-mon company, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 1.05 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 0.27 pp with other assumptions remaining constant. As at 31 December 2023, the recoverable amount of this investment exceeded its carrying value by PLN 0.23 million.

Any reasonable modification of the key assumptions adopted in the valuation model of our investments in other subsidiaries should not indicate a necessity of recognizing any impairment charges.

Reversal of an impairment loss on our investment in ASEE Kosovo

As at 31 December 2023, the Company also analyzed the validity of indications for impairment loss that was recognized on our investment in ASEE Kosovo in prior reporting periods.

Due to a significant improvement in the financial performance of ASEE Kosovo, we assessed the indications for impairment and decided to reverse the impairment loss on this investment in the amount of PLN 10,800 thousand. As a result, the carrying value of our investment in ASEE Kosovo has increased to the level of PLN 44,361 thousand as at 31 December 2023.

In order to estimate the free cash flow to firm (FCFF), we assumed that the average revenue growth rate over the period of forecast will be 7.2% per annum. The discount rate applied to estimate the present value of expected future cash flows was equivalent to the company's estimated weighted average cost of capital that equalled 13.1% as at the date of write-down reversal. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the expected market yield and the beta coefficient leveraged to reflect the market debt/equity ratio.

Goodwill – impairment tests

Goodwill arising from business combinations amounted to PLN 4,567 thousand both as at 31 December 2023 and 31 December 2022. Such goodwill has been allocated to the segment of IT services.

As at 31 December 2023, the Company's Management Board performed an impairment test on goodwill arising from the merger with ITD Poland back in 2012. This task required making estimates of the recoverable amount of goodwill. The recoverable amount was estimated by determining future cash flows expected to be achieved from the cash-generating unit, and determining a discount rate to be subsequently used in order to calculate the net present value of those cash flows. The detailed forecast covered the period of 5 years. The first year data were adopted based on the budget, while changes in cash flows were assumed for subsequent years. The assumed changes in cash flows depend upon the Company's strategy and plans, taking due account of conditions prevailing in the markets and sectors where the Company operates, and at the same time reflect the present and potential order backlog. The potential order backlog presumes gaining new clients whilst keeping the present ones. The assumed changes are not materially different from average growth observed in relevant markets.

The discount rate applied in the model as at 31 December 2023 equalled 11.64% (vs. threshold rate of 42.78%); whereas, sales revenue growth was assumed at the rate of -8.61% (vs. threshold rate of -16.61%).

The discount rate applied in the model as at 31 December 2022 equalled 15.12% (vs. threshold rate of 84.48%); whereas, sales revenue growth was assumed at the rate of -2.71% (vs. threshold rate of -13.11%).

Any reasonable modification of the key assumptions adopted in the model should not indicate any impairment of goodwill.

5.6. Prepayments and accrued income

Selected accounting policies

Prepayments comprise expenses incurred before the end of the reporting period that relate to future periods or to future revenues.

As at 31 December 2023 and in the comparable period, prepayments and accrued income included the following items:

	31 December 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Prepaid services, of which:				
maintenance services and license fees	-	2,301	-	1,088
insurances	-	11	-	24
other services	-	982	-	941
Total	-	3,294	-	2,053

Both as at 31 December 2023 and at the end of the comparable period, prepayments included primarily the costs of maintenance services and license fees that will be successively expensed in future periods.

5.7. Contract assets, trade receivables and other receivables

Selected accounting policies

Contract assets represent receivables arising from valuation of IT contracts. Receivables from valuation of IT contracts result from the excess of the percentage of completion of implementation contracts over invoices issued. In the case of such assets, the Company has fulfilled its performance obligation but the right to payment is conditioned on something other than just the passage of time, which distinguishes contract assets from trade receivables.

Trade receivables represent receivables arising from the sale of goods and services, as well as receivables from uninvoiced deliveries. Receivables from uninvoiced deliveries arise from the supply of services which were performed during the reporting period (the Company has completed its performance obligation), but have not been invoiced until the end of the reporting period. Trade receivables, usually with payment terms ranging from 14 and 30 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for doubtful receivables. Receivables with remote payment terms are recognized at the present value of expected payments, less any allowances for expected credit losses.

Impairment allowances for trade receivables and contract assets

In estimating an allowance for trade receivables, the Company applies the simplified approach whereby the impairment allowance is measured at an amount equal to expected credit losses over the lifetime of receivables. In order to estimate such expected credit losses, the Company uses a provisioning matrix prepared on the basis of historical payments received from customers, where appropriate adjusted by the impact of forward-looking information. For this purpose, the Company allocates its customers into homogeneous groups from which receivables are statistically analyzed in respect of aging and collection, based on data from minimum 2 years back.

The amount of impairment allowances is revised at each reporting date.

For trade receivables that are past-due more than 180 days, apart from the statistical method of estimating the amount of impairment loss based on the provisioning matrix, the Company also applies individual approach. For each amount of trade receivables that is significant and past-due more than 180 days, the management shall exercise professional judgment taking into account the contractor's financial standing and general market conditions.

Impairment allowances for trade receivables and contract assets are recognized under operating activities.

In the case of other receivables and other financial assets, loss allowances are measured at an amount equal to the 12-month expected credit losses. Where the credit risk on a financial instrument has increased significantly since initial recognition, the Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

Allowances for other receivables are recognized under other operating activities or under financial activities if such receivables resulted from the sale of investments or other activities whose costs and revenues are by principle disclosed in financial activities. Allowances for accrued interest receivables are recognized as financial expenses.

If the cause for recognition of an allowance is no longer valid, such allowance shall be reversed in the whole amount or appropriate portion, and increase in the value of the relevant asset.

Estimates

The Company estimates the amount of allowances for receivables and assets from contracts with customers in accordance with the requirements of IFRS 9 'Financial Instruments'. In the simplified approach, this requires a statistical analysis which in principle involves making certain assumptions and applying professional judgment.

The table below presents the amounts of trade receivables as at 31 December 2023 as well as at 31 December 2022.

	31 December 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade receivables	-	10,702	-	4,335
From related parties	-	4,160	-	3,926
From other entities	-	6,549	-	413
Allowances (-)	-	(7)	-	(4)
Corporate income tax receivable	-	-	-	-
Receivables from the state and local budgets	-	-	-	-
Other receivables	5,774	15,691	7,175	14,502
Receivables from disposal of financial instruments or equity investments	5,727	1,109	7,128	1,039
Dividends receivable	-	14,290	-	13,226
Security deposits receivable	47	59	47	57
Other receivables	-	319	-	266
Allowances for other receivables (-)	-	(86)	-	(86)
Total receivables	5,774	26,393	7,175	18,837

Trade receivables from related parties in the amount of PLN 4,160 thousand resulted from the sale of consulting, business and technical support services to subsidiaries of ASEE Group.

Receivables from disposal of financial instruments or equity investments resulted from deferred payments for shares in Payten Holding S.A. which were sold to the managers of ASEE Group companies in 2022.

Dividends receivable represent dividends that were declared and approved in 2023 and 2022 but not yet received from the following subsidiaries: ASEE Croatia and BS Telecom.

We had no assets from contracts with customers as at 31 December 2023 as well as at 31 December 2022.

Related party transactions have been presented in explanatory note 5.16 to these financial statements.

The Company has adopted a policy that allows for selling products and services to verified customers only. Owing to that, in the Management's opinion the credited sales risk would not exceed the level covered with allowances for doubtful trade receivables.

The table below presents the ageing structure of gross receivables as at 31 December 2023:

	31 December 2023					
	Receivables (gross)		Allowance	Rate of loss	Receivables (net)	
Ageing of trade receivables	PLN'000	%	PLN'000	PLN'000	%	
Receivables not yet due	9,433	88%	-	-	9,433	88%
Past-due receivables	1,276	12%	(7)	-	1,269	12%
Receivables past-due up to 3 months	1,263	12%	-	-	1,263	12%
Receivables past-due from 3 to 6 months	6	0%	-	-	6	0%
Receivables past-due from 6 to 12 months	-	0%	-	-	-	0%
Receivables past-due over 12 months	7	0%	(7)	100%	-	0%
Total	10,709	100%	(7)	-	10,702	100%

The table below presents the ageing structure of gross receivables as at 31 December 2022:

	31 December 2022					
	Receivables (gross)		Allowance	Rate of loss	Receivables (net)	
Ageing of trade receivables	PLN'000	%	PLN'000	PLN'000	%	
Receivables not yet due	4,113	95%	-	-	4,113	95%
Past-due receivables	226	5%	(4)	-	222	5%
Receivables past-due up to 3 months	180	4%	-	-	180	4%
Receivables past-due from 3 to 6 months	16	0%	-	-	16	0%
Receivables past-due from 6 to 12 months	18	0%	-	-	18	0%

Receivables past-due over 12 months	12	0%	(4)	33%	8	0%
Total	4,339	100%	(4)		4,335	100%

Changes in the amount of allowances for trade receivables during the period of 12 months ended 31 December 2023 and in the comparable period are presented in the table below:

Allowances for trade receivables	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022
Allowances as at 1 January	(4)	(94)
Recognized during the reporting period	(6)	(197)
Utilized during the reporting period	-	16
Reversed during the reporting period	3	271
As at 31 December	(7)	(4)

5.8. Other financial assets

Selected accounting policies

The Company classifies its financial assets to the following measurement categories specified in IFRS 9:

- measured at fair value through other comprehensive income
- measured at amortized cost
- measured at fair value through profit or loss.

The Company classifies its financial assets based on the Company's business model for managing financial assets and considering the characteristics of contractual cash flows for a particular financial asset. The Company reclassifies its investments in debt securities if, and only if, the model adopted for managing such assets is modified.

At initial recognition, the Company classifies its investments in equity instruments (other than investments in subsidiaries and associates), which are not held for trading and not quoted in an active market, as measured at fair value through other comprehensive income.

Whereas, investments in derivative instruments and equity instruments quoted in an active market are measured at fair value through profit or loss.

Measurement at initial recognition

With the exception of trade receivables, the Company's financial assets are initially recognized at fair value. In the case of financial assets that are not classified as measured at fair value through profit or loss, at the time of initial recognition, the Company may increase their fair value by transaction costs directly attributable to their acquisition.

Recognition and presentation of financial assets at each reporting date

- **Measurement of financial assets at amortized cost**

The Company measures its financial assets at amortized cost using the effective interest method. Long-term receivables that are within the scope of IFRS 9 are discounted as at the reporting date.

- **Measurement of financial assets at fair value through profit or loss**

Changes in the fair values of financial assets classified to this category are recognized through profit or loss. Interest income and dividends received on equity instruments quoted in an active market are recognized as financial income.

- **Measurement of financial assets at fair value through other comprehensive income**

Gains/losses on valuation of investments in debt securities and equity instruments, which on initial recognition are classified by the Company to this category of assets, are recognized through other comprehensive income.

Derecognition

A financial asset is derecognized by the Company when: (i) the contractual rights to the cash flows from the financial asset expire, or (ii) the contractual rights to the cash flows from the financial asset have been transferred by the Company along with substantially all the risks and rewards of ownership of the financial asset.

Impairment of financial assets

In line with IFRS 9, impairment of financial assets is estimated based on the expected loss model. The model applies to financial assets measured at amortized cost as well as to financial assets measured at fair value through other comprehensive income, except for investments in equity instruments.

In order to estimate impairment losses on financial assets, the Company applies the following approaches:

- general approach,
- simplified approach.

The Company applies the general approach for financial assets measured at fair value through other comprehensive income as well as for financial assets measured at amortized cost, except for receivables and contract assets.

Under the general approach, the Company estimates impairment losses on financial assets using a three-stage model based on changes in the credit risk of financial assets since their initial recognition.

Where the credit risk of financial assets has not increased significantly since initial recognition (stage 1), the Company estimates an allowance for 12-month expected credit losses. Where the credit risk of financial assets has increased significantly since initial recognition (stages 2 and 3), the Company estimates an allowance for expected credit losses over the lifetime of financial instruments.

At each reporting date, the Company analyzes if there are indications of a significant increase in the credit risk of financial assets held.

In the case of trade receivables and assets from contracts with customers, the Company applies the simplified approach and therefore

changes in credit risk are not monitored, while an impairment allowance is measured at an amount equal to expected credit losses over the lifetime of receivables.

Estimates

As required by IFRS 9 'Financial Instruments', the Company classifies and measures loans granted at each reporting date, as well as estimates the amount of impairment losses. Derivative financial instruments are measured at fair value at each reporting date.

As at 31 December 2023, the Company held the categories and classes of financial assets listed in the table below (in addition to contract assets, trade receivables and cash and cash equivalents which are presented in explanatory notes 5.7 and 5.9 to these financial statements).

	31 December 2023		31 December 2022	
	Long-term		Short-term	
	PLN'000	PLN'000	PLN'000	PLN'000
Financial assets carried at amortized cost, of which:	8,699	14,406	62,742	13,660
loans granted to related parties	8,696	14,394	62,727	13,648
other loans	3	12	15	12
Financial assets carried at fair value through profit or loss, of which:	-	167	-	-
currency forward contracts	-	167	-	-
Total	8,699	14,573	62,742	13,660

Loans granted, which meet the characteristics of contractual cash flows (under the SPPI test), are measured at amortized cost at each reporting date.

Loans granted to related parties include only loans granted to companies which are controlled by Asseco South Eastern Europe S.A. Loans to related parties were granted on an arm's length basis. All the loans listed below are classified as tier 1.

The following table presents the amounts of loans as at 31 December 2023 and as at 31 December 2022, including their type and changes in the amounts outstanding between these reporting dates.

	1 January 2023	Granted	Repaid	Allowance *	Valuation / Other	Interest accrued	Interest repaid	Foreign exchange differences	31 December 2023
Loans granted to subsidiaries:	76,375	25,435	(77,035)	(11)	(181)	1,501	(2,194)	(800)	23,090
Payten B&H	2,463	4,630	(4,712)	12	(8)	125	(99)	(269)	2,142
ASEE B&H	62,068	-	(61,431)	11	(156)	460	(1,400)	448	-
Payten Holding	-	14,093	(6,500)	-	-	93	(26)	15	7,675
Payten Sp. z o.o.	3	14	-	(14)	-	-	(3)	-	-
ASEE Kosovo	11,841	6,698	(4,392)	(20)	(17)	823	(666)	(994)	13,273
Other loans	27	-	(12)	-	-	2	(2)	-	15
Total	76,402	25,435	(77,047)	(11)	(181)	1,503	(2,196)	(800)	23,105
Long-term	62,742								8,699
Short-term	13,660								14,406

*Allowance for expected credit losses in accordance with IFRS 9

The table below presents changes in the amount of allowances for loans granted (classified as tier 1) that took place during the period of 12 months ended 31 December 2023 and in the comparable period:

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Gain on revaluation of financial assets (reversal of allowance for loans granted)	104	384
Loss on impairment of financial assets (allowances for expected credit losses on loans granted)	(118)	(60)

As at 31 December 2023, the Company measured and recognized allowances for expected credit losses at an amount equal to the 12-month expected credit losses which equalled PLN 14 thousand. The credit risk associated with these assets (classified as tier 1) has not increased significantly since their initial recognition.

The following table provides information on the key terms of loans granted as at 31 December 2023:

	31 December 2023	Interest rate	Loan currency	Repayment date
	PLN'000			
Loans granted during the financial year				
Payten Holding S.A.	-	2W WIBOR + margin	PLN	19.06.2023
Payten Holding S.A.	7,675	3M EURIBOR + margin	EUR	30.06.2024
Payten B&H	2,142	3M EURIBOR + margin	EUR	31.03.2024
ASEE Kosovo	4,990	3M EURIBOR + margin	EUR	30.12.2026
Loans granted in previous years				
ASEE Kosovo	8,283	3M EURIBOR + margin	EUR	30.06.2026
Payten B&H	-	3M EURIBOR + margin	EUR	31.12.2023
ASEE B&H	-	3M EURIBOR + margin	EUR	31.12.2031
Other loans	15	1M WIBOR + margin	PLN	31.03.2024
Total	23,105			

Financial assets carried at fair value through profit or loss include forward transactions for the purchase or sale of foreign currencies. Forward transactions have been concluded in order to hedge against the foreign currency risk arising mainly from loans granted from our own funds.

The fair values of currency forward contracts and embedded derivatives are determined at each reporting date using calculation models based on inputs that are directly observable in active markets (level 2).

Changes in the fair value measurement of financial instruments carried at fair value, and changes in the classification of financial instruments

In the period of 12 months ended 31 December 2023, the Company did not change its methods for measuring the fair value of financial instruments carried at fair value, did not transfer any instruments between individual levels of the fair value hierarchy, nor did it reclassify any financial instruments.

The book values of financial assets held by the Company as at 31 December 2023 and 31 December 2022 did not differ from their fair values.

5.9. Cash and cash equivalents

Selected accounting policies

Cash and cash equivalents presented in the statement of financial position comprise cash at bank and on hand, short-term bank deposits with original maturities not exceeding 3 months, and other highly liquid instruments.

The balance of cash and cash equivalents disclosed in the statement of cash flows consists of the above-defined cash and cash equivalents. For the purposes of the statement of cash flows, the Company decided not to include bank overdraft facilities (used as an element of financing) in the balance of cash and cash equivalents.

	31 December 2023	31 December 2022
	PLN'000	PLN'000
Cash at bank accounts	22,946	20,344
Short-term bank deposits (up to 3 months)	6,415	-
Total cash and cash equivalents as disclosed in the balance sheet	29,361	20,344
Bank overdraft facilities utilized for current liquidity management	-	-
Total cash and cash equivalents as disclosed in the cash flow statement	29,361	20,344

As at 31 December 2023, cash in the amount of PLN 8,387 thousand held in bank accounts at Bank Pekao S.A. was subject to a registered pledge in order to secure the repayment of a loan obtained from that bank. As at the reporting date, liabilities under this loan amounted to PLN 32,628 thousand.

As at 31 December 2022, cash in the amount of PLN 13,541 thousand held in bank accounts at Bank Pekao S.A. was subject to a registered pledge in order to secure the repayment of a loan obtained from that bank. As at the reporting date, liabilities under this loan amounted to PLN 35,174 thousand.

5.10. Share capital and other components of equity

Share capital

The Company's share capital as at 31 December 2023 and in the comparable period amounted to PLN 518,942,510 and has been fully paid up. The share capital is divided into 51,894,251 ordinary shares with a par value of PLN 10.00 each. The Company has not issued any preference shares.

During the year ended 31 December 2023, our share capital remained unchanged in relation to its amount of 31 December 2022. The Company's authorized capital is equal to its share capital.

Share capital	Shares	Series	Par value per share	31 December 2023		31 December 2022	
				Number of shares	Value of shares PLN'000	Number of shares	Value of shares PLN'000
Ordinary registered shares		A*	0.1	5,000,000	500	5,000,000	500
Ordinary registered shares		B*	0.1	5,000,000	500	5,000,000	500
Ordinary registered shares		C*	0.1	2,567,000,900	256,700	2,567,000,900	256,700
Ordinary registered shares		D	10	25,770,009	257,700	25,770,009	257,700
Ordinary registered shares		E	10	956,447	9,565	956,447	9,565
Ordinary registered shares		F	10	1,475,509	14,755	1,475,509	14,755
Ordinary registered shares		G	10	2,708,378	27,084	2,708,378	27,084
Ordinary registered shares		H	10	1,062,030	10,620	1,062,030	10,620
Ordinary registered shares		I	10	1,770,609	17,706	1,770,609	17,706
Ordinary registered shares		J	10	1,714,209	17,142	1,714,209	17,142
Ordinary registered shares		K	10	4,590,470	45,905	4,590,470	45,905
Ordinary registered shares		L	10	2,100,000	21,000	2,100,000	21,000
Ordinary registered shares		M	10	4,810,880	48,109	4,810,880	48,109
Ordinary registered shares		N	10	1,078,909	10,789	1,078,909	10,789
Ordinary registered shares		P	10	1,524,269	15,242	1,524,269	15,242
Ordinary registered shares		R	10	592,941	5,929	592,941	5,929
Ordinary registered shares		S	10	837,472	8,375	837,472	8,375
Ordinary registered shares		T	10	902,119	9,021	902,119	9,021
				51,894,251	518,943	51,894,251	518,943

* Following the reverse split of series D shares

Share premium

Equity includes share premium in the amount of PLN 30,395 thousand arising from the issuances of shares of series L, M and N, which was decreased by the incurred share issuance costs of PLN 3,605 thousand (recognized in 2009), as well as share premium in the amount of PLN 11,759 thousand arising from the issuance of shares of series P, R and S, which was decreased by the incurred share issuance costs of PLN 84 thousand (recognized in 2010). The share premium was additionally increased by the amount of PLN 396 thousand due to the reversal of a provision for issuance related expenses, and decreased by other costs of PLN 35 thousand.

Retained earnings

As at 31 December 2023, prior years' retained earnings and current net profit totalled PLN 156,305 thousand and comprised: current year's net profit amounting to PLN 81,558 thousand; allocations in the amount of PLN 42,762 thousand from the Company's net profits for the years 2009 - 2021 to the reserve capital that were made pursuant to resolutions of the Annual General Meeting of Asseco South Eastern Europe S.A.; allocations in the amount of PLN 30,830 thousand to the capital reserve that were made pursuant to the above-mentioned resolutions; the amount of PLN 1,204 thousand arising from the merger with ITD Poland; as well as other components charged against equity in the amount of PLN 49 thousand.

Other capitals

Other capitals disclosed as at 31 December 2023 include the costs of share-based payment plan in the amount of PLN 3,402 thousand. A detailed description of the plan is provided in explanatory note 4.3 in this report.

5.11. Bank loans

Selected accounting policies

The Company classifies its financial liabilities to the following categories:

- *measured at amortized cost,*
- *measured at fair value through profit or loss.*

Financial liabilities measured by the Company at amortized cost include bank loans, borrowings and debt securities. Other financial liabilities are measured by the Company at fair value through profit or loss, except for liabilities from the acquisition of non-controlling interests in subsidiaries (put options) that are accounted for in accordance with IFRS 3.

All bank loans, borrowings and debt securities are initially recognized at their purchase cost, representing the fair value of cash received net of any transaction costs directly attributable to obtaining a bank loan or issuing debt securities.

Subsequently to initial recognition, bank loans, borrowings as well as debt securities are measured at amortized cost using the effective interest method. Determination of the amortized cost shall take into account the costs related to obtaining a bank loan or borrowing, or issuing debt securities, as well as any discounts or bonuses received upon repayment of the liability.

A financial liability is removed by the Company from its statement of financial position when it is extinguished, this is when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying value of a financial liability extinguished and the consideration paid, including any non-cash assets transferred, shall be recognized in profit or loss.

	Currency	Repayment date	31 December 2023		31 December 2022	
			Long-term	Short-term	Long-term	Short-term
			PLN'000	PLN'000	PLN'000	PLN'000
ING S.A.	EUR	31.07.2023	-	-	-	2,680
PeKaO S.A.	EUR	29.09.2028	32,610	18	29,763	5,411
Total interest-bearing bank loans			32,610	18	29,763	8,091

Liabilities under interest-bearing bank loans resulted from:

- bank credit facility up to the amount of EUR 30 million provided by Pekao S.A. for ASEE S.A. and Payten Holding S.A. under the agreement concluded on 29 July 2021 and annexed on 29 September 2023. The above-mentioned loan shall be available over a period of 24 months from the annex execution date, and it shall be repaid till 29 July 2028. Repayments will be made in quarterly instalments, starting from the third quarter of 2025. The loan repayment has been secured in particular with sureties granted by selected subsidiaries, a power of attorney for the Company's bank accounts as well as a registered pledge on the Company's bank accounts maintained with the lender bank. Interest is payable on the amount of loan actually drawn and shall be based on the 3-month EURIBOR rate plus margin. As at 31 December 2023, our liability under this bank loan amounted to PLN 32,628 thousand, compared to PLN 35,174 thousand as at 31 December 2022. The parties to this bank loan are ASEE S.A. and its subsidiary Payten Holding S.A. The borrowers are jointly and severally liable for repayment of the loan and interest, which means the bank may demand repayment of all or a portion of its receivables under the loan from ASEE and Payten Holding jointly and/or from each of them separately. Till the reporting date, Payten Holding, a subsidiary of ASEE, has already drawn EUR 300 thousand from this bank credit facility. As at 31 December 2023, the aggregate amount of bank loan used is PLN 33,933 thousand, while each company repays its tranches of the loan. Funds obtained under this bank loan can be used for purchases of IT hardware for the implementation of outsourcing contracts within ASEE Group, as well as for acquisitions of shares in companies to be conducted either by ASEE or its subsidiaries.

The table below presents the ageing structure of liabilities under bank loans, including interest payable, as at 31 December 2023 and 31 December 2022.

	31 December 2023 PLN'000	31 December 2022 PLN'000
falling due within 3 months	444	1,683
falling due within 3 to 12 months	1,343	7,718
falling due within 1 to 5 years	36,615	31,415
falling due after 5 years	-	-
Total	38,402	40,816

5.12. Lease liabilities

Selected accounting policies

Lease liabilities – initial recognition

At the lease commencement date, the Company measures the lease liability at the present value of lease payments outstanding at that date. The lease payments are discounted by the Company using the incremental borrowing rate. The lease payments comprise: fixed payments (including in-substance fixed lease payments), less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable under residual value guarantees; the exercise price of a purchase option (if the Company is reasonably certain to exercise that option); and payments of penalties for terminating the lease (if the Company is reasonably certain to exercise that option).

Variable lease payments that do not depend on an index or a rate are immediately recognized as expenses in the period in which the event or condition that triggers those payments occurs.

Lease liabilities – subsequent measurement

In subsequent periods, the amount of the lease liability is reduced by the lease payments made and increased by interest accrued on that liability. Such interest is calculated by the Company using the lessee's incremental borrowing rate, which constitutes the sum of the risk-free interest rate (being determined by the Company based on the quotations of relevant IRS derivatives or interest rates on government bonds for relevant currencies) and the credit risk premium (being quantified on the basis of margins offered to the Company on investment loans adequately secured with assets).

If a lease contract is subject to modification involving a change in the lease term, a revised amount of in-substance fixed lease payments, or a change in the assessment of an option to purchase the underlying asset, then the lease liability shall be remeasured to reflect such changes. Remeasurement of the lease liability requires making a corresponding adjustment to the right-of-use asset.

Practical expedients for short-term leases and leases of low-value assets

The Company applies a practical expedient to rental contracts and other contracts of similar nature that are concluded for a period shorter than 12 months from the lease commencement date.

Whereas, the practical expedient for leases of low-value assets is applied by the Company primarily to leases of IT hardware and other equipment with a low initial value. According to guidance provided by the International Accounting Standards Board (IASB), items whose value does not exceed USD 5 thousand may be considered as low-value assets.

In both the above-mentioned exceptions, the lease payments are recognized as expenses basically on a straight-line basis, in the period to which they are related. In such case, no right-of-use assets and corresponding financial liabilities are recognized.

Exemptions from applying IFRS 16

The Company does not apply the provisions of IFRS 16 to rental contracts and other contracts of similar nature for which the underlying assets are recognized as intangible assets. Moreover, IFRS 16 does not apply to intellectual property licensing agreements which are within the scope of IFRS 15.

Estimates

The lease payments are discounted by the Company using the incremental borrowing rate that needs to be determined on the basis of the risk-free interest rate and the credit risk premium for the Company.

Some lease contracts contain options to extend or terminate the lease. The Company also concludes contracts for an indefinite period. The Management exercises judgment in order to determine the period over which it can be reasonably assumed that such contracts will be continued.

As at 31 December 2023, the Company was the lessee under a lease contract for office space. The table below presents the amounts of lease liabilities as at 31 December 2023 and in the comparable period:

	31 December 2023 PLN'000	31 December 2022 PLN'000
Liabilities from leases of real estate		
Short-term	122	90
Long-term	213	-
Total	335	90

As at 31 December 2023, the effective interest rate on such leases equalled 5.1%.

Future minimum cash flows and liabilities arising from leases of real estate are as follows:

	31 December 2023 PLN'000	31 December 2022 PLN'000
Minimum lease payments		
in the period shorter than 1 year	136	90
in the period from 1 to 5 years	222	-
in the period longer than 5 years	-	-
Future minimum lease payments	358	90
Future interest expenses	(23)	-
Present value of lease liabilities	335	90
in the period shorter than 1 year	122	90
in the period from 1 to 5 years	213	-
in the period longer than 5 years	-	-
Lease liabilities	335	90

The table below presents the amounts of costs arising from lease contracts that have been recognized in the statement of profit and loss / the statement of comprehensive income:

	31 December 2023 PLN'000	31 December 2022 PLN'000
Depreciation of right-of-use assets	(116)	(109)
Interest expenses on lease liabilities	(8)	(3)
Costs of short-term leases	(292)	(246)
Costs of leases of low-value assets	-	-
Total amount recognized in the statement of profit and loss	(416)	(358)

In 2023, total cash outflows for leases amounted to PLN 416 thousand.

5.13. Other financial liabilities

Selected accounting policies

Deferred payments for the acquisition of shares

Liabilities under deferred payments for the acquisition of shares are recognized at the present value of the expected payment.

Financial derivative instruments

Derivative instruments utilized by the Company in order to hedge against the risk of changes in foreign currency exchange rates include primarily currency forward contracts. Such financial derivatives are measured at fair value. Derivative instruments are recognized as assets if their value is positive or as liabilities if their value is negative. Gains and losses resulting from changes in the fair value of derivatives are recognized directly in profit or loss for the reporting period.

The fair value of currency forward contracts is determined on the basis of the forward exchange rates available currently for contracts with similar maturity.

Other financial liabilities	31 December 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Liabilities from the acquisition of shares	-	3,856	-	60,862
Liabilities from currency forward contracts	-	-	141	317
Total	-	3,856	141	61,179

In 2023, liabilities from the acquisition of shares included a deferred payment under the agreement for the purchase of shares in e-mon company that was signed on 20 December 2023. In the previous year, liabilities from the acquisition of shares included a deferred payment for the purchase of shares in BS Telecom.

Liabilities from currency forward contracts correspond to forward transactions in foreign currencies that have been concluded in order to hedge against our foreign currency risk.

The fair value of currency forward contracts is determined at each reporting date using the calculation model based on inputs that are directly or indirectly observable in active markets (level 2 of the fair value hierarchy).

5.14. Contract liabilities, trade payables and other liabilities

Selected accounting policies

Liabilities from contracts with customers represent obligations to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

Contract liabilities include liabilities arising from the valuation of IT contracts, deferred income from right-to-access licenses that have not been recognized as at the reporting date, as well as future revenues from the provision of services such as IT support (maintenance) which are recognized over time.

Trade payables represent liabilities for goods and services received which have been invoiced, as well as payables for uninvoiced deliveries. Trade payables related to operating activities are recognized and disclosed at the amounts due for payment.

Estimates

Each time, the Company exercises professional judgment involving the assessment of the percentage of completion of IT implementation contracts in relation to invoices issued, as well as the allocation of the transaction price.

As at 31 December 2023 and in the comparable period, the Company had the following trade payables:

	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Trade payables, of which:				
Trade payables	-	613	-	696
<i>to related parties</i>	-	298	-	540
<i>to other entities</i>	-	315	-	156
Uninvoiced payables	-	876	-	1,050
<i>to related parties</i>	-	-	-	-
<i>to other entities</i>	-	876	-	1,050
Total trade payables	-	1,489	-	1,746

Trade payables are non-interest bearing. Related party transactions have been presented in explanatory note 5.16 to these financial statements.

The table below discloses the Company's gross trade payables as at 31 December 2023 and 31 December 2022, by maturity based on contractual undiscounted payments.

	31 December 2023		31 December 2022	
	PLN'000	%	PLN'000	%
Trade payables				
Liabilities due already	55	3.7%	89	5.1%
Liabilities falling due within 3 months	1,434	96.3%	1,657	94.9%
Liabilities falling due within 3 to 6 months	-	0.0%	-	0.0%
Liabilities falling due after more than 6 months	-	0.0%	-	0.0%
	1,489	100.0%	1,746	100.0%

As at 31 December 2023 and in the comparable period, the Company had the following liabilities from contracts with customers:

	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Contract liabilities, of which:				
Deferred income arising from contracts with customers	-	6,229	-	1,541
<i>to related parties</i>	-	-	-	-
<i>to other entities</i>	-	6,229	-	1,541
Total contract liabilities	-	6,229	-	1,541

Liabilities from contracts with customers included deferred income relating to advance payments received for maintenance services to be provided in future periods.

Changes in the value of liabilities from contracts with customers that took place during the period of 12 months ended 31 December 2023 and in the comparable period are presented below:

	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN'000	PLN'000
Contract liabilities as at 1 January	1,541	2,325
Invoices issued above the level of performance obligations satisfied	10,432	7,186
Fulfilment of new uninvoiced performance obligations (-), changes in estimated transaction prices, modification of other assumptions (+) / (-)	(5,744)	(7,970)
Contract liabilities at the end of the period, in accordance with IFRS 15	6,229	1,541

As at 31 December 2023 and in the comparable period, the Company had the following other liabilities:

	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Corporate income tax payable	-	1,262	-	742
Other liabilities to the state and local budgets, of which:	-	1,783	-	295
Value added tax (VAT)	-	1,532	-	111
Personal income tax (PIT)	-	114	-	80
Social security contributions	-	131	-	99
Other	-	6	-	5
Total liabilities to the state and local budgets	-	3,045	-	1,037
Other liabilities, of which:				
Financial audit liabilities	-	160	-	280
Other liabilities	-	42	-	126
Total other liabilities	-	202	-	406

5.15. Accruals

Selected accounting policies

Accruals for unused holiday leaves

The Company creates a "provision" (recognized as a component of accruals) for unused holiday leaves, which relate to periods preceding the reporting date and will be used in the future, for all of the Company's employees because in Poland unused holiday leaves constitute accumulating paid absences (absences that are carried forward and can be used in future periods if the current period's entitlement is not used in full). The amount of such provision depends on the average monthly salary and the number of leave days eligible but not used by an employee as at the end of the reporting period. The Company recognizes the costs of unused holiday leaves on an accrual basis, based on estimated amounts, and discloses them in the statement of profit and loss under salaries (where they occur).

Accruals for employee bonuses

An obligation under bonus plans results from employee service and not from a transaction with the Company's owners. Therefore, the cost of such plans (even if they provide for profit-sharing payments) is always recognized as an expense and not as a distribution of profit.

The Company shall recognize the expected cost of profit-sharing and bonus payments when, and only when:

- it has a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the obligation can be made.

A present obligation exists when, and only when, the Company has no realistic alternative but to make the payments.

Estimates

The Company estimates the amount of its obligations based on the adopted assumptions and methodology, assessing the probability of an outflow of resources embodying economic benefits and, as at the reporting date, recognizes liabilities for which such outflow is highly probable. Accruals for employee bonuses, in a large number of cases, depend on the estimates of profits achieved at various levels by the Company.

	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Accruals, of which:				
Accruals for unused holiday leaves	-	1,340	-	810
Accruals for employee and management bonuses	-	5,325	-	5,961
Total	-	6,665	-	6,771

The total amount of accruals comprises: accruals for unused holiday leaves, accruals for remunerations of the current period to be paid out in future periods which result from the bonus incentive schemes applied by the Company.

5.16. Related party transactions

The following table discloses the total amounts of transactions concluded with the Company's related parties during the current and prior financial year:

	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
	PLN'000	PLN'000	PLN'000	PLN'000
Transactions with entities of Asseco Poland Group				
2023	78	710	53	3
2022	68	902	88	80
Transactions with entities controlled by the Company				
2023	18,794	1,965	18,444	4,151
2022	17,834	1,647	17,118	61,443

Revenues from related party transactions include sales of goods and IT services related to ongoing IT projects, as well as sales of consulting, business and technical support services to our subsidiaries.

Purchases from related parties include purchases of goods and services related to ongoing IT projects, rental of office space, as well as purchases of consulting services.

As at 31 December 2023, total receivables from related parties comprised trade receivables and contract assets amounting to PLN 4,160 thousand, dividends receivable from subsidiaries in the amount of PLN 14,290 thousand, as well as other receivables in the amount of PLN 47 thousand. As at 31 December 2022, total receivables from related parties comprised trade receivables and contract assets amounting to PLN 3,926 thousand, dividends receivable from subsidiaries in the amount of PLN 13,226 thousand, as well as other receivables in the amount of PLN 54 thousand (of which PLN 47 thousand of deposits for rental of office space, and PLN 7 thousand of other receivables).

As at 31 December 2023, total liabilities to related parties comprised trade payables and contract liabilities amounting in total to PLN 298 thousand, as well as liabilities from the acquisition of e-mon company in the amount of PLN 3,856 thousand. As at 31 December 2022, total liabilities to related parties comprised trade payables and contract liabilities amounting in total to PLN 540 thousand, liabilities from the acquisition of BS Telecom company in the amount of PLN 60,862 thousand, as well as other liabilities in the amount of PLN 121 thousand.

Loans granted to related parties have been presented in explanatory note 5.8 to these financial statements.

Furthermore, in 2023 Asseco International a.s., our parent company, received dividends from ASEE S.A. in the total gross amount of PLN 38,554 thousand, as compared to PLN 33,801 thousand in 2022. Members of the Management Board and parties related through Members of the Management Board and Supervisory Board of Asseco South Eastern Europe S.A. received dividends from ASEE S.A. in the total gross amount of PLN 2,455 thousand, as compared to PLN 2,171 thousand distributed in 2022. The dividend was paid out on 13 July 2023.

All transactions with related parties are carried out on an arm's length basis.

On 23 September 2021, Asseco International a.s. and managers of ASEE Group companies signed agreements for the acquisition of shares in ASEE S.A., which has been described in detail in explanatory note 4.3 in this report. Members of the Management Board of ASEE S.A., acting directly or through their related parties, acquired the following numbers of shares:

Management Board Members	Number of shares acquired
Piotr Jeleński	280,000
Miljan Mališ	30,621
Michał Nitka	25,000
Kostadin Slavkoski	5,715
Total	341,336

In the financial statements for the year ended 31 December 2023, the costs of share-based payment plan related to shares acquired by Members of the Management Board amounted to PLN 162 thousand, as compared to PLN 162 thousand in the previous year.

VI. Explanatory notes to the statement of cash flows

6.1. Cash flows – operating activities

Operating cash flows were mainly influenced by the following elements:

- Changes in working capital, including:

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Change in receivables and contract assets	(6,422)	(2,779)
Change in liabilities	1,027	37
Change in prepayments and accruals	3,344	2,975

- Dividends received by ASEE S.A. from its subsidiaries:

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
ASEE Serbia	36,600	27,814
ASEE Croatia	4,725	-
ASEE Romania	6,752	4,948
ASEE Macedonia	7,833	9,395
ASEE B&H	4,212	-
ASEE Bulgaria	2,520	3,244
ASEE Kosovo	-	939
ASEE Turkey	6,484	4,019
Payten Holding	30,450	6,823
Total	99,576	57,182

- Expenditures for the acquisition of shares in subsidiaries:

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Payten Holding	(6)	(9,628)
BS Telecom	(61,248)	(11,591)
Total	(61,254)	(21,219)

6.2. Cash flows – investing activities

The table below presents proceeds and expenditures relating to property, plant and equipment, and intangible assets during the period of 12 months ended 31 December 2023:

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Acquisition of property, plant and equipment	(148)	(78)
Acquisition of intangible assets	-	(129)
Total	(148)	(207)

Our cash inflows from loans collected as well as cash outflows for loans granted during the period of 12 months ended 31 December 2023 have been presented in detail in explanatory note 5.8 to these financial statements.

6.3. Cash flows – financing activities

The table below explains changes in financial liabilities attributable to financing activities, including both changes arising from cash flows and non-cash changes in 2023:

	Bank loans PLN'000	Leases PLN'000	Dividends payable PLN'000	Total PLN'000
As at 1 January 2023	37,854	90	-	37,944
Inflows (+)	-	-	-	-
Cash flows	(2,611)	(129)	-	(2,740)
Repayment of principal amount – outflows	(2,611)	(129)	-	(2,740)
Interest paid – outflows	(1,960)	(8)	-	(1,968)
Outflows (-)	-	-	(75,766)	(75,766)
Interest accrued	1,978	8	-	1,986
Non-cash changes	-	388	75,766	76,154
Non-cash increase in liabilities	-	388	75,766	76,154
Foreign exchange differences recognized in financial income/expenses	(2,633)	(14)	-	(2,647)
As at 31 December 2023	32,628	335	-	32,963

The table below explains changes in financial liabilities attributable to financing activities, including both changes arising from cash flows and non-cash changes in 2022:

	Bank loans PLN'000	Leases PLN'000	Dividends payable PLN'000	Total PLN'000
As at 1 January 2022	33,448	189	-	33,637
Inflows (+)	9,573	-	-	9,573
Cash flows	(5,659)	(119)	-	(5,778)
Repayment of principal amount – outflows	(5,659)	(119)	-	(5,778)
Interest paid – outflows	(735)	(3)	-	(738)
Outflows (-)	-	-	(66,425)	(66,425)
Interest accrued	735	3	-	738
Non-cash changes	-	-	66,425	66,425
Non-cash increase in liabilities	-	-	66,425	66,425
Foreign exchange differences recognized in financial income/expenses	492	20	-	512
As at 31 December 2022	37,854	90	-	37,944

VII. Explanatory notes on objectives and principles of financial risk management

ASEE S.A. is exposed to a number of risks arising either from the macroeconomic situation in the countries where the Company holds its investments as well as from the microeconomic situation in individual companies. The main external factors of financial nature that may have an adverse impact on the Company's financial performance are: (i) fluctuations in foreign currency exchange rates versus the Polish zloty, and (ii) changes in market interest rates. The financial results are also indirectly affected by the pace of GDP growth, value of public orders for IT solutions, level of capital expenditures made by enterprises, and the inflation rate.

▪ **Foreign currency risk**

The currency used for presentation of the Company's results is the Polish zloty (PLN). Because our subsidiaries conduct business operations in countries with the functional currencies other than our presentation currency, the Company is exposed to changes in such foreign currency exchange rates both with respect to dividends received from our subsidiaries, and cash flows relating to planned acquisitions.

The exposure to foreign currency risk is measured by the amount of foreign currency dividends on one hand, and on the other by the nominal amount of financial instruments hedging against our foreign currency risk. The Company has adopted procedures that require making regular updates of cash flow schedules, as well as timely hedging of expected cash flows in currencies other than the Company's functional currency.

The objective of counteracting the risk of fluctuations in foreign currency exchange rates is to reduce their negative impact on the Company's financial results.

Contracts settled in foreign currencies are hedged with currency forward derivatives.

As at 31 December 2023, the Company holds open forward contracts to sell EUR for the total nominal amount of PLN 2,385 thousand which shall be settled no later than on 21 June 2024.

Interest rate risk

The Company is exposed to the risk of interest rate changes primarily in the following business areas: (i) change in the level of interest charged on bank loans obtained which are based on a variable interest rate, (ii) change in the level of interest charged on loans granted which are based on a variable interest rate, and (iii) change in the valuation of concluded derivative instruments which are based on the forward interest rate curve.

The interest rate risk arises and is recognized by the Company at the time of concluding a transaction for a financial instrument based on a variable interest rate.

The Company measures its exposure to interest rate risk by preparing the statement of total amounts of all of its financial instruments based on a variable interest rate. Additionally, the Company maintains records of debt planned to be incurred during the next 12 months, and in the case of long-term instruments – for their effective period.

The objective of reducing such risk is to minimize the negative impact of expenses arising from financial instruments based on a variable interest rate on our financial results. In order to reduce the interest rate risk: (i) in the case of incurring liabilities to finance projects implemented by operating subsidiaries, the Company applies an analogous structure of interest rates for loans granted as for bank loans obtained for a given purpose, (ii) the Company may conclude forward rate agreements if the costs of such precaution are justified in relation to the expected benefits.

The Company gathers and analyzes the current market information concerning its present exposure to interest rate risk. Because most of the Company's existing debt is used for financing of projects that are implemented by our subsidiaries, and loans granted to such companies are based on the same variable instruments as loans obtained for this purpose, the Company does not conclude any interest rate hedging contracts.

▪ **Counterparty credit risk**

The Company is exposed to the risk of defaulting contractors. This risk is connected with the financial credibility and good will of customers to whom the Company provides IT solutions, as well as with

the financial credibility of contractors with whom supply transactions are concluded. The maximum exposure to credit risk is limited to the book value of financial assets.

The credit risk is identified each time when concluding a contract with a customer. In order to mitigate such risk, the Company tries to conclude transactions only with reputable firms that have good credit ratings. All customers who wish to trade on credit terms are subject to the procedures of verification of their creditworthiness. In the case of long-term projects, the Company tries to issue invoices at the completion of each stage or delivery of each significant component of the project.

The Company monitors the collection of receivables on an ongoing basis and applies reminder and enforcement procedures in the event of delayed payments.

The measurement of credit risk is based on financial information available about contractors, credit ratings received by contractors, as well as knowledge of any complaints or pending legal proceedings against customers. In the case of significant transactions, the Company may use services of professional firms for assessing the financial standing and credit rating of customers.

The objective of reducing such risk is to minimize the amount of uncollectible receivables.

A quantitative analysis of credit risk related to receivables has been presented in note 5.7.

▪ **Financial liquidity risk**

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool, which considers the maturity of its assets and liabilities as well as projected cash flows from its operations.

The Company's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funds.

The tables below disclose the ageing structure of the Company's financial liabilities as at 31 December 2023 and 31 December 2022, by maturity:

Maturity of financial liabilities as at 31 December 2023	Liabilities falling due within 3 months	Liabilities falling due within 3 to 12 months	Liabilities falling due within 1 to 5 years	Liabilities falling due after 5 years	Total
	PLN'000	PLN'000	PLN'000	PLN'000	
Trade payables	1,489	-	-	-	1,489
Bank loans	444	1,343	36,615	-	38,402
Leases	34	102	222	-	358
Ageing of liabilities for unpaid shares	3,856	-	-	-	3,856
Total	5,823	1,445	36,837	-	44,105

Maturity of financial liabilities as at 31 December 2022	Liabilities falling due within 3 months	Liabilities falling due within 3 to 12 months	Liabilities falling due within 1 to 5 years	Liabilities falling due after 5 years	Total
	PLN'000	PLN'000	PLN'000	PLN'000	
Trade payables	1,746	-	-	-	1,746
Bank loans	1,683	7,718	31,415	-	40,816
Leases	34	56	-	-	90
Ageing of liabilities for unpaid shares	-	60,862	-	-	60,862
Ageing of liabilities under forward contracts	-	317	141	-	458
Total	3,463	68,953	31,556	-	103,972

▪ **Analysis of sensitivity – foreign currency risk**

The tables below disclose the Company's exposure to major foreign currencies as at 31 December 2023 and 31 December 2022, by the category of financial instruments.

Groups / categories of financial instruments	Carrying value as at	Foreign currency exposure as at		USD	EUR
	31 December 2023	31 December 2023		PLN'000	PLN'000
	PLN'000	PLN'000	PLN'000		
Financial assets					
Cash and cash equivalents	29,361	28,083	9,286	18,797	
Financial assets carried at amortized cost – loans	23,105	23,090	-	23,090	
Financial assets carried at fair value through profit or loss – forward contracts	167	167	-	167	
Trade receivables	10,702	5,084	927	4,157	
Other receivables	21,465	21,126	-	21,126	
Financial liabilities					
Lease liabilities	335	335	-	335	
Bank loans	32,628	32,628	-	32,628	
Other financial liabilities	3,856	3,856	-	3,856	
Trade payables	1,489	348	50	298	

Groups / categories of financial instruments	Carrying value as at	Foreign currency exposure as at		USD	EUR
	31 December 2022	31 December 2022		PLN'000	PLN'000
	PLN'000	PLN'000	PLN'000		
Financial assets					
Cash and cash equivalents	20,344	19,154	1,169	17,985	
Financial assets carried at amortized cost – loans	76,402	76,228	-	76,228	
Trade receivables	4,335	4,052	150	3,902	
Other receivables	21,677	18,919	-	18,919	
Financial liabilities					
Financial liabilities carried at fair value through profit or loss – forward contracts	458	458	70	388	
Lease liabilities	90	90	-	90	
Bank loans	37,854	37,854	-	37,854	
Other financial liabilities	60,862	60,862	-	60,862	
Trade payables	1,746	1,024	-	1,024	

The Company has analyzed the impact of changes in the exchange rates of PLN vs. EUR and USD on its pre-tax financial results both as at 31 December 2023 and 31 December 2022.

Groups / categories of financial instruments	Analysis of sensitivity to foreign currency risk as at 31 December 2023			
	USD		EUR	
	10%	(10%)	10%	(10%)
Impact on financial results				
	PLN'000	PLN'000	PLN'000	PLN'000
Financial assets				
Cash and cash equivalents	929	(929)	1,880	(1,880)
Financial assets carried at amortized cost – loans	-	-	2,309	(2,309)
Financial assets carried at fair value through profit or loss – forward contracts	-	-	17	(17)
Trade receivables and contract assets	93	(93)	416	(416)
Other receivables	-	-	2,113	(2,113)
Financial liabilities				
Lease liabilities	-	-	(34)	34
Bank loans and borrowings	-	-	(3,263)	3,263
Other financial liabilities	-	-	(386)	386
Trade payables	(5)	5	(30)	30

Analysis of sensitivity to foreign currency risk as at 31 December 2022

Groups / categories of financial instruments	USD		EUR	
	10% Impact on financial results PLN'000	(10%) PLN'000	10% Impact on financial results PLN'000	(10%) PLN'000
Financial assets				
Cash and cash equivalents	117	(117)	1,799	(1,799)
Financial assets carried at amortized cost – loans	-	-	7,623	(7,623)
Trade receivables and contract assets	15	(15)	390	(390)
Other receivables	-	-	1,892	(1,892)
Financial liabilities				
Financial liabilities carried at fair value through profit or loss – forward contracts	(7)	7	(39)	39
Lease liabilities	-	-	(9)	9
Bank loans	-	-	(3,785)	3,785
Other financial liabilities	-	-	(6,086)	6,086
Trade payables	-	-	(102)	102

Assuming PLN appreciated by 10% versus EUR, the Company's financial results would deteriorate by PLN 3,022 thousand (vs. PLN 1,683 thousand in the comparable year). Conversely, if PLN depreciated by 10% versus EUR, the Company's financial results would improve by PLN 3,022 thousand (vs. PLN 1,683 thousand in the comparable year). Assuming PLN appreciated by 10% versus USD, the Company's financial results would deteriorate by PLN 1,017 thousand (vs. PLN 125 thousand in the comparable period). Conversely, if PLN depreciated by 10% versus USD, the Company's financial results would improve by PLN 1,017 thousand (vs. PLN 125 thousand in the comparable period). This analysis does not include the impact of hedging instruments concluded by the Company, such as forward contracts.

▪ **Analysis of sensitivity – interest rate risk**

In the case of concluding agreements for bank loans based on a variable interest rate in order to finance projects implemented by operating subsidiaries, the Company tries to mitigate its interest rate exposure by using an analogous structure of interest rates for loans granted as for bank loans obtained for a given purpose.

The following table presents the impact of changes in the base interest rate (EURIBOR), which is used to calculate interest on loans granted, receivables from the sale of shares and on bank loans, on our interest income/expenses recognized in 2023 and in the comparable period:

As at 31 December 2023	Carrying value as at 31 December 2023 PLN'000	Impact on financial results of the Company		
		Amount exposed to risk as at 31 December 2023 PLN'000	-1.0 pp	1.0 pp
Financial assets carried at amortized cost – loans	23,105	22,827	(206)	208
Receivables from sale of shares	6,836	6,765	(22)	22
Interest-bearing bank loans	32,628	32,610	266	(442)

As at 31 December 2022	Carrying value as at 31 December 2022 PLN'000	Impact on financial results of the Company		
		Amount exposed to risk as at 31 December 2022 PLN'000	-1.0 pp	1.0 pp
Financial assets carried at amortized cost – loans	76,402	75,375	(375)	662
Receivables from sale of shares	8,167	8,078	(24)	24
Interest-bearing bank loans	37,854	37,854	86	(265)

The interest rate risk involved in the Company's assets and other liabilities, which are based on variable interest rates, is insignificant and therefore has not been analyzed.

▪ **Methods adopted for conducting the sensitivity analysis**

The analysis of sensitivity to fluctuations in foreign exchange rates with potential impact on our financial results was conducted using the percentage deviations of +/-10%, by which the reference exchange rates, effective as at the end of the reporting period, were increased or decreased. The sensitivity of interest rate exposure was analyzed using the percentage deviations of +/- 1 pp.

▪ **Other types of risk**

Other types of risk are not analyzed for sensitivity due to their nature and impossibility of absolute classification.

▪ **Fair value**

Both as at 31 December 2023 and 31 December 2022, currency forward contracts were the only financial assets measured at fair value held by the Company. Their fair value was determined using calculation models based on inputs that are observable, either directly or indirectly, in active markets (level 2 of the fair value hierarchy).

▪ **Items of income, expenses, gains and losses recognized in the statement of profit and loss**

As at 31 December 2023, the following items of income, expenses, gains and losses were recognized in the Company's statement of profit and loss:

Items of income, expenses, gains and losses recognized in the statement of profit and loss for the year ended 31 December 2023:	Interest income (expenses)	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment losses	Gain (loss) on exercise and valuation	Total
Financial assets:	2,030	(5,873)	(17)	898	(2,962)
Currency forward contracts	-	-	-	898	898
Cash and cash equivalents	-	(3,473)	-	-	(3,473)
Loans granted	1,723	(800)	(14)	-	909
Trade receivables and other receivables	307	(1,600)	(3)	-	(1,296)
Financial liabilities:	(1,986)	2,252	-	(38)	228
Currency forward contracts	-	-	-	(38)	(38)
Bank loans	(1,978)	2,634	-	-	656
Lease liabilities	(8)	14	-	-	6
Trade payables and other liabilities	-	(396)	-	-	(396)
Total impact	44	(3,621)	(17)	860	(2,734)

As at 31 December 2022, the following items of income, expenses, gains and losses were recognized in the Company's statement of profit and loss:

Items of income, expenses, gains and losses recognized in the statement of profit and loss for the year ended 31 December 2022:	Interest income (expenses)	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment losses	Gain (loss) on exercise and valuation	Total
Financial assets:	3,707	2,492	398	38	6,635
Currency forward contracts	-	-	-	38	38
Cash and cash equivalents	-	939	-	-	939
Loans granted	3,619	1,331	324	-	5,274
Trade receivables and other receivables	88	222	74	-	384
Financial liabilities:	(738)	(879)	-	-	(1,617)
Bank loans	(735)	(493)	-	-	(1,228)
Lease liabilities	(3)	(19)	-	-	(22)
Trade payables and other liabilities	-	(367)	-	-	(367)
Total impact	2,969	1,613	398	38	5,018

VIII. Other explanatory notes

8.1. Off-balance-sheet liabilities

Selected accounting policies

Off-balance-sheet liabilities are primarily contingent liabilities, by which the Company understands: a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not fully controlled by the Company, or a present obligation that arises from past events but is not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the statement of financial position; however, information about a contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Operating leases – the Company applies a practical expedient for rental contracts and other contracts of similar nature that are concluded for a period shorter than 12 months from the lease commencement date, as well as for leases of low-value assets. In both the above-mentioned exceptions, the lease payments are basically expensed on a straight-line basis in the period to which they are related. In such case, no right-of-use assets and corresponding financial liabilities are recognized. Such operating lease liabilities are recognized as off-balance-sheet liabilities.

The Company granted the following guarantees and sureties:

	31 December 2023		Date of expiry	31 December 2022		Date of expiry
	PLN'000	EUR'000		PLN'000	EUR'000	
Guarantee facilities						
ASEE Kosovo	-	-	-	938	200	06.09.2023
Total guarantees and sureties						
				938		

Moreover, ASEE S.A. is party to a partner agreement with a large hardware vendor which provides that in the case of non-performance of contractual obligations by any subsidiaries of ASEE Group, the vendor shall be entitled to demand the outstanding payment directly from ASEE S.A.

All of the granted guarantees constitute off-balance-sheet items. They have been provided on an arm's length basis.

In the Management's opinion, the likelihood of having to settle the liabilities presented in the table above is very low.

None of the above-described guarantee obligations meet the definition of a financial guarantee under IFRS 9.

The Company is party to rental, lease and other contracts of similar nature, resulting in the following off-balance-sheet liabilities from future payments:

	31 December 2023 PLN'000	31 December 2022 PLN'000
Liabilities from rental of space		
In the period up to 1 year	47	48
In the period from 1 to 5 years	-	-
Over 5 years	-	-
Total	47	48

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 31 December 2023 are related to lease contracts that were subject to exemptions provided under IFRS 16 (short-term leases and leases of low-value assets).

8.2. Seasonal business

Because the Company operates mainly as a holding company, our financial performance during a fiscal year depends largely on the dates when our subsidiaries adopt resolutions to pay out dividends.

8.3. Employment

Average number of employees during the reporting period*	12 months ended 31 December 2023	12 months ended 31 December 2022
Management Board**	2	2
Production departments	10	8
Sales departments	4	5
Administration departments	15	14
Total	31	29

* Average employment during the reporting period in full-time salaried jobs, i.e. employment in full-time jobs adjusted for (reduced by) positions which are not salaried by the Company (such as an unpaid leave, maternity leave, etc.)

**Piotr Jeleński and Michał Nitka serve in the Management Board of ASEE S.A. on the basis of employment contracts. The remaining members of the Company's Management Board perform their duties by assignment.

As at 31 December 2023, the Company had 32 employees. As at 31 December 2022, the Company had 31 employees.

8.4. Remuneration of the entity authorized to audit financial statements

The table below discloses the amounts of remuneration paid or payable to the entity authorized to audit the Company's financial statements for the years ended 31 December 2023 and 31 December 2022, in a breakdown by type of service:

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Audit of the annual financial statements	269	268
Review of the semi-annual financial statements	138	135
Other certification services	12	12
419	415	

In the year ended 31 December 2023 as well as in the comparable period, the entity authorized to audit financial statements was BDO Sp. z o.o. (limited partnership). It was selected by a resolution of the Supervisory Board of ASEE S.A. of 7 July 2022.

8.5. Remuneration of the Management Board and Supervisory Board

The table below presents the amounts of remuneration paid to individual Members of the Company's Management Board and Supervisory Board for performing their duties during the year 2023.

Remuneration for the period of 12 months ended 31 December 2023	Fixed remuneration (Base salary)	Variable remuneration (Annual bonus)	Fringe benefits	Employee Capital Plans	Total remuneration
Management Board					
Piotr Jeleński	360	7,390	5	56	7,811
Michał Nitka	264	1,048	5	8	1,325
Miljan Mališ	197	736	-	-	933
Kostadin Slavkoski	204	620	-	-	824
	1,025	9,794	10	64	10,893
Supervisory Board					
Józef Klein	84	-	-	-	84
Adam Góral	66	-	-	-	66
Jacek Duch	78	-	-	-	78
Artur Kucharski	108	-	-	-	108
Adam Pawłowicz	78	-	-	-	78
	414	-	-	-	414

The table below presents the amounts of remuneration paid to individual Members of the Company's Management Board and Supervisory Board for performing their duties during the year 2022.

Remuneration for the period of 12 months ended 31 December 2022	Fixed remuneration (Base salary)	Variable remuneration (Annual bonus)	Fringe benefits	Employee Capital Plans	Total remuneration
Management Board					
Piotr Jeleński	360	6,714	5	72	7,151
Michał Nitka	264	953	5	11	1,233
Miljan Mališ	182	986	-	-	1,168
Kostadin Slavkoski	224	634	-	-	858
	1,030	9,287	10	83	10,410
Supervisory Board					
Józef Klein	61	-	-	-	61
Adam Góral	49	-	-	-	49
Jacek Duch	70	-	-	-	70
Artur Kucharski	100	-	-	-	100
Adam Pawłowicz	70	-	-	-	70
	350	-	-	-	350

Members of the Supervisory Board do not receive any variable remuneration.

The amounts of remuneration disclosed in the above tables are due for performing managerial and supervisory functions in ASEE S.A. as well as in its subsidiary companies. The data presented in the tables above reflect the amounts of remuneration already paid out, as well as accruals for the part of variable remuneration which has not been paid out by the end of the reporting period.

The 'Fringe benefits' column includes such benefits as private medical care, the cost of a car used by a Member of the Management Board for private purposes (defined as a monthly allowance), and training costs.

On 23 September 2021, Asseco International a.s. and managers of ASEE Group companies signed agreements for the acquisition of shares in ASEE S.A. The above-mentioned agreements constitute an equity-settled share based payment transaction as defined by IFRS 2. Detailed information on this matter has been provided in explanatory note 4.3.

During the years 2023 and 2022, Members of the Management Board and the Supervisory Board did not receive any severance payments or post-employment benefits.

8.6. Capital management

The primary objective of the Company's capital management is to maintain a favourable credit rating and a safe level of capital ratios in order to support the Company's business operations and maximize shareholder value.

The Company manages its capital structure and makes necessary adjustments in response to the changing economic conditions. In order to maintain or adjust its capital structure, the Company may decide to pay out a dividend, return some capital to shareholders, or issue new shares. ASEE may also decide to use bank loans or trade credits for financing of its operations.

The Company consistently monitors the level of its capital using the leverage ratio, which is calculated as the relation of net debt to total equity increased by net debt. Net debt includes interest-bearing bank loans and borrowings, lease liabilities, trade payables and other liabilities, decreased by cash and cash equivalents.

	31 December 2023 PLN'000	31 December 2022 PLN'000
Interest-bearing bank loans	32,628	37,854
Lease liabilities	335	90
Trade payables and other liabilities	14,821	66,050
Minus cash and cash equivalents	(29,361)	(20,344)

Net debt	18,423	83,650
Equity	717,476	711,454
Equity and net debt	735,899	795,104
Leverage ratio	0.03	0.11

8.7. Climate and operations of the Company

The environmental impact of ASEE is limited because the Company is not engaged in any manufacturing activities. For the same reason, changes in the environment do not affect the business of ASEE in the short or medium term.

In 2021, ASEE implemented a policy for climate risk management that aims to:

- reduce the consumption of energy and natural resources;
- reduce greenhouse gas / CO₂ emissions;
- increase the proportion of energy from renewable sources in total consumption;
- care for the local natural environment.

Climate changes may affect operations of the Company and its subsidiaries in the following areas:

- global warming may affect ASEE operations in the long run, mainly due to its potential impact on tourism;
- extreme weather phenomena may affect the supply of equipment and limit our ability to provide on-site support services;
- new climate regulations may be introduced and impose new obligations on the operations of ASEE;
- increasing electricity costs may affect the operating expenses of ASEE.

Operations of the Company and its subsidiaries may affect climate change in the following areas:

- transportation of purchased equipment over long distances;
- fuel consumption by company cars used when servicing the installed devices;
- use of electric and heating energy at numerous offices operated by the Group;
- business trips;
- management of waste materials;
- scale of cashless payment operations.

In 2023, the risk management process has been updated to focus more on assessing threats and opportunities related to climate change. The overall impact of climate-related risks on the operations of ASEE Group has been assessed as moderate. Due to the lack of energy-intensive production lines, the importance of climate issues is quite limited.

Impact exerted by climate change on the business operations of ASEE has been described in detail in the 'Report on non-financial information', section 'Environment', which was published on 27 February 2024.

8.8. Significant events after the reporting period

- **Recommendation of the Management Board for a dividend payment**

On 15 February 2024, the Management Board of ASEE S.A. adopted a resolution to recommend to the Company's Supervisory Board and Annual General Meeting the payment of a dividend for the year 2023 in the total amount of PLN 85,626 thousand or PLN 1.65 per share.

In the period from 31 December 2023 till the date of approval of these financial statements, this is until 27 February 2024, we have not observed any other major events, the disclosure of which might significantly affect the assessment of human resources, assets and financial position of ASEE S.A.

8.9. Significant events related to prior years

Until the date of preparing these financial statements, this is until 27 February 2024, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books and these financial statements.

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