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**REPORT OF ASSECO SOUTH EASTERN EUROPE GROUP
FOR THE FIRST QUARTER OF 2019**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
OF ASSECO SOUTH EASTERN EUROPE GROUP
FOR THE FIRST QUARTER OF 2019**

Rzeszów, 8 May 2019

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF ASSECO SOUTH EASTERN EUROPE GROUP FOR THE FIRST QUARTER OF 2019

These interim condensed consolidated financial statements have been approved for publication by the Management Board of Asseco South Eastern Europe S.A.

Management Board of Asseco South Eastern Europe S.A.:

Piotr Jeleński President
of the Management Board

Miljan Mališ Member of
the Management Board

Miodrag Mirčetić Member of
the Management Board

Rzeszów, 8 May 2019

FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE GROUP

	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Sales revenues	178,816	138,604	41,606	33,172
II. Operating profit	21,219	13,093	4,937	3,134
III. Pre-tax profit	21,472	14,133	4,996	3,382
IV. Net profit for the reporting period	18,325	11,257	4,264	2,694
V. Net profit attributable to Shareholders of the Parent Company	18,025	11,166	4,194	2,672
VI. Net cash provided by (used in) operating activities	5,532	5,993	1,287	1,434
VII. Net cash provided by (used in) investing activities	(28,562)	(7,104)	(6,646)	(1,700)
VIII. Net cash provided by (used in) financing activities	(6,521)	34	(1,517)	8
IX. Cash and cash equivalents at the end of period	135,077	113,797	31,404	27,040
X. Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.35	0.22	0.08	0.05
XI. Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.35	0.22	0.08	0.05

The selected financial data disclosed in these interim condensed consolidated financial statements have been translated into euros (EUR) in the following way:

- items of the interim condensed consolidated income statement 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:
 - for the period from 1 January 2019 to 31 March 2019: EUR 1 = PLN 4.2978
 - for the period from 1 January 2018 to 31 March 2018: EUR 1 = PLN 4.1784
- the Group's 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 March 2019: EUR 1 = PLN 4.3013
 - exchange rate effective on 31 March 2018: EUR 1 = PLN 4.2085

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Sales revenues	<u>1</u>	178,816	138,604
Cost of sales (-)	<u>2</u>	(134,526)	(106,084)
Recognition (reversal) of impairment losses on financial assets (+/-)		(223)	(297)
Gross profit on sales		44,067	32,223
Selling costs (-)	<u>2</u>	(11,605)	(10,542)
General and administrative expenses (-)	<u>2</u>	(11,539)	(8,683)
Net profit on sales		20,923	12,998
Other operating income		1,418	315
Other operating expenses (-)		(1,067)	(220)
<i>Share of profits of associates</i>		(55)	-
Operating profit		21,219	13,093
Financial income	<u>3</u>	2,014	1,535
Financial expenses (-)	<u>3</u>	(1,761)	(495)
Pre-tax profit		21,472	14,133
Corporate income tax (current and deferred tax expense) (+/-)		(3,147)	(2,876)
Net profit for the reporting period		18,325	11,257
Attributable to:			
Shareholders of the Parent Company		18,025	11,166
Non-controlling interests		300	91
Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):			
Basic consolidated earnings per share for the reporting period	<u>4</u>	0.35	0.22
Diluted consolidated earnings per share for the reporting period	<u>4</u>	0.35	0.22

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Net profit for the reporting period	18,325	11,257
Other comprehensive income, of which:	(3,970)	1,002
<i>Components that may be reclassified to profit or loss:</i> Foreign exchange differences on translation of foreign operations	(3,970)	1,002
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	14,355	12,259
Attributable to:		
<i>Shareholders of the Parent Company</i>	13,805	12,155
<i>Non-controlling interests</i>	550	104

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 March 2019	31 Dec. 2018	31 March 2018
		(unaudited)	(audited)	(restated)
Non-current assets		712,133	627,571	629,257
Property, plant and equipment	7	137,032	128,692	130,597
Investment property		626	632	644
Intangible assets	7	19,509	10,854	17,124
Right-of-use assets	6	46,435	-	-
Goodwill	8	494,445	481,089	476,872
Investments in associates		57	111	-
Long-term financial assets	10	5,135	588	254
Long-term receivables		909	186	305
Deferred tax assets		7,226	4,785	2,957
Long-term prepayments and accrued income	12	759	634	504
Current assets		355,964	361,995	269,248
Inventories		31,079	17,006	25,821
Prepayments and accrued income	12	17,593	15,264	14,679
Trade receivables	9	124,599	132,120	78,503
Corporate income tax receivable		5,240	2,227	182
Other receivables from the state and local budgets		3,721	1,355	1,923
Contract assets	17	27,939	19,022	27,892
Other receivables	9	7,039	6,353	4,881
Short-term financial assets	10	3,677	3,761	1,570
Cash and short-term deposits	11	135,077	164,887	113,797
TOTAL ASSETS		1,068,097	989,566	898,505

All figures in thousands of PLN, unless stated otherwise

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	Note	31 March 2019	31 Dec. 2018	31 March 2018
		(unaudited)	(audited)	(restated)
Equity (attributable to shareholders of the Parent Company)		767,104	763,425	730,484
Share capital		518,942	518,942	518,942
Share premium		38,825	38,825	38,825
Other capitals		3,826	3,153	1,249
Foreign exchange differences on translation of foreign operations		(108,029)	(103,809)	(108,281)
Retained earnings and current net profit		313,540	306,314	279,749
Non-controlling interests		1,980	1,664	1,319
Total equity		769,084	765,089	731,803
Non-current liabilities		94,949	22,095	27,857
Interest-bearing bank loans and borrowings	13	27,707	17,223	22,146
Deferred tax liabilities		3,757	1,599	1,456
Long-term trade payables and other liabilities		93	-	334
Long-term provisions		1,751	1,982	1,627
Long-term financial liabilities	14	61,448	1,055	1,399
Contract liabilities	17	193	236	895
Current liabilities		204,064	202,382	138,845
Interest-bearing bank loans and borrowings	13	26,530	30,836	24,142
Trade payables	15	74,094	78,362	46,013
Corporate income tax payable	15	4,509	3,684	2,517
Other liabilities to the state and local budgets	15	14,760	19,333	9,406
Financial liabilities	14	13,627	829	1,017
Contract liabilities	17	45,742	37,166	30,666
Other liabilities	15	8,435	16,098	7,408
Short-term provisions		2,823	2,713	3,114
Accruals	16	13,544	13,361	14,562
TOTAL LIABILITIES		299,013	224,477	166,702
TOTAL EQUITY AND LIABILITIES		1,068,097	989,566	898,505

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period of 3 months ended 31 March 2019

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Other capitals	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at 1 January 2019	518,942	38,825	(103,809)	3,153	306,314	763,425	1,664	765,089
Restatement of comparable data resulting from the adoption of IFRS 16	-	-	-	-	(725)	(725)	-	(725)
As at 1 January 2019	518,942	38,825	(103,809)	3,153	305,589	762,700	1,664	764,364
Net profit (loss) for the reporting period	-	-	-	-	18,025	18,025	300	18,325
Other comprehensive income	-	-	(4,220)	-	-	(4,220)	250	(3,970)
Total comprehensive income for the reporting period	-	-	(4,220)	-	18,025	13,805	550	14,355
Valuation of share-based payment plan	-	-	-	673	-	673	-	673
Obtaining control over subsidiaries	-	-	-	-	(3,857)	(3,857)	9,637	5,780
Settlement of contingent financial liabilities to non-controlling shareholders (put options)	-	-	-	-	(6,217)	(6,217)	(9,871)	(16,088)
As at 31 March 2019 (unaudited)	518,942	38,825	(108,029)	3,826	313,540	767,104	1,980	769,084

for the year ended 31 December 2018

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Other capitals	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at 1 January 2018	518,942	38,825	(109,270)	660	268,583	717,740	1,572	719,312
Net profit (loss) for the reporting period	-	-	-	-	64,716	64,716	447	65,163
Other comprehensive income	-	-	5,461	-	-	5,461	24	5,485
Total comprehensive income for the reporting period	-	-	5,461	-	64,716	70,177	471	70,648
Valuation of share-based payment plan	-	-	-	2,493	-	2,493	-	2,493
Dividend	-	-	-	-	(26,985)	(26,985)	(379)	(27,364)
As at 31 December 2018 (audited)	518,942	38,825	(103,809)	3,153	306,314	763,425	1,664	765,089

for the period of 3 months ended 31 March 2018

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Other capitals	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at 1 January 2018	518,942	38,825	(109,270)	660	268,583	717,740	1,572	719,312
Net profit (loss) for the reporting period	-	-	-	-	11,166	11,166	91	11,257
Other comprehensive income	-	-	989	-	-	989	13	1,002
Total comprehensive income for the reporting period	-	-	989	-	11,166	12,155	104	12,259
Valuation of share-based payment plan	-	-	-	589	-	589	-	589
Dividend	-	-	-	-	-	-	(357)	(357)
As at 31 March 2018 (unaudited)	518,942	38,825	(108,281)	1,249	279,749	730,484	1,319	731,803

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Cash flows – operating activities			
Pre-tax profit		21,472	14,133
Total adjustments:			
Depreciation and amortization		14,782	10,802
Change in inventories		1,168	(1,478)
Change in receivables		11,495	23,008
Change in liabilities, accruals and provisions		(38,649)	(38,510)
Interest income and expenses		156	312
Gain/loss on foreign exchange differences		(703)	135
Gain/loss on investing activities		(70)	(110)
Costs of share-based payment plan		673	589
Other		345	(5)
Net cash generated from operating activities		10,670	8,876
Corporate income tax paid		(5,137)	(2,883)
Net cash provided by (used in) operating activities		5,532	5,993
Cash flows – investing activities			
Disposal of property, plant and equipment and intangible assets		244	546
Acquisition of property, plant and equipment, and intangible assets		(15,582)	(6,549)
Expenditures for development projects		(295)	(476)
Disposal of financial instruments carried at fair value through profit or loss		64	75
Acquisition of financial assets carried at fair value through profit or loss		(53)	(768)
Acquisition of financial assets carried at amortized cost		(4,549)	-
Loans granted		(12)	-
Interest received		98	68
Acquisition of subsidiaries		(23,354)	-
Cash and cash equivalents in subsidiaries acquired		14,876	-
Net cash provided by (used in) investing activities		(28,562)	(7,104)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Cash flows – financing activities			
Proceeds from (repayments of) short-term bank loans and borrowings		12	(9)
Proceeds from other bank loans and borrowings		7,099	3,889
Repayments of other bank loans and borrowings		(10,272)	(2,832)
Finance lease liabilities paid		(2,898)	(253)
Dividends paid out to non-controlling shareholders		-	(357)
Interest paid		(462)	(404)
Net cash provided by (used in) financing activities		(6,521)	34
Net increase (decrease) in cash and cash equivalents		(29,551)	(1,077)
Net foreign exchange differences		(352)	(768)
Cash and cash equivalents as at 1 January		164,839	115,562
Cash and cash equivalents as at 31 March		11	134,936
			113,717

SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

I. GENERAL INFORMATION

Asseco South Eastern Europe Group (the "Group", "ASEE Group", "ASEE") is a group of companies, the Parent Company of which is Asseco South Eastern Europe S.A. (the "Parent Company", "ASEE S.A.", "Company", "Issuer") seated at 14 Olchowa St., Rzeszów, Poland.

The Parent Company Asseco South Eastern Europe S.A. was established on 10 April 2007. The Company has been listed on the main market of the Warsaw Stock Exchange since 28 October 2009.

ASEE S.A. is the parent of Asseco South Eastern Europe Group. The Parent Company shall operate within the territory of the Republic of Poland as well as abroad. The time of duration of both the Parent Company and the entities incorporated in the Group is indefinite.

Asseco South Eastern Europe Group is engaged in the sale of its own and third-party software as well as in the provision of implementation, integration and outsourcing services. The Group is a provider of IT solutions, authentication solutions, online payment settlement systems, while it is also engaged in the sale, outsourcing and maintenance of ATMs and POS terminals, and provides integration and implementation services for IT systems and hardware. The Group conducts business operations in the markets of Poland, South Eastern Europe, Iberian Peninsula, Turkey, as well as in Colombia, Peru and Dominican Republic.

The scope of Asseco South Eastern Europe Group's core business broken down by relevant segments is described in section V of these consolidated financial statements.

These interim condensed consolidated financial statements cover the interim period ended 31 March 2019 and contain comparable data for the interim period ended 31 March 2018 in case of the income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows; and comparable data as at 31 December 2018 and 31 March 2018 in case of the statement of financial position.

The Group draws up its financial statements in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

These interim consolidated financial statements have been approved for publication by the Management Board of ASEE S.A. on 8 May 2019.

II. MAJOR SHAREHOLDERS

To the best knowledge of the Management Board of ASEE S.A. the shareholders who, either directly or through their subsidiaries, held at least 5% of total voting rights at the General Meeting of Shareholders were as follows:

As at 8 May 2019:

Name of shareholder	Number of shares held and votes at GMS	Equity interest and percentage of total voting rights at GMS
Asseco International a.s.	26,494,676	51.06%
Aviva Pension Fund	9,610,000	18.52%
Aviva Investors Poland TFI S.A.	2,679,355	5.16%
Other shareholders	13,110,220	25.26%
	51,894,251	100.00%

As at 31 March 2019 / 31 December 2018:

Name of shareholder	Number of shares held and votes at GMS	Equity interest and percentage of total voting rights at GMS
Asseco International a.s.	26,494,676	51.06%
Aviva Pension Fund	9,455,000	18.22%
Aviva Investors Poland TFI S.A.	2,607,217	5.02%
Other shareholders	13,337,358	25.70%
	51,894,251	100.00%

As at 31 March 2019, at the date of publication of this report, this is on 8 May 2019, as well as at 31 December 2018, the share capital of ASEE S.A. amounted to PLN 518,942,510 and it was divided into 51,894,251 ordinary shares with a par value of PLN 10.00 each, which entitled to 51,894,251 votes at the Company's General Meeting of Shareholders.

III. COMPOSITION OF THE ISSUER'S MANAGEMENT AND SUPERVISORY BODIES

As at 31 March 2019 as well as at the date of publication of this report, this is on 8 May 2019, the Company's Management Board and Supervisory Board were composed of the following persons:

Supervisory Board	Management Board
Józef Klein	Piotr Jeleński
Adam Góral	Miljan Mališ
Jacek Duch	Miodrag Mircetić
Artur Kucharski	Marcin Rulnicki
Adam Pawłowicz	

During the reporting period, the composition of the Company's management and supervisory bodies remained unchanged.

IV. COMPANY'S SHARES AND RIGHTS TO SHARES HELD BY ITS MANAGEMENT AND SUPERVISORY STAFF

Supervisory Board Members	Number of shares held as at			
	8 May 2019	31 March 2019	20 Feb. 2019	31 Dec. 2018
Józef Klein	-	-	-	-
Adam Góral	-	-	-	-
Jacek Duch	-	-	-	-
Artur Kucharski	-	-	-	-
Adam Pawłowicz	-	-	-	-

Management Board Members	Number of shares held as at			
	8 May 2019	31 March 2019	20 Feb. 2019	31 Dec. 2018
Piotr Jeleński	971,492	971,492	967,492	967,492
Miljan Mališ ¹⁾	300,000	300,000	300,000	300,000
Miodrag Mirčetić ²⁾	275,482	275,482	275,482	275,482
Marcin Rulnicki	30,000	30,000	30,000	30,000

1) Miljan Mališ, Member of the Management Board of ASEE S.A., is a shareholder in the company Mini Invest d.o.o. which in turn is a shareholder in ASEE S.A. Both as at 31 March 2019 and 8 May 2019, Mini Invest d.o.o. held 300,000 shares in ASEE S.A.
 2) Miodrag Mirčetić, Member of the Management Board of ASEE S.A., is a shareholder in the company I4 INVENTION d.o.o. which in turn is a shareholder in ASEE S.A. Both as at 31 March 2019 and 8 May 2019, I4 INVENTION d.o.o. held 275,482 shares in ASEE S.A.

V. EFFECTS OF CHANGES IN THE STRUCTURE OF THE ISSUER AND THE ISSUER'S GROUP

During the period of 3 months ended 31 March 2019, the Group's organizational structure changed as a result of separating payment services into a standalone organizational unit, as well as further development of our payment services business:

Division of ASEE Turkey

The division of ASEE Turkey was registered on 2 January 2019, in connection with the process of separating our payment services into a standalone organizational unit.

This division resulted in the creation of two separate entities, namely Payten Turkey (Payten Teknoloji A.Ş.) and ASEE Turkey (Asseco SEE Bilişim Teknolojileri A.Ş.), being engaged in the payment business and other operations, respectively.

Establishing of Payten Spółka z o.o.

On 29 January 2019, we registered a new company called Payten Sp. z o.o. seated in Warsaw. 100% of shares in this company are held by ASEE S.A.

Establishing of Payten Spółka z o.o. (limited partnership)

On 20 March 2019, we registered a new company called Payten Sp. z o.o. (limited partnership) seated in Warsaw. 99% of shares in this company are held by ASEE S.A., while a 1% stake is held by Payten Spółka z o.o.

Acquisition of shares in Necoplus S.L. based in Alicante

On 29 January 2019, the Company signed an agreement to acquire a 67.66% stake in the share capital of Necoplus S.L. based in Alicante, Spain ("Necoplus") for the total amount of PLN 32,888,506.50, being the equivalent of EUR 7,669,000 converted at the mid exchange rate published by the National Bank of Poland on 28 January 2019. The payment for these shares will be made in three instalments:

- the first instalment amounting to PLN 23,020,668.00 payable within 3 days from the transaction date;
- the second instalment amounting to PLN 23,020,668.00 payable till the first anniversary of the transaction date;
- the third instalment amounting to PLN 4,931,775 payable till the second anniversary of the transaction date.

The acquisition of these shares is financed with own funds with the option of partial refinancing with a bank loan in the future.

Concurrently, ASEE signed an agreement with the shareholders of Necoplus, based on the existing agreement concluded by the seller, among others providing for a put option reserved for minority shareholders.

Necoplus conducts business operations in Spain, Portugal, Peru, Colombia, Andorra, and in the Dominican Republic. The company is mainly engaged in installation and maintenance of POS terminals, as well as in BPO/call center services. Necoplus has been a member of the capital group of Asseco Poland since 2010. The said shares are sold by Asseco Western Europe S.A., a wholly-owned subsidiary of Asseco Poland S.A.

The goal of this acquisition is to further build the payment services business within the target organizational structure called Payten.

VI. ORGANIZATIONAL STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP

The chart below presents the structure of ASEE Group along with equity interests and voting rights at the general meetings of shareholders/partners as at 31 March 2019.

The parent company of Asseco South Eastern Europe S.A. is Asseco International a.s. (AI), seated in Bratislava.

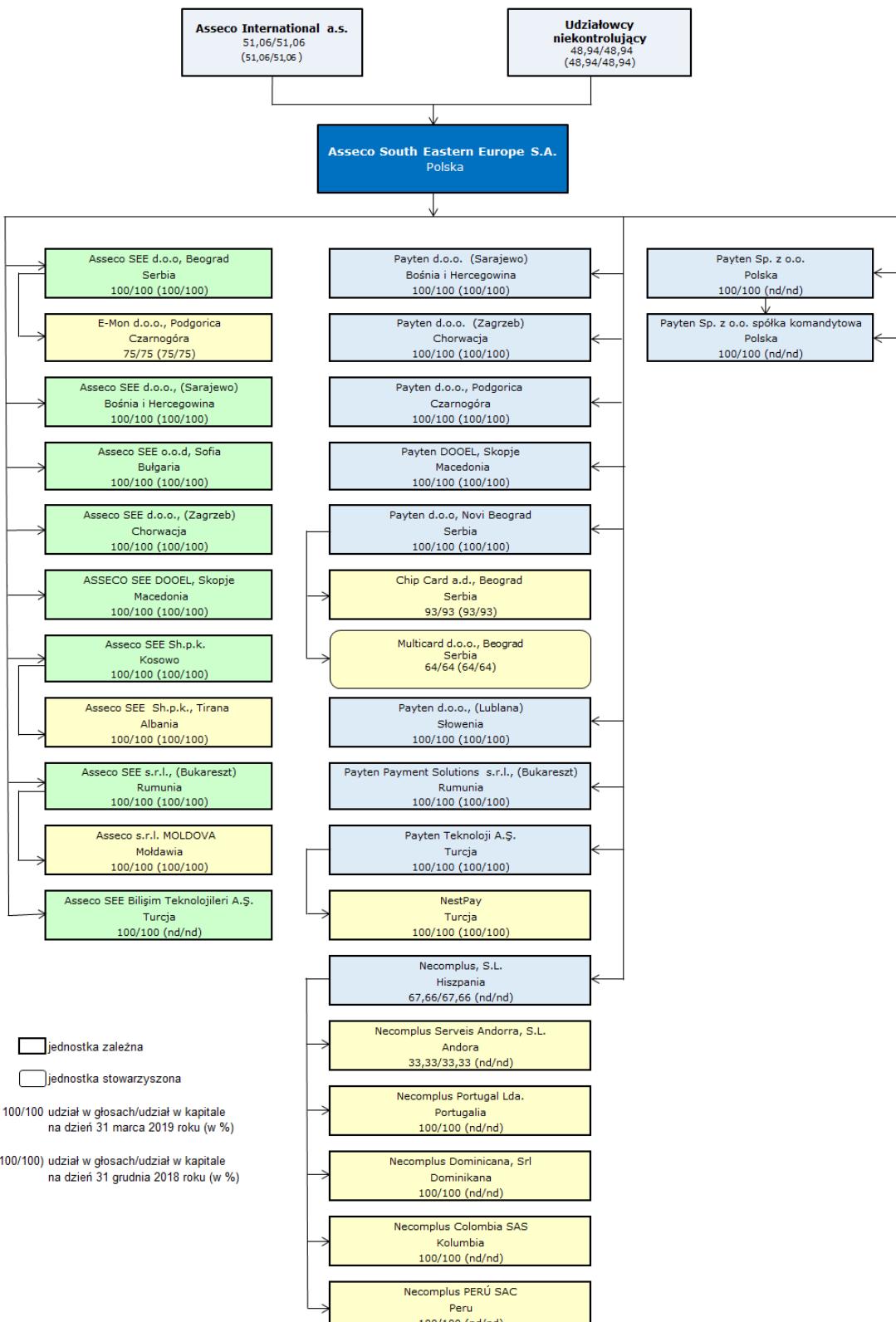
Both as at 31 March 2019 and 31 March 2018, Asseco International a.s. held a 51.06% stake in the share capital of ASEE S.A.

Within the Group's organizational structure, Multicard Serbia is an associated company accounted for using the equity method. The remaining companies incorporated within the Group

are treated as subsidiaries and are subject to full consolidation.

Both as at 31 March 2019 and 31 December 2018, voting rights held by the Group in companies comprising ASEE Group were equivalent to the Group's equity interests in these entities.

Struktura Grupy Kapitałowej Asseco South Eastern Europe



VII. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis for the preparation of interim condensed consolidated financial statements

The interim condensed consolidated financial statements have been prepared in accordance with the historical cost convention, except for financial instruments that are carried at fair value.

The presentation currency of these interim condensed consolidated financial statements is the Polish zloty (PLN), and all figures are presented in thousands of zlotys (PLN'000), unless stated otherwise.

These interim condensed consolidated financial statements have been prepared on a going-concern basis, assuming the Group, Parent Company as well as its subsidiaries will continue their business activities in the foreseeable future.

Till the date of approving these financial statements, we have not observed any circumstances that would threaten the Company and the Group companies' ability to continue as going concerns for at least 12 months after the reporting period.

2. Compliance statement

These interim condensed consolidated financial statements have been prepared in conformity with the International Accounting Standard 34 'Interim Financial Reporting' as endorsed by the European Union (IAS 34).

Some of the Group companies maintain their accounting books in accordance with the accounting policies set forth in their respective local regulations. The interim condensed consolidated financial statements include adjustments not disclosed in the accounting books of the Group's entities which were introduced to adjust the financial statements of those entities to IFRS.

3. Significant accounting policies

The significant accounting policies adopted by ASEE Group have been described in its consolidated financial statements for the year ended 31 December 2018, which were published on 20 February 2019 and are available at the Issuer's website: www.asseco.com/see.

These interim condensed consolidated financial statements do not include all information and disclosures required for annual consolidated financial statements and therefore they should be read together with the Group's consolidated financial statements for the year ended 31 December 2018.

The accounting policies adopted in the preparation of this report are consistent with those followed when preparing the consolidated financial statements for the year ended 31 December 2018, except for the adoption of amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2019.

4. IFRS 16 'Leases'

In January 2016, the International Accounting Standards Board issued the International Financial Reporting Standard 16 'Leases' (IFRS 16) that replaced IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases - Incentives', and SIC-27 'Evaluating the Substance of Transactions in the Legal Form of a Lease'. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases.

ASEE Group has adopted the new standard as of its required effective date, and therefore this standard has been first applied in our consolidated financial statements for the reporting period beginning on 1 January 2019.

According to the transition guidance provided in the standard, entities are allowed to choose from two methods for the presentation of comparable data:

- a) retrospective approach to each prior period reported in compliance with IAS 8, or
- b) retrospective approach while recognizing the cumulative effect of applying the new standard as at the date of its initial application.

ASEE Group has used the modified retrospective approach as described in item b, under which the comparable data for the year 2018 have not been restated, but the cumulative effect of adopting this new standard has been presented as an adjustment to the opening balance of retained earnings as at the date of its initial application, i.e. as at 1 January 2019.

Furthermore, the Group has adhered to the new guidance on identifying leases only in respect of those contracts that were entered into (or modified) on or after the date of initial application, i.e. 1 January 2019. Hence, in respect of all contracts that were concluded prior to 1 January 2019, we have decided to use a practical expedient permitted under IFRS 16 whereby it is not required to reassess whether a contract is a lease or contains a lease as at the date of initial application. Instead, the Group has applied IFRS 16 only for contracts that were earlier identified as leases under IAS 17 and IFRIC 4.

According to the Group's assessment, applying the new definition of a lease would not cause any significant changes to our existing classification of contracts between those being a lease or containing a lease.

Group acting as a lessee

In accordance with IFRS 16 'Leases', in case of contracts where ASEE S.A. acts as a lessee, the Company has implemented a single accounting model, requiring the lessee to recognize assets and liabilities in respect of all leases, subject to exceptions for short-term leases and leases of low-value assets as specified in the standard. As a result, ASEE Group has recognized right-of-use assets and lease liabilities in respect of all lease contracts that transfer the right to control the use of identified assets for a definite period of time. In connection with the above, the recurring costs arising from lease payments, that earlier used to be expensed, have been capitalized and will be subsequently depreciated. Whereas, the discount of lease liabilities will be recognized as a financial expense.

In case of contracts that have been commenced on or after 1 January 2019, the Group applies the following valuation principles:

Right-of-use assets shall be initially recognized at the cost comprising:

- a) the amount of initial measurement of the lease liability;
- b) any lease payments made at or before the lease commencement date, less any lease incentives;
- c) any initial direct costs incurred by the lessee;
- d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease liabilities shall be initially recognized at the present value of outstanding lease payments, comprising:

- a) fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable by the lessee under residual value guarantees;
- d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;

- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequently to initial recognition, the Group shall measure right-of-use assets in a similar manner as other non-financial fixed assets, and lease liabilities in a similar manner as financial liabilities. As a result, after initial recognition, the Group shall recognize depreciation charges on the right-of-use asset and interest expenses on the lease liability, and shall also classify the lease payments into two groups: payments for the principal portion to be disclosed in the statement of cash flows within financing activities, and payments for the interest portion to be disclosed in the statement of cash flows within financing activities.

The application of IFRS 16 by the Group required making estimates that affect the measurement of lease liabilities and right-of-use assets, which estimates were in particular related to the determination of the lease term and the discount rate.

The lease term determined by the Group represents the non-cancellable period of the lease, including a period covered by an option to extend the lease if the Group is reasonably certain to exercise that option, and a period covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

In case of lease contracts concluded for an indefinite period, the Group shall analyze the options to terminate the lease either by the lessee or the lessor. If the lessor and the lessee have an option to terminate the lease without the other party's consent and without significant penalties, the lease term is determined based on the earliest termination period. If such earliest termination period is 12 months or less, the Group shall apply the exception for short-term leases. Contracts concluded for an indefinite period are primarily associated with locations for ATMs.

The Group has decided to use the exceptions for short-term leases and leases of low-value assets as specified in the standard. As a result, in case of such contracts, lease payments shall be recognized directly in costs, similarly as done so far for operating leases.

Moreover, in case of car lease contracts, the Group has decided to use a practical expedient not to separate non-lease components from lease components, and instead to account for all lease components and any associated non-lease components (car maintenance costs, insurance policies, etc.) as a single lease.

Lease payments shall be discounted using the incremental borrowing rate of the Group or the rate implicit in the lease if that rate can be readily determined.

Group acting as a lessor

Accounting by lessors under IFRS 16 remained substantially unchanged from the approach required by IAS 17. Lessors will continue to treat all lease agreements according to the same criteria as specified in IAS 17, hence each lease shall be classified as an operating lease or a finance lease.

In respect of lease contracts where the Group acts as a lessor, the Group will make no adjustments following the adoption of IFRS 16. Starting from 1 January 2019, the Group has recognized these contracts in accordance with IFRS 16.

Measurement of right-of-use assets and lease liabilities at the date of initial application of IFRS 16

At the date of initial application of IFRS 16 (i.e. at 1 January 2019), for all contracts that were earlier classified as operating leases and have not been completed prior to 1 January 2019, the Group has recognized:

- a) a lease liability measured at the present value of outstanding lease payments, discounted using the incremental borrowing rate of the Group at the date of initial application;
- b) a right-of-use asset measured at its carrying value as if this standard was applied from the lease commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

Concurrently, in respect of individual lease contracts, the Group has used the following practical expedients:

- a) exemption from the requirement to recognize right-of-use assets and lease liabilities in case of leases where the underlying asset has a low value;
- b) application of a single discount rate to a portfolio of leases with similar characteristics;
- c) exemption from the requirement to recognize right-of-use assets and lease liabilities in case of leases where the lease term shall end within 12 months from the date of initial application;
- d) use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

For all contracts that were earlier classified as finance leases under IAS 17 and have not been completed prior to 1 January 2019, the carrying value of the right-of-use asset and lease liability as at 1 January 2019 has been determined as the carrying value of the leased asset and lease liability measured in accordance with IAS 17, directly before this date.

Summary of the impact of adopting IFRS 16 as at 31 March 2019

ASSETS	31 March 2019
	Impact of IFRS 16
Non-current assets	46,631
Right-of-use assets	46,435
Deferred tax assets	197
TOTAL ASSETS	46,631
EQUITY AND LIABILITIES	31 March 2019
	Impact of IFRS 16
Equity	(1,703)
Retained earnings (deficit)	(725)
Net profit (loss) for the reporting period	(165)
Obtaining of control	(813)
Total equity	(1,703)
Non-current liabilities	39,644
Long-term lease liabilities	40,375
Deferred income	(731)
Current liabilities	8,690
Short-term lease liabilities	8,690
TOTAL EQUITY AND LIABILITIES	46,631
	3 months ended 31 March 2019
	Impact of IFRS 16
Rental costs	3,366
Depreciation and amortization	(3,235)
Operating profit	131
EBITDA	3,366
Interest	(311)
Other (deferred tax, foreign exchange differences)	15
Net profit (loss) for the reporting period	(165)

Summary of the impact of adopting IFRS 16 as at 1 January 2019

The table below presents the impact of IFRS 16 on the consolidated statement of financial position of ASEE Group as at the date of initial application, i.e. at 1 January 2019:

ASSETS	1 Jan. 2019
Non-current assets	35,065
Right-of-use assets	34,926
Deferred tax assets	138
TOTAL ASSETS	35,065
<hr/>	
EQUITY AND LIABILITIES	1 Jan. 2019
Equity (attributable to shareholders of the Parent Company)	(725)
Retained earnings (deficit)	(725)
Total equity	(725)
Non-current liabilities	25,451
Long-term lease liabilities	26,182
Deferred income	(731)
Current liabilities	10,339
Short-term lease liabilities	10,339
TOTAL EQUITY AND LIABILITIES	35,065

Off-balance-sheet liabilities

The Group is party to a number of contracts for rental of:

- a) office and warehouse space;
- b) locations for ATMs;
- c) transportation vehicles;
- d) office equipment;
- e) other assets.

As at 31 December 2018, the above-mentioned contracts resulted in future payments as presented in explanatory note 22 to these financial statements.

The said contracts meet the definition of a lease under IFRS 16. Presented below is the reconciliation of liabilities under our rental contracts with lease liabilities that have been recognized as at 1 January 2019.

Lease liabilities	1 Jan. 2019
Operating lease liabilities as at 31 December 2018 (IAS 17)	39,656
Finance lease liabilities as at 31 December 2018 (IAS 17)	1,873
Amount of discount calculated using the incremental borrowing rate (-)	(3,552)
Short-term leases (-)	(1,352)
Leases of low-value assets (-)	(104)
Lease liabilities as at 1 January 2019 (IFRS 16)	36,521

5. Functional currency and presentation currency

The functional currency applied by the Parent Company as well as the presentation currency used in these interim condensed consolidated financial statements is the Polish zloty (PLN).

Standalone and consolidated financial statements of the Group companies are drawn up in the functional currencies of their primary business environments. The functional currencies of direct subsidiaries of ASEE S.A. include the Romanian leu (RON), Croatian kuna (HRK), Serbian dinar (RDS), Macedonian denar (MKD), euro (EUR), Turkish lira (TRY), Bulgarian lev (BGN), Bosnia and Herzegovina convertible mark (BAM), and Polish zloty (PLN).

6. Professional judgement and estimates

Preparation of consolidated 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 Group's management best knowledge on the current activities and occurrences, the actual results may differ from those anticipated. The main areas which, in the process of applying the accounting policies, were largely subject to the management's professional judgement remained unchanged as compared with their description presented in the annual financial statements for the year 2018.

7. Seasonal nature of business

The Group's business operations are subject to seasonality, which involves revenue fluctuations in individual quarters of the year. Because the bulk of sales revenues are generated from IT services contracts executed for large companies and public institutions, turnovers recorded in the fourth quarter tend to be higher than in the remaining periods. Such phenomenon occurs for the reason that the above-mentioned entities close their annual budgets for implementation of IT projects and carry out investment purchases of hardware and licenses usually in the last quarter.

8. Changes in the accounting policies applied

In the reporting period, the Group has not introduced any changes to the applied accounting policies, except for adopting the amendments to standards and new interpretations effective for

annual periods beginning on or after 1 January 2019, as described in item 3.

9. Corrections of material errors

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

VIII. INFORMATION ON OPERATING SEGMENTS

Asseco South Eastern Europe Group has identified the following reportable segments reflecting the structure of its business operations:

- a) Banking Solutions,
- b) Payment Solutions,
- c) Systems Integration.

Banking Solutions

The Banking Solutions segment portfolio includes the Digital Edge omnichannel solution designed to distribute banking products and services over new, alternative distribution channels and to improve business relations and communication with the customer, as well as integrated core banking systems based on the Oracle and Microsoft platforms. This segment also offers authentication security solutions, reporting systems for regulatory compliance and managerial information, as well as risk management and anti-fraud systems. The Group also offers its clients online 24x7 services and consultancy in the area of digital banking and digital transformation.

Payment Solutions

This segment provides complete payment industry solutions, for financial and non-financial institutions, supporting card and card-less transactions. The product portfolio of ASEE includes solutions for e-Commerce (NestPay®, MSU, Paratika), mobile payments (mPOS, HCE), payment card processing, as well as services related to ATMs and POS terminals. The Group delivers software, services including outsourcing and equipment, providing the highest level of expertise, maintenance and support through the entire portfolio. This segment also operates an independent network of ATMs under the brand name of MoneyGet.

Systems Integration

The Group serves the financial, industry and public administration sectors with the following business lines: development of IT infrastructure, implementations and support, ensuring continuity of business processes, automation of operations, and customized software development. This segment also includes a group of proprietary solutions of ASEE. Among such solutions are LIVE contact center, BPS content management solution, as well as Fidelity asset lifecycle management solution. Furthermore, the product portfolio of the Systems Integration segment includes LeaseFlex, a fully-fledged lease and asset lifecycle management solution.

The Group's business profile and product portfolio have been described in detail in its financial statements for the year 2018.

For the period of 3 months ended 31 March 2019 and as at 31 March 2019 in thousands of PLN (unaudited)	Banking Solutions	Payment Solutions	Systems Integration	Eliminations / Reconcilia- tions	Total
Sales revenues:	42,305	81,888	63,980	(9,357)	178,816
Sales to external customers	38,492	76,817	63,507	-	178,816
Inter/intra segment sales	3,813	5,071	473	(9,357)	-
Gross profit on sales	10,604	22,002	11,461	-	44,067
Selling costs (-)	(3,123)	(4,389)	(4,093)	-	(11,605)
General and administrative expenses (-)	(3,956)	(4,664)	(2,919)	-	(11,539)
Net profit on sales	3,525	12,949	4,449	-	20,923
Other operating activities	104	127	120		351
<i>Share of profits of associates</i>	-	(55)	-		(55)
Operating profit	3,629	13,021	4,569	-	21,219
<i>Goodwill</i>	197,384	123,076	173,985	-	494,445

For the period of 3 months ended 31 March 2019 in thousands of EUR (unaudited)	Banking Solutions	Payment Solutions	Systems Integration	Eliminations / Reconcilia- tions	Total
Sales revenues:	9,843	19,053	14,887	(2,177)	41,606
Sales to external customers	8,956	17,873	14,777	-	41,606
Inter/intra segment sales	887	1,180	110	(2,177)	-
Gross profit on sales	2,467	5,119	2,667	-	10,253
Selling costs (-)	(727)	(1,021)	(952)	-	(2,700)
General and administrative expenses (-)	(920)	(1,085)	(680)	-	(2,685)
Net profit on sales	820	3,013	1,035	-	4,868
Other operating activities	24	30	28	-	82
<i>Share of profits of associates</i>	-	(13)	-	-	(13)
Operating profit	844	3,030	1,063	-	4,937

The above figures have been converted at the average exchange rate for the period from 1 January 2019 to 31 March 2019: EUR 1 = PLN 4.2978

For the period of 3 months ended 31 March 2018 and as at 31 March 2018 in thousands of PLN (restated)	Banking Solutions	Payment Solutions	Systems Integration	Eliminations / Reconcilia- tions	Total
Sales revenues:	34,962	68,095	41,209	(5,662)	138,604
Sales to external customers	32,166	65,802	40,636	-	138,604
Inter/intra segment sales	2,796	2,293	573	(5,662)	-
Gross profit on sales	7,389	17,417	7,417	-	32,223
Selling costs (-)	(2,837)	(3,392)	(4,313)	-	(10,542)
General and administrative expenses (-)	(3,172)	(3,490)	(2,021)	-	(8,683)
Net profit on sales	1,380	10,535	1,083	-	12,998
Other operating activities	53	61	(19)		95
Operating profit	1,433	10,596	1,064	-	13,093
<i>goodwill</i>	195,624	106,398	174,850	-	476,872

For the period of 3 months ended 31 March 2018 in thousands of EUR (restated)	Banking Solutions	Payment Solutions	Systems Integration	Eliminations / Reconcilia- tions	Total
Sales revenues:	8,367	16,298	9,862	(1,355)	33,172
Sales to external customers	7,698	15,749	9,725	-	33,172
Inter/intra segment sales	669	549	137	(1,355)	-
Gross profit on sales	1,768	4,169	1,775	-	7,712
Selling costs (-)	(679)	(812)	(1,032)	-	(2,523)
General and administrative expenses (-)	(759)	(835)	(484)	-	(2,078)
Net profit on sales	330	2,522	259	-	3,111
Other operating activities	13	15	(5)	-	23
Operating profit	343	2,537	254	-	3,134

The above figures have been converted at the average exchange rate for the period from 1 January 2018 to 31 March 2018: EUR 1 = PLN 4.1784

IX. INFORMATION ON GEOGRAPHICAL STRUCTURE OF FINANCIAL RESULTS

For the period of 3 months ended 31 March 2019 in thousands of PLN	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Other	Western Europe	Latin America	Eliminations	Total
Sales revenues	9,018	33,720	11,824	24,069	60,335	15,616	12,778	18,170	2,643	(9,357)	178,816
Cost of sales (-)	(6,761)	(26,675)	(6,911)	(20,800)	(48,359)	(7,186)	(8,789)	(15,978)	(2,132)	9,065	(134,526)
Recognition (reversal) of impairment losses on financial assets (+/-)	-	(68)	(125)	161	(400)	193	16	-	-	-	(223)
Gross profit on sales	2,257	6,977	4,789	3,429	11,577	8,622	4,005	2,192	510	(292)	44,067
Selling costs (-)	(377)	(1,816)	(904)	(1,802)	(3,479)	(1,671)	(1,001)	(352)	(193)	(10)	(11,605)
General and administrative expenses (-)	(465)	(1,899)	(898)	(1,677)	(2,628)	(1,511)	(902)	(1,430)	(174)	44	(11,539)
Net profit (loss) on sales	1,416	3,262	2,987	(50)	5,470	5,441	2,102	409	144	(257)	20,923
Other operating income	-	680	208	37	266	294	53	14	6	(142)	1,418
Other operating expenses	(0)	(621)	(154)	(3)	(213)	(126)	(44)	(29)	(16)	139	(1,067)
Share of profits of associates	-	-	-	-	(55)	-	-	-	-	-	(55)
Operating profit (loss)	1,415	3,321	3,042	(17)	5,469	5,608	2,112	394	134	(260)	21,219
For the period of 3 months ended 31 March 2019 in thousands of EUR	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Other	Western Europe	Latin America	Eliminations	Total
Sales revenues	2,098	7,846	2,751	5,600	14,039	3,633	2,973	4,228	615	(2,177)	41,606
Cost of sales (-)	(1,573)	(6,207)	(1,608)	(4,840)	(11,252)	(1,672)	(2,045)	(3,718)	(496)	2,110	(31,301)
Recognition (reversal) of impairment losses on financial assets (+/-)	-	(16)	(29)	37	(93)	45	4	-	-	-	(52)
Gross profit on sales	525	1,623	1,114	797	2,694	2,006	932	510	119	(67)	10,253
Selling costs (-)	(88)	(422)	(210)	(419)	(810)	(389)	(233)	(82)	(45)	(2)	(2,700)
General and administrative expenses (-)	(108)	(442)	(209)	(390)	(611)	(352)	(210)	(333)	(40)	10	(2,685)
Net profit (loss) on sales	329	759	695	(12)	1,273	1,265	489	95	34	(59)	4,868
Other operating income	-	158	48	9	62	68	12	3	1	(31)	330
Other operating expenses	-	(144)	(36)	(1)	(50)	(29)	(10)	(7)	(4)	33	(248)
Share of profits of associates	-	-	-	-	(13)	-	-	-	-	-	(13)
Operating profit (loss)	329	773	707	(4)	1,272	1,304	491	91	31	(57)	4,937
For the period of 3 months ended 31 March 2018 in thousands of PLN	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Other	Eliminations	Total		
Sales revenues	5,858	36,353	12,173	25,978	37,949	12,497	13,459	(5,662)	138,604		
Cost of sales (-)	(3,974)	(28,397)	(9,521)	(22,405)	(29,703)	(7,636)	(9,632)	5,182	(106,084)		
Recognition (reversal) of impairment losses on financial assets (+/-)	-	108	42	(3)	(18)	(214)	(211)	-	(297)		
Gross profit on sales	1,884	8,064	2,694	3,570	8,228	4,647	3,617	(480)	32,223		
Selling costs	(352)	(1,586)	(968)	(2,276)	(3,207)	(1,547)	(971)	367	(10,542)		
General and administrative expenses	(381)	(1,729)	(732)	(1,201)	(2,133)	(1,709)	(702)	(96)	(8,683)		
Net profit (loss) on sales	1,151	4,749	994	92	2,887	1,391	1,944	(210)	12,998		
Other operating income	5	25	67	26	112	11	68	-	315		
Other operating expenses	-	(12)	(39)	(16)	(147)	(29)	23	-	(220)		
Share of profits of associates	-	-	-	-	-	-	-	-	-		
Operating profit (loss)	1,156	4,763	1,022	102	2,852	1,373	2,035	(210)	13,093		
For the period of 3 months ended 31 March 2018 in thousands of EUR	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Other	Eliminations	Total		
Sales revenues	1,402	8,700	2,913	6,217	9,082	2,991	3,222	(1,355)	33,172		
Cost of sales (-)	(951)	(6,796)	(2,279)	(5,362)	(7,109)	(1,828)	(2,304)	1,240	(25,389)		
Recognition (reversal) of impairment losses on financial assets (+/-)	-	26	10	(1)	(4)	(51)	(51)	-	(71)		
Gross profit on sales	451	1,930	644	854	1,969	1,112	867	(115)	7,712		
Selling costs	(84)	(380)	(232)	(545)	(768)	(370)	(232)	88	(2,523)		
General and administrative expenses	(91)	(414)	(175)	(288)	(511)	(409)	(167)	(23)	(2,078)		
Net profit (loss) on sales	276	1,136	237	21	690	333	468	(50)	3,111		
Other operating income	1	6	16	6	27	3	16	-	75		
Other operating expenses	-	(3)	(9)	(4)	(35)	(7)	6	-	(52)		
Share of profits of associates	-	-	-	-	-	-	-	-	-		
Operating profit (loss)	277	1,139	244	23	682	329	490	(50)	3,134		

X. SUMMARY AND ANALYSIS OF THE FINANCIAL RESULTS OF ASSECO SOUTH EASTERN EUROPE GROUP

PLN'000	3 months ended	3 months ended	Change
	31 March 2019 (unaudited)	31 March 2018 (unaudited)	
Sales revenues	178,816	138,604	29%
Gross profit on sales	44,067	32,223	37%
Net profit on sales	20,923	12,998	61%
Operating profit	21,219	13,093	62%
EBITDA	36,002	23,895	51%
Net profit for the reporting period	18,325	11,257	63%
Net profit attributable to Shareholders of the Parent Company	18,025	11,166	61%

EUR'000	3 months ended	3 months ended	Change
	31 March 2019 (unaudited)	31 March 2018 (unaudited)	
Sales revenues	41,606	33,172	25%
Gross profit on sales	10,253	7,712	33%
Net profit on sales	4,868	3,111	56%
Operating profit	4,937	3,134	58%
EBITDA	8,377	5,719	46%
Net profit for the reporting period	4,264	2,694	58%
Net profit attributable to Shareholders of the Parent Company	4,194	2,672	57%

Financial results achieved by ASEE Group in the first quarter of 2019 were considerably stronger than in the comparable period last year.

Sales revenues presented in Polish zlotys reached PLN 178.8 million, reflecting an increase by more than PLN 40 million or 29% in relation to the first three months of 2018. Our sales presented in euros equalled EUR 41.6 million, increasing by EUR 8.4 million or over 25%. Higher sales were generated by all the three operating segments of ASEE Group, while the largest increase was recorded in the Systems Integration segment. In addition to organic growth factors, the increase in revenues of ASEE Group was also driven by the results of Necoplus companies that have been consolidated since 1 February 2019. In the months of February and March, Necoplus Group generated sales of EUR 4.5 million that have been recognized mostly in the Payment Solutions segment, and to some extent in the Systems Integration segment.

Sales revenues in thousands of PLN	3 months ended	3 months ended	Change
	31 March 2019 (unaudited)	31 March 2018 (unaudited)	
Banking Solutions	38,492	32,166	20%
Payment Solutions	76,817	65,802	17%
Systems Integration	63,507	40,636	56%
178,816	138,604	29%	

Sales revenues in thousands of EUR	3 months ended	3 months ended	Change
	31 March 2019 (unaudited)	31 March 2018 (unaudited)	
Banking Solutions	8,956	7,698	16%
Payment Solutions	17,873	15,749	13%
Systems Integration	14,777	9,725	52%
41,606	33,172	25%	

Operating profit of ASEE Group for the first quarter of 2019 amounted to PLN 21.2 million, improving by PLN 8.1 million or 62%. Our operating profit presented in euros increased by EUR 1.8 million or 58% and reached EUR 4.9 million. Just as in the case of sales revenues, operating profit improved across all the business segments of ASEE Group. In February and March 2019, Necoplus companies achieved over EUR 180 thousand in operating profit, yet in the consolidated financial statements it was reduced by EUR 77 thousand of amortization charges on customer relations that were identified during the purchase price allocation process.

Operating profit in thousands of PLN	3 months ended	3 months ended	Change
	31 March 2019 (unaudited)	31 March 2018 (unaudited)	
Banking Solutions	3,629	1,433	153%
Payment Solutions	13,021	10,596	23%
Systems Integration	4,569	1,064	329%
21,219	13,093	62%	

Operating profit in thousands of EUR	3 months ended	3 months ended	Change
	31 March 2019 (unaudited)	31 March 2018 (unaudited)	
Banking Solutions	844	343	146%
Payment Solutions	3,030	2,537	19%
Systems Integration	1,063	254	319%
4,937	3,134	58%	

ASEE Group's consolidated EBITDA for the first three months of 2019 amounted to PLN 36 million, improving by more than PLN 12 million or 51% in relation to the previous year. Our EBITDA presented in euros increased by nearly EUR 2.7 million or 46% and almost reached the level of EUR 8.4 million. Higher EBITDA was achieved owing to robust operating performance across all of our business segments. In the first quarter of 2019, Necoplus

companies contributed EUR 349 thousand to our consolidated EBITDA.

It should be also noted that our results for the first quarter of 2019, and especially the level of EBITDA, were influenced by the new presentation of lease contracts, in accordance with IFRS 16. The adoption of this new standard had a positive impact on our EBITDA, amounting to over PLN 3.3 million (EUR 780 thousand) in the first quarter of 2019.

EBITDA in thousands of PLN	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)	Change
Banking Solutions	5,681	2,562	122%
Payment Solutions	24,131	19,356	25%
Systems Integration	6,190	1,977	213%
36,002	23,895	51%	

EBITDA in thousands of EUR	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)	Change
Banking Solutions	1,322	613	116%
Payment Solutions	5,615	4,633	21%
Systems Integration	1,440	473	204%
8,377	5,719	46%	

Results of the Payment Solutions segment

In the first quarter of 2019, sales generated by the Payment Solutions segment reached EUR 17.9 million, improving by EUR 2.1 million or 13% in relation to the comparable period last year. The strongest revenue growth (by EUR 2.3 million) was recorded by the segment's business line dealing with maintenance of POS terminals, which recognized most of revenues generated by Necoplus companies that have been consolidated by ASEE Group since 1 February 2019. Higher sales were reported also by the segment's business lines responsible for e-Commerce and processing of payment transactions. At the same time, the business line dealing with maintenance of ATMs recorded lower sales, mainly due to weaker performance of Payten companies in Romania, Croatia and Macedonia, which completed large deliveries of infrastructure in the first quarter of 2018.

Operating profit generated by the Payment Solutions segment increased by EUR 0.5 million or 19% and reached EUR 3 million. Stronger operating performance was reported mainly by the business line dealing with e-Commerce, basically due to a higher volume of transactions handled. A slight improvement in operating results was recorded also in the business lines responsible for processing of payment transactions, and maintenance of ATMs. Whereas, operating profit earned by the business line engaged in maintenance of POS terminals was a bit weaker despite higher sales.

EBITDA of the Payment Solutions segment for the first quarter of 2019 exceeded EUR 5.6 million, rising by EUR 1 million or 21% in relation to the comparable period last year.

Results of the Banking Solutions segment

In the first quarter of 2019, the Banking Solutions segment generated EUR 9 million in sales revenues, achieving an increase by almost EUR 1.3 million or more than 16%. Revenues improved in all of the segment's business lines, with the largest growth achieved in mobile solutions, mainly in Croatia. In the business line responsible for core banking systems, higher sales were generated by our subsidiaries operating in Macedonia and Croatia.

Owing to stronger revenues of the Banking Solutions segment, its operating profit increased as well and exceeded EUR 0.8 million in the first quarter of 2019. This reflects an increase by EUR 0.5 million or 146% in relation to the comparable period last year. Such growth in operating profit was driven mainly by the business line offering core banking systems. The improvement achieved in this business line resulted basically from the low level of its operating profit for the first quarter of 2018, when ASEE Group had to recognize a write-down in the amount of almost EUR 650 thousand due to the withdrawal from a contract to sell a core banking system for Nova Kreditna Banka Maribor (NKBM). The business line offering mobile solutions also delivered a bit stronger operating results.

In the wake of higher operating profit, the amount of EBITDA achieved by the Banking Solutions segment increased as well. In the first quarter of 2019, it amounted to EUR 1.3 million, increasing by EUR 0.7 million in relation to the comparable period last year.

Results of the Systems Integration segment

In the first quarter of 2019, sales generated by the Systems Integration segment amounted to EUR 14.8 million, reflecting an increase by EUR 5 million or 52% in comparison to the first three months of 2018. Strong revenue growth was achieved in particular by the business line offering own solutions, owing to new projects implemented by ASEE Serbia and consolidation of a portion of revenues generated by Necoplus companies. Higher sales were also reported by the business line responsible for infrastructure, third-party solutions and integration services, but this growth was not as dynamic as in the case of own solutions. Revenues from resale activities increased primarily in Serbia.

Operating profit of the Systems Integration segment increased from less than EUR 0.3 million for the first quarter of 2018 to nearly EUR 1.1 million in the comparable period this year. Stronger operating results were reported by the business line dealing with infrastructure and integration services, as well as by the business line offering our proprietary solutions. Thanks to new projects and operating cost savings, the segment's results improved in many companies, among others in Serbia, Turkey, Macedonia, and in Kosovo.

Following a higher operating profit, the segment's EBITDA also increased and exceeded EUR 1.4 million in the first quarter of 2019.

Net profit

Consolidated net profit of ASEE Group for the first quarter of 2019 amounted to nearly EUR 4.3 million, increasing by almost EUR 1.6 million or 58% in relation to the comparable period last year.

The Group's net result on financial operations in the first three months of 2019 equalled EUR 59 thousand, as compared with EUR 249 thousand reported a year ago. Such deterioration was caused mainly by a weaker result on foreign exchange differences, including the valuation of hedging instruments, as well as by interest expenses on lease contracts whose presentation was changed by the new standard IFRS 16.

In the first quarter of 2019, our income tax expense amounted to EUR 732 thousand (effective tax rate of 14.7%) as compared with EUR 689 thousand incurred in the previous year (effective tax rate of 20.4%). Income tax expense resulted from our current business operations conducted in various countries, as well as from income taxes on dividends received by the holding company from its subsidiaries. In both the compared periods, the holding company did not receive any dividend payments, therefore our effective tax rate was influenced by operating activity factors only. In the first quarter of 2019, the effective tax rate of ASEE Group dropped due to a higher share of countries with lower statutory income tax rates (Turkey, Macedonia) in the structure of our taxable income, as well as a lower income tax expense incurred in Serbia.

Analysis of financial ratios

PLN'000	3 months ended	3 months ended
	31 March 2019 (unaudited)	31 March 2018 (unaudited)
Gross profit margin	24.6%	23.2%
EBITDA margin	20.1%	17.2%
Operating profit margin	11.9%	9.4%
Net profit margin	10.1%	8.1%
Return on equity (ROE)	9.6%	7.9%
Return on assets (ROA)	7.3%	6.3%

The above ratios have been computed using the following formulas:

Gross profit margin = gross profit on sales / sales

EBITDA margin = (operating profit + depreciation and amortization) / sales

Operating profit margin = operating profit / sales
Net profit margin = net profit for the reporting period attributable to Shareholders of the Parent Company / sales

Return on equity (ROE) = net profit for the period of trailing 12 months attributable to Shareholders of the Parent Company / average annual equity attributable to Shareholders of the Parent Company

Return on assets (ROA) = net profit for the period of trailing 12 months attributable to Shareholders of the Parent Company / average annual assets

In the first quarter of 2019, our gross profit margin equalled 24.6%, increasing by 1.4 percentage points in comparison to the first three months of 2018. This was achieved due to the growing share of our proprietary solutions in the revenue structure of ASEE Group (which increased from 63.3% in the first quarter of 2018 to 67.4% in the same period of 2019) as well as higher profitability of own services. Concurrently, margins realized on the resale of infrastructure and third-party solutions were slightly lower.

Stronger financial performance of all the operating segments of ASEE Group helped increase our EBITDA margin from 17.2% in the first quarter of 2018 to 20.1% in the corresponding period this year. At the same time, our operating profit margin climbed from 9.4% to 11.9%. Robust profitability was recorded in all of our business segments, while the major improvement was achieved in the Banking Solutions segment and the Systems Integration segment which did not have a successful first quarter back in 2018.

Higher operating margin contributed to an increase in the net profit margin, which improved from 8.1% in the first quarter of 2018 to 10.1% in the first three months of this year.

The improved financial results for the first quarter of 2019 resulted in higher values of ROA and ROE ratios. Return on equity for the trailing 12 months ended 31 March 2019 equalled 9.6%, increasing by 1.7 percentage points; whereas, return on assets reached the level of 7.3%, increasing by 1 percentage point.

	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Working capital (in thousands of PLN)	151,900	159,613	130,403
Current liquidity ratio	1.7	1.8	1.9
Quick liquidity ratio	1.5	1.6	1.7
Absolute liquidity ratio	0.7	0.8	0.8

The above ratios have been computed using the following formulas:

Working capital = current assets - current liabilities

Current liquidity ratio = current assets / current liabilities

Quick liquidity ratio = (current assets - inventories - prepayments) / current liabilities

Absolute liquidity ratio = (short-term financial assets + cash and short-term bank deposits) / current liabilities

The above ratios have been computed using the following formulas:

Working capital = current assets - current liabilities

Current liquidity ratio = current assets / current liabilities

Quick liquidity ratio = (current assets - inventories - prepayments) / current liabilities

Absolute liquidity ratio = (short-term financial assets + cash and short-term bank deposits) / current liabilities

As at the end of March, our working capital amounted to PLN 151.9 million, reflecting a decrease by PLN 7.7 million in relation to its level reported at the end of December 2018. Our total current assets decreased by PLN 6 million due to lower cash and cash equivalents (by PLN 29.8 million) as well as lower trade receivables (by PLN 8.3 million), which was partially offset by higher amounts of other items, including inventories and contract assets. Concurrently, we recorded a slight increase in total current liabilities (by PLN 1.7 million), primarily due to higher amounts of contract liabilities and financial liabilities (resulting mainly from changes in the presentation of lease contracts in line with IFRS 16), which were accompanied by lower amounts of liabilities under bank loans, trade payables, and state budget liabilities.

Our liquidity ratios recorded as at the end of March 2019 are slightly lower than at the end of 2018.

Analysis of debt

	31 March 2019 (audited)	31 Dec. 2018 (audited)	31 March 2018 (audited)
Total debt ratio	28.0%	22.7%	18.6%
Debt / equity ratio	7.1%	6.3%	6.3%
Debt / (debt + equity) ratio	6.6%	5.9%	5.9%

The above ratios have been computed using the following formulas:

Total debt ratio = (long-term liabilities + short-term liabilities) / assets

Debt / equity ratio = interest-bearing bank loans / equity

Debt / (debt + equity) ratio = interest-bearing bank loans / (interest-bearing bank loans + equity)

The total debt ratio increased from 22.7% reported as at the end of 2018 to the level of 28% as at 31 March 2019. Such change resulted primarily from an increase in liabilities by PLN 74.5 million, mostly due to the new presentation of lease contracts as required by IFRS 16 (PLN 48 million), recognition of liabilities under put options that were granted to non-controlling shareholders of Necoplus in the amount of PLN 16.1 million, as well as due to recognition of deferred payments for shares in Necoplus in the amount of PLN 9.9 million. In the first quarter of 2019, liabilities under bank loans presented in Polish zlotys increased by PLN 6.2 million primarily as a result of consolidation of interest-bearing liabilities

held by Necoplus, which was partially offset by repayments of other bank loans on a timely basis. Our debt to equity ratio increased from 6.3% to 7.1% as at the end of March 2019, while the ratio of debt to total interest-bearing liabilities and equity increased from 5.9% to 6.6%.

Statement of cash flows

	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Cash and cash equivalents at the beginning of the period	164,839	115,562
Net cash provided by (used in) operating activities	5,532	5,993
Net cash provided by (used in) investing activities	(28,562)	(7,104)
Net cash provided by (used in) financing activities	(6,521)	34
Net foreign exchange differences	(352)	(768)
Cash and cash equivalents at the end of period	134,936	113,717

In the first quarter of 2019, our operating activities provided PLN 5.5 million of net cash inflows. Traditionally, cash flows generated from operating activities of ASEE Group remain at a low level in the first three months of each year. This is a consequence of changes in the relation of cash to other elements of working capital, following the usually stronger fourth quarter of the previous year. As at the end of December 2018, cash and short-term financial assets held by ASEE Group were high and totalled PLN 168.6 million. They were accompanied by relatively high amounts of trade payables, tax and legal liabilities and other liabilities, which aggregated at PLN 117.5 million. During the first three months of 2019, the balance of liabilities, accruals and provisions decreased by more than PLN 40 million, while the balance of receivables and inventories dropped by PLN 12.7 million only. Such large fluctuations in the Group's working capital result from the values and phases of ongoing projects, and above all from the schedule of settlements with suppliers and customers of ASEE. Furthermore, the first quarter of a year is the time to settle the tax and legal liabilities arising from the fourth quarter financial results of our subsidiaries, as well as to pay variable remunerations for the prior year, which poses an additional burden on cash flows without any impact on the income statement, and therefore deteriorates the conversion of current profits into cash.

Net cash outflows from our investing activities amounted to PLN 28.6 million in the first quarter of 2019. Our investing cash flows were most considerably influenced by expenditures for the acquisition of subsidiaries (Necoplus) amounting to PLN 23 million, as well as by the acquisitions of property, plant and equipment, and intangible assets for the total amount of over PLN 15.6 million. The last-mentioned item includes expenditures for

infrastructure used in the outsourcing of payment processes in the amount of nearly PLN 14 million. The acquisition of financial assets carried at amortized cost (for PLN 4.5 million) corresponded to a long-term cash deposit made by ASEE Macedonia, which concurrently serves as security of due performance of a contract executed by this company. Our investing activity expenditures have been partially offset by cash and cash equivalents acquired in the acquisition of Necoplus in the amount of PLN 14.8 million.

XI. FACTORS WHICH IN THE MANAGEMENT'S OPINION WILL AFFECT THE GROUP'S FINANCIAL PERFORMANCE AT LEAST TILL THE NEXT QUARTER END

The factors that will affect the Group's financial performance at least till the end of the next quarter have been indicated and explained as part of the summary and analysis of the financial results of ASEE Group in section X of this report.

The factors that may affect the Group's financial performance in 2019 have been also described in the Management Report on Operations of the Group for the year 2018.

In the first quarter of 2019, net cash used in our financing activities amounted to PLN 6.5 million. Financing outflows included mainly repayments of finance lease liabilities as well as repayments of bank loans along with due interest. ASEE Group uses bank loans in order to finance its purchases of infrastructure to be provided under outsourcing projects that are implemented by the Payment Solutions segment.

XII. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Breakdown of sales revenues

Operating revenues generated during the first quarter of 2019 and in the comparable period were as follows:

Sales revenues by type of products	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Proprietary software and services	120,461	87,688
Third-party software and services	27,471	17,027
Hardware and infrastructure	30,884	33,889
178,816	138,604	

Revenues from proprietary software and services include sales of own software licenses, implementation services, system modifications, own maintenance services, as well as outsourcing of ATMs and POS terminals.

Revenues from third-party software and services include sales of third-party software licenses and third-party maintenance services.

Revenues from hardware and infrastructure include sales of equipment.

Presented below are sales revenues in a breakdown to segments and main categories of revenues:

Sales revenues: Banking Solutions	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Proprietary software and services	36,886	31,003
Third-party software and services	698	493
Hardware and infrastructure	908	670
38,492	32,166	

Sales revenues: Payment Solutions	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Proprietary software and services	54,573	39,521
Third-party software and services	2,059	2,458
Hardware and infrastructure	20,185	23,823
76,817	65,802	

Sales revenues: Systems Integration	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Proprietary software and services	29,002	17,164
Third-party software and services	24,714	14,076
Hardware and infrastructure	9,791	9,396
63,507	40,636	

The largest portion of sales generated by ASEE Group are revenues from contracts with customers that are recognized in line with IFRS 15. However, revenues from contracts for outsourcing of ATMs and POS terminals do not constitute revenues under IFRS 15 and are treated as operating leases.

The table below presents sales revenues in a breakdown to contracts with customers and outsourcing contracts:

Sales revenues according to IFRS	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Revenues other than from contracts with customers recognized in accordance with IFRS 15 – operating leases	18,479	18,802
Revenues from contracts with customers recognized in the reporting period	160,337	119,802
178,816	138,604	

2. Breakdown of operating costs

	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Employee benefits (-)	(59,426)	(46,613)
Third-party non-project services and outsourcing of employees (-)	(6,331)	(4,603)
Depreciation and amortization (-)	(14,782)	(10,802)
Maintenance costs of property and business cars (-)	(6,852)	(8,349)
Business trips (-)	(1,078)	(1,019)
Advertising (-)	(899)	(632)
Other expenses (-)	(2,564)	(2,450)
(91,932)	(74,468)	
Cost of sales, of which:	(134,526)	(106,084)
Cost of goods and third-party services sold (-)	(65,961)	(51,138)
Production costs (-)	(68,565)	(54,946)
Recognition (reversal) of impairment losses on financial assets (+/-)	(223)	(297)
Selling costs (-)	(11,605)	(10,542)
General and administrative expenses (-)	(11,539)	(8,683)

3. Financial income and expenses

Financial income	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Interest income on loans granted and bank deposits	553	384
Gain on valuation of derivative instruments	64	155
Positive foreign exchange differences	1,382	990
Other financial income	15	6
2,014	1,535	

Financial expenses	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Interest expenses (-)	(278)	(233)
Bank fees and commissions (-)	(334)	(14)
Negative foreign exchange differences (-)	(661)	(100)
Interest expenses on leases (-)	(311)	(43)
Loss on valuation of derivative instruments (-)	(177)	(105)
(1,761)	(495)	

4. Earnings per share

Basic earnings per share are computed by dividing net profit for the reporting period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during that financial year. Both during the reporting period and the comparable period, there were 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 basic and diluted earnings per share:

	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Consolidated net profit for the reporting period attributable to Shareholders of ASEEE S.A.	18,025	11,166
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251
Consolidated earnings per share for the reporting period attributable to Shareholders of ASEEE S.A. (in PLN):		
Basic consolidated earnings per share for the reporting period	0.35	0.22
Diluted consolidated earnings per share for the reporting period	0.35	0.22

5. Information on dividends paid out or declared

The Annual General Meeting of Shareholders 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 11 April 2019 decided that the net profit for the financial year 2018 amounting to PLN 28,501,002.56 and a portion of the capital reserve established pursuant to Resolution No. 7 of the Company's Annual General Meeting of Shareholders of 31 March 2016, shall be distributed as follows:

a) the amount of PLN 2,280,080.20 from the net profit for the financial year 2018 has been allocated to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;

b) the amount of PLN 26,220,922.36 from the net profit for the financial year 2018 as well as the amount of PLN 764,088.16 representing a portion of the above-mentioned capital reserve have been allocated for distribution among all of the Company's shareholders by payment of a dividend amounting to PLN 0.52 per share.

The Company's Annual General Meeting of Shareholders established 28 June 2019 as the dividend record date and 11 July 2019 as the dividend payment date.

The number of shares eligible for dividend is 51,894,251.

6. Right-of-use assets

for the period of 3 months ended 31 March 2019 (unaudited)	Land and buildings	Transporta tion vehicles	Other	Total
Net book value as at 1 January 2019	-	-	-	-
Adoption of IFRS 16	27,806	7,120	-	34,926
Net book value as at 1 January 2019 (restated)	27,806	7,120	-	34,926
Additions, of which:	13,301	2,290	134	15,725
New lease contracts	5,385	1,464	134	6,983
Obtaining control over subsidiaries	7,916	826	-	8,742
Reductions, of which:	(3,220)	(744)	(7)	(3,971)
Depreciation charges for the reporting period (-)	(2,513)	(716)	(7)	(3,236)
Early termination of a contract (-)	(707)	(28)	-	(735)
Foreign exchange differences on translation of foreign operations (+/-)	(167)	(78)	-	(245)
Net book value as at 31 March 2019	37,720	8,587	128	46,435

7. Property, plant and equipment, and intangible assets

	Tangible assets	Intangible assets
Net book value as at 1 January 2019	128,692	10,854
Restatement of comparable data resulting from the adoption of IFRS 16	(1,819)	-
Net book value as at 1 January 2019 (restated)	126,873	10,854
Purchases (+)	14,147	1,038
Capitalization of development project costs (+)	-	295
Obtaining control over subsidiaries	6,145	9,476
Transfers from inventories (+)	429	-
Other changes (+/-)	-	(725)
Depreciation/amortization charges (-)	(10,112)	(1,434)
Disposal and liquidation (-)	(220)	-
Foreign exchange differences on translation of foreign operations (+/-)	(230)	5
Net book value as at 31 March 2019	137,032	19,509
	Tangible assets	Intangible assets
Net book value as at 1 January 2018	131,958	17,946
Purchases (+)	7,165	337
Capitalization of development project costs (+)	-	476
Transfers from inventories (+)	683	-
Finance lease liabilities (+)	81	-
Other changes (+/-)	(17)	18
Depreciation/amortization charges (-)	(9,573)	(1,221)
Disposal and liquidation (-)	(496)	-
Foreign exchange differences on translation of foreign operations (+/-)	796	(432)
Net book value as at 31 March 2018	130,597	17,124

The increase in the value of tangible assets as at 31 March 2019 (PLN 137,032 thousand) in comparison to those reported as at 31 December 2018 (PLN 128,692 thousand) and 31 March 2018 (PLN 130,597 thousand) resulted primarily from purchases of ATMs, POS terminals and other elements of infrastructure to be offered in the outsourcing model, as well as from obtaining control over Necoplus Group companies.

The increase in the value of intangible assets as at 31 March 2019 (PLN 19,509 thousand) in comparison

to those reported as at 31 December 2018 (PLN 10,854 thousand) resulted primarily from obtaining control over Necoplus Group companies. Whereas, the decrease in intangible assets as at 31 December 2018 in comparison to those reported as at 31 March 2018 (PLN 17,124 thousand) resulted primarily from derecognition of capitalized costs of development projects in the amount of PLN 5,099 thousand in 2018.

In the first quarter of 2019, capitalized costs of development projects amounted to PLN 295 thousand as compared with PLN 476 thousand in the comparable period of 2018.

Liabilities arising from purchases of property, plant and equipment and intangible assets amounted to PLN 848 thousand as at 31 March 2019, as compared with PLN 1,190 thousand as at 31 December 2018, and PLN 2,753 thousand as at 31 March 2018.

8. Goodwill

During the reporting period and comparable period, the amount of goodwill changed as follows:

	3 months ended 31 March 2019 (unaudited)	12 months ended 31 Dec. 2018 (audited)	3 months ended 31 March 2018 (unaudited)
Goodwill at the beginning of the period	481,089	475,360	475,360
Banking Solutions	198,983	194,330	194,330
Payment Solutions	106,696	106,449	106,449
Systems Integration	175,410	174,581	174,581
Change in consolidation goodwill due to the acquisition of shares (+/-)	16,438	-	-
Payment Solutions	16,438	-	-
Foreign exchange differences on translation of goodwill in foreign subsidiaries (+/-)	(3,082)	5,729	1,512
Banking Solutions	(1,599)	4,653	1,294
Payment Solutions	(58)	247	(51)
Systems Integration	(1,425)	829	269
Total book value at the end of period	494,445	481,089	476,872
Banking Solutions	197,384	198,983	195,624
Payment Solutions	123,076	106,696	106,398
Systems Integration	173,985	175,410	174,850

Acquisition of shares in Necoplus S.L. based in Alicante

On 29 January 2019, the Company signed an agreement to acquire a 67.66% stake in the share capital of Necoplus. This transaction has been described in the Supplementary Information and Explanatory Notes, in item V regarding changes in the organizational structure of ASEE Group.

Because the acquisition of shares in Necoplus represents a transaction under common control, it has been accounted for in the consolidated financial statements of ASEE Group based on the values of assets and liabilities that were disclosed in the consolidated financial statements of Asseco Poland Group as at the acquisition date. The values of assets and liabilities of Necoplus Group as at the acquisition date were as follows:

Necoplus Group		Value as at the acquisition date
Non-current assets		
Property, plant and equipment		35,545
Goodwill		6,145
Intangible assets		7,568
Right-of-use assets		9,476
Other		8,742
Current assets		51,288
Inventories		3,614
Receivables		14,798
Cash and short-term deposits		20,202
Other		14,876
TOTAL ASSETS		86,833
Equity		29,799
Non-controlling interests		129
Non-current liabilities		16,846
Liabilities under bank loans and borrowings		6,553
Lease liabilities		7,859
Other		2,434
Current liabilities		40,059
Liabilities under bank loans and borrowings		3,014
Lease liabilities		1,741
Trade payables		26,613
Other		8,691
TOTAL EQUITY AND LIABILITIES		86,833
Purchase price		32,889
Equity interest acquired		67.66%
Net assets value (100%)		29,799
Value of non-controlling interests		9,637
Goodwill as at the acquisition date		8,870
Purchase price recognized in equity		3,857

In the consolidated financial statements of ASEE Group, goodwill arising from the acquisition of Necoplus Group was allocated to the Payment Solutions segment.

9. Short-term receivables

Trade receivables	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Trade receivables, of which:	117,337	124,518	72,057
From related parties	479	632	1,124
From other entities	120,165	126,985	74,538
Allowance for doubtful receivables (-)	(3,307)	(3,099)	(3,605)
Receivables from operating leases	7,262	7,602	6,446
	124,599	132,120	78,503
Other receivables	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Advance payments to suppliers	5,059	4,588	3,517
Security deposits receivable	525	389	309
Other receivables	1,455	1,376	1,055
	7,039	6,353	4,881

Advance payments to other suppliers correspond to advances paid to subcontractors on the account of execution of contracts.

Other receivables disclosed as at 31 March 2019, 31 December 2018 and as at 31 March 2018 include mainly receivables from employees, restricted cash, receivables from disposal of tangible assets, as well as other amounts receivable.

10. Financial assets

	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Investments in equity instruments carried at fair value through other comprehensive income:			
Shares in companies listed on regulated markets	93	92	90
Shares in companies not listed on regulated markets	72	71	70
Investments in debt securities and cash deposits carried at amortized cost:			
Loans granted to unrelated entities	21	21	20
Loans granted to employees	88	91	89
Bank deposits for 3 to 12 months	30	-	8
Bank deposits for over 12 months	3,505	3,492	790
Financial assets carried at fair value through profit or loss:			
Currency forward contracts	4	152	807
Investment fund units	26	-	33
Total financial assets	8,812	4,349	1,824
- long-term	5,135	588	254
- short-term	3,677	3,761	1,570

Both as at 31 March 2019 and 31 December 2018, financial assets carried at amortized cost included primarily bank deposits held by ASEE Macedonia.

The book values of financial assets held by the Group as at 31 March 2019, 31 December 2018 and 31 March 2018 did not differ from their fair values.

11. Cash and short-term deposits

	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Cash at bank and on hand	93,327	79,970	72,082
Short-term bank deposits	41,749	84,478	41,715
Cash being transferred	1	439	-
	135,077	164,887	113,797
<i>Interest accrued on cash and cash equivalents as at the end of the reporting period</i>	(1)	(8)	(45)
<i>Overdraft facilities utilized for liquidity management</i>	(140)	(40)	(35)
Cash and cash equivalents as disclosed in the cash flow statement	134,936	164,839	113,717

12. Prepayments and accrued income

Long-term	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Prepaid maintenance services and license fees	16	27	315
Other	743	607	189
	759	634	504
Short-term	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Prepaid maintenance services and license fees	12,484	11,585	9,848
Prepaid insurance	1,595	528	1,421
Prepaid rents	215	229	236
Prepaid consulting services	100	38	641
Other prepaid services	1,717	1,689	952
Costs of services performed for which revenues have not been recognized yet	347	92	260
Other	1,135	1,103	1,321
	17,593	15,264	14,679

As at 31 March 2019, 31 December 2018 and 31 March 2018, prepayments included primarily the costs of maintenance services and licensing fees amounting to PLN 12,500 thousand, PLN 11,612 thousand, and PLN 10,163 thousand, respectively, that will be successively expensed in future periods.

13. Interest-bearing bank loans and borrowings

As at 31 March 2019, total liabilities of ASEE Group under all bank loans and borrowings aggregated at PLN 54,237 thousand, as compared with PLN 48,059 thousand as at 31 December 2018, and PLN 46,288 thousand as at 31 March 2018.

Total proceeds from and repayments of bank loans disclosed in the statement of cash flows for the first 3 months of 2019 amounted to PLN 7,111 thousand (proceeds) and PLN 10,272 thousand (repayments).

As at 31 March 2019, tangible assets with a book value of PLN 1,750 thousand served as collateral for bank loans. As at 31 March 2019, liabilities that were secured with such assets amounted to PLN 10,070 thousand.

The book values of assets serving as collateral for bank loans as well as the amounts of liabilities that were secured with such assets in the comparable periods have been presented in the financial reports drawn up for those periods.

14. Long-term and short-term financial liabilities

Long-term	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Finance lease liabilities	40,375	1,055	1,399
Liabilities for unpaid shares	4,932	-	-
Liabilities under put options granted to non-controlling shareholders	16,087	-	-
Currency forward contracts	54	-	-
	61,448	1,055	1,399

As at 31 March 2019, ASEE Group recognized liabilities under put options in the amount of PLN 16,087 thousand that were granted to non-controlling shareholders of Necoplus company. The value of these put options has been measured taking into account the prior years' profits of Necoplus Group and its debt, using the option valuation formula provided for in the company's agreement.

Short-term	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Liabilities for unpaid shares	4,936	-	-
Finance lease liabilities	8,690	820	993
Currency forward contracts	-	1	5
Other	1	8	19
	13,627	829	1,017

15. Current liabilities

Trade payables	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Trade payables, of which:	67,877	72,009	40,795
To related parties	1,019	95	89
To other entities	66,858	71,914	40,706
Liabilities for uninvoiced deliveries, of which:	6,217	6,353	5,218
To related parties	-	-	-
To other entities	6,217	6,353	5,218
	74,094	78,362	46,013

The term for repayment of the Group's liabilities is 190 days on average.

Other current liabilities	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
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Liabilities to employees relating to salaries	5,515	13,428	4,160
Liabilities from purchases of tangible assets and intangible assets	848	1,190	2,427
Other liabilities	2,072	1,480	821
	8,435	16,098	7,408

Current liabilities to the state and local budgets	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
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Value added tax	7,962	13,775	4,909
Corporate income tax (CIT)	4,509	3,684	2,517
Personal income tax (PIT)	1,498	2,033	781
Social security payable	4,822	3,170	3,237
Other	478	355	479
	19,269	23,017	11,923

16. Accruals

Short-term accruals	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Accrual for unused holiday leaves	3,310	2,798	2,625
Accrual for employee bonuses	10,234	10,563	11,937
	13,544	13,361	14,562

17. Assets and liabilities from contracts with customers

Contract assets include receivables arising from valuation of IT contracts and uninvited deliveries. Contract liabilities include liabilities arising from valuation of IT contracts as well as deferred income. The table below presents the balances of receivables, assets and liabilities from contracts with customers as at 31 March 2019, 31 December 2018 and 31 March 2018:

	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (restated)
Trade receivables	124,599	132,120	78,503
Contract assets, of which:	27,939	19,022	27,892
Receivables arising from valuation of IT contracts	12,895	10,433	13,855
Uninvited receivables	15,044	8,589	14,037
Contract liabilities, of which:	45,935	37,402	31,561
Liabilities arising from valuation of IT contracts	3,193	5,900	2,893
Deferred income	42,742	31,502	28,668

Trade receivables have been described in explanatory note 9.

Contract liabilities include deferred income as well as liabilities arising from valuation of IT contracts.

The balance of deferred income relates mainly to advance payments received for services to be provided, such as support and maintenance services, as well as for hardware to be delivered.

Long-term deferred income	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Maintenance services	193	236	610
Other	-	-	285
	193	236	895

Short-term deferred income	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
Maintenance services	26,326	20,843	16,533
Prepaid implementation services	1,225	1,779	1,157
License fees	747	670	638
Obligation to supply hardware	13,198	7,243	5,922
Other	1,053	731	3,523
	42,549	31,266	27,773

18. Changes in impairment losses on assets

	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Trade receivables		
Opening balance	(3,099)	(3,393)
Created	(859)	(575)
Utilized	1	108
Reversed	635	278
Foreign exchange differences	15	(23)
Closing balance	(3,307)	(3,605)
Inventories		
Opening balance	(13,137)	(11,514)
Created	(701)	(645)
Utilized	315	-
Reversed	1,608	805
Foreign exchange differences	27	(55)
Closing balance	(11,888)	(11,409)

During the first 3 months of 2019 and in the comparable period of 2018, the Group did not recognize or reverse any impairment losses on its financial assets, property, plant and equipment, or intangible assets.

19. Issuance, redemption and repayment of non-equity and equity securities

In the reporting period, the Issuer did not conduct any transactions of issuance, redemption or repayment of debt securities.

20. Employment

Number of employees in the Group as at	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (restated)
Management Board of the Parent Company*	4	4	4
Management Boards of the Group companies	45	41	33
Production departments	2,044	1,302	1,214
Sales departments	165	133	138
Administration departments	206	175	163
2,464	1,655	1,552	

* Piotr Jeleński and Marcin Rulnicki 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 within ASEE S.A. by assignment.

Number of employees in the Group companies as at	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (restated)
ASEE S.A.	28	30	27
ASEE Romania Group*	138	141	188
ASEE Serbia Group*	413	420	414
ASEE Croatia	165	162	144
ASEE Kosovo Group	61	61	58
Payten Turkey Group*	95	186	171
ASEE Bulgaria	20	20	20
ASEE B&H*	66	63	82
ASEE Macedonia*	178	177	166
Payten Slovenia	32	30	35
Payten Montenegro	12	11	12
Payten Croatia	109	108	101
Payten B&H*	37	34	-
Payten Macedonia*	30	28	8
Payten Serbia Group*	132	132	126
Payten Romania*	53	52	-
ASEE Turkey*	90	-	-
Necomplus Group	805	-	-
2,464	1,655	1,552	

* Due to the process of official separation of our payment services into a standalone organizational unit, a number of employees of ASEE Serbia, ASEE Macedonia, ASEE B&H, ASEE Romania and ASEE Turkey, being responsible for the Payment Solutions segment, were transferred to Payten Serbia, Payten Macedonia, Payten B&H, Payten Romania and Payten Turkey, respectively.

21. Outsourcing contracts – the Group acting as a lessor

The Group implements a number of contracts for outsourcing of payment transaction processes. The total amounts of future minimum lease payments under such contracts have been estimated as follows:

Future minimum lease payments	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
(i) within 1 year	61,568	62,672	65,109
(ii) within 1 to 5 years	74,929	49,525	72,084
(iii) within more than 5 years	7,807	4,903	5,957
	144,303	117,100	143,150

22. Contingent liabilities

Within its commercial activities ASEE Group uses bank guarantees as well as contract performance guarantees as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies. The value of such guarantees amounted to PLN 22,114 thousand as at 31 March 2019, as compared with PLN 24,638 thousand as at 31 December 2018, and PLN 16,505 thousand as at 31 March 2018.

Assets serving as collateral for bank guarantee facilities:

Category of assets	Net value of assets		Amount of granted guarantee secured with assets		
	31 March 2019	31 Dec. 2018	31 March 2018	31 March 2019	31 Dec. 2018
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Trade receivables	97	1,698	2,296	1,578	1,887
	97	1,698	2,296	1,578	1,887
					1,224

The Group is party to a number of contracts for rental of:

- a) office and warehouse space;
- b) locations for ATMs;
- c) transportation vehicles;
- d) office equipment;
- e) other assets.

As at 31 March 2019, 31 December 2018 and 31 March 2018, the above-mentioned contracts resulted in the following future payments:

Liabilities from rental of space	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
In the period up to 1 year	1,699	9,797	12,782
In the period from 1 to 5 years	2,062	24,655	6,542
	3,761	34,452	19,324

Liabilities under operating leases of property, plant and equipment	31 March 2019 (unaudited)	31 Dec. 2018 (audited)	31 March 2018 (unaudited)
In the period up to 1 year	477	1,820	1,678
In the period from 1 to 5 years	263	3,384	3,462
	740	5,204	5,140

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 31 March 2019 are related to lease contracts that were subject to exemptions provided under IFRS 16.

XIII. RELATED PARTY TRANSACTIONS

Until the date of approval of these interim condensed consolidated financial statements, ASEE S.A. has not received any information on any related party transactions conducted during the reporting period which would be carried out other than on an arm's length basis.

XIV. INFORMATION ON PENDING LEGAL PROCEEDINGS CONCERNING LIABILITIES OR RECEIVABLES OF ASSECO SOUTH EASTERN EUROPE S.A. OR ITS SUBSIDIARIES

Since 2016, ASEE Romania has been party to legal proceedings brought by Romsys S.R.L. that demands ASEE Romania to pay damages in the amount of EUR 1,226 thousand in order to compensate for their losses so far incurred due to allegedly unfair competition. On 28 February 2018, the first instance court dismissed the claim made by Romsys S.R.L. This judgment is not legally binding. Romsys S.R.L. has filed an appeal against it. The Management of ASEE Romania, after seeking legal opinion, believes it is unlikely that the company will incur any significant losses in connection with this case. In line with the Management's standpoint, ASEE Romania created a provision for the costs of court proceedings only.

ASEE Croatia is party to legal proceedings brought by eSanctuary SAGL that demands ASEE Croatia to pay compensation in the amount of EUR 306 thousand for commissions on contracts executed by ASEE Croatia in the Italian market. Until 2016, the parties were bound by the Partner and Reseller Agreement which was terminated by ASEE Croatia. On 12 April 2019, the parties reached an amicable settlement before the Commercial Court in Zagreb, under which ASEE Croatia will pay EUR 90 thousand in compensation. In addition, eSanctuary SAGL signed a written waiver of any other claims against ASEE Croatia and its related entities.

During the reporting period, no other significant proceedings were instituted or pending before any court, arbitration authority or public administration authority, concerning any liabilities or receivables of ASEE S.A. or of its subsidiaries.

To the best knowledge of the Management Board of ASEE S.A., during the reporting period the Group made no other significant settlements resulting from court litigation.

XV. OPINION OF THE MANAGEMENT BOARD ON FEASIBILITY OF MEETING THE PREVIOUSLY PUBLISHED FINANCIAL FORECASTS

The Management Board of ASEE S.A. did not publish any financial forecasts for the year 2019.

XVI. INFORMATION ON BANK LOAN SURETIES OR GUARANTEES GRANTED BY THE ISSUER

During the period of 3 months ended 31 March 2019, neither the Issuer nor any of its subsidiaries granted any sureties to secure bank loans and borrowings or any payment guarantees to any single entity or its subsidiary, where the aggregate value of all the existing sureties or guarantees extended in favour of such entity would be considered as significant.

XVII. OTHER FACTORS SIGNIFICANT FOR THE ASSESSMENT OF HUMAN RESOURCES, ASSETS AND FINANCIAL POSITION

During the reporting period presented, the Management Board of ASEE S.A. has not become aware of any other significant factors that might affect the assessment of the Issuer's human resources, assets, and financial position.

XVIII. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 17 April 2019, Payten Serbia signed an agreement to purchase a 36.30% stake in the share capital of Multicard. As a result of this transaction, Payten Serbia holds 100% of shares in Multicard.

In the period from 31 March 2019 till the date of approval of these interim condensed consolidated financial statements, this is until 8 May 2019, we have not observed any significant events, the disclosure of which might significantly affect the assessment of human resources, assets and financial position of ASEE Group.

XIX. SIGNIFICANT EVENTS RELATED TO PRIOR YEARS

Until the date of preparing these interim condensed consolidated financial statements, this is until 8 May 2019, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books.

**Solutions
for demanding
business.**

ASSECO
SOUTH EASTERN EUROPE

**ASSECO SOUTH EASTERN EUROPE S.A.
STANDALONE FINANCIAL DATA
FOR THE FIRST QUARTER OF 2019**

Rzeszów, 8 May 2019

FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE S.A.

	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Revenues from holding activities	2,993	2,959	696	708
II. Revenues from operating activities	2,145	2,033	499	487
III. Operating profit	315	995	73	238
IV. Pre-tax profit	505	1,299	118	311
V. Net profit for the reporting period	672	973	156	233
VI. Net cash provided by (used in) operating activities	(25,402)	51	(5,910)	12
VII. Net cash provided by (used in) investing activities	1,942	(1,742)	452	(417)
VIII. Net cash provided by (used in) financing activities	(1,384)	2,765	(322)	662
IX. Cash and cash equivalents at the end of period	12,090	27,148	2,811	6,451
X. Basic earnings per ordinary share for the reporting period (in PLN/EUR)	0.01	0.02	0.00	0.00
XI. Diluted earnings per ordinary share for the reporting period (in PLN/EUR)	0.01	0.02	0.00	0.00

The selected financial data disclosed in these condensed financial statements have been translated into euros (EUR) in the following way:

- items of the interim condensed income statement 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:
 - for the period from 1 January 2019 to 31 March 2019: EUR 1 = PLN 4.2978
 - for the period from 1 January 2018 to 31 March 2018: EUR 1 = PLN 4.1784
- the Company's 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 March 2019: EUR 1 = PLN 4.3013
 - exchange rate effective on 31 March 2018: EUR 1 = PLN 4.2085

**CONDENSED INCOME STATEMENT
ASSECO SOUTH EASTERN EUROPE S.A.**

	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Holding activities	2,993	2,959
Revenues from sales of services	2,993	2,959
Operating activities	2,145	2,033
Revenues from sales of IT services and software	2,145	2,033
Total sales revenues	5,138	4,992
Cost of sales (-)	(3,914)	(3,001)
Gross profit on sales	1,224	1,991
Selling costs (-)	(845)	(943)
General and administrative expenses (-)	(64)	(69)
Net profit on sales	315	979
Other operating income	-	16
Other operating expenses (-)	-	-
Operating profit	315	995
Financial income	378	463
Financial expenses (-)	(188)	(159)
Pre-tax profit	505	1,299
Corporate income tax (current and deferred tax expense) (+/-)	167	(326)
Net profit for the reporting period	672	973
<hr/>		
Earnings per share for the reporting period (in PLN):		
Basic earnings per share from continuing operations for the reporting period	0.01	0.02
Diluted earnings per share from continuing operations for the reporting period	0.01	0.02

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
ASSECO SOUTH EASTERN EUROPE S.A.**

	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Net profit for the reporting period	672	973
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	672	973

**CONDENSED STATEMENT OF FINANCIAL POSITION
ASSECO SOUTH EASTERN EUROPE S.A.**

ASSETS	31 March 2019	31 Dec. 2018	31 March 2018
	(unaudited)	(audited)	(unaudited)
Non-current assets			
Non-current assets	623,658	591,941	595,668
Property, plant and equipment	464	514	546
Goodwill arising from business combinations	4,567	4,567	4,567
Intangible assets	1,109	1,128	876
Right-of-use assets	453	-	-
Investments in subsidiaries	604,396	571,174	571,185
Deferred tax assets	193	565	-
Long-term financial assets	10,346	11,637	15,408
Prepayments and accrued income	510	429	-
Other long-term receivables	1,620	1,927	3,086
Current assets	28,172	52,322	46,496
Prepayments and accrued income	2,401	1,720	1,768
Trade receivables	5,281	5,436	4,219
Contract assets	10	44	120
Other short-term receivables	2,378	1,521	1,379
Short-term financial assets	6,012	6,657	11,862
Cash and short-term deposits	12,090	36,944	27,148
TOTAL ASSETS	651,830	644,263	642,164

**CONDENSED STATEMENT OF FINANCIAL POSITION
ASSECO SOUTH EASTERN EUROPE S.A.**

EQUITY AND LIABILITIES	31 March 2019	31 Dec. 2018	31 March 2018
	(unaudited)	(audited)	(unaudited)
Equity			
Share capital	518,942	518,942	518,942
Share premium	38,825	38,825	38,825
Other capitals	1,960	1,655	796
Retained earnings and current net profit	64,729	64,064	63,521
Total equity	624,456	623,486	622,084
Non-current liabilities			
Interest-bearing bank loans	6,511	7,811	11,467
Deferred tax liabilities	-	-	94
Long-term financial liabilities	4,986	-	-
Long-term lease liabilities	349	-	-
Current liabilities	15,528	12,966	8,519
Interest-bearing bank loans	5,208	5,207	5,096
Trade payables	1,025	2,617	1,491
Liabilities to the state and local budgets	630	1,131	392
Lease liabilities	108	-	-
Financial liabilities	4,932	-	-
Other liabilities	4	84	35
Contract liabilities	2,822	1,665	921
Accruals	745	2,102	492
Short-term provisions	54	160	92
TOTAL LIABILITIES	27,374	20,777	20,080
TOTAL EQUITY AND LIABILITIES	651,830	644,263	642,164

CONDENSED STATEMENT OF CHANGES IN EQUITY
ASSECO SOUTH EASTERN EUROPE S.A.

for the periods of 3 months ended 31 March 2019, 3 months ended 31 March 2018, and 12 months ended 31 December 2018

	Share capital	Share premium	Other capitals	Retained earnings and current net profit	Total equity
As at 1 January 2019	518,942	38,825	1,655	64,064	623,486
Restatement of comparable data resulting from the adoption of IFRS 16	-	-	-	(7)	(7)
As at 1 January 2019 – after restatement	518,942	38,825	1,655	64,057	623,479
Net profit for the reporting period	-	-	-	672	672
Total comprehensive income for the reporting period	-	-	-	672	672
Valuation of share-based payment plan	-	-	305	-	305
As at 31 March 2019 (unaudited)	518,942	38,825	1,960	64,729	624,456
As at 1 January 2018	518,942	38,825	528	62,548	620,843
Net profit for the reporting period	-	-	-	973	973
Total comprehensive income for the reporting period	-	-	-	973	973
Valuation of share-based payment plan	-	-	268	-	268
As at 31 March 2018 (unaudited)	518,942	38,825	796	63,521	622,084
As at 1 January 2018	518,942	38,825	528	62,548	620,843
Net profit for the reporting period	-	-	-	28,501	28,501
Total comprehensive income for the reporting period	-	-	-	28,501	28,501
Valuation of share-based payment plan	-	-	1,127	-	1,127
Dividends	-	-	-	(26,985)	(26,985)
As at 31 December 2018 (audited)	518,942	38,825	1,655	64,064	623,486

CONDENSED STATEMENT OF CASH FLOWS
ASSECO SOUTH EASTERN EUROPE S.A.

	3 months ended 31 March 2019 (unaudited)	3 months ended 31 March 2018 (unaudited)
Cash flows – operating activities		
Pre-tax profit	505	1,299
Total adjustments:	(25,066)	(2,519)
Depreciation and amortization	132	114
Change in receivables	(610)	(2,025)
Change in liabilities, accruals and provisions	(1,695)	(639)
Interest income and expenses	(94)	(146)
Gain/loss on foreign exchange differences	(85)	(36)
Gain/loss on investing activities	44	(55)
Valuation of share-based payment plan	305	268
Other	(51)	-
Selected operating cash flows	(23,012)	1,569
Sale of shares in subsidiaries	342	306
Acquisition of shares in subsidiaries	(23,354)	-
Dividends received	-	1,263
Net cash used in operating activities	(24,561)	349
Corporate income tax paid	(841)	(298)
Net cash provided by (used in) operating activities	(25,402)	51
Cash flows – investing activities		
Acquisition of property, plant and equipment, and intangible assets	(102)	(21)
Acquisition/settlement of financial assets carried at fair value through profit or loss	11	68
Loans collected	1,889	1,975
Loans granted	(11)	(3,860)
Interest received	155	96
Net cash provided by (used in) investing activities	1,942	(1,742)
Cash flows – financing activities		
Proceeds from bank loans	-	3,866
Repayments of bank loans	(1,302)	(1,031)
Interest repaid	(54)	(70)
Other cash flows from financing activities	(28)	-
Net cash provided by (used in) financing activities	(1,384)	2,765
Net increase (decrease) in cash and cash equivalents	(24,844)	1,074
Net foreign exchange differences	(10)	-
Cash and cash equivalents as at 1 January	36,944	26,074
Cash and cash equivalents as at 31 March	12,090	27,148