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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

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

| | |
|-----------------|-----------------------------------|
| Marcin Rulnicki | 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) |
| Share of profits of associates | | (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> | <i>(3,970)</i> | <i>1,002</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: | | |
| Shareholders of the Parent Company | 13,805 | 12,155 |
| Non-controlling interests | 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 |

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: | | (10,803) | (5,257) |
| 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 |
|-------------------|------------------|
| Jozef Klein | Piotr Jeleński |
| Adam Góral | Miljan Mališ |
| Jacek Duch | Miodrag Mirčetić |
| 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 | | | | |
|-----------------------------|------------|---------------|--------------|--------------|
| Number of shares held as at | | | | |
| Members | 8 May 2019 | 31 March 2019 | 20 Feb. 2019 | 31 Dec. 2018 |
| Jozef Klein | - | - | - | - |
| Adam Góral | - | - | - | - |
| Jacek Duch | - | - | - | - |
| Artur Kucharski | - | - | - | - |
| Adam Pawłowicz | - | - | - | - |

| Management Board | | | | |
|--------------------------------|------------|---------------|--------------|--------------|
| Number of shares held as at | | | | |
| Members | 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 Rułnicki | 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 Necomplus 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 Necomplus S.L. based in Alicante, Spain ("Necomplus") 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 Necomplus, based on the existing agreement concluded by the seller, among others providing for a put option reserved for minority shareholders.

Necomplus 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. Necomplus 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.

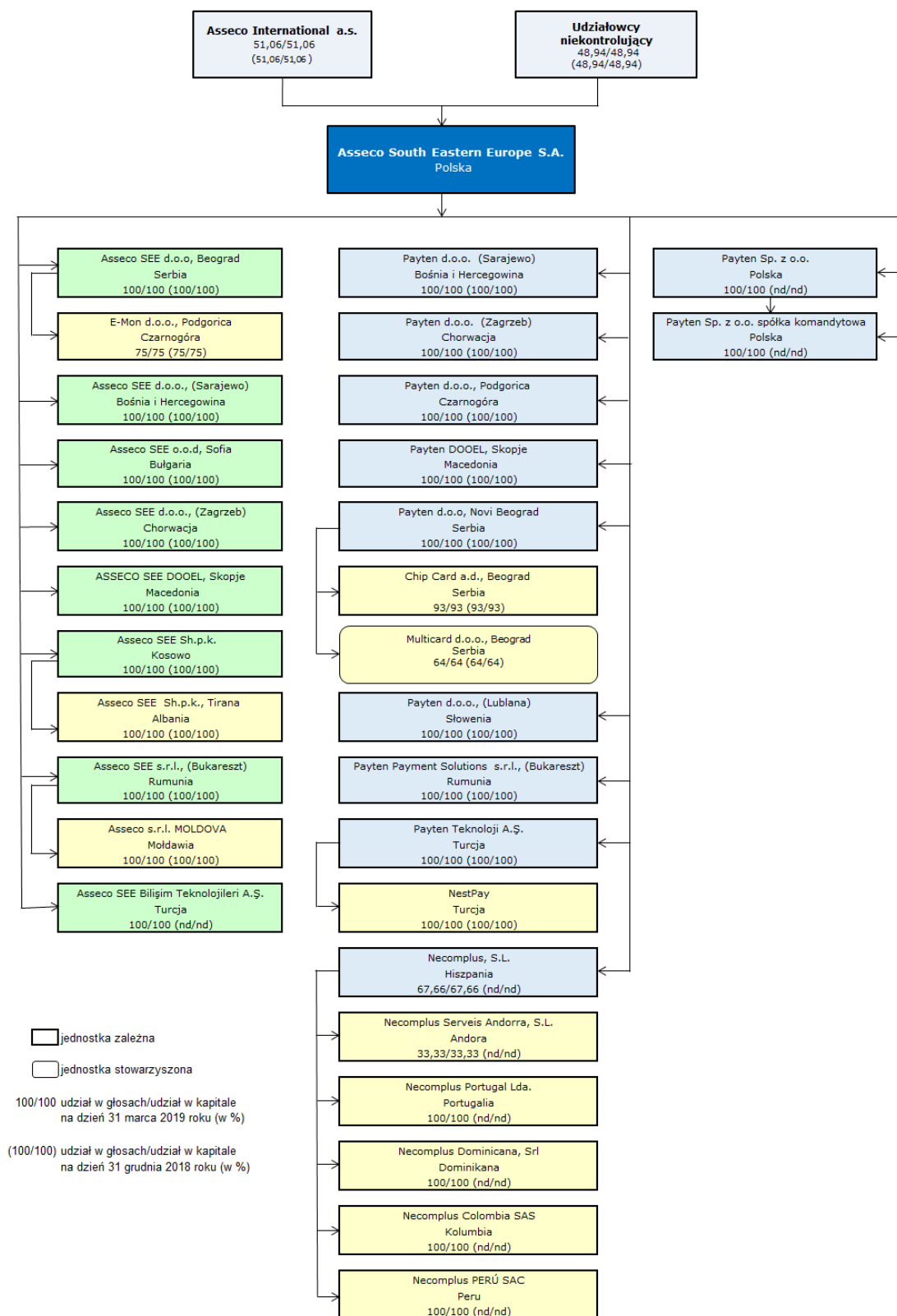
Both as at 31 March 2019 and 31 March 2018, Asseco International a.s. held a 51.06% stake in the share capital of ASEE S.A.

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 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;
- 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:

- 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;
- application of a single discount rate to a portfolio of leases with similar characteristics;
- 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;
- 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 |
| 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:

- office and warehouse space;
- locations for ATMs;
- transportation vehicles;
- office equipment;
- 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 |
| Share of profits of associates | - | (55) | - | - | (55) |
| Operating profit | 3,629 | 13,021 | 4,569 | - | 21,219 |
| <i>Goodwill</i> | <i>197,384</i> | <i>123,076</i> | <i>173,985</i> | <i>-</i> | <i>494,445</i> |

| 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 |
| Share of profits of associates | - | (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> | <i>195,624</i> | <i>106,398</i> | <i>174,850</i> | <i>-</i> | <i>476,872</i> |

| 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 31 March 2019 (unaudited) | 3 months ended 31 March 2018 (unaudited) | Change % |
|--|--|--|-------------|
| 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 31 March 2019 (unaudited) | 3 months ended 31 March 2018 (unaudited) | Change % |
|--|--|--|-------------|
| 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 Necomplus companies that have been consolidated since 1 February 2019. In the months of February and March, Necomplus 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 31 March 2019 (unaudited) | 3 months ended 31 March 2018 (unaudited) | Change |
|---------------------------------------|--|--|------------|
| 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 31 March 2019 (unaudited) | 3 months ended 31 March 2018 (unaudited) | Change |
|---------------------------------------|--|--|------------|
| 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, Necomplus 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 31 March 2019 (unaudited) | 3 months ended 31 March 2018 (unaudited) | Change |
|---|--|--|------------|
| 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 31 March 2019 (unaudited) | 3 months ended 31 March 2018 (unaudited) | Change |
|---|--|--|------------|
| 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, Necomplus

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 Necomplus 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 Necomplus 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 31 March 2019 | 3 months ended 31 March 2018 |
|-------------------------|---------------------------------|---------------------------------|
| | (unaudited) | (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 Necomplus in the amount of PLN 16.1 million, as well as due to recognition of deferred payments for shares in Necomplus 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 Necomplus, 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 (Necomplus) 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 Necomplus 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.

In addition to the above-mentioned descriptions, in the next quarter our financial results will be influenced by common factors with impact on the Group's operations (the existing order backlog, efficient implementation of ongoing projects, potential new contracts, etc.). The Group continues to invest in the development of new products.

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 ASE 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 ASE 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 Necomplus 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 Necomplus 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 Necomplus 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 Necomplus. 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 Necomplus 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 Necomplus Group as at the acquisition date were as follows:

| Necomplus Group | Value as at the acquisition date |
|---|----------------------------------|
| Non-current assets | 35,545 |
| Property, plant and equipment | 6,145 |
| Goodwill | 7,568 |
| Intangible assets | 9,476 |
| Right-of-use assets | 8,742 |
| Other | 3,614 |
| Current assets | 51,288 |
| Inventories | 14,798 |
| Receivables | 20,202 |
| Cash and short-term deposits | 14,876 |
| Other | 1,412 |
| 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 Necomplus 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: | 93 | 92 | 90 |
| Shares in companies listed on regulated markets | 72 | 71 | 70 |
| Shares in companies not listed on regulated markets | 21 | 21 | 20 |
| Investments in debt securities and cash deposits carried at amortized cost: | 8,689 | 4,105 | 894 |
| Loans granted to unrelated entities | 88 | 91 | 89 |
| Loans granted to employees | 30 | - | 8 |
| Bank deposits for 3 to 12 months | 3,505 | 3,492 | 790 |
| Bank deposits for over 12 months | 5,066 | 522 | 7 |
| Financial assets carried at fair value through profit or loss: | 30 | 152 | 840 |
| Currency forward contracts | 26 | 152 | 807 |
| Investment fund units | 4 | - | 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 Necomplus company. The value of these put options has been measured taking into account the prior years' profits of Necomplus 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) |
|---|---------------------------------|---------------------------|---------------------------------|
| 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) |
|--|---------------------------------|---------------------------|---------------------------------|
| 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 uninvoiced 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 |
| Uninvoiced 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 | 31 March 2018 |
| | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 |
| Trade receivables | 97 | 1,698 | 2,296 | 1,578 | 1,887 | 1,224 |
| | 97 | 1,698 | 2,296 | 1,578 | 1,887 | 1,224 |

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

- office and warehouse space;
- locations for ATMs;
- transportation vehicles;
- office equipment;
- 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 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 |
| 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 | 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 | 11,846 | 7,811 | 11,561 |
| 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 |