



Quarterly Report
of **Asseco South Eastern Europe Group**
for the period of 3 months ended 31 March 2020

asseco
SOUTH EASTERN EUROPE



Present in
23 countries



PLN 231 million
in sales revenues



2,755 highly
committed employees



PLN 23.5 million
in net profit for
Shareholders of
the Parent Company

Quarterly Report of Asseco South Eastern Europe Group for the period of 3 months ended 31 March 2020

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Financial Highlights

Asseco South Eastern Europe Group

| | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 | 3 months ended 31 March 2020 EUR'000 | 3 months ended 31 March 2019 EUR'000 |
|--|--|--|--|--|
| Sales revenues | 230,985 | 178,816 | 52,541 | 41,606 |
| Operating profit | 28,378 | 21,551 | 6,455 | 5,014 |
| Pre-tax profit | 28,122 | 21,804 | 6,397 | 5,073 |
| Net profit for the reporting period | 23,636 | 18,574 | 5,376 | 4,322 |
| Net profit attributable to Shareholders of the Parent Company | 23,547 | 18,193 | 5,356 | 4,233 |
| Net cash provided by (used in) operating activities | (2,434) | 5,533 | (554) | 1,288 |
| Net cash provided by (used in) investing activities | (13,513) | (28,563) | (3,074) | (6,646) |
| Net cash provided by (used in) financing activities | (15,474) | (6,521) | (3,520) | (1,517) |
| Cash and cash equivalents at the end of period (comparable data as at 31 December 2019) | 172,344 | 199,663 | 37,859 | 46,886 |
| Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR) | 0.45 | 0.35 | 0.10 | 0.08 |
| Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR) | 0.45 | 0.35 | 0.10 | 0.08 |

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 consolidated statement of profit and loss and consolidated 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 2020 to 31 March 2020: EUR 1 = PLN 4.3963
 - for the period from 1 January 2019 to 31 March 2019: EUR 1 = PLN 4.2978
- 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 2020: EUR 1 = PLN 4.5523
 - exchange rate effective on 31 December 2019: EUR 1 = PLN 4.2585

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

Interim Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income

Asseco South Eastern Europe Group

| STATEMENT OF PROFIT AND LOSS | | 3 months ended 31 March 2020 | 3 months ended 31 March 2019 (restated) |
|---|------------|---------------------------------|---|
| | Note | PLN'000 | PLN'000 |
| Operating revenues | <u>5.1</u> | 230,985 | 178,816 |
| Cost of sales | <u>5.2</u> | (175,711) | (134,194) |
| Allowances for trade receivables | <u>5.2</u> | 816 | (223) |
| Gross profit on sales | | 56,090 | 44,399 |
| Selling costs | <u>5.2</u> | (13,090) | (11,605) |
| General and administrative expenses | <u>5.2</u> | (14,878) | (11,539) |
| Net profit on sales | | 28,122 | 21,255 |
| Other operating income | <u>5.3</u> | 450 | 1,418 |
| Other operating expenses | <u>5.3</u> | (194) | (1,067) |
| Share of profits of associates and joint ventures | | - | (55) |
| Operating profit | | 28,378 | 21,551 |
| Financial income | <u>5.4</u> | 4,320 | 2,014 |
| Financial expenses | <u>5.4</u> | (4,576) | (1,761) |
| Impairment losses on financial instruments | <u>5.4</u> | - | - |
| Pre-tax profit | | 28,122 | 21,804 |
| Corporate income tax (current and deferred tax expense) | <u>5.5</u> | (4,486) | (3,230) |
| Net profit for the reporting period | | 23,636 | 18,574 |
| <i>Attributable to:</i> | | | |
| Shareholders of the Parent Company | | 23,547 | 18,193 |
| Non-controlling interests | | 89 | 381 |
| Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN) | | | |
| | <u>5.6</u> | 0.45 | 0.35 |
| OTHER COMPREHENSIVE INCOME | | | |
| Net profit for the reporting period | | 23,636 | 18,574 |
| Components that may be reclassified to profit or loss | | 45,519 | (3,970) |
| Net gain/loss on valuation of financial assets | | (14) | - |
| Differences on foreign currency translation of subsidiaries | | 45,533 | (3,970) |
| Components that will not be reclassified to profit or loss | | - | - |
| Actuarial gains/losses | | - | - |
| Total other comprehensive income | | 45,519 | (3,970) |
| TOTAL COMPREHENSIVE INCOME attributable to: | | 69,155 | 14,604 |
| Shareholders of the Parent Company | | 68,925 | 13,973 |
| Non-controlling interests | | 230 | 631 |

Interim Condensed Consolidated Statement of Financial Position

Asseco South Eastern Europe Group

| ASSETS | Note | 31 March 2020 PLN'000 | 31 Dec. 2019 (restated) PLN'000 | 31 March 2019 (restated) PLN'000 |
|---|------------|--------------------------|---------------------------------------|--|
| Non-current assets | | | | |
| Property, plant and equipment | <u>6.1</u> | 151,479 | 147,061 | 137,032 |
| Intangible assets | <u>6.2</u> | 24,440 | 23,978 | 14,856 |
| Right-of-use assets | <u>6.3</u> | 66,984 | 65,055 | 46,435 |
| Investment property | | 630 | 596 | 626 |
| Goodwill | <u>6.4</u> | 563,640 | 532,139 | 494,445 |
| Investments accounted for using the equity method | | - | - | 57 |
| Other receivables | <u>6.5</u> | 740 | 724 | 909 |
| Deferred tax assets | | 9,221 | 8,978 | 7,359 |
| Other financial assets | <u>6.5</u> | 4,885 | 4,670 | 5,135 |
| Prepayments and accrued income | <u>6.6</u> | 555 | 614 | 759 |
| | | 822,574 | 783,815 | 707,613 |
| Current assets | | | | |
| Inventories | <u>6.8</u> | 27,075 | 37,215 | 31,079 |
| Prepayments and accrued income | <u>6.6</u> | 25,897 | 21,746 | 17,593 |
| Trade receivables | <u>6.7</u> | 131,739 | 164,530 | 124,599 |
| Contract assets | <u>6.7</u> | 51,082 | 28,050 | 27,939 |
| Corporate income tax receivable | <u>6.7</u> | 2,029 | 1,364 | 5,240 |
| Receivables from the state and local budgets | <u>6.7</u> | 2,794 | 2,008 | 3,721 |
| Other receivables | <u>6.7</u> | 4,034 | 2,889 | 2,460 |
| Other non-financial assets | | 9,460 | 10,247 | 4,579 |
| Other financial assets | <u>6.5</u> | 608 | 572 | 3,677 |
| Cash and bank deposits | <u>6.9</u> | 172,344 | 199,663 | 135,077 |
| | | 427,062 | 468,284 | 355,964 |
| TOTAL ASSETS | | 1,249,636 | 1,252,099 | 1,063,577 |

Interim Condensed Consolidated Statement of Financial Position

Asseco South Eastern Europe Group

| EQUITY AND LIABILITIES | Note | 31 March 2020 PLN'000 | 31 Dec. 2019 (restated) PLN'000 | 31 March 2019 (restated) PLN'000 |
|--|-------------|--------------------------|---------------------------------------|--|
| Equity <i>(attributable to shareholders of the Parent Company)</i> | | | | |
| Share capital | | 518,942 | 518,942 | 518,942 |
| Share premium | | 38,825 | 38,825 | 38,825 |
| Transactions with non-controlling interests | | (9,506) | (8,335) | (9,430) |
| Other capitals | | (1,017) | (1,319) | (2,749) |
| Differences on foreign currency translation of subsidiaries | | (74,194) | (119,586) | (108,041) |
| Retained earnings | | 393,681 | 370,134 | 325,669 |
| | | 866,731 | 798,661 | 763,216 |
| Non-controlling interests | | 1,927 | 2,051 | 1,980 |
| Total equity | | 868,658 | 800,712 | 765,196 |
| Non-current liabilities | | | | |
| Bank loans and borrowings | <u>6.11</u> | 44,202 | 43,255 | 27,707 |
| Lease liabilities | <u>6.10</u> | 47,813 | 47,489 | 40,375 |
| Other financial liabilities | <u>6.12</u> | 30,025 | 28,557 | 21,073 |
| Deferred tax liabilities | | 3,010 | 3,167 | 2,595 |
| Provisions | <u>6.15</u> | 2,018 | 2,013 | 1,751 |
| Contract liabilities | <u>6.14</u> | 1,559 | 804 | 193 |
| Other liabilities | <u>6.13</u> | 467 | 494 | 93 |
| | | 129,094 | 125,779 | 93,787 |
| Current liabilities | | | | |
| Bank loans and borrowings | <u>6.11</u> | 44,178 | 49,742 | 26,530 |
| Lease liabilities | <u>6.10</u> | 20,672 | 18,923 | 8,690 |
| Other financial liabilities | <u>6.12</u> | 8,311 | 13,879 | 4,937 |
| Trade payables | <u>6.13</u> | 60,742 | 109,977 | 74,094 |
| Contract liabilities | <u>6.14</u> | 62,069 | 58,707 | 45,742 |
| Corporate income tax payable | <u>6.13</u> | 5,137 | 5,738 | 4,509 |
| Liabilities to the state and local budgets | <u>6.13</u> | 18,506 | 24,231 | 14,760 |
| Other liabilities | <u>6.13</u> | 9,477 | 19,247 | 8,435 |
| Provisions | <u>6.15</u> | 3,481 | 2,847 | 3,353 |
| Accruals | <u>6.16</u> | 19,311 | 22,317 | 13,544 |
| | | 251,884 | 325,608 | 204,594 |
| TOTAL LIABILITIES | | 380,978 | 451,387 | 298,381 |
| TOTAL EQUITY AND LIABILITIES | | 1,249,636 | 1,252,099 | 1,063,577 |

Interim Condensed Consolidated Statement of Changes in Equity

Asseco South Eastern Europe Group

| Note | Share capital | Share premium | Transactions with non-controlling interests | Other capitals | Differences on foreign currency translation of subsidiaries | Retained earnings and current net profit | Equity attributable to shareholders of the Parent Company | Non-controlling interests | Total equity |
|--|----------------|---------------|---|----------------|---|--|---|---------------------------|----------------|
| | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 |
| As at 1 January 2020 | 518,942 | 38,825 | (8,335) | (1,319) | (119,586) | 370,134 | 798,661 | 2,051 | 800,712 |
| Net profit for the reporting period | - | - | - | - | - | 23,547 | 23,547 | 89 | 23,636 |
| Other comprehensive income for the reporting period | - | - | - | (14) | 45,392 | - | 45,378 | 141 | 45,519 |
| Total comprehensive income for the reporting period | - | - | - | (14) | 45,392 | 23,547 | 68,925 | 230 | 69,155 |
| Share-based payment transactions with employees | - | - | - | 316 | - | - | 316 | - | 316 |
| Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options)) | - | - | (1,171) | - | - | - | (1,171) | 28 | (1,143) |
| Dividend for the year 2019 | - | - | - | - | - | - | - | (382) | (382) |
| As at 31 March 2020 | 518,942 | 38,825 | (9,506) | (1,017) | (74,194) | 393,681 | 866,731 | 1,927 | 868,658 |

Interim Condensed Consolidated Statement of Changes in Equity

Asseco South Eastern Europe Group

| | Note | Share capital | Share premium | Transactions with non-controlling interests | Other capitals | Differences on foreign currency translation of subsidiaries | Retained earnings and current net profit | Equity attributable to shareholders of the Parent Company | Non-controlling interests | Total equity |
|--|------|----------------|---------------|---|----------------|---|--|---|---------------------------|----------------|
| | | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 |
| As at 1 January 2019 | | 518,942 | 38,825 | (1,887) | 3,153 | (103,809) | 308,201 | 763,425 | 1,664 | 765,089 |
| Impact of the adoption of IFRS 16 | | - | - | - | - | - | (729) | (729) | - | (729) |
| As at 1 January 2019 (including impact of the adoption of IFRS 16) | | 518,942 | 38,825 | (1,887) | 3,153 | (103,809) | 307,472 | 762,696 | 1,664 | 764,360 |
| Net profit for the reporting period | | - | - | - | - | - | 89,647 | 89,647 | 1,303 | 90,950 |
| Other comprehensive income for the reporting period | | - | - | - | 9 | (15,777) | - | (15,768) | (126) | (15,894) |
| Total comprehensive income for the reporting period | | - | - | - | 9 | (15,777) | 89,647 | 73,879 | 1,177 | 75,056 |
| Share-based payment transactions with employees | | - | - | - | 2,094 | - | - | 2,094 | - | 2,094 |
| Obtaining control over subsidiaries | | - | - | - | (6,575) | - | - | (6,575) | 8,914 | 2,339 |
| Increase of share capital in subsidiaries | | - | - | - | - | - | - | - | 1,119 | 1,119 |
| Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options)) | | - | - | (6,448) | - | - | - | (6,448) | (10,371) | (16,819) |
| Dividend for the year 2018 | 5.7 | - | - | - | - | - | (26,985) | (26,985) | (452) | (27,437) |
| As at 31 December 2019 (restated) | | 518,942 | 38,825 | (8,335) | (1,319) | (119,586) | 370,134 | 798,661 | 2,051 | 800,712 |

Interim Condensed Consolidated Statement of Changes in Equity

Asseco South Eastern Europe Group

| Note | Share capital | Share premium | Transactions with non-controlling interests | Other capitals | Differences on foreign currency translation of subsidiaries | Retained earnings and current net profit | Equity attributable to shareholders of the Parent Company | Non-controlling interests | Total equity |
|--|----------------|---------------|---|----------------|---|--|---|---------------------------|----------------|
| | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 |
| As at 1 January 2019 | 518,942 | 38,825 | (1,887) | 3,153 | (103,809) | 308,201 | 763,425 | 1,664 | 765,089 |
| Impact of the adoption of IFRS 16 | - | - | - | - | - | (725) | (725) | - | (725) |
| As at 1 January 2019 (including impact of the adoption of IFRS 16) | 518,942 | 38,825 | (1,887) | 3,153 | (103,809) | 307,476 | 762,700 | 1,664 | 764,364 |
| Net profit for the reporting period | - | - | - | - | - | 18,193 | 18,193 | 381 | 18,574 |
| Other comprehensive income for the reporting period | - | - | - | - | (4,232) | - | (4,232) | 12 | (4,220) |
| Total comprehensive income for the reporting period | - | - | - | - | (4,232) | 18,193 | 13,961 | 393 | 14,354 |
| Share-based payment transactions with employees | - | - | - | 673 | - | - | 673 | - | 673 |
| Obtaining control over subsidiaries | - | - | - | (6,575) | - | - | (6,575) | 8,467 | 1,892 |
| Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options)) | - | - | (7,543) | - | - | - | (7,543) | (8,544) | (16,087) |
| As at 31 December 2019 (restated) | 518,942 | 38,825 | (9,430) | (2,749) | (108,041) | 325,669 | 763,216 | 1,980 | 765,196 |

Interim Condensed Consolidated Statement of Cash Flows

Asseco South Eastern Europe Group

| | Note | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 (restated) PLN'000 |
|--|------|--|--|
| Cash flows – operating activities | | | |
| Pre-tax profit | | 28,122 | 21,804 |
| Total adjustments: | | (24,903) | (11,134) |
| Depreciation and amortization | 5.2 | 19,121 | 14,450 |
| Change in inventories | | 12,117 | 1,168 |
| Change in receivables and other non-financial assets | | 20,049 | 11,495 |
| Change in liabilities, accruals and provisions | | (79,300) | (38,649) |
| Interest income/expenses | | 1,064 | 156 |
| Gain/loss on foreign currency translation differences | | 823 | (703) |
| Gain/loss on financial assets (valuation, disposal, etc.) | | 408 | - |
| Other financial income/expenses | | (187) | - |
| Gain/loss on sale, disposal and impairment of property, plant and equipment, and intangible assets | | 692 | (70) |
| Costs of share-based payment transactions with employees | | 316 | 673 |
| Other adjustments to pre-tax profit | | (6) | 346 |
| Cash provided by (used in) operating activities | | 3,219 | 10,670 |
| Corporate income tax paid | | (5,653) | (5,137) |
| Net cash provided by (used in) operating activities | | (2,434) | 5,533 |
| Cash flows – investing activities | | | |
| Inflows | | | |
| Disposal of property, plant and equipment, intangible assets, and investment property | | 191 | 244 |
| Disposal/settlement of financial assets carried at fair value through profit or loss | | - | 64 |
| Loans collected | | 16 | - |
| Interest received | | 15 | 98 |
| Outflows | | | |
| Acquisition of property, plant and equipment, intangible assets (including R&D expenditures), and investment property | 7.1 | (8,228) | (15,876) |
| Expenditures for the acquisition of subsidiaries and associates, less cash and cash equivalents in subsidiaries acquired | 7.1 | (5,135) | (8,479) |
| Acquisition/settlement of financial assets carried at fair value through profit or loss | | (360) | (53) |
| Acquisition of investments in other debt securities carried at amortized cost | | - | (4,549) |
| Loans granted | | (12) | (12) |
| Net cash provided by (used in) investing activities | | (13,513) | (28,563) |
| Cash flows – financing activities | | | |
| Inflows | | | |
| Proceeds from bank loans and borrowings | | 804 | 7,290 |
| Outflows | | | |
| Repayments of bank loans and borrowings | 7.2 | (9,620) | (10,451) |
| Payments of lease liabilities | 7.2 | (5,317) | (2,898) |
| Interest paid | 7.2 | (959) | (462) |
| Dividends paid out by the Parent Company | 7.2 | - | - |
| Dividends paid out to non-controlling shareholders | 7.2 | (382) | - |
| Net cash provided by (used in) financing activities | | (15,474) | (6,521) |
| Net increase (decrease) in cash and cash equivalents | | (31,421) | (29,551) |
| Net foreign currency translation differences | | 7,461 | (352) |
| Net cash and cash equivalents as at 1 January | | 190,661 | 164,839 |
| Net cash and cash equivalents as at 31 March | 6.9 | 166,701 | 134,936 |

Supplementary Information to the Interim Condensed Consolidated Financial Statements

I. General information

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

| General information on the Parent Company | |
|---|---|
| Name | Asseco South Eastern Europe S.A. |
| Seat | Rzeszów, 14 Olchowa St. |
| National Court Register number | 0000284571 |
| REGON (statistical ID number) | 180248803 |
| Tax Identification Number | 813-351-36-07 |
| Core business | Activities of head offices and holdings, production of software |

The Parent Company Asseco South Eastern Europe S.A. based in Rzeszów, Poland, was established on 10 April 2007 as a joint stock company called Asseco Adria S.A. On 11 July 2007, the Company was entered in the register of entrepreneurs maintained by the District Court in Rzeszów, XII Commercial Department of the National Court Register, under the number KRS 0000284571. The Parent Company has been assigned the statistical number REGON 180248803. On 11 February 2008, the Parent Company's corporate name was changed from Asseco Adria S.A. to Asseco South Eastern Europe S.A.

Since 28 October 2009, the Company's shares have been listed on the main market of the Warsaw Stock Exchange S.A.

ASEE S.A. is the Parent Company 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, Central 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 II of these interim condensed consolidated financial statements.

These interim condensed consolidated financial statements cover the interim period ended 31 March 2020 and contain comparable data for the interim period ended 31 March 2019 in case of the statement of profit and loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows; and comparable data as at 31 December 2019 and 31 March 2019 in case of the statement of financial position.

II. Basis for the preparation of interim condensed financial statements

2.1. Basis for preparation

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

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 2019 which were published on 24 February 2020.

These interim condensed consolidated financial statements have been prepared on a going-concern basis, assuming the Group will continue its business activities in the foreseeable future. Till the date of preparing these interim condensed consolidated financial statements, we have not observed any circumstances that would threaten the Group's ability to continue as a going concern.

Impact of the COVID-19 epidemic on the Group's business operations

As at the date of publication of these interim condensed consolidated financial statements management, based on the current analysis of risks, in particular those arising from the coronavirus pandemic prevailing in Poland and worldwide, the Management Board concluded that the Company's and ASEE Group's ability to continue as a going concern over a period not shorter than 12 months from 31 March 2020 is not threatened.

At the time of publication of this report, the Group's Management Board does not see any significant threats to the business operations of ASEE Group. We are monitoring this situation on an ongoing basis, adjusting our individual decisions to changing conditions. The Group is trying to minimize the negative impact of the pandemic on its business, among others, by reducing costs, while monitoring and taking advantage of new market opportunities created by the current situation. The Management Board of ASEE does not see any significant risk of impairment of assets and has not recorded any significant change in credit risk. ASEE Group has sufficient financial resources to continue its business operations, including the settlement of current liabilities.

Concurrently, it should be noted that the situation related to the COVID-19 coronavirus pandemic is very dynamic and its effects on the economy are difficult to estimate, hence the above judgement has been prepared to the best knowledge of the Company's Management as at the date of publication of this report.

Description of the impact exerted by the COVID-19 coronavirus pandemic on ASEE Group's business is provided in this quarterly report in chapter 'Summary and analysis of the financial results of Asseco South Eastern Europe Group', section VI. 'Impact of the COVID-19 coronavirus pandemic on the business operations of ASEE'.

2.2. Compliance statement

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

The scope of these interim condensed consolidated financial statements, being a part of the quarterly report, is in accordance with the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent the information required by laws of non-EU member states (consolidated text: Journal of Laws of 2018, item 757) (the "Regulation"), and covers the reporting period from 1 January to 31 March 2020 and the comparable period from 1 January to 31 March 2019 in case of the statement of profit and loss and the statement of cash flows, as well as the financial position data as at 31 March 2020 and the comparable data as at 31 December 2019 and 31 March 2019 in case of the statement of financial position.

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.

2.3. Functional currency and presentation currency

The presentation currency of these interim condensed consolidated financial statements is the Polish zloty (PLN) and all figures are presented in thousands of PLN (PLN'000), unless stated otherwise. Any inaccuracies in totals, amounting to PLN 1 thousand, are due to the adopted rounding of numbers.

The functional currency applied by the Parent Company and, at the same time, the presentation currency used in these interim condensed consolidated financial statements is the Polish zloty (PLN). Functional currencies applied by our subsidiaries consolidated in these financial statements are the currencies of primary business environments in which they operate. For consolidation purposes, financial statements of our foreign subsidiaries are translated into PLN using the respective currency exchange rates as quoted by the National Bank of Poland at the end of the reporting period in case of the statement of financial position, or using the arithmetic average of such exchange rates as published by the National Bank of Poland and effective on the last day of each month during the reporting period in case of the statement of comprehensive income as well as the statement of cash flows. The effects of such conversion are recognized in equity as 'Differences on foreign currency translation of foreign operations'.

2.4. 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.

In the period of 3 months ended 31 March 2020, our approach to making estimates was not subject to any substantial modification in relation to the comparable period of 2019.

2.5. Accounting policies applied

The significant accounting policies adopted by the Parent Company have been described in its consolidated financial statements for the year ended 31 December 2019 which were published on 24 February 2020.

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements have remained unchanged in relation to those followed when preparing the Group's annual consolidated financial statements for the year ended 31 December 2019.

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

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

- *'Amendments to References to the Conceptual Framework in International Financial Reporting Standards' (issued on 29 March 2018) – effective for annual periods beginning on or after 1 January 2020;*
- Amendments to IAS 1 and IAS 8 'Definition of Materiality' (issued on 31 October 2018) – effective for annual periods beginning on or after 1 January 2020;
- Amendments to IFRS 9, IAS 39 and IFRS 17 'Interest Rate Benchmark Reform' (issued on 26 September 2019) – effective for annual periods beginning on or after 1 January 2020;
- IFRS 17 'Insurance Contracts' (issued on 18 May 2017) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2021;
- Amendments to IFRS 3 'Business Combinations' (issued on 22 October 2018) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2020.
- Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current' (issued on 23 January 2020) – not yet endorsed by the EU till the date of approval of these financial statements – the effective date of these amendments has not yet been determined;
- IFRS 14 'Regulatory Deferral Accounts' (issued on 30 January 2014) – the European Commission has decided not to initiate the process of endorsement of this standard until the release of its final version – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016;

- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture' (issued on 11 September 2014) – work for the endorsement of these amendments has been postponed by the EU – the effective date of these amendments has been deferred indefinitely by the IASB.

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

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

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

2.7. Changes in the presentation methods and in the comparable data

The comparable data as at 31 March 2019 and for the period of 3 months ended 31 March 2020 have been subject to restatements. We have changed the presentation of advance payments made for deliveries, from other receivables to other non-financial assets, as well as the presentation of equity, where transactions with non-controlling interests and other capitals have been separated.

In addition, the Group has changed the comparable data disclosed as at 31 March 2019 and 31 December 2019 as well as for the period of 3 months ended 31 March 2019 due to changes in the values of assets acquired in subsidiaries that were recognized in the purchase price allocation process.

The detailed information on the acquired assets and liabilities has been presented in explanatory note 6.4 to these interim condensed consolidated financial statements.

The impact of the said changes on the comparable data has been presented in the tables below.

| STATEMENT OF PROFIT AND LOSS | 3 months ended 31 March 2019 PLN'000 | Purchase price allocation of subsidiaries PLN'000 | 3 months ended 31 March 2019 (restated) PLN'000 |
|---|--|--|--|
| Operating revenues | 178,816 | - | 178,816 |
| Cost of sales | (134,526) | 332 | (134,194) |
| Allowances for trade receivables | (223) | - | (223) |
| Gross profit on sales | 44,067 | 332 | 44,399 |
| Selling costs | (11,605) | - | (11,605) |
| General and administrative expenses | (11,539) | - | (11,539) |
| Net profit on sales | 20,923 | 332 | 21,255 |
| Other operating income | 1,418 | - | 1,418 |
| Other operating expenses | (1,067) | - | (1,067) |
| Share of profits of associates and joint ventures | (55) | - | (55) |
| Operating profit | 21,219 | 332 | 21,551 |
| Financial income | 2,014 | - | 2,014 |
| Financial expenses | (1,761) | - | (1,761) |
| Pre-tax profit | 21,472 | 332 | 21,804 |
| Corporate income tax (current and deferred tax expense) | (3,147) | (83) | (3,230) |
| Net profit for the reporting period | 18,325 | 249 | 18,574 |
| Attributable to: | | | - |
| Shareholders of the Parent Company | 18,025 | 168 | 18,193 |
| Non-controlling interests | 300 | 81 | 381 |
| Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN) | 0.35 | - | 0.35 |

| | | | |
|---|----------------|------------|----------------|
| OTHER COMPREHENSIVE INCOME | | | |
| Net profit for the reporting period | 18,325 | 249 | 18,574 |
| <i>Components that may be reclassified to profit or loss</i> | (3,970) | - | (3,970) |
| Net gain/loss on valuation of financial assets | - | - | - |
| Differences on foreign currency translation of subsidiaries | (3,970) | - | (3,970) |
| <i>Components that will not be reclassified to profit or loss</i> | - | - | - |
| Actuarial gains/losses | - | - | - |
| Total other comprehensive income | (3,970) | - | (3,970) |
| TOTAL COMPREHENSIVE INCOME attributable to: | 14,355 | 249 | 14,604 |
| Shareholders of the Parent Company | 13,805 | 168 | 13,973 |
| Non-controlling interests | 550 | 81 | 631 |

| | 31 March 2019 | Purchase price allocation of subsidiaries | Change in presentation | 31 March 2019 |
|---|------------------|---|------------------------|--------------------|
| | PLN'000 | PLN'000 | PLN'000 | (restated) PLN'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 137,032 | - | - | 137,032 |
| Intangible assets | 19,509 | (4,653) | - | 14,856 |
| Right-of-use assets | 46,435 | - | - | 46,435 |
| Investment property | 626 | - | - | 626 |
| Goodwill | 494,445 | - | - | 494,445 |
| Investments accounted for using the equity method | 57 | - | - | 57 |
| Other receivables | 909 | - | - | 909 |
| Deferred tax assets | 7,226 | 133 | - | 7,359 |
| Other financial assets | 5,135 | - | - | 5,135 |
| Prepayments and accrued income | 759 | - | - | 759 |
| | 712,133 | (4,520) | - | 707,613 |
| Current assets | | | | |
| Inventories | 31,079 | - | - | 31,079 |
| Prepayments and accrued income | 17,593 | - | - | 17,593 |
| Trade receivables | 124,599 | - | - | 124,599 |
| Contract assets | 27,939 | - | - | 27,939 |
| Corporate income tax receivable | 5,240 | - | - | 5,240 |
| Receivables from the state and local budgets | 3,721 | - | - | 3,721 |
| Other receivables | 7,039 | - | (4,579) | 2,460 |
| Other non-financial assets | - | - | 4,579 | 4,579 |
| Other financial assets | 3,677 | - | - | 3,677 |
| Cash and bank deposits | 135,077 | - | - | 135,077 |
| | 355,964 | - | - | 355,964 |
| TOTAL ASSETS | 1,068,097 | (4,520) | - | 1,063,577 |

| | 31 March 2019 | Purchase price allocation of subsidiaries | Change in presentation | 31 March 2019 |
|---|----------------|---|------------------------|--------------------|
| | PLN'000 | PLN'000 | PLN'000 | (restated) PLN'000 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| <i>(attributable to shareholders of the Parent Company)</i> | | | | |
| Share capital | 518,942 | - | - | 518,942 |
| Share premium | 38,825 | - | - | 38,825 |
| Transactions with non-controlling interests | - | (1,326) | (8,104) | (9,430) |
| Other capitals | 3,826 | (2,718) | (3,857) | (2,749) |
| Differences on foreign currency translation of subsidiaries | (108,029) | (12) | - | (108,041) |
| Retained earnings | 313,540 | 168 | 11,961 | 325,669 |
| | 767,104 | (3,888) | - | 763,216 |
| Non-controlling interests | 1,980 | - | - | 1,980 |
| Total equity | 769,084 | (3,888) | - | 765,196 |
| Non-current liabilities | | | | |
| Bank loans and borrowings | 27,707 | - | - | 27,707 |
| Lease liabilities | - | - | 40,375 | 40,375 |

| | | | | |
|--|------------------|----------------|----------|------------------|
| Other financial liabilities | 61,448 | - | (40,375) | 21,073 |
| Deferred tax liabilities | 3,757 | (1,162) | - | 2,595 |
| Provisions | 1,751 | - | - | 1,751 |
| Contract liabilities | 193 | - | - | 193 |
| Other liabilities | 93 | - | - | 93 |
| | 94,949 | (1,162) | - | 93,787 |
| Current liabilities | | | | |
| Bank loans and borrowings | 26,530 | - | - | 26,530 |
| Lease liabilities | - | - | 8,690 | 8,690 |
| Other financial liabilities | 13,627 | - | (8,690) | 4,937 |
| Trade payables | 74,094 | - | - | 74,094 |
| Contract liabilities | 45,742 | - | - | 45,742 |
| Corporate income tax payable | 4,509 | - | - | 4,509 |
| Liabilities to the state and local budgets | 14,760 | - | - | 14,760 |
| Other liabilities | 8,435 | - | - | 8,435 |
| Provisions | 2,823 | 530 | - | 3,353 |
| Accruals | 13,544 | - | - | 13,544 |
| | 204,064 | 530 | - | 204,594 |
| TOTAL LIABILITIES | 299,013 | (632) | - | 298,381 |
| TOTAL EQUITY AND LIABILITIES | 1,068,097 | (4,520) | - | 1,063,577 |

| | 31 Dec. 2019 | Purchase price allocation of subsidiaries | 31 Dec. 2019 |
|--|------------------|---|-----------------------|
| ASSETS | PLN'000 | PLN'000 | (restated) PLN'000 |
| Non-current assets | | | |
| Property, plant and equipment | 147,061 | - | 147,061 |
| Intangible assets | 14,120 | 9,858 | 23,978 |
| Right-of-use assets | 65,055 | - | 65,055 |
| Investment property | 596 | - | 596 |
| Goodwill | 539,665 | (7,526) | 532,139 |
| Other receivables | 724 | - | 724 |
| Deferred tax assets | 8,978 | - | 8,978 |
| Other financial assets | 4,670 | - | 4,670 |
| Prepayments and accrued income | 614 | - | 614 |
| | 781,483 | 2,332 | 783,815 |
| Current assets | | | |
| Inventories | 37,215 | - | 37,215 |
| Prepayments and accrued income | 21,746 | - | 21,746 |
| Trade receivables | 164,530 | - | 164,530 |
| Contract assets | 28,050 | - | 28,050 |
| Corporate income tax receivable | 1,364 | - | 1,364 |
| Receivables from the state and local budgets | 2,008 | - | 2,008 |
| Other receivables | 2,889 | - | 2,889 |
| Other non-financial assets | 10,247 | - | 10,247 |
| Other financial assets | 572 | - | 572 |
| Cash and bank deposits | 199,663 | - | 199,663 |
| | 468,284 | - | 468,284 |
| TOTAL ASSETS | 1,249,767 | 2,332 | 1,252,099 |

| | 31 Dec. 2019 | Purchase price allocation of subsidiaries | 31 Dec. 2019 |
|--|--------------|---|-----------------------|
| EQUITY AND LIABILITIES | PLN'000 | PLN'000 | (restated) PLN'000 |
| Equity <i>(attributable to shareholders of the Parent Company)</i> | | | |
| Share capital | 518,942 | - | 518,942 |
| Share premium | 38,825 | - | 38,825 |
| Transactions with non-controlling interests | (9,186) | 851 | (8,335) |
| Other capitals | (1,319) | - | (1,319) |
| Differences on foreign currency translation of subsidiaries | (119,586) | - | (119,586) |

| | | | |
|--|------------------|--------------|------------------|
| Retained earnings | 370,476 | (342) | 370,134 |
| | 798,152 | 509 | 798,661 |
| Non-controlling interests | 2,051 | - | 2,051 |
| Total equity | 800,203 | 509 | 800,712 |
| Non-current liabilities | | | |
| Bank loans and borrowings | 43,255 | - | 43,255 |
| Lease liabilities | 47,489 | - | 47,489 |
| Other financial liabilities | 28,557 | - | 28,557 |
| Deferred tax liabilities | 1,344 | 1,823 | 3,167 |
| Provisions | 2,013 | - | 2,013 |
| Contract liabilities | 804 | - | 804 |
| Other liabilities | 494 | - | 494 |
| | 123,956 | 1,823 | 125,779 |
| Current liabilities | | | |
| Bank loans and borrowings | 49,742 | - | 49,742 |
| Lease liabilities | 18,923 | - | 18,923 |
| Other financial liabilities | 13,879 | - | 13,879 |
| Trade payables | 109,977 | - | 109,977 |
| Contract liabilities | 58,707 | - | 58,707 |
| Corporate income tax payable | 5,738 | - | 5,738 |
| Liabilities to the state and local budgets | 24,231 | - | 24,231 |
| Other liabilities | 19,247 | - | 19,247 |
| Provisions | 2,847 | - | 2,847 |
| Accruals | 22,317 | - | 22,317 |
| | 325,608 | - | 325,608 |
| TOTAL LIABILITIES | 449,564 | 1,823 | 451,387 |
| TOTAL EQUITY AND LIABILITIES | 1,249,767 | 2,332 | 1,252,099 |

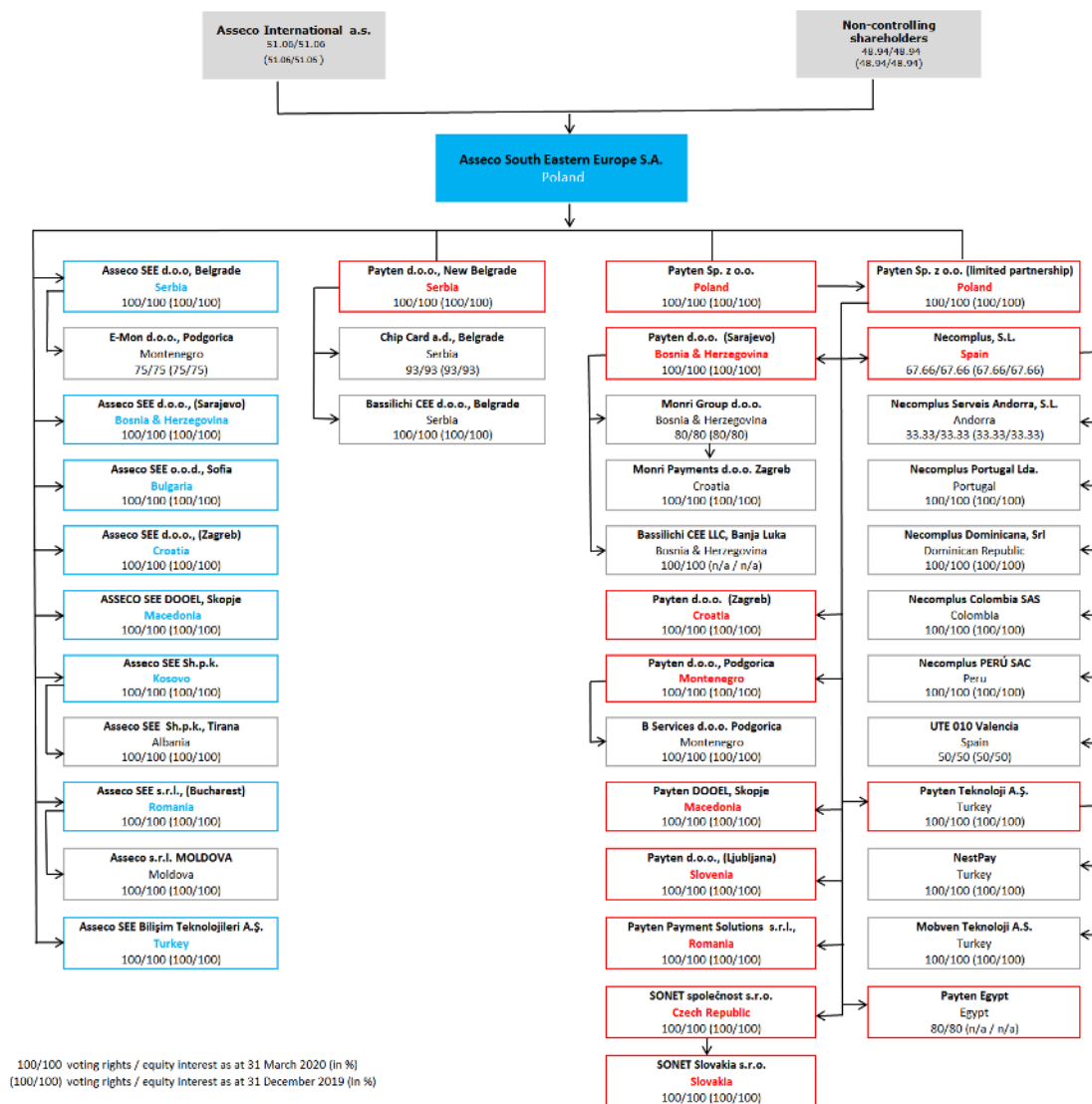
| 3 months ended 31 March 2019 | Banking Solutions | Payment Solutions | Dedicated Solutions | Change – Banking Solutions | Change – Payment Solutions | Change – Dedicated Solutions | Banking Solutions | Payment Solutions (restated) | Dedicated Solutions |
|-------------------------------------|----------------------|----------------------|------------------------|----------------------------------|----------------------------------|------------------------------------|----------------------|------------------------------------|------------------------|
| | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 |
| Sales to external customers | 38,492 | 76,817 | 63,507 | - | - | - | 38,492 | 76,817 | 63,507 |
| Gross profit on sales | 10,604 | 22,002 | 11,461 | - | 243 | 89 | 10,604 | 22,245 | 11,550 |
| Selling costs | (3,123) | (4,389) | (4,093) | - | - | - | (3,123) | (4,389) | (4,093) |
| General and administrative expenses | (3,956) | (4,664) | (2,919) | - | - | - | (3,956) | (4,664) | (2,919) |
| Net profit on sales | 3,525 | 12,949 | 4,449 | - | 243 | 89 | 3,525 | 13,192 | 4,538 |
| Other operating activities | 104 | 127 | 120 | - | - | - | 104 | 127 | 120 |
| Share of profits of associates | - | (55) | - | - | - | - | - | (55) | - |
| Operating profit | 3,629 | 13,021 | 4,569 | - | 243 | 89 | 3,629 | 13,264 | 4,658 |
| Goodwill | 197,384 | 123,076 | 173,985 | - | - | - | 197,384 | 123,076 | 173,985 |

2.8. Corrections of material errors

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

III. Organization and changes in the structure of Asseco South Eastern Europe Group, including the entities subject to consolidation

Organizational structure of Asseco South Eastern Europe Group is presented in the chart below:



During the period of 3 months ended 31 March 2020, the Group's composition changed as follows:

- **Acquisition of shares in Basilichi CEE LLC based in Banja Luka**

On 20 January 2020, Payten d.o.o. (Sarajevo) acquired 100% of shares in the company Basilichi CEE LLC based in Banja Luka.

- **Establishing of a new company Payten Egypt**

The establishment of Payten Egypt, based in Giza, was registered on 26 January 2020. 80% of shares in this company were acquired by Payten Sp. z o.o. sp.k.

- **Transfer of shares in Payten Teknoloji A.Ş.**

On 20 March 2020, ASEE S.A. made a non-cash contribution to Payten Sp. z o.o. sp.k. of shares in the company Payten Teknoloji A.Ş. This transaction consisted in making a contribution of our investment in one subsidiary to another subsidiary company of ASEE S.A. and therefore it had no impact on the financial position and financial results of the Group.

IV. Information on operating segments

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

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) Dedicated Solutions (formerly 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.

Dedicated Solutions

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 Dedicated Solutions segment includes LeaseFlex, a fully-fledged lease and asset lifecycle management solution.

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

Revenues from none of our clients exceeded 10% of total sales generated by the Group in the period of 3 months ended 31 March 2020.

Selected financial data for the period of 3 months ended 31 March 2020, in a breakdown to operating segments:

| 3 months ended 31 March 2020 | Banking Solutions PLN'000 | Payment Solutions PLN'000 | Dedicated Solutions PLN'000 | Eliminations PLN'000 | Total PLN'000 |
|--------------------------------------|------------------------------|------------------------------|--------------------------------|-------------------------|------------------|
| Sales revenues: | 44,772 | 113,015 | 80,724 | (7,526) | 230,985 |
| Sales to external customers | 40,990 | 110,045 | 79,950 | - | 230,985 |
| Sales between and/or within segments | 3,782 | 2,970 | 774 | (7,526) | - |
| Gross profit on sales | 13,746 | 28,683 | 13,661 | - | 56,090 |
| Selling costs | (3,121) | (5,507) | (4,462) | - | (13,090) |
| General and administrative expenses | (4,076) | (7,223) | (3,579) | - | (14,878) |
| Net profit on sales | 6,549 | 15,953 | 5,620 | - | 28,122 |
| Other operating activities | 17 | 186 | 53 | - | 256 |
| Share of profits of associates | - | - | - | - | - |
| Operating profit | 6,566 | 16,139 | 5,673 | - | 28,378 |
| Goodwill | 206,887 | 176,178 | 180,575 | - | 563,640 |

| 3 months ended 31 March 2020 | Banking Solutions EUR'000 | Payment Solutions EUR'000 | Dedicated Solutions EUR'000 | Eliminations EUR'000 | Total EUR'000 |
|--------------------------------------|------------------------------|------------------------------|--------------------------------|-------------------------|------------------|
| Sales revenues: | 10,184 | 25,707 | 18,362 | (1,712) | 52,541 |
| Sales to external customers | 9,324 | 25,031 | 18,186 | - | 52,541 |
| Sales between and/or within segments | 860 | 676 | 176 | (1,712) | - |
| Gross profit on sales | 3,127 | 6,525 | 3,107 | - | 12,759 |
| Selling costs | (710) | (1,253) | (1,015) | - | (2,978) |
| General and administrative expenses | (927) | (1,643) | (814) | - | (3,384) |
| Net profit on sales | 1,490 | 3,629 | 1,278 | - | 6,397 |
| Other operating activities | 4 | 42 | 12 | - | 58 |
| Share of profits of associates | - | - | - | - | - |
| Operating profit | 1,494 | 3,671 | 1,290 | - | 6,455 |
| Goodwill | 45,447 | 38,701 | 39,667 | - | 123,815 |

The financial results presented above have been converted at the average exchange rate in the first quarter of 2020: EUR 1 = PLN 4.3963, whereas the financial position data have been converted at the exchange rate effective as at 31 March 2020: EUR 1 = PLN 4.5523.

Selected financial data for the period of 3 months ended 31 March 2019, in a breakdown to operating segments:

| 3 months ended 31 March 2019 (restated) | Banking Solutions PLN'000 | Payment Solutions PLN'000 | Dedicated Solutions PLN'000 | Eliminations PLN'000 | Total PLN'000 |
|--|------------------------------|------------------------------|--------------------------------|-------------------------|------------------|
| Sales revenues: | 42,305 | 81,888 | 63,980 | (9,357) | 178,816 |
| Sales to external customers | 38,492 | 76,817 | 63,507 | - | 178,816 |
| Sales between and/or within segments | 3,813 | 5,071 | 473 | (9,357) | - |
| Gross profit on sales | 10,604 | 22,245 | 11,550 | - | 44,399 |
| 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 | 13,192 | 4,538 | - | 21,255 |
| Other operating activities | 104 | 127 | 120 | - | 351 |
| Share of profits of associates | - | (55) | - | - | (55) |
| Operating profit | 3,629 | 13,264 | 4,658 | - | 21,551 |
| Goodwill | 197,384 | 123,076 | 173,985 | - | 494,445 |

| 3 months ended 31 March 2019 (restated) | Banking Solutions EUR'000 | Payment Solutions EUR'000 | Dedicated Solutions EUR'000 | Eliminations EUR'000 | Total EUR'000 |
|--|--|--|--|---------------------------------|--------------------------|
| Sales revenues: | 9,843 | 19,053 | 14,887 | (2,177) | 41,606 |
| Sales to external customers | 8,956 | 17,873 | 14,777 | - | 41,606 |
| Sales between and/or within segments | 887 | 1,180 | 110 | (2,177) | - |
| Gross profit on sales | 2,467 | 5,176 | 2,687 | - | 10,330 |
| Selling costs | (727) | (1,021) | (952) | - | (2,700) |
| General and administrative expenses | (920) | (1,085) | (679) | - | (2,684) |
| Net profit on sales | 820 | 3,070 | 1,056 | - | 4,946 |
| Other operating activities | 24 | 29 | 28 | - | 81 |
| Share of profits of associates | - | (13) | - | - | (13) |
| Operating profit | 844 | 3,086 | 1,084 | - | 5,014 |
| Goodwill | 45,889 | 28,614 | 40,449 | - | 114,952 |

The financial results presented above have been converted at the average exchange rate in the first quarter of 2019: EUR 1 = PLN 4.2978, whereas the financial position data have been converted at the exchange rate effective as at 31 March 2019: EUR 1 = PLN 4.3013.

V. Explanatory notes to the consolidated statement of profit and loss

5.1. Structure of operating revenues

Operating revenues generated during the period of 3 months ended 31 March 2020 and in the comparable period were as follows:

| | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|---|--|--|
| Operating revenues by type of products | | |
| Proprietary software and services | 154,438 | 120,461 |
| Third-party software and services | 24,156 | 27,471 |
| Hardware and infrastructure | 52,391 | 30,884 |
| Total | 230,985 | 178,816 |

i. Segment revenues in a breakdown by type of products

Revenues of individual segments from sales to external customers by type of products during the period of 3 months ended 31 March 2020 and in the comparable period were as follows:

| | Banking Solutions PLN'000 | Payment Solutions PLN'000 | Dedicated Solutions PLN'000 | Total PLN'000 |
|-------------------------------------|------------------------------|------------------------------|--------------------------------|------------------|
| 3 months ended 31 March 2020 | | | | |
| Proprietary software and services | 39,860 | 77,535 | 37,043 | 154,438 |
| Third-party software and services | 859 | 2,968 | 20,329 | 24,156 |
| Hardware and infrastructure | 271 | 29,542 | 22,578 | 52,391 |
| Total operating revenues | 40,990 | 110,045 | 79,950 | 230,985 |

| | Banking Solutions PLN'000 | Payment Solutions PLN'000 | Dedicated Solutions PLN'000 | Total PLN'000 |
|-------------------------------------|------------------------------|------------------------------|--------------------------------|------------------|
| 3 months ended 31 March 2019 | | | | |
| Proprietary software and services | 36,886 | 54,573 | 29,002 | 120,461 |
| Third-party software and services | 698 | 2,059 | 24,714 | 27,471 |
| Hardware and infrastructure | 908 | 20,185 | 9,791 | 30,884 |
| Total operating revenues | 38,492 | 76,817 | 63,507 | 178,816 |

ii. Breakdown of operating revenues by countries in which they were generated

| | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|--|--|--|
| Operating revenues by countries | | |
| Austria | 4,975 | 4,013 |
| Bosnia and Herzegovina | 7,097 | 7,246 |
| Bulgaria | 3,127 | 953 |
| Croatia | 26,849 | 26,078 |
| Montenegro | 4,151 | 3,139 |
| Czech Republic | 4,295 | 151 |
| Spain | 24,347 | 14,200 |
| Colombia | 1,247 | 587 |
| Kosovo | 2,952 | 3,351 |

| | | |
|---------------------------------|----------------|----------------|
| Macedonia | 22,151 | 9,761 |
| Peru | 3,570 | 1,953 |
| Poland | 2,556 | 2,351 |
| Portugal | 3,063 | 2,331 |
| Romania | 25,745 | 23,444 |
| Serbia | 63,624 | 56,705 |
| Slovakia | 1,886 | 23 |
| Slovenia | 4,030 | 3,291 |
| Turkey | 19,094 | 14,433 |
| Italy | 2,609 | 862 |
| Other countries | 3,617 | 3,944 |
| Total operating revenues | 230,985 | 178,816 |

iii. Revenues from contracts with customers by the method of recognition in the statement of profit and loss

| | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|--|--|--|
| Revenues from contracts with customers recognized in accordance with IFRS 15, of which: | 205,274 | 160,077 |
| From goods and services transferred at a specific point in time | 73,236 | 58,531 |
| From goods and services transferred over the passage of time | 132,038 | 101,546 |
| Other operating revenues (mainly from leases) | 25,711 | 18,739 |
| Total operating revenues | 230,985 | 178,816 |

Operating revenues, which are not recognized in accordance with IFRS 15, represent primarily revenues generated by the Group from the provision of ATMs and POS terminals outsourcing services. Such contracts are treated as operating leases.

iv. 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 receivable under such contracts have been estimated as follows:

| | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|--------------------------------------|--|--|
| Future minimum lease payments | | |
| (i) within 1 year | 85,671 | 61,568 |
| (ii) within 1 to 5 years | 94,579 | 74,929 |
| (iii) within more than 5 years | 5,897 | 7,807 |
| Total | 186,147 | 144,304 |

5.2. Structure of operating costs

The table below presents operating costs incurred in the period of 3 months ended 31 March 2020 and in the comparable period.

| Operating costs | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 (restated) PLN'000 |
|--|--|--|
| Cost of goods, materials and third-party services sold (COGS) | (88,668) | (65,961) |
| Employee benefits | (74,606) | (59,426) |
| Third-party non-project services and outsourcing of employees | (6,918) | (6,331) |
| Depreciation and amortization | (19,121) | (14,450) |
| Maintenance costs of property and company cars | (8,205) | (6,852) |
| Business trips | (1,020) | (1,078) |
| Advertising | (869) | (899) |
| Other operating expenses | (3,456) | (2,564) |
| Total | (202,863) | (157,561) |
| Cost of sales | (175,711) | (134,194) |
| Selling costs | (13,090) | (11,605) |
| General and administrative expenses | (14,878) | (11,539) |
| Recognition (reversal) of impairment losses on financial instruments | 816 | (223) |
| Total | (202,863) | (157,561) |

Third-party non-project services include consulting services which are not related to specific projects, as well as auditing, legal, banking, postal, courier services, and stock exchange fees.

Maintenance costs of property and company cars include the costs of equipment repairs and spare parts used for the executed projects, costs of repairs and maintenance of tangible assets (including infrastructure provided under our outsourcing contracts), maintenance costs of intangible assets, office space rental and maintenance fees, as well as maintenance of company cars.

i. Share-based payment transactions with employees

On 23 June 2017, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of 2,221,356 shares in ASEE S.A., representing 4.28% of the company's share capital. On the transaction date, Members of the Management Board of ASEE S.A. as well as parties related through Members of the Management Board of ASEE S.A. acquired 1,572,424 shares in total.

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

The purchase rights were vested on 23 June 2017. The acquisition price was set at PLN 10.89 per share. As at the acquisition date, the market price per share equalled PLN 12.60. According to the concluded agreements, the managers shall exercise all the rights attached to shares acquired (dividend rights, voting rights, etc.) since the shares acquisition date, this is as of 23 June 2017. The consideration for the shares shall be paid in eight annual instalments till 31 July 2024. The right to pay the acquisition price in instalments is granted to persons participating in this plan provided they continue to serve in a managerial position at the Group and do not violate any material conditions of the agreement (among others, make timely payments according to the schedule, establish a pledge on shares acquired, refrain from selling these shares during the lock-up period, etc.). The managers are not allowed to sell these shares over a lock-up period of 2 years in relation to 50% of shares and 3 years for the remaining 50% of shares. The managers shall be entitled to make an earlier payment for shares acquired at the agreed price of PLN 10.89 per share, except for shares being subject to the lock-up obligation. Therefore, over a period of 2 years from the date of concluding the agreement, payments for shares acquired must be made in accordance with the agreed schedule. Hence, after 2 years have passed and still before the lapse of 3 years, the managers can make an early payment for 50% of shares at maximum. Upon expiry of the 3-year period, early payment can be made for all shares acquired. An unpaid portion of the selling price shall be secured by establishing a pledge on shares purchased by each buyer.

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

The fair value of this share-based incentive plan has been estimated as the sum of the discount between the shares market price on the transaction date and their actual acquisition price, and the valuation of put options measured using the Black-Scholes Merton model. The total fair value of the plan as at the rights vesting date amounts to PLN 5,642 thousand. The incentive plan costs will be accounted for, along with the corresponding increase in equity, as costs of employee benefits and recognized in the financial results of ASEE Group for the years 2017-2020.

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

| | |
|---|-----------|
| Market price of 1 share of ASEE on the acquisition date | PLN 12.60 |
| Acquisition price of 1 share | PLN 10.89 |
| Expected share price volatility | 25.61% |
| Risk-free interest rate | 2.25% |
| Dividend yield | 3.81% |
| Employee turnover ratio | 9.0% |

The expected share price volatility of 25.61% has been computed based on historical quotes of our shares in the period of two years preceding the date of the shares sale transaction, taking into account their average closing prices.

The risk-free interest rate has been assumed in correspondence to the interest offered on three-year Treasury bills, equalling 2.25%.

The dividend yield has been determined on the basis of dividend amounting to PLN 0.48 per share that was paid out to the shareholders of ASEE S.A. from the company's net profit for the year 2016.

The employee turnover ratio has been estimated based on historical data for the years 2015-2017 and updated with current changes in the employment of persons participating in the incentive plan.

The options exercise period has been set at 2 years in relation to 50% of shares and 3 years for the remaining 50% of shares. The options exercise period has been correlated with the lock-up period applicable to the sale of shares, lasting 2 or 3 years.

The costs of share-based payment plan disclosed in the interim condensed consolidated financial statements for the period of 3 months ended 31 March 2020 amounted to PLN 316 thousand (vs. PLN 673 thousand in the first quarter of 2019), of which costs related to shares acquired by Members of the Management Board amounted to PLN 189 thousand (vs. PLN 476 thousand in the first quarter of 2019). In correspondence, this transaction was recognized as a separate item of the Group's equity, in the same amount as disclosed in remuneration costs.

ii. Reconciliation of depreciation and amortization charges

The table below presents the reconciliation of depreciation and amortization charges recognized in the statement of profit and loss with those disclosed in the tables of changes in property, plant and equipment, as well as in intangible assets:

| | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 (restated) PLN'000 |
|---|--|--|
| Depreciation charges as disclosed in the table of changes in property, plant and equipment | (11,788) | (10,112) |
| Amortization charges as disclosed in the table of changes in intangible assets | (1,892) | (1,102) |
| Depreciation charges as disclosed in the table of changes in right-of-use assets | (5,433) | (3,235) |
| Depreciation charges on investment property | (8) | (8) |
| Reduction of amortization charges due to recognition of grants to internally generated licenses | - | 7 |
| Total depreciation and amortization charges disclosed in the statement of profit and loss and in the statement of cash flows | (19,121) | (14,450) |

5.3. Other operating income and expenses

Other operating income and expenses in the period of 3 months ended 31 March 2020 and in the comparable period were as follows:

| Other operating income | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|--|--|--|
| Gain on disposal of property, plant and equipment | 40 | 250 |
| Proceeds from letting of own office space | 15 | 17 |
| Reversal of a provision for the costs of court litigation relating to other operations | 1 | 92 |
| Other | 394 | 1,059 |
| Total | 450 | 1,418 |

| Other operating expenses | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|--|--|--|
| Loss on disposal of property, plant and equipment | - | (14) |
| Charitable contributions to unrelated parties | (33) | (93) |
| Provisions created, including for the costs of court litigation relating to other operations | - | (128) |
| Other | (161) | (832) |
| Total | (194) | (1,067) |

5.4. Financial income and expenses

Financial income earned during the period of 3 months ended 31 March 2020 and in the comparable period was as follows:

| Financial income | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|--|--|--|
| Interest income on loans granted and bank deposits | 421 | 553 |
| Positive foreign currency translation differences | 3,711 | 1,382 |
| Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss | - | 64 |
| Gain on revaluation of conditional payments in transactions to obtain control | 187 | - |
| Other financial income | 1 | 15 |
| Total financial income | 4,320 | 2,014 |

Financial expenses incurred during the period of 3 months ended 31 March 2020 and in the comparable period were as follows:

| Financial expenses | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|--|--|--|
| Interest expenses on bank loans and borrowings | (421) | (233) |
| Interest expenses on leases | (603) | (311) |
| Other interest expenses | (50) | (45) |
| Negative foreign currency translation differences | (2,989) | (661) |
| Expenses related to obtaining control over subsidiaries | (6) | (334) |
| Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss | (469) | (177) |
| Other financial expenses | (38) | - |
| Total financial expenses | (4,576) | (1,761) |

Positive and negative foreign currency translation differences are presented in net amounts (reflecting the excess of positive differences over negative differences or otherwise) at the level of individual subsidiaries.

Gain/loss on revaluation of conditional payments in transactions to obtain control resulted from changes in the estimates of deferred contingent liabilities arising from the acquisition of controlling interests in subsidiaries.

5.5. Corporate income tax

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

| | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 (restated) PLN'000 |
|--|--|--|
| Current corporate income tax expense as disclosed in the statement of profit and loss, of which: | (4,524) | (2,949) |
| <i>Current portion of income tax</i> | (5,211) | (3,307) |
| <i>Corrections of CIT filings for prior years</i> | 687 | 358 |
| Deferred income tax | 38 | (281) |
| Income tax expense as disclosed in the statement of profit and loss | (4,486) | (3,230) |

During the period of 3 months ended 31 March 2020, our effective tax rate equalled 16%, as compared with 14.8% in the comparable period.

5.6. Earnings per share

Both during the reporting period and the comparable period, there were no instruments that could potentially dilute basic earnings per share, hence our basic earnings per share and diluted earnings per share are equal. The table below presents net profits and numbers of shares used for the calculation of earnings per share.

| | 3 months ended 31 March 2020 | 3 months ended 31 March 2019 (restated) |
|--|---------------------------------|---|
| Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share | 51,894,251 | 51,894,251 |
| Net profit attributable to shareholders of the Parent Company for the reporting period (in thousands of PLN) | 23,547 | 18,193 |
| Consolidated earnings per share for the reporting period (in PLN) | 0.45 | 0.35 |

5.7. Information on dividends paid out

Until 31 March 2020, the General Meeting has not yet adopted a resolution on distribution of the Parent Company's net profit for the year 2019. However, on 24 February 2020, in line with the Management's proposal presented at the Supervisory Board meeting, the Supervisory Board passed a resolution to recommend to the Company's General Meeting to approve payment of a dividend for the year 2019, in the amount of PLN 0.74 per share. The total amount allocated to the dividend payment (from the net profit for the year 2019 and reserve capital) shall equal PLN 38,402 thousand.

In 2019, the Parent Company paid out to its shareholders a dividend for the year 2018. The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to § 12 sec. 4 item 2 of the Company's Articles of Association, on 11 April 2019 decided to pay out a dividend in the total amount of PLN 26,985 thousand or PLN 0.52 per share to all of the Company's shareholders. The Company's Annual General Meeting established 28 June 2019 as the dividend record date. The dividend was paid out on 11 July 2019. The number of shares eligible for dividend was 51,894,251.

VI. Explanatory notes to the consolidated statement of financial position

6.1. Property, plant and equipment

The net book value of property, plant and equipment, during the period of 3 months ended 31 March 2020 and in the comparable period changed as a result of the following transactions:

| | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|--|--|--|
| Net book value of property, plant and equipment as at 1 January | 147,061 | 126,873 |
| Additions, of which: | 8,495 | 20,721 |
| Purchases and modernization | 6,412 | 14,147 |
| Obtaining control over subsidiaries | 1,481 | 6,145 |
| Other | 602 | 429 |
| Reductions, of which: | (12,704) | (10,332) |
| Depreciation charges for the reporting period | (11,788) | (10,112) |
| Disposal and liquidation | (617) | (220) |
| Other | (299) | - |
| Differences on foreign currency translation of foreign operations | 8,627 | (230) |
| Net book value of property, plant and equipment as at 31 March | 151,479 | 137,032 |

As at 31 March 2020, tangible assets with a book value of PLN 8,433 thousand served as collateral for bank loans.

As at 31 December 2019, tangible assets with a book value of PLN 8,674 thousand served as collateral for bank loans.

6.2. Intangible assets

The net book value of intangible assets, during the period of 3 months ended 31 March 2020 and in the comparable period changed as a result of the following transactions:

| | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 (restated) PLN'000 |
|--|--|--|
| Net book value of intangible assets as at 1 January | 23,978 | 10,854 |
| Additions, of which: | 1,579 | 5,827 |
| Purchases and modernization | 489 | 1,038 |
| Obtaining control over subsidiaries | 166 | 4,494 |
| Costs of development projects in progress | 924 | 295 |
| Reductions, of which: | (2,077) | (1,102) |
| Amortization charges for the reporting period | (1,892) | (1,102) |
| Disposal and liquidation | (185) | - |
| Change in presentation | - | (725) |
| Differences on foreign currency translation of foreign operations | 960 | 2 |
| Net book value of intangible assets as at 31 March | 24,440 | 14,856 |

Both as at 31 March 2020 and 31 December 2019, intangible assets did not serve as collateral for any bank loans.

During the period of 3 months ended 31 March 2020, the Group recognized the costs of liquidation and impairment losses on its proprietary software and licenses in the amount of PLN 181 thousand.

6.3. Right-of-use assets

The net book value of right-of-use assets, during the period of 3 months ended 31 March 2020 and in the comparable period changed as a result of the following transactions:

| | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|--|--|--|
| Net book value of right-of-use assets as at 1 January | 65,055 | 34,926 |
| Additions, of which: | 3,384 | 15,725 |
| Conclusion of new lease contracts | 2,900 | 6,983 |
| Modification of existing contracts | 73 | - |
| Obtaining control over subsidiaries | 411 | 8,742 |
| Reductions, of which: | (5,434) | (3,970) |
| Depreciation charges for the reporting period | (5,433) | (3,235) |
| Early termination of contracts | (1) | (735) |
| Differences on foreign currency translation of foreign operations | 3,979 | (246) |
| Net book value of right-of-use assets as at 31 March | 66,984 | 46,435 |

6.4. Goodwill

For impairment testing purposes, goodwill arising from obtaining control over subsidiaries is allocated to the group of cash-generating units that constitute an operating segment.

The following table presents the amounts of goodwill as at 31 March 2020, 31 December 2019 and 31 March 2019, in a breakdown to operating segments:

| Goodwill | 31 March 2020 PLN'000 | 31 Dec. 2019 (restated) PLN'000 | 31 March 2019 PLN'000 |
|--|--------------------------|---------------------------------------|--------------------------|
| Goodwill at the beginning of the period | 532,139 | 481,089 | 481,089 |
| Banking Solutions | 194,903 | 198,983 | 198,983 |
| Payment Solutions | 165,893 | 106,696 | 106,696 |
| Dedicated Solutions | 171,343 | 175,410 | 175,410 |
| Change in consolidation goodwill due to the acquisition of shares (+/-) | 1,691 | 62,757 | 16,438 |
| Banking Solutions | - | - | - |
| Payment Solutions | 1,691 | 62,757 | 16,438 |
| Dedicated Solutions | - | - | - |
| Foreign currency translation differences (+/-) | 29,810 | (11,707) | (3,082) |
| Banking Solutions | 11,984 | (4,080) | (1,599) |
| Payment Solutions | 8,594 | (3,560) | (58) |
| Dedicated Solutions | 9,232 | (4,067) | (1,425) |
| Total goodwill | 563,640 | 532,139 | 494,445 |
| Banking Solutions | 206,887 | 194,903 | 197,384 |
| Payment Solutions | 176,178 | 165,893 | 123,076 |
| Dedicated Solutions | 180,575 | 171,343 | 173,985 |
| Total as at 31 December | 563,640 | 532,139 | 494,445 |

In the period of 3 months ended 31 March 2020, the balance of goodwill arising from consolidation was affected by the following transactions:

i. Acquisition of shares in Bassilichi CEE LLC based in Banja Luka

On 20 January 2020, Payten d.o.o. (Sarajevo) acquired 100% of shares in the company Bassilichi CEE LLC based in Banja Luka.

The transaction price amounted to EUR 1.

Until 31 March 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of Bassilichi may still be subject to change.

The provisional values of identifiable assets and liabilities of Bassilichi as at the date of obtaining control were as follows (converted at the exchange rate of PLN/BAM effective as at the acquisition date):

| | Provisional values as at the acquisition date PLN'000 |
|--|--|
| Assets acquired | |
| Property, plant and equipment | 1,451 |
| Intangible assets | 162 |
| Right-of-use assets | 402 |
| Trade receivables | 352 |
| Inventories | 321 |
| Cash and cash equivalents | 223 |
| Other assets | 9 |
| Total assets | 2,920 |
| Liabilities acquired | |
| Bank loans and borrowings | 1,722 |
| Lease liabilities | 428 |
| Trade payables | 2,255 |
| Liabilities to the state and local budgets | 116 |
| Provisions and accruals | 42 |
| Other liabilities | 48 |
| Total liabilities | 4,611 |
| Net assets value | (1,691) |
| Equity interest acquired | 100% |
| Purchase price | - |
| Goodwill as at the acquisition date | 1,691 |

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

ii. Change in allocation of the purchase price of shares in Sonet spol. s.r.o. and Sonet Slovakia s.r.o.

On 5 September 2019, Payten Sp. z o.o. sp.k. based in Warsaw signed an agreement to acquire 100% of shares in the company Sonet spol. s.r.o. based in Brno as well as 50% of shares in the company Sonet Slovakia s.r.o. based in Bratislava, in which the remaining 50% stake is held by Sonet spol. s.r.o. based in Brno, for the total consideration of EUR 4 million, increased by EUR 1.4 million of net cash surplus as at the transaction closing date as determined in the agreement, and possible conditional payments up to the amount of EUR 0.2 million depending on the achievement of target financial results by Sonet.

Until 31 March 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of Sonet Group as at the date of obtaining control were as follows (converted at the exchange rate of PLN/CZK effective as at the acquisition date):

| | Provisional values as at the acquisition date PLN'000 |
|--|--|
| Assets acquired | |
| Property, plant and equipment | 1,806 |
| Intangible assets | 5,917 |
| Right-of-use assets | 873 |
| Trade receivables | 4,355 |
| Receivables from the state and local budgets | 118 |
| Inventories | 248 |
| Cash and cash equivalents | 8,879 |
| Other assets | 321 |
| Total assets | 22,517 |
| Liabilities acquired | |
| Bank loans and borrowings | 244 |
| Lease liabilities | 873 |

| | |
|--|---------------|
| Trade payables | 919 |
| Liabilities to the state and local budgets | 484 |
| Deferred tax liabilities | 942 |
| Other liabilities | 538 |
| Total liabilities | 4,000 |
| Net assets value | 18,517 |
| Equity interest acquired | 100% |
| Purchase price | 24,382 |
| Goodwill as at the acquisition date | 5,865 |

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

iii. Change in allocation of the purchase price of shares in Monri Group d.o.o.

On 8 October 2019, Payten d.o.o. (Sarajevo) concluded a conditional agreement to acquire 80% of shares in Monri Group d.o.o. for the total consideration of EUR 1.96 million. The Group obtained control over Monri Group d.o.o. on 15 November 2019 upon satisfying all the conditions precedent. Monri Group holds 100% of shares in the company Monri Payments d.o.o. Zagreb.

Payten d.o.o. (Sarajevo) also signed a put option agreement with the non-controlling shareholders of Monri. The amount of liabilities under put options has been disclosed in explanatory note 6.12.

Until 31 March 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of Monri Group as at the date of obtaining control were as follows (converted at the exchange rate of PLN/BAM effective as at the acquisition date):

| | Provisional values as at the acquisition date PLN'000 |
|--|--|
| Assets acquired | |
| Property, plant and equipment | 76 |
| Intangible assets | 5,361 |
| Goodwill | 691 |
| Trade receivables | 637 |
| Receivables from the state and local budgets | 94 |
| Inventories | 2 |
| Cash and cash equivalents | 495 |
| Other assets | 231 |
| Total assets | 7,587 |
| Liabilities acquired | |
| Bank loans and borrowings | 2,565 |
| Trade payables | 848 |
| Liabilities to the state and local budgets | 79 |
| Prepayments and accrued income | 427 |
| Deferred tax liabilities | 966 |
| Other liabilities | 530 |
| Total liabilities | 5,415 |
| Net assets value | 2,172 |
| Equity interest acquired | 80% |
| Value of non-controlling interests | 434 |
| Purchase price | 8,359 |
| Goodwill as at the acquisition date | 6,621 |

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

6.5. Other financial assets

As at 31 March 2020, 31 December 2019 and 31 March 2019, apart from receivables and cash and cash equivalents described in other notes, the Group also held other financial assets as presented in the table below.

| | 31 March 2020 | | 31 Dec. 2019 | | 31 March 2019 | |
|---|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 |
| Financial assets carried at fair value through profit or loss, of which: | | | | | | |
| Currency forward contracts | - | - | 109 | - | - | 26 |
| Other assets | 1 | 4 | - | 4 | - | 4 |
| | 1 | 4 | 109 | 4 | - | 30 |
| Financial assets carried at fair value through other comprehensive income, of which: | | | | | | |
| Shares in companies quoted in an active market | 42 | 26 | 53 | 25 | 48 | 24 |
| Shares in companies not quoted in an active market | 21 | - | 20 | - | 21 | - |
| | 63 | 26 | 73 | 25 | 69 | 24 |
| Financial assets carried at amortized cost, of which: | | | | | | |
| Loans granted, of which: | | | | | | |
| granted to employees | - | 13 | - | 13 | - | 30 |
| granted to other entities | - | - | - | 3 | - | 88 |
| Short-term deposits | 4,821 | 565 | 4,488 | 527 | 5,066 | 3,505 |
| | 4,821 | 578 | 4,488 | 543 | 5,066 | 3,623 |
| Total | 4,885 | 608 | 4,670 | 572 | 5,135 | 3,677 |

In the comparable periods, this is as at 31 December 2019 and 31 March 2019, financial assets carried at fair value through profit or loss included currency forward contracts held by ASEE S.A. and ASEE Romania. The fair value of currency forward contracts is determined at each reporting date using calculation models based on inputs that are directly observable in active markets.

The line of 'Financial assets carried at amortized cost – cash deposits' includes term bank deposits with an original maturity of more than 3 months that are held by ASEE Macedonia. These cash deposits, to a large extent, serve as collateral for a bank guarantee used under an IT project that is implemented for a public administration institution.

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

In the period of 3 months ended 31 March 2020, the Group did not change its methods for measuring the fair value of financial instruments carried at fair value nor did it transfer any instruments between individual levels of the fair value hierarchy.

As at 31 March 2020, 31 December 2019 and 31 March 2019, the fair values of financial assets were not significantly different from their book values.

| As at 31 March 2020 | Carrying value PLN'000 | Level 1 ⁱ⁾ PLN'000 | Level 2 ⁱⁱ⁾ PLN'000 | Level 3 ⁱⁱⁱ⁾ PLN'000 |
|--|---------------------------|----------------------------------|-----------------------------------|------------------------------------|
| Financial assets carried at fair value through profit or loss | | | | |
| Currency forward contracts | - | - | - | - |
| Other assets | 5 | - | - | 5 |
| Total | 5 | - | - | 5 |
| Financial assets carried at fair value through other comprehensive income | | | | |
| Shares in companies quoted in an active market | 68 | 68 | - | - |
| Shares in companies not listed on regulated markets | 21 | - | - | 21 |
| Total | 89 | 68 | - | 21 |

i. fair value determined on the basis of quoted prices offered in active markets for identical assets;

ii. fair value determined using calculation models based on inputs that are observable, either directly or indirectly, in active markets;

iii. fair value determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets.

| As at 31 December 2019 | Carrying value PLN'000 | Level 1 ⁱ⁾ PLN'000 | Level 2 ⁱⁱ⁾ PLN'000 | Level 3 ⁱⁱⁱ⁾ PLN'000 |
|--|---------------------------|----------------------------------|-----------------------------------|------------------------------------|
| Financial assets carried at fair value through profit or loss | | | | |
| Currency forward contracts | 109 | - | 109 | - |
| Other assets | 4 | - | - | 4 |
| Total | 113 | - | 109 | 4 |
| Financial assets available for sale | | | | |
| Shares in companies not listed on regulated markets | 78 | 78 | - | - |
| Shares in companies quoted in an active market | 20 | - | - | 20 |
| Total | 98 | 78 | - | 20 |

Descriptions of the fair value hierarchy levels are identical to those provided under the previous table.

| As at 31 March 2019 | Carrying value PLN'000 | Level 1 ⁱ⁾ PLN'000 | Level 2 ⁱⁱ⁾ PLN'000 | Level 3 ⁱⁱⁱ⁾ PLN'000 |
|--|---------------------------|----------------------------------|-----------------------------------|------------------------------------|
| Financial assets carried at fair value through profit or loss | | | | |
| Currency forward contracts | 26 | - | 26 | - |
| Other assets | 4 | - | - | 4 |
| Total | 30 | - | 26 | 4 |
| Financial assets available for sale | | | | |
| Shares in companies not listed on regulated markets | 72 | 72 | - | - |
| Shares in companies quoted in an active market | 21 | - | - | 21 |
| Total | 93 | 72 | - | 21 |

Descriptions of the fair value hierarchy levels are identical to those provided under the previous table.

6.6. Prepayments and accrued income

As at 31 March 2020, 31 December 2019 and 31 March 2019, prepayments and accrued income included the following items:

| | 31 March 2020 | | 31 Dec. 2019 | | 31 March 2019 | |
|--|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 |
| Prepaid services, of which: | 554 | 24,503 | 613 | 20,162 | 16 | 16,111 |
| <i>maintenance services and license fees</i> | 554 | 20,967 | 560 | 17,543 | 16 | 12,484 |
| <i>insurances</i> | - | 1,279 | - | 783 | - | 1,595 |
| <i>rents and averaging of instalments under operating leases</i> | - | 335 | - | 340 | - | 215 |
| <i>prepaid consulting services</i> | - | 89 | - | 116 | - | 100 |
| <i>other services</i> | - | 1,833 | 53 | 1,380 | - | 1,717 |
| Expenses related to services performed for which revenues have not been recognized yet | - | 245 | - | 153 | - | 347 |
| Other prepayments and accrued income | 1 | 1,149 | 1 | 1,431 | 743 | 1,135 |
| Total | 555 | 25,897 | 614 | 21,746 | 759 | 17,593 |

6.7. Receivables and contract assets

The table below presents the amounts of receivables as at 31 March 2020, 31 December 2019 and 31 March 2019.

| | 31 March 2020 | | 31 Dec. 2019 | | 31 March 2019 (restated) | |
|--|----------------------|-----------------------|----------------------|-----------------------|-----------------------------|-----------------------|
| | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 |
| Trade receivables, of which: | - | 131,739 | - | 164,530 | - | 124,599 |
| Trade receivables: | - | 127,255 | - | 161,957 | - | 120,644 |
| from related parties | - | 449 | - | 1,374 | - | 479 |
| from other entities | - | 126,806 | - | 161,492 | - | 120,165 |
| Receivables from operating leases | - | 10,096 | - | 7,690 | - | 7,262 |
| Allowances for trade receivables | - | (5,612) | - | (6,026) | - | (3,307) |
| Corporate income tax receivable | - | 2,029 | - | 1,364 | - | 5,240 |

| | | | | | | |
|---|------------|----------------|------------|----------------|------------|----------------|
| Receivables from the state and local budgets | - | 2,794 | - | 2,008 | - | 3,721 |
| Value added tax | - | 1,121 | - | 649 | - | 2,007 |
| Other | - | 1,673 | - | 1,359 | - | 1,714 |
| Other receivables | 740 | 4,034 | 724 | 2,889 | 909 | 2,460 |
| Security deposits receivable | 740 | 1,619 | 724 | 986 | 896 | 525 |
| Other receivables | - | 2,415 | - | 1,903 | 13 | 1,935 |
| Total receivables | 740 | 140,596 | 724 | 170,791 | 909 | 136,020 |

The table below presents receivables from contracts with customers as at 31 March 2020, 31 December 2019 and 31 March 2019.

| Contract assets | 31 March 2020 | | 31 Dec. 2019 | | 31 March 2019 | |
|---|---------------|---------------|--------------|---------------|---------------|---------------|
| | Long-term | Short-term | Long-term | Short-term | Long-term | Short-term |
| | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 |
| Uninvoiced receivables | - | 25,726 | - | 8,667 | - | 15,044 |
| from related parties | - | - | - | - | - | 130 |
| from other entities | - | 25,726 | - | 8,667 | - | 14,914 |
| Receivables from valuation of IT contracts | - | 25,356 | - | 19,383 | - | 12,895 |
| from related parties | - | 129 | - | - | - | 10 |
| from other entities | - | 25,227 | - | 19,383 | - | 12,885 |
| Total contract assets | - | 51,082 | - | 28,050 | - | 27,939 |

Related party transactions have been presented in explanatory note 6.17 to these interim condensed consolidated financial statements.

The balance of other receivables includes, among others, receivables relating to guarantees of due performance of contracts (i.e. security in cash extended in favour of customers in order to compensate for their potential losses should we fail to fulfil any contractual obligations), receivables from disposal of tangible assets, receivables from security deposits paid-in, as well as other receivables.

Changes in the amount of allowances for trade receivables during the period of 3 months ended 31 March 2020 and in the comparable period are presented in the table below:

| Allowances for trade receivables | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|--|---|---|
| As at 1 January | (6,026) | (3,099) |
| Recognized during the reporting period | (1,156) | (858) |
| Reversed during the reporting period | 1,972 | 635 |
| Acquisition of subsidiaries and other | (39) | - |
| Foreign currency translation differences and other | (363) | 15 |
| Impairment losses as at 31 March | (5,612) | (3,307) |

6.8. Inventories

The table below presents inventories as at 31 March 2020, 31 December 2019 and 31 March 2019:

| Inventories | 31 March 2020 PLN'000 | 31 Dec. 2019 PLN'000 | 31 March 2019 PLN'000 |
|--|--------------------------|-------------------------|--------------------------|
| Computer hardware, third-party software licenses and other goods for resale | 30,592 | 39,146 | 29,785 |
| Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services | 13,052 | 12,060 | 13,182 |
| Impairment losses on inventories | (16,569) | (13,991) | (11,888) |
| Total | 27,075 | 37,215 | 31,079 |

Changes in the amount of impairment losses on inventories during the period of 3 months ended 31 March 2020 and in the comparable period are presented in the table below:

| Impairment losses on inventories | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|--|--|--|
| As at 1 January | (13,991) | (13,137) |
| Recognized during the reporting period | (582) | (701) |
| Utilized during the reporting period | - | 315 |
| Reversed during the reporting period | 624 | 1,608 |
| Obtaining of control over subsidiaries | (1,655) | - |
| Foreign currency translation differences | (965) | 27 |
| Impairment losses as at 31 March | (16,569) | (11,888) |

6.9. Cash and cash equivalents

The table below presents cash and cash equivalents as at 31 March 2020, 31 December 2019 and 31 March 2019:

| | 31 Dec. 2020 PLN'000 | 31 Dec. 2019 PLN'000 | 31 March 2019 PLN'000 |
|--|-------------------------|-------------------------|--------------------------|
| Cash at bank and on hand | 129,633 | 139,854 | 93,327 |
| Cash at split payment accounts | 392 | 341 | - |
| Short-term bank deposits (up to 3 months) | 41,613 | 59,190 | 41,749 |
| Cash in transit and other cash equivalents | 706 | 278 | 1 |
| Total cash and cash equivalents as disclosed in the statement of financial position | 172,344 | 199,663 | 135,077 |
| Interest accrued on cash and cash equivalents | (6) | (46) | (1) |
| Bank overdraft facilities utilized for current liquidity management | (5,637) | (8,956) | (140) |
| Total cash and cash equivalents as disclosed in the cash flow statement | 166,701 | 190,661 | 134,936 |

6.10. Lease liabilities

As at 31 March 2020, the Group was a lessee under lease contracts. Assets leased under such contracts included:

- office and warehouse space,
- locations for ATMs,
- cars,
- IT hardware,
- other assets.

The table below presents the amounts of lease liabilities as at 31 March 2020, 31 December 2019 and 31 March 2019.

| Financial liabilities | 31 March 2020 | | 31 Dec. 2019 | | 31 March 2019 | |
|-----------------------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 |
| Leases of real estate | 38,121 | 13,907 | 37,650 | 12,402 | 33,433 | 6,657 |
| Leases of transportation vehicles | 5,802 | 3,820 | 5,677 | 3,533 | 6,942 | 1,905 |
| Leases of IT hardware | 3,890 | 2,945 | 4,162 | 2,988 | - | 128 |
| | 47,813 | 20,672 | 47,489 | 18,923 | 40,375 | 8,690 |

6.11. Bank loans and borrowings

The table below presents the Group's debt under bank loans and borrowings outstanding as at 31 March 2020, 31 December 2019 and 31 March 2019.

| | Curren- cy | Repayment date | 31 March 2020 | | 31 Dec. 2019 | | 31 March 2019 | |
|----------------------------------|---------------|-------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | | | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 |
| Bank overdraft facilities | | | - | 5,636 | - | 8,956 | - | 140 |
| <i>fixed interest rate</i> | <i>MKD</i> | <i>10.04.2020</i> | - | 26 | - | 60 | - | 31 |
| <i>fixed interest rate</i> | <i>TRY</i> | <i>03.04.2020</i> | - | 54 | - | 55 | - | - |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>07.04.2020</i> | - | 107 | - | 125 | - | 49 |
| <i>fixed interest rate</i> | <i>COP</i> | <i>30.06.2020</i> | - | 51 | - | 58 | - | 60 |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>26.08.2020</i> | - | 5,398 | - | 8,658 | - | - |
| Other bank loans | | | 40,788 | 35,128 | 40,061 | 37,573 | 21,255 | 23,442 |
| <i>1M EURIBOR + margin</i> | <i>EUR</i> | <i>15.06.2020</i> | - | 3,458 | - | 4,516 | - | 10,003 |
| <i>1M EURIBOR + margin</i> | <i>EUR</i> | <i>31.07.2023</i> | 13,720 | 10,080 | 14,746 | 10,023 | 6,511 | 5,208 |
| <i>3M EURIBOR + margin</i> | <i>EUR</i> | <i>30.04.2019</i> | - | - | - | - | - | 2,329 |
| <i>3M EURIBOR + margin</i> | <i>EUR</i> | <i>30.06.2024</i> | 10,764 | 3,588 | 10,857 | 3,102 | 6,665 | - |
| <i>3M EURIBOR + margin</i> | <i>EUR</i> | <i>30.11.2022</i> | 2,316 | 1,946 | 2,590 | 1,682 | 4,029 | - |
| <i>3M EURIBOR + margin</i> | <i>EUR</i> | <i>21.09.2020</i> | - | 473 | - | 656 | 444 | 868 |
| <i>3M EURIBOR + margin</i> | <i>EUR</i> | <i>21.09.2020</i> | 481 | 321 | 521 | 298 | - | - |
| <i>3M EURIBOR + margin</i> | <i>EUR</i> | <i>05.06.2023</i> | 1,834 | 815 | 1,895 | 757 | - | - |
| <i>6M EURIBOR + margin</i> | <i>EUR</i> | <i>30.04.2019</i> | - | - | - | - | - | 38 |
| <i>6M EURIBOR + margin</i> | <i>EUR</i> | <i>13.03.2020</i> | - | - | - | 110 | - | 442 |
| <i>6M EURIBOR + margin</i> | <i>EUR</i> | <i>31.12.2020</i> | - | - | - | 426 | - | - |
| <i>1Y EURIBOR + margin</i> | <i>EUR</i> | <i>30.06.2022</i> | 28 | 22 | 31 | 22 | 47 | 20 |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>31.03.2021</i> | - | 971 | 227 | 908 | 918 | 918 |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>02.04.2020</i> | - | 64 | - | 236 | - | - |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>13.11.2019</i> | - | - | - | - | - | 1,295 |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>28.06.2021</i> | 458 | 1,833 | 851 | 1,703 | 2,153 | 1,722 |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>04.06.2021</i> | 763 | 3,055 | 1,419 | 2,838 | - | - |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>03.06.2022</i> | 3,437 | 2,750 | 3,831 | 2,554 | - | - |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>02.07.2021</i> | 1,018 | 3,055 | 1,655 | 2,601 | - | - |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>28.08.2021</i> | 153 | 367 | 227 | 341 | 488 | 344 |
| <i>fixed interest rate</i> | <i>COP</i> | <i>30.06.2020</i> | - | 72 | - | 81 | - | 199 |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>30.06.2024</i> | 4,342 | 1,002 | 1,211 | 3,784 | - | - |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>27.09.2020</i> | - | 94 | - | 131 | - | - |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>01.02.2020</i> | - | - | - | 56 | - | 56 |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>31.12.2020</i> | - | 569 | - | 628 | - | - |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>15.11.2020</i> | - | 94 | - | 120 | - | - |
| <i>fixed interest rate</i> | <i>PEN</i> | <i>13.02.2023</i> | 173 | 81 | - | - | - | - |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>01.03.2022</i> | 346 | 208 | - | - | - | - |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>05.02.2024</i> | 955 | 150 | - | - | - | - |
| <i>fixed interest rate</i> | <i>EUR</i> | <i>17.09.2020</i> | - | 60 | - | - | - | - |
| Loans | | | 3,414 | 3,414 | 3,194 | 3,213 | 6,452 | 2,948 |
| <i>3M EURIBOR + margin</i> | <i>EUR</i> | <i>30.06.2021</i> | 3,414 | 3,414 | 3,194 | 3,213 | 6,452 | 2,948 |
| Total | | | 44,202 | 44,178 | 43,255 | 49,742 | 27,707 | 26,530 |

The Group's total debt amounted to PLN 88,380 thousand as at 31 March 2020, as compared with PLN 92,997 thousand as at 31 December 2019. The amount of debt decreased as a result of repayment of bank loans obtained for financing of our payment process outsourcing projects, as well as repayment of bank account overdraft facilities used in our current business operations.

Total proceeds from and repayments of bank loans disclosed in the statement of cash flows for the period of 3 months ended 31 March 2020 amounted to PLN 804 thousand (proceeds) and PLN 9,620 thousand (repayments).

As at 31 March 2020, tangible assets with a book value of PLN 8,433 thousand and trade receivables in the amount of PLN 4,267 thousand served as collateral for bank loans. As at 31 March 2020, liabilities that were secured with such assets amounted to PLN 7,211 thousand.

As at 31 December 2019, tangible assets with a book value of PLN 8,674 thousand and trade receivables in the amount of PLN 4,844 thousand served as collateral for bank loans. As at 31 December 2019, liabilities that were secured with such assets amounted to PLN 8,526 thousand.

Some loans obtained from banks come with the so-called covenants which impose an obligation to maintain certain financial ratios at the levels required by the bank. These ratios are related to the level of indebtedness, e.g. debt to EBITDA. Both as at 31 March 2020 and 31 December 2019, ASEE Group companies did not infringe any covenants defined in their loan agreements.

Fair value of financial liabilities

In the period of 3 months ended 31 March 2020, the Group did not transfer any debt instruments between individual levels of the fair value hierarchy.

As at 31 March 2020, 31 December 2019 and 31 March 2019, the fair values of bank loans were not significantly different from their book values, and they were determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets (level 3 of the fair value hierarchy).

6.12. Other financial liabilities

| Financial liabilities | 31 March 2020 | | 31 Dec. 2019 | | 31 March 2019 (restated) | |
|---|----------------------|-----------------------|----------------------|-----------------------|-----------------------------|-----------------------|
| | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 |
| Liabilities under deferred and/or conditional payments for controlling interests | 11,788 | 8,311 | 11,692 | 13,876 | 4,932 | 4,936 |
| Liabilities from the acquisition of non-controlling interests in subsidiaries (put options) | 17,962 | - | 16,819 | - | 16,087 | - |
| Currency forward contracts | 275 | - | 46 | - | 54 | - |
| Other financial liabilities | - | - | - | 3 | - | 1 |
| | 30,025 | 8,311 | 28,557 | 13,879 | 21,073 | 4,937 |

As at 31 March 2020, ASEE Group recognized liabilities under put options amounting to PLN 17,243 thousand that were granted to non-controlling shareholders of Necomplus company, as well as liabilities under put options amounting to PLN 719 thousand that were granted to non-controlling shareholders of Monri company. These liabilities have been estimated using the price calculation formula as defined in the agreement, i.e. the company's profit for the contractual term multiplied by a predetermined coefficient, and in the case Necomplus additionally adjusted for net cash held by Necomplus Group.

Short-term liabilities arising from deferred payments for controlling interests are related to the acquisition of shares in Necomplus S.L. (PLN 4,932 thousand) and in Sonet companies (PLN 2,277 thousand).

Long-term and short-term liabilities arising from conditional payments for controlling interests are related to the acquisition of shares in Mobven company (PLN 11,980 thousand) and in Sonet companies (PLN 910 thousand). The above-mentioned liabilities have been estimated using the price calculation formula as defined in the acquisition agreement, which corresponds to the company's profit for the contractual term multiplied by a predetermined coefficient.

As at 31 March 2020, 31 December 2019 and 31 March 2019, the fair values of financial liabilities were not significantly different from their book values.

| As at 31 March 2020 | Carrying value PLN'000 | Level 1 ⁱ⁾ PLN'000 | Level 2 ⁱⁱ⁾ PLN'000 | Level 3 ⁱⁱⁱ⁾ PLN'000 |
|--|---------------------------|----------------------------------|-----------------------------------|------------------------------------|
| Financial liabilities | | | | |
| Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests | 20,099 | - | - | 20,099 |
| Liabilities from the acquisition of minority interests in subsidiaries (put options) | 17,962 | - | - | 17,962 |
| Currency forward contracts | 275 | - | 275 | - |
| Other financial liabilities | - | - | - | - |
| Total | 38,336 | - | 275 | 38,061 |

- i. fair value determined on the basis of quoted prices offered in active markets for identical assets;
ii. fair value determined using calculation models based on inputs that are observable, either directly or indirectly, in active markets;
iii. fair value determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets.

| As at 31 December 2019 | Carrying value PLN'000 | Level 1 ⁱ⁾ PLN'000 | Level 2 ⁱⁱ⁾ PLN'000 | Level 3 ⁱⁱⁱ⁾ PLN'000 |
|--|---------------------------|----------------------------------|-----------------------------------|------------------------------------|
| Financial liabilities | | | | |
| Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests | 25,568 | - | - | 25,568 |
| Liabilities from the acquisition of minority interests in subsidiaries (put options) | 16,819 | - | - | 16,819 |
| Currency forward contracts | 46 | - | 46 | - |
| Other financial liabilities | 3 | - | - | 3 |
| Total | 42,436 | - | 46 | 42,390 |

Descriptions of the fair value hierarchy levels are identical to those provided under the previous table.

| As at 31 March 2019 | Carrying value PLN'000 | Level 1 ⁱ⁾ PLN'000 | Level 2 ⁱⁱ⁾ PLN'000 | Level 3 ⁱⁱⁱ⁾ PLN'000 |
|--|---------------------------|----------------------------------|-----------------------------------|------------------------------------|
| Financial liabilities | | | | |
| Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests | 9,868 | - | - | 9,868 |
| Liabilities from the acquisition of minority interests in subsidiaries (put options) | 16,087 | - | - | 16,087 |
| Currency forward contracts | 54 | - | 54 | - |
| Other financial liabilities | 1 | - | - | 1 |
| Total | 26,010 | - | 54 | 25,956 |

Descriptions of the fair value hierarchy levels are identical to those provided under the previous table.

6.13. Trade payables, state budget liabilities and other liabilities

The table below presents the structure of the Group's liabilities outstanding as at 31 March 2020, 31 December 2019 and 31 March 2019:

| | 31 March 2020 | | 31 Dec. 2019 | | 31 March 2019 | |
|---|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 | Long-term PLN'000 | Short-term PLN'000 |
| Trade payables, of which: | - | 60,742 | - | 109,977 | - | 74,094 |
| Trade payables | - | 52,904 | - | 100,839 | - | 67,877 |
| from related parties | - | 109 | - | 142 | - | 1,019 |
| from other entities | - | 52,795 | - | 100,697 | - | 66,858 |
| Uninvoiced payables | - | 7,838 | - | 9,138 | - | 6,217 |
| from related parties | - | 13 | - | 13 | - | - |
| from other entities | - | 7,825 | - | 9,125 | - | 6,217 |
| Corporate income tax payable | - | 5,137 | - | 5,738 | - | 4,509 |
| Liabilities to the state and local budgets | - | 18,506 | - | 24,231 | - | 14,760 |

| | | | | | | |
|---|------------|---------------|------------|----------------|-----------|----------------|
| Value added tax (VAT) | - | 9,930 | - | 15,850 | - | 7,962 |
| Personal income tax (PIT) | - | 2,159 | - | 2,623 | - | 1,498 |
| Social insurance | - | 5,306 | - | 5,053 | - | 4,822 |
| Withholding income tax | - | 667 | - | 155 | - | - |
| Other | - | 444 | - | 550 | - | 478 |
| Other liabilities | 467 | 9,477 | 494 | 19,247 | 93 | 8,435 |
| Liabilities to employees (including salaries payable) | - | 6,351 | - | 14,846 | - | 5,515 |
| Liabilities from purchases of tangible assets and intangible assets | 414 | 458 | 445 | 756 | - | 848 |
| Other liabilities | 53 | 2,668 | 49 | 3,645 | 93 | 2,072 |
| Total | 467 | 93,862 | 494 | 159,193 | 93 | 101,798 |

Trade payables are non-interest bearing. Related party transactions have been presented in explanatory note 6.17 to these interim condensed consolidated financial statements.

6.14. Contract liabilities

As at 31 March 2020, the Group's contract liabilities resulted from obligations listed in the table below.

| | 31 March 2020 | | 31 Dec. 2019 | | 31 March 2019 | |
|--|---------------|---------------|--------------|---------------|---------------|---------------|
| | Long-term | Short-term | Long-term | Short-term | Long-term | Short-term |
| | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 |
| Liabilities from valuation of IT contracts, of which: | - | 6,999 | - | 13,259 | - | 3,193 |
| From related parties | - | - | - | - | - | 10 |
| From other entities | - | 6,999 | - | 13,259 | - | 3,183 |
| Deferred income from IT projects, of which: | 1,559 | 55,070 | 804 | 45,448 | 193 | 42,549 |
| Maintenance services | 1,137 | 34,448 | 804 | 25,288 | 193 | 26,326 |
| License fees | 402 | 384 | - | 1,570 | - | 747 |
| Prepaid implementation services | - | 1,269 | - | 1,865 | - | 1,225 |
| Obligations to supply hardware | 20 | 18,969 | - | 16,725 | - | 14,251 |
| Total contract liabilities | 1,559 | 62,069 | 804 | 58,707 | 193 | 45,742 |

6.15. Provisions

Changes in the amount of provisions during the period of 3 months ended 31 March 2020 and in the comparable period are presented in the table below:

| | 3 months ended 31 March 2020 | 3 months ended 31 March 2019 (restated) |
|---|---------------------------------|---|
| | PLN'000 | PLN'000 |
| As at 1 January | 4,860 | 4,695 |
| Obtaining control over subsidiaries | - | 530 |
| Provisions created during the reporting period | 864 | 648 |
| Provisions utilized/reversed during the reporting period | (481) | (717) |
| Differences on foreign currency translation of foreign operations | 256 | (52) |
| As at the end of the reporting period, of which: | 5,499 | 5,104 |
| Short-term | 3,481 | 3,353 |
| Long-term | 2,018 | 1,751 |

6.16. Accruals

| | 31 March 2020 | | 31 Dec. 2019 | | 31 March 2019 | |
|---|---------------|---------------|--------------|---------------|---------------|---------------|
| | Long-term | Short-term | Long-term | Short-term | Long-term | Short-term |
| | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 |
| Accruals, of which: | | | | | | |
| Accrual for unused holiday leaves | - | 4,880 | - | 3,938 | - | 3,310 |
| Accrual for employee and management bonuses | - | 14,431 | - | 18,379 | - | 10,234 |
| | - | 19,311 | - | 22,317 | - | 13,544 |

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

6.17. Related party transactions

| | Sales to related parties | Purchases from related parties | Trade receivables and other receivables | Trade payables and other liabilities | Lease liabilities |
|---|--------------------------|--------------------------------|---|--------------------------------------|-----------------------------|
| | 3 months ended 31 March | 3 months ended 31 March | 31 March 2020/ 31 Dec. 2019 | 31 March 2020/ 31 Dec. 2019 | 31 March 2020/ 31 Dec. 2019 |
| | PLN'000 | PLN'000 | PLN'000 | PLN'000 | PLN'000 |
| Transactions with Asseco Poland | | | | | |
| 2020 | - | 96 | 54 | 32 | - |
| 2019 | 32 | 562 | 60 | 33 | - |
| Transactions with entities of Asseco Poland Group | | | | | |
| 2020 | 50 | 19 | 572 | 36 | - |
| 2019 | 85 | 33 | 116 | 139 | - |
| Transactions with associates | | | | | |
| 2020 | - | - | - | - | - |
| 2019 | 193 | - | - | - | - |
| Transactions with entities or individuals related through the Group's Key Management Personnel | | | | | |
| 2020 | - | 353 | - | 87 | 14,227 |
| 2019 | 85 | 1,066 | 1,245 | 73 | 14,062 |
| Transactions with Members of Management Board and Supervisory Board of ASEE S.A. and companies of ASEE Group | | | | | |
| 2020 | - | 3 | 268 | - | 151 |
| 2019 | - | 3 | 256 | - | 153 |

As at 31 March 2020, total receivables from related parties comprised trade receivables amounting to PLN 449 thousand, contract assets amounting to PLN 129 thousand, and other receivables amounting to PLN 316 thousand. As at 31 December 2019, total receivables from related parties comprised trade receivables amounting to PLN 1,374 thousand, and other receivables amounting to PLN 303 thousand.

As at 31 March 2020, total liabilities to related parties comprised trade payables amounting to PLN 122 thousand, and other liabilities amounting to PLN 33 thousand. As at 31 December 2019, total liabilities to related parties comprised trade payables amounting to PLN 155 thousand, and other liabilities amounting to PLN 90 thousand.

Purchases from and sales to related parties presented in the table above resulted from purchases and sales of hardware and services that were conducted by companies of ASEE Group with related companies of Asseco Poland Group as well as with parties related through the Key Management Personnel or directly with the Key Management Personnel.

The Group also incurs costs arising from rentals of space from MHM d.o.o., Beograd¹, Miljan Mališ and Mini Invest d.o.o., Beograd² that meet the definition of a lease under IFRS 16. Hence, the Group disclosed right-of-use assets which are subject to depreciation, as well as lease liabilities in the statement of financial position. Lease liabilities arising from rental contracts concluded with parties related through the Key Management Personnel and directly with the Key Management Personnel amounted to PLN 14,378 thousand.

Moreover, bank loans and borrowings disclosed as at 31 March 2020 include a borrowing that was obtained by Necomplus S.L. from Asseco Western Europe S.A. in the amount of PLN 6,828 thousand, as compared with PLN 6,407 thousand as at 31 December 2019.

As at 31 March 2020, ASEE S.A. also has a liability arising from deferred payments for the acquisition of a controlling interest in Necomplus S.L. in the amount of PLN 4,932 thousand, as compared with PLN 9,868 thousand reported as at 31 December 2019.

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

On 23 June 2017, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of shares in ASEE S.A., which has been described in detail in explanatory note 5.2 in this report. Members of the Management Board of ASEE S.A., acting directly or through their related parties, have acquired the following numbers of shares:

| Management Board Members | Number of shares acquired |
|--|---------------------------|
| Piotr Jeleński | 966,942 |
| Miljan Mališ | 300,000 |
| Miodrag Mirčetić (Member of the Management Board till 30 September 2019) | 275,482 |
| Marcin Rułnicki | 30,000 |
| Kostadin Slavkoski (Member of the Management Board since 1 October 2019) | 30,000 |

In the period of 3 months ended 31 March 2020, the costs of share-based payment plan related to shares acquired by Members of the Management Board amounted to PLN 189 thousand, as compared with PLN 476 thousand in the first quarter of 2019.

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

¹ President of the Management Board of ASEE S.A. holds indirectly a 15% stake in MHM d.o.o. through his wholly-owned Kompania Petyhorska d.o.o. Moreover, 20% of shares in MHM d.o.o. are held by I4 Invention d.o.o. which is also a shareholder in ASEE S.A. Whereas, 100% of shares in I4 Invention d.o.o. are held by Miodrag Mirčetić, who served as Member of the Management Board of ASEE S.A. till 30 September 2019.

² 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. As at 31 March 2020, Mini Invest d.o.o. held 322,715 shares in ASEE S.A.

VII. Explanatory notes to the consolidated statement of cash flows

7.1. Cash flows – investing activities

In the period of 3 months ended 31 March 2020, the amount of cash flows from investing activities was affected primarily by:

- acquisitions of property, plant and equipment (PLN 6,815 thousand), intangible assets (PLN 489 thousand) and expenditures for development projects (PLN 924 thousand),
- expenditures for the acquisition of subsidiaries decreased by cash and cash equivalents in subsidiaries acquired, as disclosed in the table below:

| | Acquisition of subsidiaries PLN'000 | Cash in subsidiaries acquired PLN'000 |
|----------------|--|--|
| Necomplus | (4,936) | - |
| Bassilichi B&H | - | 228 |
| Monri | (427) | - |
| Total | (5,363) | 228 |

7.2. Cash flows – financing activities

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

| Change in financial liabilities | Interest-bearing bank loans and borrowings PLN'000 | Lease liabilities PLN'000 | Dividend payment liabilities PLN'000 | Total PLN'000 |
|---|--|------------------------------|--|------------------|
| As at 1 January 2020 | 84,041 | 66,412 | - | 150,453 |
| Changes arising from cash flow | (9,172) | (5,920) | (382) | (15,474) |
| Inflows | 804 | - | - | 804 |
| Repayment of principal amount | (9,620) | (5,317) | (382) | (15,319) |
| Interest paid | (356) | (603) | - | (959) |
| Non-cash changes | 4,196 | 3,977 | 382 | 8,555 |
| Interest accrued | 421 | 603 | - | 1,024 |
| Non-cash increase in liabilities | - | 2,973 | 382 | 3,355 |
| Obtaining control over subsidiaries | 1,699 | 422 | - | 2,121 |
| Foreign currency translation differences recognized in financial income/expenses | 2,076 | (21) | - | 2,055 |
| Differences on foreign currency translation of foreign operations | 3,679 | 4,016 | - | 7,695 |
| As at 31 March 2020 | 82,744 | 68,485 | - | 151,229 |

VIII. Other explanatory notes

8.1. Off-balance-sheet 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.

As at 31 March 2020, the related contingent liabilities amounted to PLN 52,580 thousand, as compared with PLN 50,220 thousand as at 31 December 2019, and PLN 22,114 thousand as at 31 March 2019.

Assets serving as collateral for bank guarantee facilities:

| Category of assets | Net value of assets | | | Amount of granted guarantee secured with assets | | |
|--------------------|--------------------------|-------------------------|--------------------------|---|-------------------------|--------------------------|
| | 31 March 2020 PLN'000 | 31 Dec. 2019 PLN'000 | 31 March 2019 PLN'000 | 31 March 2020 PLN'000 | 31 Dec. 2019 PLN'000 | 31 March 2019 PLN'000 |
| Financial assets | 4,821 | 4,502 | - | 12,334 | 11,478 | - |
| Trade receivables | 2,158 | 1,364 | 97 | 1,668 | 1,681 | 1,578 |
| Other receivables | 288 | 274 | - | 289 | - | - |
| Total | 7,267 | 6,140 | 97 | 14,291 | 13,159 | 1,578 |

None of the above-described guarantee obligations meet the definition of a financial guarantee under IFRS 9, and therefore they are not recognized as liabilities in the statement of financial position of the Group as at 31 March 2020.

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 2020, 31 December 2019 and 31 March 2019, the above-mentioned contracts resulted in the following off-balance-sheet liabilities to make future payments:

| | 31 March 2020 PLN'000 | 31 Dec. 2019 PLN'000 | 31 March 2019 PLN'000 |
|---|--------------------------|-------------------------|--------------------------|
| <i>Liabilities from rental of space</i> | | | |
| In the period up to 1 year | 1,559 | 1,692 | 1,699 |
| In the period from 1 to 5 years | 162 | 139 | 2,062 |
| Over 5 years | - | - | - |
| | 1,721 | 1,831 | 3,761 |
| <i>Liabilities under operating leases of equipment</i> | | | |
| In the period up to 1 year | 171 | 126 | 477 |
| In the period from 1 to 5 years | - | - | 263 |
| Over 5 years | - | - | - |
| | 171 | 126 | 740 |

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 31 March 2020 are related to lease contracts that were subject to exemptions provided under IFRS 16 (short-term leases and leases of low-value assets).

Disputes in litigation as at the end of the reporting period

During the reporting period, no significant proceedings were pending before any court, arbitration authority or public administration authority, concerning any liabilities or receivables of ASEE Group companies.

8.2. Seasonal and cyclical business

The Group's sales revenues are subject to some seasonality in individual quarters of the year. The fourth quarter revenues tend to be higher than in the remaining periods, as bulk of such turnover is generated from the sale of IT services for large enterprises and public administration. Such entities often decide to make higher purchases of hardware and licenses in the last months of a year.

8.3. Employment

| Number of employees in the Group companies as at | 31 March 2020 | 31 Dec. 2019 | 31 March 2019 |
|--|---------------|--------------|---------------|
| Management Board of the Parent Company | 4 | 4 | 4 |
| Management Boards of the Group companies | 46 | 43 | 45 |
| Production departments | 2,279 | 2,206 | 2,044 |
| Sales departments | 177 | 175 | 165 |
| Administration departments | 249 | 247 | 206 |
| Total | 2,755 | 2,675 | 2,464 |

| Number of employees in the Group companies as at: | 31 Dec. 2020 | 31 Dec. 2019 | 31 March 2019 |
|---|--------------|--------------|---------------|
| ASEE S.A. | 28 | 29 | 28 |
| ASEE B&H | 68 | 69 | 66 |
| ASEE Bulgaria | 19 | 19 | 20 |
| ASEE Croatia | 195 | 176 | 165 |
| ASEE Macedonia | 217 | 190 | 178 |
| ASEE Kosovo Group | 77 | 71 | 61 |
| ASEE Romania Group | 140 | 138 | 138 |
| ASEE Serbia Group | 464 | 437 | 413 |
| ASEE Turkey | 93 | 92 | 90 |
| Payten B&H Group | 78 | 55 | 37 |
| Payten Croatia | 108 | 107 | 109 |
| Payten Montenegro Group | 18 | 17 | 12 |
| Payten Macedonia | 32 | 31 | 30 |
| Payten Serbia Group | 165 | 170 | 132 |
| Payten Slovenia | 32 | 32 | 32 |
| Payten Romania | 47 | 49 | 53 |
| Payten Turkey Group | 180 | 178 | 95 |
| Necomplus Group | 708 | 729 | 805 |
| Sonet Group | 86 | 86 | n/a |
| Total | 2,755 | 2,675 | 2,464 |

8.4. Significant events after the reporting period

In the period from 31 March 2020 till the date of approval of these interim condensed consolidated financial statements, this is until 29 April 2020, 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.

8.5. Significant events related to prior years

Until the date of preparing these interim condensed consolidated financial statements for the period of 3 months ended 31 March 2020, we have not observed any significant events related to prior years, which have not but should have been included in these financial statements.



Summary and analysis of the financial results
of **Asseco South Eastern Europe Group**
for the period of 3 months ended 31 March 2020

I. Financial results of Asseco South Eastern Europe Group for the first quarter of 2020

| PLN'000 | 3 months ended | | | 3 months ended | | |
|--|----------------|---------------|------------|----------------|--------------|------------|
| | 31 March 2020 | | Change | 31 March 2019 | | Change |
| | PLN'000 | PLN'000 | | EUR'000 | EUR'000 | |
| Sales revenues | 230,985 | 178,816 | 29% | 52,541 | 41,606 | 26% |
| Gross profit on sales | 56,090 | 44,399 | 26% | 12,759 | 10,331 | 24% |
| Net profit on sales | 28,122 | 21,255 | 32% | 6,397 | 4,946 | 29% |
| Operating profit | 28,378 | 21,551 | 32% | 6,455 | 5,014 | 29% |
| EBITDA | 47,499 | 36,001 | 32% | 10,804 | 8,377 | 29% |
| Net profit for the reporting period | 23,636 | 18,574 | 27% | 5,376 | 4,322 | 24% |
| Net profit attributable to Shareholders of the Parent Company | 23,547 | 18,193 | 29% | 5,356 | 4,233 | 27% |

Financial results achieved by ASEE Group in the first quarter of 2020 were once again considerably stronger than in the corresponding period last year. Sales revenues presented in Polish zlotys amounted to PLN 231 million, reflecting an increase by PLN 52.2 million or 29% in relation to the first quarter of 2019. Operating profit reached PLN 28.4 million increasing by 32%, while EBITDA for the first quarter of 2020 amounted to PLN 47.5 million showing an improvement by 32%. Net profit attributable to Shareholders of the Parent Company for the first three months of 2020 amounted to PLN 23.5 million, reflecting an increase by PLN 5.4 million or 29%.

In the first quarter of 2020, our sales presented in euros totalled EUR 52.5 million, increasing by EUR 10.9 million or 26%. Operating profit reached almost EUR 6.5 million, while EBITDA amounted to EUR 10.8 million, both going up by 29%.

Further improvement in the financial results of ASEE Group in the first quarter of 2020 is the effect of an increase in the scale of operations across all operating segments, as well as higher efficiency in the Banking Solutions segment. The growing scale of operations is also partly attributable to the consolidation of several new companies in ASEE Group. Since 1 February 2019, ASEE Group has consolidated the financial results of Necomplus companies, whereas since 1 September 2019, the Group has consolidated the financial results of Sonet companies (Czech Republic and Slovakia). Furthermore, during the year 2019 and the first quarter of 2020, ASEE Group conducted a number of smaller, local acquisitions, including in Serbia, Montenegro, Croatia, Turkey, and Bosnia and Herzegovina. The newly acquired subsidiaries of ASEE Group generated EUR 10.7 million of sales revenues in the first quarter of 2020. In the same period, our new subsidiaries contributed EUR 217 thousand to EBIT (including depreciation from purchase price allocation in the amount of EUR 110 thousand) and nearly EUR 1.1 million to EBITDA. In the comparable data for the first quarter of 2019, ASEE Group consolidated the financial results of Necomplus for two months, which contributed EUR 4.8 million to revenues, EUR 209 thousand to EBIT, and EUR 374 thousand to EBITDA.



Results of the **Payment Solutions** segment

| Payment Solutions | 3 months ended | | | 3 months ended | | |
|-------------------|----------------|---------|--------|----------------|---------|--------|
| | 31 March 2020 | | Change | 31 March 2019 | | Change |
| | PLN'000 | PLN'000 | | EUR'000 | EUR'000 | |
| Sales revenues | 110,045 | 76,817 | 43% | 25,031 | 17,873 | 40% |
| Operating profit | 16,139 | 13,264 | 22% | 3,671 | 3,086 | 19% |
| EBITDA | 30,733 | 24,130 | 27% | 6,990 | 5,615 | 25% |

Higher sales were generated by all the three operating segments of ASEE Group, while the largest increase was recorded in the Payment Solutions segment. In the first quarter of 2020, sales of the Payment Solutions segment reached EUR 25 million, increasing by EUR 7.2 million or 40%. A significant portion (EUR 5.5 million) of this growth was achieved by the business line responsible for maintenance of POS terminals which consolidates most of sales generated by Necomplus Group, Bassilichi Serbia and Bassilichi Bosnia and Herzegovina, as well as all sales generated by the companies of Sonet, B Services Montenegro, and Monri.

In the first quarter of 2020, higher revenues were generated also by the segment lines dealing with e-Commerce (EUR 1.1 million) and with maintenance of ATMs (EUR 0.6 million). In the same period, the business line engaged in processing of payment transactions reported slightly weaker revenues.

Operating profit of the Payment Solutions segment for the first quarter of 2020 amounted to EUR 3.7 million, improving by EUR 0.6 million or 19%. The segment's EBIT increased primarily owing to the business line responsible for maintenance of POS terminals, as well as the business lines offering ATM maintenance services and e-Commerce solutions. In the same period, slightly weaker operating results were recorded by the business line engaged in processing of payment card transactions.

Consolidated EBITDA of the Payment Solutions segment for the first quarter of 2020 reached EUR 7.0 million, improving by EUR 1.4 million or 25% in relation to the comparable period last year.



Results of the **Banking Solutions** segment

| Banking Solutions | 3 months ended | 3 months ended | Change | 3 months ended | 3 months ended | Change |
|-------------------|----------------|----------------|--------|----------------|----------------|--------|
| | 31 March 2020 | 31 March 2019 | | 31 March 2020 | 31 March 2019 | |
| | PLN'000 | PLN'000 | | EUR'000 | EUR'000 | |
| Sales revenues | 40,990 | 38,492 | 7% | 9,324 | 8,956 | 4% |
| Operating profit | 6,566 | 3,629 | 81% | 1,494 | 844 | 77% |
| EBITDA | 9,081 | 5,681 | 60% | 2,066 | 1,322 | 56% |

In the first quarter of 2020, the Banking Solutions segment generated EUR 9.3 million in sales revenues, achieving an increase by EUR 0.4 million or 4% in relation to the comparable period last year. Slightly higher revenues were recorded by the business lines responsible for mobile solutions, core banking systems and other software. While the business line offering security solutions, including authentication solutions as well as fraud prevention and anti-money laundering solutions, recorded similar sales as in the previous year.

Operating profit of the Banking Solutions segment for the first quarter of 2020 amounted to EUR 1.5 million, reflecting an increase by almost EUR 0.7 million or 77% in relation to the comparable period last year. Such improvement in the segment's EBIT was driven mostly by the business line offering core banking systems and other software, primarily owing to ASEE companies operating in Serbia and in Romania where new projects allowed for better utilization of operational teams. Operating performance of the segment line responsible for mobile solutions improved as well, while the results of the business line offering security solutions remained at a similar level.

Consolidated EBITDA of the Banking Solutions segment for the first quarter of 2020 reached EUR 2.1 million, improving by more than EUR 0.7 million or 56%.



Results of the **Dedicated Solutions** segment

| Dedicated Solutions | 3 months ended | 3 months ended | Change | 3 months ended | 3 months ended | Change |
|---------------------|----------------|----------------|--------|----------------|----------------|--------|
| | 31 March 2020 | 31 March 2019 | | 31 March 2020 | 31 March 2019 | |
| | PLN'000 | PLN'000 | | EUR'000 | EUR'000 | |
| Sales revenues | 79,950 | 63,507 | 26% | 18,186 | 14,777 | 23% |
| Operating profit | 5,673 | 4,658 | 22% | 1,290 | 1,084 | 19% |
| EBITDA | 7,685 | 6,190 | 24% | 1,748 | 1,440 | 21% |

Sales revenues generated by the Dedicated Solutions segment increased by EUR 3.4 million or 23% in the first quarter of 2020 and reached the level of EUR 18.2 million. Stronger revenues were achieved in infrastructure and third-party solutions as well as integration services, primarily owing to ASEE companies operating in Macedonia, Serbia and in Croatia. The business line offering our own dedicated solutions recorded slightly lower revenues than in the first three months of the previous year. Such decline resulted from weaker sales

in Serbia, which was partially offset by new projects carried out mainly in Croatia, Macedonia and Turkey, where the Dedicated Solutions segment consolidated revenues generated by Mobven companies.

Operating profit of the Dedicated Solutions segment for the first quarter of 2020 amounted to EUR 1.3 million and was higher by EUR 0.2 million or 19% than in the comparable period last year. Such increase in EBIT was achieved by improving the efficiency of the business line offering own solutions. Operating results of the business line responsible for third-party solutions and integration services remained at a similar level as in the comparable period of the previous year.

EBITDA of the Dedicated Solutions segment for the first quarter of 2020 reached EUR 1.7 million, showing an increase by EUR 0.3 million or 21%.

Net profit

Consolidated net profit of ASEE Group for the first quarter of 2020 amounted to nearly EUR 5.4 million, increasing by EUR 1 million or 24% in relation to the comparable period last year. The net result on financial operations in the first three months of 2020 equalled EUR -58 thousand, as compared with EUR 59 thousand reported a year ago. The loss on financial operations was caused by a weaker result on foreign currency translation differences as well as by higher interest on bank loans and lease contracts. This was partially offset by income recognized on the revaluation of contingent liabilities arising from the acquisition of shares in the amount of EUR 43 thousand. In the first quarter of 2020, our effective tax rate equalled 16.0%, increasing by 1.2 percentage points in relation to the first three months of 2019. The effective tax rate increased as a result of income taxes paid on dividends received from our subsidiaries located outside of the European Union. In the first quarter of 2020, such dividends amounted to nearly PLN 14 million, whereas in the corresponding period last year ASEE had no such income. The effective tax rate on operating activities of the whole Group was slightly lower than a year ago, primarily due to the growing share of companies with low income tax rates in the structure of our consolidated pre-tax profit (Serbia, Turkey).

II. Consolidated financial highlights for the first quarter of 2020 (non-IFRS)

Key financial data published on a non-IFRS basis provide crucial information for assessing the financial position and business development of ASEE Group. They are complementary to data reported in accordance with IFRS standards.

Non-IFRS figures include adjustments for amortization charges on intangible assets recognized in purchase price allocation (PPA), for the costs of share-based payment transactions with employees (SBP), as well as for financial income and expenses recognized in accounting for company acquisitions and disposals (inclusive of the related tax effects).

The presented non-IFRS data do not constitute financial data in accordance with IFRS as endorsed by the European Union. There is no uniform definition or calculation method for non-IFRS data and, consequently, they may not be comparable to such data presented by other entities, including entities operating in the same industry as ASEE Group. These financial data should be analyzed as additional information only, and not as a substitute for financial data prepared in accordance with EU IFRS. Non-IFRS data should not be considered more significant than measurements resulting directly from the consolidated financial statements.

| | 3 months ended 31 March 2020 | 3 months ended 31 March 2019 |
|---------------------|---------------------------------|---------------------------------|
| Non-IFRS EBIT | 29,176 | 22,224 |
| Non-IFRS net profit | 24,164 | 19,581 |

III. Analysis of financial ratios

| | 3 months ended 31 March 2020 | 3 months ended 31 March 2019 |
|-------------------------|---------------------------------|---------------------------------|
| Gross profit margin | 24.3% | 24.8% |
| EBITDA margin | 20.6% | 20.1% |
| Operating profit margin | 12.3% | 12.1% |
| Net profit margin | 10.2% | 10.2% |
| Return on equity (ROE) | 11.7% | 9.6% |
| Return on assets (ROA) | 8.2% | 7.3% |

In the first quarter of 2020, our gross profit margin equalled 24.3% and it was by 0.5 percentage point lower than in the corresponding period last year. The slight decrease in the margin at this level was primarily due to a lower share of our own software and services in the revenue structure of ASEE Group, which dropped from 67.4% in the first quarter of 2019 to 66.9% this year, as well as a slightly lower profitability of proprietary software and services. Such weaker profitability was partially offset by higher resale margins, especially in the Payment Solutions segment. Nevertheless, the profitability of proprietary software and services still remains significantly higher than margins realized on the resale of third-party solutions.

In the first quarter of 2020, selling costs increased much slower than revenues and therefore, despite a slight decrease in gross profit margin, the margins of EBITDA and operating profit both improved in relation to the previous year. EBITDA margin increased from 20.1% in the first quarter of 2019 to the level of 20.6% this year, while EBIT margin expanded from 12.1% to 12.3%. The largest increase in operating profit margin was recorded in the Banking Solutions segment.

Net profit margin equalled 10.2%, remaining at a similar level as in the previous year. In the first quarter of 2020, our net profit margin did not increase despite achieving higher margins of operating profit and EBITDA. This was due to a weaker result on financial operations and a higher effective tax rate, which have been described above.

The improved financial results of ASEE Group for recent quarters resulted in higher values of ROE and ROA ratios. Return on equity for the trailing 12 months ended 31 March 2020 equalled 11.7%, increasing by 2.1 percentage points, while return on assets reached the level of 8.2%, increasing by 1.0 percentage point. The ROE growth was faster also due to a higher share of liabilities in the structure of equity and liabilities of ASEE Group.

| | 31 March 2020 | 31 Dec. 2019 | 31 March 2019 |
|---------------------------------------|---------------|--------------|---------------|
| Working capital (in thousands of PLN) | 175,178 | 142,676 | 151,370 |
| Current liquidity ratio | 1.7 | 1.4 | 1.7 |
| Quick liquidity ratio | 1.5 | 1.3 | 1.5 |
| Absolute liquidity ratio | 0.7 | 0.6 | 0.7 |

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

At the end of March 2020, our working capital amounted to PLN 175.2 million, reflecting an increase by PLN 32.5 million in relation to its level reported as at the end of 2019.

In the first three months of 2020, the value of current assets decreased by PLN 41.2 million, primarily due to decreases in trade receivables (by PLN 32.8 million), cash and bank deposits (by PLN 27.3 million), as well as in inventories (by PLN 10.1 million). Such decreases were partially offset by an increase in contract assets by the amount of PLN 23 million.

In the same period, our total current liabilities declined by PLN 73.7 million. This resulted primarily from decreases in trade payables (by PLN 49.2 million), short-term bank loans and borrowings (by PLN 5.6 million), other financial liabilities (by PLN 5.6 million) mainly due to postponing the planned payment for shares in

Mobven, liabilities to the state and local budgets (by PLN 6.3 million), as well as in other liabilities (by PLN 9.7 million) mainly due to paying out variable remunerations for the year 2019.

Our liquidity ratios improved during the first quarter of 2020, and at the end of March they remain at the same levels as a year ago.

| | 31 March 2020 | 31 Dec. 2019 | 31 March 2019 |
|------------------------------|---------------|--------------|---------------|
| Total debt ratio | 30.5% | 36.1% | 28.1% |
| Debt / equity ratio | 10.2% | 11.6% | 7.1% |
| Debt / (debt + equity) ratio | 9.2% | 10.4% | 6.6% |

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 decreased from 36.1% reported as at the end of 2019 to the level of 30.5% as at 31 March 2020. Such change is primarily attributable to the decrease in total liabilities by almost PLN 70.4 million. In the first quarter of 2020, current liabilities declined by PLN 73.7 million, as described above. At the same time, non-current liabilities increased by PLN 3.3 million primarily due to higher other financial liabilities and long-term bank loans and borrowings.

Other financial liabilities arise primarily from company acquisitions and they include deferred payments for shares in Necomplus, valuation of put options granted to minority shareholders of Necomplus and Monri, as well as conditional payments for shares in Mobven and Sonet depending on the future financial results of these companies (earn-out). At the end of 2019, other financial liabilities totalled PLN 42.4 million, of which PLN 13.9 million constituted short-term liabilities. In the first quarter of 2020, the amount of other financial liabilities decreased by PLN 4.1 million to the level of PLN 38.3 million. Such decrease resulted from the settlement of a portion of deferred payments for shares in Necomplus and Monri, which was partially offset by the valuation of liabilities expressed in EUR and USD. Out of the above-mentioned total, the amount of PLN 8.3 million constitutes the short-term portion of other financial liabilities.

Total bank loans and borrowings decreased from the level of PLN 93 million reported as at 31 December 2019 to PLN 88.4 million as at the end of the first quarter of 2020. This decrease by PLN 4.6 million was the effect of planned repayments of interest-bearing debt, which was partially offset by the valuation of liabilities expressed in EUR. The lower balance of liabilities under bank loans and borrowings resulted in a decrease in the ratio of debt to equity from 11.6% to 10.2%, as well as in the ratio of debt to total interest-bearing liabilities and equity from 10.4% to 9.2%.

IV. Structure of the statement of cash flows

| | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|---|--|--|
| Net cash provided by (used in) operating activities | (2,434) | 5,533 |
| Net cash provided by (used in) investing activities | (13,513) | (28,563) |
| Net cash provided by (used in) financing activities | (15,474) | (6,521) |
| Net change in cash and cash equivalents | (31,421) | (29,551) |
| Cash and cash equivalents at the end of period | 166,701 | 134,936 |

In the first quarter of 2020, net cash used in our operating activities amounted to PLN 2.4 million. 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 2019, total cash and bank deposits of ASEE Group equalled PLN 199.7 million, while other current assets amounted to PLN 268.6 million. The balance of current liabilities was also relatively high and stood at PLN 243.1 million, excluding financial liabilities (e.g. interest-bearing debt). During the first three months of

2020, the balance of liabilities, accruals and provisions decreased by PLN 79.3 million, while the change in inventories and receivables only generated PLN 32.2 million over the same period. 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 statement of profit and loss, and therefore deteriorates the conversion of current profits into cash.

Net cash outflows from our investing activities amounted to PLN 13.5 million in the first quarter of 2020. Our investing cash flows were most considerably influenced by the acquisitions of property, plant and equipment and intangible assets for the total amount of PLN 8.2 million, as well as by the acquisitions of subsidiary companies for PLN 5.1 million. The acquisitions of tangible and intangible assets included, among others, our expenditures for infrastructure used in the outsourcing of payment processes and setting up an independent network of ATMs. In the first quarter of 2020, we spent a total of PLN 4.5 million for this purpose. Expenditures for the acquisition of subsidiaries included payments for purchases of shares in the companies of Necomplus and Monri.

In the first quarter of 2020, net cash used in our financing activities amounted to PLN 15.5 million, primarily due to planned repayments of borrowings and bank loans as well as leasing liabilities, along with interest.

V. Information on geographical structure of financial results

The table below presents the basic financial data from the statement of profit and loss for the period of 3 months ended 31 March 2020, in a breakdown by geographical area:

| For the period of 3 months ended 31 March 2020 in thousands of PLN | Bosnia | Croatia | Macedonia | Romania | Serbia | Turkey | Western Europe | Latin America | Central Europe | Other | Eliminations | Total |
|--|---------|----------|-----------|----------|----------|---------|-------------------|------------------|-------------------|----------|--------------|-----------|
| Sales revenues | 7,661 | 34,082 | 23,398 | 26,359 | 70,643 | 20,758 | 27,381 | 5,123 | 8,828 | 14,278 | (7,526) | 230,985 |
| Cost of sales | (5,487) | (26,751) | (18,700) | (21,066) | (57,177) | (9,820) | (24,074) | (3,948) | (5,865) | (10,220) | 7,397 | (175,711) |
| Recognition (reversal) of impairment losses on financial instruments | - | (404) | 72 | (388) | 1,667 | (119) | - | - | (59) | 48 | (1) | 816 |
| Gross profit on sales | 2,174 | 6,927 | 4,770 | 4,905 | 15,133 | 10,819 | 3,307 | 1,175 | 2,904 | 4,106 | (130) | 56,090 |
| Selling costs | (401) | (2,015) | (867) | (1,983) | (3,633) | (2,024) | (824) | (444) | (397) | (648) | 146 | (13,090) |
| General and administrative expenses | (559) | (1,977) | (890) | (1,701) | (3,246) | (2,461) | (2,169) | (296) | (727) | (835) | (17) | (14,878) |
| Net profit (loss) on sales | 1,214 | 2,935 | 3,013 | 1,221 | 8,254 | 6,334 | 314 | 435 | 1,780 | 2,623 | (1) | 28,122 |
| Other operating income | 3 | 8 | 43 | 5 | 291 | 74 | 6 | 2 | (2) | 19 | 1 | 450 |
| Other operating expenses | (52) | (24) | - | - | (45) | (6) | (44) | (8) | 2 | (16) | (1) | (194) |
| Share of profits of associates | - | - | - | - | - | - | - | - | - | - | - | - |
| Operating profit (loss) | 1,165 | 2,919 | 3,056 | 1,226 | 8,500 | 6,402 | 276 | 429 | 1,780 | 2,626 | (1) | 28,378 |

| For the period of 3 months ended 31 March 2020 in thousands of EUR | Bosnia | Croatia | Macedonia | Romania | Serbia | Turkey | Western Europe | Latin America | Central Europe | Other | Eliminations | Total |
|--|---------|---------|-----------|---------|----------|---------|-------------------|------------------|-------------------|---------|--------------|----------|
| Sales revenues | 1,743 | 7,752 | 5,322 | 5,996 | 16,069 | 4,722 | 6,228 | 1,165 | 2,008 | 3,248 | (1,712) | 52,541 |
| Cost of sales | (1,248) | (6,085) | (4,254) | (4,792) | (13,006) | (2,234) | (5,476) | (898) | (1,334) | (2,325) | 1,683 | (39,969) |
| Recognition (reversal) of impairment losses on financial instruments | - | (92) | 16 | (88) | 379 | (27) | - | - | (13) | 12 | - | 187 |
| Gross profit on sales | 495 | 1,575 | 1,084 | 1,116 | 3,442 | 2,461 | 752 | 267 | 661 | 935 | (29) | 12,759 |
| Selling costs | (91) | (458) | (197) | (451) | (826) | (460) | (187) | (101) | (90) | (150) | 33 | (2,978) |
| General and administrative expenses | (127) | (450) | (202) | (387) | (738) | (560) | (493) | (67) | (165) | (191) | (4) | (3,384) |
| Net profit (loss) on sales | 277 | 667 | 685 | 278 | 1,878 | 1,441 | 72 | 99 | 406 | 594 | - | 6,397 |
| Other operating income | 1 | 2 | 10 | 1 | 66 | 17 | 1 | - | - | 4 | - | 102 |
| Other operating expenses | (12) | (5) | - | - | (10) | (1) | (10) | (2) | - | (4) | - | (44) |
| Share of profits of associates | - | - | - | - | - | - | - | - | - | - | - | - |
| Operating profit (loss) | 266 | 664 | 695 | 279 | 1,934 | 1,457 | 63 | 97 | 406 | 594 | - | 6,455 |

The above figures have been converted at the average exchange rate for the period from 1 January 2020 to 31 March 2020: EUR 1 = PLN 4.3963

The table below presents the basic financial data from the statement of profit and loss for the period of 3 months ended 31 March 2019, in a breakdown by geographical area:

| For the period of 3 months ended 31 March 2019 in thousands of PLN | Bosnia | Croatia | Macedonia | Romania | Serbia | Turkey | Western Europe | Latin America | Central Europe | Other | Eliminations | Total |
|--|---------|----------|-----------|----------|----------|---------|-------------------|------------------|-------------------|---------|--------------|-----------|
| Sales revenues | 9,018 | 33,720 | 11,824 | 24,069 | 60,335 | 15,616 | 18,170 | 2,643 | 2,296 | 10,482 | (9,357) | 178,816 |
| Cost of sales | (6,761) | (26,675) | (6,911) | (20,800) | (48,359) | (7,186) | (15,700) | (2,079) | (1,063) | (7,725) | 9,065 | (134,194) |
| Recognition (reversal) of impairment losses on financial instruments | - | (68) | (125) | 161 | (400) | 193 | - | - | - | 16 | - | (223) |
| Gross profit on sales | 2,257 | 6,977 | 4,788 | 3,430 | 11,576 | 8,623 | 2,470 | 564 | 1,233 | 2,773 | (292) | 44,399 |
| Selling costs | (377) | (1,816) | (904) | (1,802) | (3,479) | (1,671) | (352) | (193) | (315) | (686) | (10) | (11,605) |
| General and administrative expenses | (465) | (1,899) | (898) | (1,677) | (2,628) | (1,511) | (1,430) | (174) | (131) | (771) | 44 | (11,539) |
| Net profit (loss) on sales | 1,415 | 3,262 | 2,986 | (49) | 5,469 | 5,441 | 688 | 197 | 787 | 1,316 | (258) | 21,255 |
| Other operating income | - | 680 | 208 | 37 | 266 | 294 | 14 | 6 | - | 53 | (142) | 1,418 |
| Other operating expenses | - | (621) | (154) | (3) | (213) | (126) | (29) | (16) | - | (44) | 139 | (1,067) |
| Share of profits of associates | - | - | - | - | (55) | - | - | - | - | - | - | (55) |
| Operating profit (loss) | 1,415 | 3,321 | 3,040 | (15) | 5,467 | 5,609 | 673 | 187 | 787 | 1,325 | (261) | 21,551 |

| For the period of 3 months ended 31 March 2019 in thousands of EUR | Bosnia | Croatia | Macedonia | Romania | Serbia | Turkey | Western Europe | Latin America | Central Europe | Other | Eliminations | Total |
|--|---------|---------|-----------|---------|----------|---------|-------------------|------------------|-------------------|---------|--------------|----------|
| Sales revenues | 2,098 | 7,846 | 2,751 | 5,600 | 14,039 | 3,633 | 4,228 | 615 | 534 | 2,439 | (2,177) | 41,606 |
| Cost of sales | (1,573) | (6,207) | (1,608) | (4,840) | (11,252) | (1,672) | (3,653) | (484) | (247) | (1,797) | 2,109 | (31,224) |
| Recognition (reversal) of impairment losses on financial instruments | - | (16) | (29) | 37 | (93) | 45 | - | - | - | 4 | - | (52) |
| Gross profit on sales | 525 | 1,623 | 1,114 | 797 | 2,694 | 2,006 | 575 | 131 | 287 | 646 | (68) | 10,330 |
| Selling costs | (88) | (422) | (210) | (419) | (810) | (389) | (82) | (45) | (73) | (160) | (2) | (2,700) |
| General and administrative expenses | (108) | (442) | (209) | (390) | (611) | (352) | (333) | (40) | (30) | (179) | 10 | (2,684) |
| Net profit (loss) on sales | 329 | 759 | 695 | (12) | 1,273 | 1,265 | 160 | 46 | 184 | 307 | (60) | 4,946 |
| Other operating income | - | 158 | 48 | 9 | 62 | 68 | 3 | 1 | - | 12 | (33) | 328 |
| Other operating expenses | - | (144) | (36) | (1) | (50) | (29) | (7) | (4) | - | (10) | 34 | (247) |
| Share of profits of associates | - | - | - | - | (13) | - | - | - | - | - | - | (13) |
| Operating profit (loss) | 329 | 773 | 707 | (4) | 1,272 | 1,304 | 156 | 43 | 184 | 309 | (59) | 5,014 |

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

VI. Impact of the COVID-19 coronavirus pandemic on the business operations of ASEE

All the markets where ASEE Group operates have been affected by the COVID-19 coronavirus pandemic. Thus, our companies are exposed to social and economic consequences of the pandemic, while the scale of threats depends on how the pandemic spreads in a given country, actions taken by local authorities, as well as the profile of our business operations.

Concurrently, we would like to emphasize that the situation related to the COVID-19 coronavirus pandemic is very dynamic and it is difficult to estimate its effects on the economy, hence the comments below have been prepared to the best knowledge of the Company's management as at the date of publication of this report. Further development of the pandemic may necessitate a verification of our current assumptions and a revision of estimates regarding the impact of this situation on the financial condition of ASEE Group.

Ensuring safety of employees and business continuity

ASEE, as a socially responsible company, in connection with the threat caused by the COVID-19 coronavirus has taken a number of actions in order to ensure the safety of its employees, customers, business partners and all other stakeholders of the company, as well as to ensure the continuation of the company's business operations.

We have already undertaken measures aimed to limit the spread of the coronavirus, ensure safety and business continuity, including:

- sending instructions to our employees on how to behave during the coronavirus epidemic;
- enabling our employees to work from home;

- suspending all training programmes that require personal participation and replacing them with online trainings;
- abandoning foreign business trips;
- obligation to refrain from working in the office and maximum limitation of meetings with other colleagues and contractors, imposed on employees who return from holidays abroad and are not subject to quarantine under generally applicable regulations.

Business lines that are directly affected by the pandemic

Observing the existing course of the pandemic and its impact on social behaviour and the economy, we assess that the current situation will directly affect the following business lines in ASEE Group:

- **BPO (call center) at Necomplus Spain**

As part of this service, our company cooperates with a number of firms whose operations depend on the current economic situation, including tourist traffic (e.g. car rental or real estate brokerage). We estimate that the decline in the scale of operations of our customers will translate into a reduction of ASEE Group's revenues from business process outsourcing in 2020. During the 11 months of 2019, when ASEE Group consolidated the financial results of Necomplus, BPO revenues amounted to EUR 5.8 million. The negative impact of the lower scale of operations on our BPO results is limited the implementation of cost reductions, including sending some employees to temporary layoffs financed by the Spanish government.

- **Maintenance of POS terminals settled for each intervention**

Most contracts for the maintenance of POS terminals performed by ASEE Group are settled on a monthly basis, in fixed amounts regardless of the number of transactions or technical interventions. In rare cases, maintenance service contracts provide for our remuneration depending on the number and type of interventions carried out. Agreements of this type constitute the majority of contracts in Necomplus companies, but only a small portion of revenues in Payten companies operating in Macedonia and Slovenia. Since the outbreak of the pandemic, the number of service interventions has dropped significantly because we perform critical repairs only. Therefore, we expect that revenues from contracts settled for each intervention will also decrease, which may be visible in the markets where Necomplus operates, while the results of other companies should not be significantly affected. We try to reduce the costs related to maintenance of POS terminals, among others by sending employees to temporary layoffs financed from assistance funds in Spain, or by using outstanding holiday leaves.

- **Processing of payment transactions made with cards at POS terminals in Payten Serbia**

The remuneration of ASEE Group depends on the number of transactions processed. We have observed a decrease in the number of transactions since the outbreak of the pandemic and the introduction of local restrictions, and we expect such conditions to continue until the loosening of restrictions and return to normal trading. Part of this decline is attributable to the lower number of transactions involving dynamic currency conversion (DCC). ASEE Group's revenues from processing are generated mainly in the Serbian market and they amounted to EUR 3.5 million in 2019.

- **MoneyGet independent ATM network**

Our independent network of ATMs operates under the brand of MoneyGet in Serbia, Croatia, Montenegro and Albania. Apart from Serbia, our ATMs are located in attractive tourist locations and are geared towards handling tourist traffic and DCC. A possible slowdown in tourism will cause deterioration in the MoneyGet network revenues that directly depend on the number of transactions conducted in our ATMs. In 2019, revenues from MoneyGet ATMs reached almost EUR 2 million. In response to the expected decline in revenues due to lower tourist traffic in the markets of Croatia, Montenegro and Albania, we are currently taking actions to reduce our operating costs. In order to reduce the amount of rental fees, we have decided to uninstall some ATMs and resign from selected locations. In other cases, we have attempted to renegotiate our contracts in order to temporarily suspend or limit the payment of rental fees. We have also suspended the expansion of our independent ATM network that was planned for 2020.

- **Projects implemented in cooperation with external partners**

We have noticed a temporary slowdown in purchases of new equipment for processing centers due to difficulties in deliveries announced by many manufacturers, as well as limitations of physical access to premises and human resources on the part of our customers. This may cause delays in the implementation of

projects involving the supply of infrastructure and third-party products, and related own services. On the other hand, we see an increased demand for equipment and services that enable customers to efficiently switch to remote work. The obligation to work in remote mode often entails the need to expand the network infrastructure and its security, and to purchase additional license applications for virtual communication and group work.

- **e-Commerce**

Revenues from e-Commerce are generated primarily by our payment gateway (NestPay) that supports the settlement of online card transactions, as well as by security solutions (Trides 3D Secure 2.0). Transaction-based revenues (NestPay and MSU) are generated primarily on the Turkish market and in part depend on the volume of processed transactions. Since the outbreak of the pandemic, we have observed a significant decrease in the number of transactions at some of our clients (including airlines, travel companies, and gym networks). At the same time, the volume of online transactions has increased significantly in grocery stores, bookstores, pharmacies, etc. We also see increased interest in our transaction security solution called Trides (3D Secure 2.0). For now, it is difficult to assess the cumulative impact of the above changes in customer behaviour on our revenues from e-Commerce, but we take into account some decline in e-Commerce business during the pandemic. In the entire 2019, revenues generated by this business line amounted to EUR 11.2 million, of which EUR 850 thousand came from the sale of our security solution.

- **Multi-channel access**

We see increased interest from our customers in all solutions that support remote access to services/products, provide the ability to work remotely, as well as in related security and network solutions. These solutions include: Digital Edge (omnichannel banking platform); Adaptive Elements (mobile banking); Digital Origination (solution for offering of bank products and services online); Live Virtual Branch (solution for banks enabling various forms of digital/remote contact and sales to the client). Sales of these solutions should increase revenues in the segments of Banking Solutions and Dedicated Solutions.

- **Solutions supporting remote communication and remote management of documents**

We have also noticed considerably higher interest in solutions supporting remote circulation of documents and business process automation. This is related to products such as: Live – Contact Center (solution enabling communication with customers over all communication channels), Video Chat, ABC – AssecO Business Correspondence, applications based on BPM – digital signature, scan from home, as well as LeaseFlex and SxS. In some markets (especially in Croatia, Macedonia, Serbia and Romania) we have noticed increased interest in the automation of processes that require multi-level acceptance within an organization and efficient contact with customers through social media channels (including mobile applications). There is also high demand from our customers (especially financial institutions and public administration) for electronic signature (PKI) and transaction authentication (SxS) solutions. In recent weeks, we received enquiries about temporary access to additional functionalities (in particular as part of the Live solution) to support enhanced B2C communication, which we implement in the SaaS model, mainly in Croatia and Macedonia.

Sales of these solutions should increase revenues in the Dedicated Solutions segment.

- **Modifications due to regulatory changes**

Regulatory changes related to the implementation of financial aid packages in different countries require modification of IT systems in banks and institutions of public administration. We believe that introduction of such changes will help us generate additional revenues, especially in the Banking Solutions segment.

Our other business lines have not yet felt any significant direct impact of the COVID-19 pandemic. Even before the outbreak of the pandemic, much of our implementation work was performed remotely, and thanks to that projects in the segments of Banking Solutions and Dedicated Solutions are conducted in line with their schedules. The activities of our ATM and POS maintenance teams have, in consultation with our customers, been limited to critical interventions, which should not have a significant impact on the amount of revenues, because our remuneration under most maintenance service contracts does not depend on the number of interventions carried out.

Possible long-term effects of the pandemic

As mentioned above, the situation related to the COVID-19 coronavirus pandemic is very dynamic and its effects on the economy are difficult to estimate. A lot depends on how long the restrictions will last and what will be their practical impact on the financial condition of our customers.

If the course of this pandemic is prolonged, it may have the following consequences for our business:

- delays in the execution of ongoing long-term implementation projects;
- resignation from or postponement of the implementation projects that are not critical to our customers;
- renegotiation of existing contracts in the case of reducing the scale of operations by our customers;
- delays in the implementation of projects based on infrastructure provided by external vendors.

On the other hand, we expect a further growth of interest in software solutions that enable the digitization of processes as well as services that improve remote work and customer service, as described in paragraphs above.

At the same time, we would like to emphasize that we currently see no significant threats to the business operations of ASEE Group. We are monitoring this situation on an ongoing basis, adjusting our individual decisions to changing conditions. We are trying to minimize the negative impact of the pandemic on our business, among others, by reducing costs, while monitoring and taking advantage of new market opportunities created by the current situation.

VII. Non-recurring events with impact on our financial performance

Non-recurring events which affected the financial performance, financial position and cash flows of ASEE Group in the first quarter of 2020 and in the comparable period included the acquisitions of subsidiary companies as well as other organizational changes in the Group as described in section 'Organization and changes in the structure of Asseco South Eastern Europe Group, including the entities subject to consolidation'.

Furthermore, in 2020 all the markets where ASEE Group operates have been affected by the COVID-19 coronavirus pandemic. Impact of the COVID-19 coronavirus pandemic on the business operations of ASEE Group has been described in section VI. 'Impact of the COVID-19 coronavirus pandemic on the business operations of ASEE'.

VIII. Corporate officers at Asseco South Eastern Europe S.A.

As at the date of publication of this report, this is on 29 April 2020, the Company's Management Board, Supervisory Board and Audit Committee were composed of the following persons:

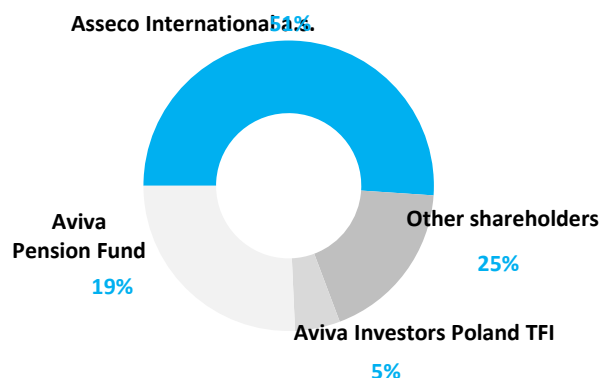
| <u>Supervisory Board</u> | <u>Management Board</u> | <u>Audit Committee</u> |
|--------------------------|-------------------------|------------------------|
| Jozef Klein | Piotr Jeleński | Artur Kucharski |
| Adam Góral | Miljan Mališ | Adam Pawłowicz |
| Jacek Duch | Marcin Rulnicki | Jacek Duch |
| Artur Kucharski | Kostadin Slavkoski | |
| Adam Pawłowicz | | |

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

In the period from 31 March 2020 till the publication of this report, this is till 29 April 2020, the compositions of the Company's Management Board, Supervisory Board and Audit Committee remained unchanged.

IX. Major shareholders of Asseco South Eastern Europe S.A.

Major shareholders as at 31 March 2020



As at 31 March 2020, Asseco International a.s. (our higher-level parent) held 26,494,676 shares representing 51.06% in the share capital of our Company, which carried 26,494,676 votes or 51.06% of total voting rights at the Company's General Meeting of Shareholders. The parent company of Asseco International is Asseco Poland S.A.

To the best knowledge of the Company's Management Board, as at the date of publication of this report, this is on 29 April 2020, as well as on 31 March 2020, 24 February 2020 and 31 December 2019, the Shareholders who, either directly or through their subsidiaries, held at least 5.0% of total voting rights were as follows:

| Shareholders | Number of shares held | Percentage of total voting rights |
|---------------------------------|-----------------------|-----------------------------------|
| 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% |
| Total | 51,894,251 | 100.00% |

Shares held by the management and supervisory personnel

The numbers of Asseco South Eastern Europe shares held by its management and supervisory staff are presented in the table below:

| | 29 April 2020 | 31 March 2020 | 24 Feb. 2020 | 31 Dec. 2019 |
|----------------------------|---------------|---------------|--------------|--------------|
| Piotr Jeleński | 973,492 | 973,492 | 973,492 | 973,492 |
| Miljan Mališ ¹⁾ | 322,715 | 322,715 | 322,715 | 322,715 |
| Marcin Rulnicki | 30,000 | 30,000 | 30,000 | 30,000 |
| Kostadin Slavkoski | 35,600 | 35,600 | 35,600 | 35,600 |

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.

Members of the Supervisory Board did not hold any shares in Asseco South Eastern Europe S.A. in any of the above-mentioned periods.

X. Other information

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

During the reporting period, the Parent Company did not conduct any transactions of issuance, redemption or repayment of equity or debt securities.

10.2. Changes in the organizational structure of the Issuer's Group

Description of the organizational structure of Asseco South Eastern Europe Group and changes thereto is provided in section III of the supplementary information to the interim condensed consolidated financial statements of the Group.

10.3. Information on significant judicial proceedings

As at 31 March 2020 and the publication date of this report, neither Asseco South Eastern Europe S.A. nor Asseco South Eastern Europe Group were party to any proceedings pending before any court, arbitration authority or public administration.

10.4. Related party transactions

Transactions with our related parties have been presented in explanatory note 6.17 to the interim condensed consolidated financial statements of Asseco South Eastern Europe Group for the period of 3 months ended 31 March 2020. All transactions with related parties are carried out on an arm's length basis.

10.5. Bank loans, borrowings, sureties, guarantees and off-balance-sheet liabilities

Bank loans and borrowings obtained, sureties and guarantees granted, as well as off-balance-sheet liabilities have been disclosed in explanatory notes 6.11 and 8.1 to the interim condensed consolidated financial statements of Asseco South Eastern Europe Group for the period of 3 months ended 31 March 2020.

10.6. Changes in the Group management policies

During the period of 3 months ended 31 March 2020, the Group's management practices remained unchanged.

10.7. Agreements concluded by the Group and Company with its management personnel providing for payment of compensations if such persons resign or are dismissed from their positions

The Group companies did not conclude any agreements with their management officers that would provide for payment of compensations in the event such persons resign or are dismissed from their positions without substantial reason, or when they are dismissed as a result of a company merger by acquisition.

10.8. Information on the agreements known to the Issuer which may result in future changes of the equity interests held by the existing shareholders and bondholders

There are no agreements which may result in future changes of the equity interests held by the existing shareholders and bondholders.

10.9. Opinion on feasibility of the Management's financial forecasts for 2020

The Management Board of Asseco South Eastern Europe S.A. did not publish any financial forecasts for 2020.

10.10. Information on monitoring of employee stock option plans

On 23 June 2017, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of 2,221,356 shares in ASEE S.A., representing 4.28% of the company's share capital. Members of the Management Board of ASEE S.A. as well as parties related through Members of the Management Board of ASEE S.A. acquired 1,572,424 shares in total. The remaining 648,932 shares were acquired by the management staff of subsidiary companies of ASEE Group.

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

Detailed information on the share-based payment plan has been presented in explanatory note 5.2 to the interim condensed consolidated financial statements of the Group for the period of 3 months ended 31 March 2020.

10.11. Factors which in the Management's opinion will affect the Group's financial performance at least in the next quarter

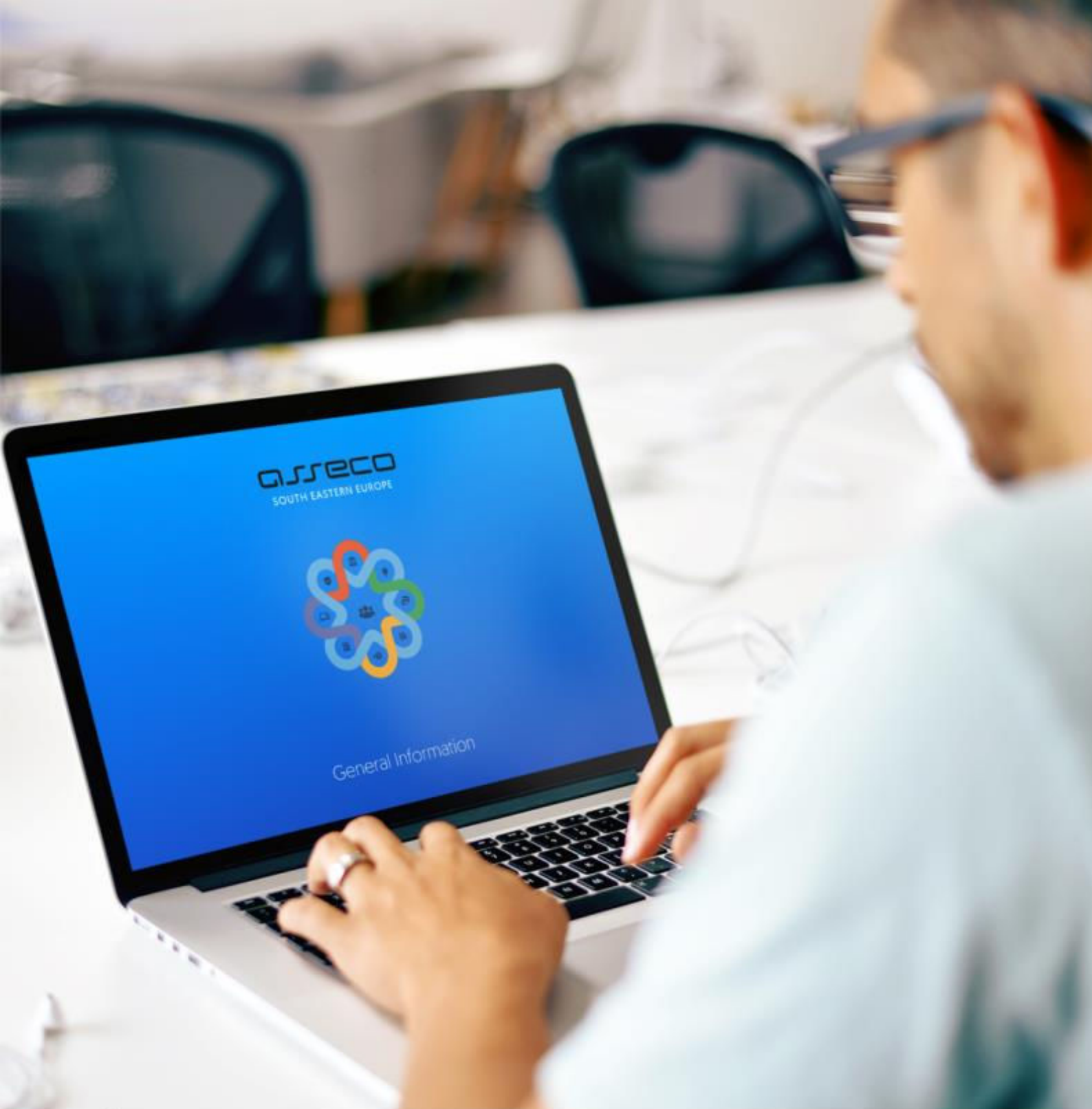
The factors that will affect the Group's financial performance at least till the end of the next quarter have been indicated and explained in chapter 'Summary and analysis of the financial results of ASEE Group', section I. 'Financial results of AssecO South Eastern Europe Group', as well as in the description of impact exerted by the COVID-19 coronavirus pandemic on ASEE Group's business provided in section VI. 'Impact of the COVID-19 coronavirus pandemic on the business operations of ASEE' of this quarterly report.

The factors that may affect the Group's financial performance in 2020 have been also described in the Management Report on Operations of the Group for the year 2019.

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.

10.12. Other factors significant for the assessment of human resources, assets and financial position

Except for the information provided above, we are not aware of any events the disclosure of which might significantly affect the assessment of human resources, assets and financial position of AssecO South Eastern Europe Group.



**Interim Condensed Financial Statements
of [Asseco South Eastern Europe S.A.](#)
for the period of 3 months ended 31 March 2020**

Financial Highlights

Asseco South Eastern Europe S.A.

| | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 | 3 months ended 31 March 2020 EUR'000 | 3 months ended 31 March 2019 EUR'000 |
|--|--|--|--|--|
| Revenues from holding activities | 20,283 | 2,993 | 4,614 | 696 |
| Revenues from operating activities | 2,621 | 2,145 | 596 | 499 |
| Operating profit | 17,347 | 315 | 3,946 | 73 |
| Pre-tax profit | 18,865 | 505 | 4,291 | 118 |
| Net profit for the reporting period | 18,176 | 672 | 4,134 | 156 |
| Net cash provided by (used in) operating activities | 7,534 | (25,402) | 1,714 | (5,910) |
| Net cash provided by (used in) investing activities | 293 | 1,942 | 67 | 452 |
| Net cash provided by (used in) financing activities | (2,795) | (1,384) | (636) | (322) |
| Cash and cash equivalents at the end of period (comparable data as at 31 December 2019) | 16,099 | 11,044 | 3,536 | 2,593 |
| Basic earnings per ordinary share for the reporting period (in PLN/EUR) | 0.35 | 0.01 | 0.08 | - |
| Diluted earnings per ordinary share for the reporting period (in PLN/EUR) | 0.35 | 0.01 | 0.08 | - |

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

- items of the statement of profit and loss and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
 - for the period from 1 January 2020 to 31 March 2020: EUR 1 = PLN 4.3963
 - for the period from 1 January 2019 to 31 March 2019: EUR 1 = PLN 4.2978
- 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 2020: EUR 1 = PLN 4.5523
 - exchange rate effective on 31 December 2019: EUR 1 = PLN 4.2585

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

Interim Condensed Statement of Profit and Loss and Other Comprehensive Income

Asseco South Eastern Europe S.A.

| STATEMENT OF PROFIT AND LOSS | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 (restated*) PLN'000 |
|--|--|---|
| Holding activities | 20,283 | 2,993 |
| Dividend income | 16,012 | - |
| Revenues from sale of services | 4,271 | 2,993 |
| Operating activities | 2,621 | 2,145 |
| Revenues from sale of IT services and software | 2,621 | 2,145 |
| Total sales revenues | 22,904 | 5,138 |
| Cost of sales | (5,023) | (4,328) |
| Recognition/reversal of allowances for trade receivables | - | - |
| Gross profit on sales | 17,881 | 810 |
| Selling costs | (297) | (185) |
| General and administrative expenses | (237) | (310) |
| Net profit on sales | 17,347 | 315 |
| Other operating income | - | - |
| Other operating expenses | - | - |
| Operating profit | 17,347 | 315 |
| Financial income | 2,105 | 378 |
| Financial expenses | (608) | (188) |
| Recognition/reversal of impairment losses on loans granted and other financial instruments | 21 | - |
| Pre-tax profit | 18,865 | 505 |
| Corporate income tax | (689) | 167 |
| Net profit | 18,176 | 672 |
| Earnings per share (in PLN): | | |
| basic earnings per share | 0.35 | 0.01 |
| diluted earnings per share | 0.35 | 0.01 |

| COMPREHENSIVE INCOME: | 3 months ended 31 March 2020 PLN'000 | 3 months ended 31 March 2019 PLN'000 |
|--|--|--|
| Net profit | 18,176 | 672 |
| Other comprehensive income: | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD | 18,176 | 672 |

*The restatement of comparable data is related to a change in the presentation of operating costs resulting from their adaptation to the nature of the Company's operations.

Interim Condensed Statement of Financial Position

Asseco South Eastern Europe S.A.

| ASSETS | 31 March 2020 | 31 Dec. 2019 | 31 March 2019 |
|---|----------------|----------------|----------------|
| | PLN'000 | PLN'000 | PLN'000 |
| Non-current assets | | | |
| Property, plant and equipment | 411 | 385 | 464 |
| Intangible assets | 5,591 | 5,626 | 5,676 |
| <i>of which goodwill from business combinations</i> | <i>4,567</i> | <i>4,567</i> | <i>4,567</i> |
| Right-of-use assets | 350 | 376 | 453 |
| Investments in subsidiaries | 607,797 | 606,812 | 604,396 |
| Deferred tax assets | 378 | 713 | 193 |
| Other receivables | 255 | 579 | 1,620 |
| Other financial assets | 31,270 | 31,738 | 10,346 |
| Prepayments and accrued income | - | - | 510 |
| | 646,052 | 646,229 | 623,658 |
| Current assets | | | |
| Trade receivables | 7,658 | 3,617 | 5,281 |
| Contract assets | - | - | 10 |
| Corporate income tax receivable | 490 | - | 539 |
| Other receivables | 1,787 | 1,642 | 1,839 |
| Prepayments and accrued income | 2,937 | 1,228 | 2,401 |
| Other financial assets | 19,146 | 15,995 | 6,012 |
| Cash and short-term deposits | 16,099 | 11,044 | 12,090 |
| | 48,117 | 33,526 | 28,172 |
| TOTAL ASSETS | 694,169 | 679,755 | 651,830 |

Interim Condensed Statement of Financial Position

Asseco South Eastern Europe S.A.

| EQUITY AND LIABILITIES | 31 March 2020 | 31 Dec. 2019 | 31 March 2019 |
|--|----------------|----------------|----------------|
| | PLN'000 | PLN'000 | PLN'000 |
| TOTAL EQUITY | | | |
| Share capital | 518,942 | 518,942 | 518,942 |
| Share premium | 38,825 | 38,825 | 38,825 |
| Other capitals | 2,744 | 2,601 | 1,960 |
| Retained earnings | 95,493 | 77,317 | 64,729 |
| | 656,004 | 637,685 | 624,456 |
| Non-current liabilities | | | |
| Bank loans | 13,720 | 14,747 | 6,511 |
| Lease liabilities | 266 | 277 | 349 |
| Other financial liabilities | 275 | 4,978 | 4,986 |
| | 14,261 | 20,002 | 11,846 |
| Current liabilities | | | |
| Bank loans | 10,080 | 10,023 | 5,208 |
| Lease liabilities | 111 | 103 | 108 |
| Other financial liabilities | 4,932 | 4,936 | 4,936 |
| Trade payables | 2,918 | 2,180 | 1,025 |
| Contract liabilities | 2,767 | 1,391 | 2,822 |
| Corporate income tax payable | - | 374 | - |
| Liabilities to the state and local budgets | 1,675 | 137 | 630 |
| Other liabilities | 94 | 266 | 54 |
| Accruals | 1,327 | 2,658 | 745 |
| | 23,904 | 22,068 | 15,528 |
| TOTAL LIABILITIES | 38,165 | 42,070 | 27,374 |
| TOTAL EQUITY AND LIABILITIES | 694,169 | 679,755 | 651,830 |

Interim Condensed Statement of Changes in Equity

Asseco South Eastern Europe S.A.

| | Share capital | Share premium | Other capitals | Retained earnings | Total equity |
|--|----------------|---------------|----------------|-------------------|----------------|
| As at 1 January 2020 | 518,942 | 38,825 | 2,601 | 77,317 | 637,685 |
| Net profit for the reporting period | - | - | - | 18,176 | 18,176 |
| Total comprehensive income for the reporting period | - | - | - | 18,176 | 18,176 |
| Valuation of share-based payment plan | - | - | 143 | - | 143 |
| As at 31 March 2020 | 518,942 | 38,825 | 2,744 | 95,493 | 656,004 |

| | | | | | |
|---|----------------|---------------|--------------|---------------|----------------|
| As at 1 January 2019 | 518,942 | 38,825 | 1,655 | 64,064 | 623,486 |
| Restatement of opening balance resulting from the adoption of IFRS 16 | - | - | - | (7) | (7) |
| As at 1 January 2019 (including impact of the adoption of IFRS 16) | 518,942 | 38,825 | 1,655 | 64,057 | 623,479 |
| Net profit for the reporting period | - | - | - | 40,245 | 40,245 |
| Total comprehensive income for the reporting period | - | - | - | 40,245 | 40,245 |
| Dividend for the year 2018 | - | - | - | (26,985) | (26,985) |
| Valuation of share-based payment plan | - | - | 946 | - | 946 |
| As at 31 December 2019 | 518,942 | 38,825 | 2,601 | 77,317 | 637,685 |

| | | | | | |
|---|----------------|---------------|--------------|---------------|----------------|
| As at 1 January 2019 | 518,942 | 38,825 | 1,655 | 64,064 | 623,486 |
| Restatement of opening balance resulting from the adoption of IFRS 16 | - | - | - | (7) | (7) |
| As at 1 January 2019 (including impact of the adoption of IFRS 16) | 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 | 518,942 | 38,825 | 1,960 | 64,729 | 624,456 |

Interim Condensed Statement of Cash Flows

Asseco South Eastern Europe S.A.

| | 3 months ended 31 March 2020 | 3 months ended 31 March 2019 |
|---|---------------------------------|---------------------------------|
| | PLN'000 | PLN'000 |
| Cash flows – operating activities | | |
| Pre-tax profit | 18,865 | 505 |
| Total adjustments: | (20,474) | (2,054) |
| Depreciation and amortization | 164 | 132 |
| Change in receivables | (3,973) | (610) |
| Change in liabilities, accruals and provisions | 676 | (1,695) |
| Interest income/expenses | (200) | (94) |
| Gain/loss on foreign currency translation differences | (1,720) | (85) |
| Gain/loss on investing activities | (16,012) | 44 |
| Valuation of share-based payment plan | 143 | 304 |
| Other | 448 | (50) |
| Selected operating cash flows | 9,524 | (23,012) |
| Sale of shares in subsidiaries | 361 | 342 |
| Acquisition of shares in related companies | (5,921) | (23,354) |
| Dividends received | 15,084 | - |
| Cash generated from operating activities | 7,915 | (24,561) |
| Corporate income tax (paid) recovered | (381) | (841) |
| Net cash provided by (used in) operating activities | 7,534 | (25,402) |
| Cash flows – investing activities | | |
| Inflows: | 782 | 2,055 |
| Disposal/settlement of financial assets carried at fair value through profit or loss | - | 11 |
| Loans collected | 514 | 1,889 |
| Interest received | 268 | 155 |
| Outflows: | (489) | (113) |
| Acquisition of property, plant and equipment, and intangible assets | (129) | (102) |
| Acquisition/settlement of financial assets carried at fair value through profit or loss | (360) | - |
| Loans granted | - | (11) |
| Net cash provided by (used in) investing activities | 293 | 1,942 |
| Cash flows – financing activities | | |
| Inflows: | - | - |
| Proceeds from bank loans and borrowings | - | - |
| Outflows: | (2,795) | (1,384) |
| Dividends paid out | - | - |
| Repayments of bank loans | (2,671) | (1,302) |
| Payments of lease liabilities | (29) | - |
| Interest paid | (95) | (54) |
| Other | - | (28) |
| Net cash provided by (used in) financing activities | (2,795) | (1,384) |
| Net change in cash and cash equivalents | 5,032 | (24,844) |
| Net foreign currency translation differences | 23 | (10) |
| Cash and cash equivalents as at 1 January | 11,044 | 36,944 |
| Cash and cash equivalents as at 31 March | 16,099 | 12,090 |

This quarterly report has been approved for publication by the Management Board of Asseco South Eastern Europe S.A. on 29 April 2020.

Management Board:

| | |
|----------------|-----------------------------------|
| Piotr Jeleński | President of the Management Board |
|----------------|-----------------------------------|

| | |
|--------------|--------------------------------|
| Miljan Mališ | Member of the Management Board |
|--------------|--------------------------------|

| | |
|-----------------|--------------------------------|
| Marcin Rulnicki | Member of the Management Board |
|-----------------|--------------------------------|

| | |
|--------------------|--------------------------------|
| Kostadin Slavkoski | Member of the Management Board |
|--------------------|--------------------------------|

Solutions for demanding business.

Asseco South Eastern Europe S.A.

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