



Quarterly Report
of Asseco South Eastern Europe Group
for the period of 3 months ended 31 March 2021

asseco
SOUTH EASTERN EUROPE



Present in
23 countries



PLN 253 million
in sales revenues



3,031
highly committed
employees



PLN 31.7 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 2021

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF ASSECO SOUTH EASTERN EUROPE GROUP FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2021	1
FINANCIAL HIGHLIGHTS.....	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	6
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	12
EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	13
I. GENERAL INFORMATION.....	13
II. BASIS FOR THE PREPARATION OF INTERIM CONDENSED FINANCIAL STATEMENTS	14
2.1. Basis for preparation.....	14
2.2. Compliance statement.....	14
2.3. Functional currency and presentation currency.....	15
2.4. Professional judgement and estimates	15
2.5. Accounting policies applied.....	15
2.6. New standards and interpretations published but not in force yet	15
2.7. Changes in the presentation methods and in the comparable data	16
2.8. Corrections of material errors.....	16
III. ORGANIZATION AND CHANGES IN THE STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP, INCLUDING THE ENTITIES SUBJECT TO CONSOLIDATION.....	17
IV. INFORMATION ON OPERATING SEGMENTS.....	19
V. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS	22
5.1. Structure of operating revenues	22
5.2. Structure of operating costs.....	24
5.3. Other operating income and expenses	24
5.4. Financial income and expenses.....	25
5.5. Corporate income tax	26
5.6. Earnings per share.....	26
5.7. Information on dividends paid out.....	26
VI. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	26
6.1. Property, plant and equipment.....	26
6.2. Intangible assets	27
6.3. Right-of-use assets	27
6.4. Goodwill	28
6.5. Other financial assets.....	30
6.6. Prepayments and accrued income.....	31
6.7. Receivables and contract assets.....	31
6.8. Inventories	32
6.9. Cash and cash equivalents	33
6.10. Lease liabilities	33
6.11. Bank loans and borrowings	34
6.12. Other financial liabilities	35
6.13. Trade payables, state budget liabilities and other liabilities	36
6.14. Contract liabilities	37
6.15. Provisions.....	37
6.16. Accruals.....	37
6.17. Related party transactions	38
VII. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS.....	39
7.1. Cash flows – investing activities	39
7.2. Cash flows – financing activities.....	39
VIII. OTHER EXPLANATORY NOTES	40
8.1. Off-balance-sheet liabilities	40
8.2. Seasonal and cyclical business	40

8.3.	Employment.....	41
8.4.	Significant events after the reporting period	41
8.5.	Significant events related to prior years	41
SUMMARY AND ANALYSIS OF THE FINANCIAL RESULTS OF ASSECO SOUTH EASTERN EUROPE GROUP FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2021		
		42
I.	FINANCIAL RESULTS OF ASSECO SOUTH EASTERN EUROPE GROUP FOR THE FIRST QUARTER OF 2021	43
II.	CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE FIRST QUARTER OF 2021 (NON-IFRS)	45
III.	ANALYSIS OF FINANCIAL RATIOS	46
IV.	STRUCTURE OF THE STATEMENT OF CASH FLOWS	47
V.	INFORMATION ON GEOGRAPHICAL STRUCTURE OF FINANCIAL RESULTS.....	48
VI.	IMPACT OF THE COVID-19 CORONAVIRUS PANDEMIC ON THE BUSINESS OF ASEE	49
VII.	NON-RECURRING EVENTS WITH IMPACT ON OUR FINANCIAL PERFORMANCE	50
VIII.	GOVERNING BODIES OF ASSECO SOUTH EASTERN EUROPE S.A.	50
IX.	SHAREHOLDERS STRUCTURE OF ASSECO SOUTH EASTERN EUROPE S.A.	51
X.	OTHER INFORMATION.....	52
10.1.	Issuance, redemption and repayment of non-equity and equity securities	52
10.2.	Changes in the organizational structure of the Issuer's Group	52
10.3.	Information on significant judicial proceedings	52
10.4.	Related party transactions	52
10.5.	Bank loans, borrowings, sureties, guarantees and off-balance-sheet liabilities	52
10.6.	Changes in the Group management policies.....	52
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	52
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	52
10.9.	Opinion on feasibility of the Management's financial forecasts for 2021	52
10.10.	Information on monitoring of employee stock option plans.....	52
10.11.	Factors which in the Management's opinion will affect the Group's financial performance at least in the next quarter	53
10.12.	Other factors significant for the assessment of human resources, assets and financial position	53
INTERIM CONDENSED FINANCIAL STATEMENTS OF ASSECO SOUTH EASTERN EUROPE S.A. FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2021.....		
		54
FINANCIAL HIGHLIGHTS.....		55
INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME		56
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION		57
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY		59
INTERIM CONDENSED STATEMENT OF CASH FLOWS.....		60

Financial Highlights

Asseco South Eastern Europe Group

	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000	3 months ended 31 March 2021 EUR'000	3 months ended 31 March 2020 EUR'000
Sales revenues	252,766	230,985	55,284	52,541
Operating profit	38,895	28,378	8,507	6,455
Pre-tax profit	40,387	28,122	8,833	6,397
Net profit for the reporting period	32,627	23,636	7,136	5,376
Net profit attributable to Shareholders of the Parent Company	31,711	23,547	6,936	5,356
Net cash provided by (used in) operating activities	28,256	(2,434)	6,180	(554)
Net cash provided by (used in) investing activities	(18,645)	(13,513)	(4,078)	(3,074)
Net cash provided by (used in) financing activities	(13,426)	(15,474)	(2,937)	(3,520)
Cash and cash equivalents at the end of period (comparable data as at 31 December 2020)	245,663	249,028	52,714	53,963
Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.61	0.45	0.13	0.10
Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.61	0.45	0.13	0.10

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 2021 to 31 March 2021: EUR 1 = PLN 4.5721
 - for the period from 1 January 2020 to 31 March 2020: EUR 1 = PLN 4.3963
- 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 2021: EUR 1 = PLN 4.6603
 - exchange rate effective on 31 December 2020: EUR 1 = PLN 4.6148

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 2021 PLN'000	3 months ended 31 March 2020 PLN'000
	Note		
Operating revenues	<u>5.1</u>	252,766	230,985
Cost of sales	<u>5.2</u>	(182,292)	(175,711)
Allowances for trade receivables	<u>5.2</u>	385	816
Gross profit on sales		70,859	56,090
Selling costs	<u>5.2</u>	(16,875)	(13,090)
General and administrative expenses	<u>5.2</u>	(15,630)	(14,878)
Net profit on sales		38,354	28,122
Other operating income	<u>5.3</u>	749	450
Other operating expenses	<u>5.3</u>	(208)	(194)
Share of profits of associates and joint ventures		-	-
Operating profit		38,895	28,378
Financial income	<u>5.4</u>	5,243	4,320
Financial expenses	<u>5.4</u>	(3,751)	(4,576)
Impairment losses on financial instruments	<u>5.4</u>	-	-
Pre-tax profit		40,387	28,122
Corporate income tax (current and deferred tax expense)	<u>5.5</u>	(7,760)	(4,486)
Net profit for the reporting period		32,627	23,636
<i>Attributable to:</i>			
Shareholders of the Parent Company		31,711	23,547
Non-controlling interests		916	89
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)			
	<u>5.6</u>	0.61	0.45
OTHER COMPREHENSIVE INCOME			
Net profit for the reporting period		32,627	23,636
Components that may be reclassified to profit or loss		8,378	45,519
Net gain/loss on valuation of financial assets		-	(14)
Differences on foreign currency translation of subsidiaries		8,378	45,533
Components that will not be reclassified to profit or loss		-	-
Actuarial gains/losses		-	-
Total other comprehensive income		8,378	45,519
TOTAL COMPREHENSIVE INCOME attributable to:		41,005	69,155
Shareholders of the Parent Company		39,942	68,925
Non-controlling interests		1,063	230

Interim Condensed Consolidated Statement of Financial Position Asseco South Eastern Europe Group

		31 March 2021	31 December 2020	31 March 2020
ASSETS	Note			
		PLN'000	PLN'000	PLN'000
Non-current assets				
Property, plant and equipment	6.1	140,831	143,171	151,479
Intangible assets	6.2	24,169	22,999	24,440
Right-of-use assets	6.3	52,899	55,711	66,984
Investment property		607	599	630
Goodwill	6.4	590,365	575,526	563,640
Investments accounted for using the equity method		-	-	-
Other receivables	6.7	783	821	740
Deferred tax assets		11,145	10,948	9,221
Other financial assets	6.5	395	5,165	4,885
Prepayments and accrued income	6.6	2,999	6,142	555
		824,193	821,082	822,574
Current assets				
Inventories	6.8	34,641	27,912	27,075
Prepayments and accrued income	6.6	36,967	30,991	25,897
Trade receivables	6.7	149,781	207,672	131,739
Contract assets	6.7	39,223	29,625	51,082
Corporate income tax receivable	6.7	1,636	2,105	2,029
Receivables from the state and local budgets	6.7	5,488	5,100	2,794
Other receivables	6.7	4,311	3,970	4,034
Other non-financial assets		5,634	3,557	9,460
Other financial assets	6.5	5,183	48	608
Cash and bank deposits	6.9	245,663	249,028	172,344
		528,527	560,008	427,062
TOTAL ASSETS		1,352,720	1,381,090	1,249,636

Interim Condensed Consolidated Statement of Financial Position

Asseco South Eastern Europe Group

		31 March 2021	31 December 2020	31 March 2020
EQUITY AND LIABILITIES	Note			
		PLN'000	PLN'000	PLN'000
Equity (attributable to shareholders of the Parent Company)				
Share capital		518,942	518,942	518,942
Share premium		38,825	38,825	38,825
Transactions with non-controlling interests		(11,949)	(12,290)	(9,506)
Other capitals		(584)	(584)	(1,017)
Differences on foreign currency translation of subsidiaries		(74,310)	(82,541)	(74,194)
Retained earnings		479,971	448,260	393,681
		950,895	910,612	866,731
Non-controlling interests		3,550	2,460	1,927
Total equity		954,445	913,072	868,658
Non-current liabilities				
Bank loans and borrowings	6.11	24,777	29,139	44,202
Lease liabilities	6.10	37,605	39,847	47,813
Other financial liabilities	6.12	4,772	25,885	30,025
Deferred tax liabilities		2,887	2,905	3,010
Provisions	6.15	2,206	2,072	2,018
Contract liabilities	6.14	6,171	9,402	1,559
Other liabilities	6.13	6,170	4,087	467
		84,588	113,337	129,094
Current liabilities				
Bank loans and borrowings	6.11	27,972	30,145	44,178
Lease liabilities	6.10	17,946	18,995	20,672
Other financial liabilities	6.12	43,916	21,190	8,311
Trade payables	6.13	76,850	111,830	60,742
Contract liabilities	6.14	70,223	74,087	62,069
Corporate income tax payable	6.13	8,787	7,986	5,137
Liabilities to the state and local budgets	6.13	23,234	35,062	18,506
Other liabilities	6.13	16,436	27,184	9,477
Provisions	6.15	3,483	3,451	3,481
Accruals	6.16	24,840	24,751	19,311
		313,687	354,681	251,884
TOTAL LIABILITIES		398,275	468,018	380,978
TOTAL EQUITY AND LIABILITIES		1,352,720	1,381,090	1,249,636

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 2021	518,942	38,825	(12,290)	(584)	(82,541)	448,260	910,612	2,460	913,072
Net profit for the reporting period	-	-	-	-	-	31,711	31,711	916	32,627
Other comprehensive income for the reporting period	-	-	-	-	8,231	-	8,231	147	8,378
Total comprehensive income for the reporting period	-	-	-	-	8,231	31,711	39,942	1,063	41,005
Obtaining control over subsidiaries	-	-	-	-	-	-	-	976	976
Increase of share capital in subsidiaries	-	-	(461)	-	-	-	(461)	461	-
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))	-	-	802	-	-	-	802	(1,015)	(213)
Dividend for the year 2020	-	-	-	-	-	-	-	(395)	(395)
As at 31 March 2021	518,942	38,825	(11,949)	(584)	(74,310)	479,971	950,895	3,550	954,445

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		-	-	-	-	-	116,528	116,528	1,642	118,170
Other comprehensive income for the reporting period		-	-	-	(5)	37,045	-	37,040	215	37,255
Total comprehensive income for the reporting period		-	-	-	(5)	37,045	116,528	153,568	1,857	155,425
Share-based payment transactions with employees		-	-	-	740	-	-	740	-	740
Obtaining control over subsidiaries		-	-	-	-	-	-	-	114	114
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	(3,955)	-	-	-	(3,955)	(1,100)	(5,055)
Dividend for the year 2019	5.7	-	-	-	-	-	(38,402)	(38,402)	(462)	(38,864)
As at 31 December 2020		518,942	38,825	(12,290)	(584)	(82,541)	448,260	910,612	2,460	913,072

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 Cash Flows

Asseco South Eastern Europe Group

	Note	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Cash flows – operating activities			
Pre-tax profit		40,387	28,122
Total adjustments:		(5,580)	(24,903)
Depreciation and amortization	5.2	18,608	19,121
Change in inventories		(7,992)	12,117
Change in receivables and other non-financial assets		48,598	20,049
Change in liabilities, accruals and provisions		(66,135)	(79,300)
Interest income/expenses		686	1,064
Gain/loss on foreign currency translation differences		(931)	823
Other financial income/expenses		1,736	221
Gain/loss on sale, disposal and impairment of property, plant and equipment, and intangible assets		(150)	692
Costs of share-based payment transactions with employees		-	316
Other adjustments to pre-tax profit		-	(6)
Cash provided by (used in) operating activities		34,807	3,219
Corporate income tax paid		(6,551)	(5,653)
Net cash provided by (used in) operating activities		28,256	(2,434)
Cash flows – investing activities			
Inflows			
Disposal of property, plant and equipment, intangible assets, and investment property		409	191
Loans collected		-	16
Interest received		3	15
Outflows			
Acquisition of property, plant and equipment, intangible assets (including R&D expenditures), and investment property	7.1	(8,332)	(8,228)
Expenditures for the acquisition of subsidiaries and associates, less cash and cash equivalents in subsidiaries acquired	7.1	(10,514)	(5,135)
Acquisition/settlement of financial assets carried at fair value through profit or loss		-	(360)
Loans granted		(211)	(12)
Net cash provided by (used in) investing activities		(18,645)	(13,513)
Cash flows – financing activities			
Inflows			
Proceeds from bank loans and borrowings		418	804
Outflows			
Repayments of bank loans and borrowings	7.2	(7,968)	(9,620)
Payments of lease liabilities	7.2	(4,775)	(5,317)
Interest paid	7.2	(706)	(959)
Dividends paid out to non-controlling shareholders	7.2	(395)	(382)
Net cash provided by (used in) financing activities		(13,426)	(15,474)
Net increase (decrease) in cash and cash equivalents		(3,815)	(31,421)
Net foreign currency translation differences		469	7,461
Net cash and cash equivalents as at 1 January		248,860	190,661
Net cash and cash equivalents as at 31 March	6.9	245,514	166,701

Explanatory notes 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
Statistical ID number (REGON)	180248803
Tax Identification Number (NIP)	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, and transaction processing services, 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 countries of Central Europe, South Eastern Europe, Iberian Peninsula, as well as in Turkey, 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 IV of the interim condensed consolidated financial statements.

These interim condensed consolidated financial statements cover the interim period ended 31 March 2021 and contain comparable data for the interim period ended 31 March 2020 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 2020 and 31 March 2020 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 2020 which were published on 24 February 2021.

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, based on the current analysis of risks and 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 2021 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 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) ("Regulation"), and covers the reporting period from 1 January to 31 March 2021 and the comparable period from 1 January to 31 March 2020 in case of the statement of profit and loss and the statement of cash flows, as well as the financial data as at 31 March 2021 and the comparable data as at 31 December 2020 and 31 March 2020 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 subsidiaries'.

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 2021, our approach to making estimates was not subject to any substantial modification in relation to the comparable period of 2020.

2.5. Accounting policies applied

Significant accounting policies adopted by the Parent Company have been described in its consolidated financial statements for the year ended 31 December 2020 which were published on 24 February 2021.

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 2020.

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:

- 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;
- IFRS 17 'Insurance Contracts' (issued on 18 May 2017) and amendments to IFRS 17 (issued on 25 June 2020) – 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 2023;
- Amendments to IAS 1 'Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current' and 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date' (issued on 23 January 2020 and 15 July 2020, respectively) – 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 2023;
- Amendments to IFRS 3 'Reference to the Conceptual Framework' (issued on 14 May 2020) – 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 2022;

- Amendments to IAS 16 'Property, Plant and Equipment – Proceeds before Intended Use' (issued on 14 May 2020) – 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 2022;
- Amendments to IAS 37 'Onerous Contracts – Cost of Fulfilling a Contract' (issued on 14 May 2020) – 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 2022;
- Annual Improvements to IFRS Standards 2018-2020 (issued on 14 May 2020) – 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 2022;
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (issued on 12 February 2021) – 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 2023;
- Amendments to IAS 8 'Definition of Accounting Estimates' (issued on 12 February 2021) – 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 2023;
- Amendments to IFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021' (issued on 31 March 2021) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 April 2021.

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

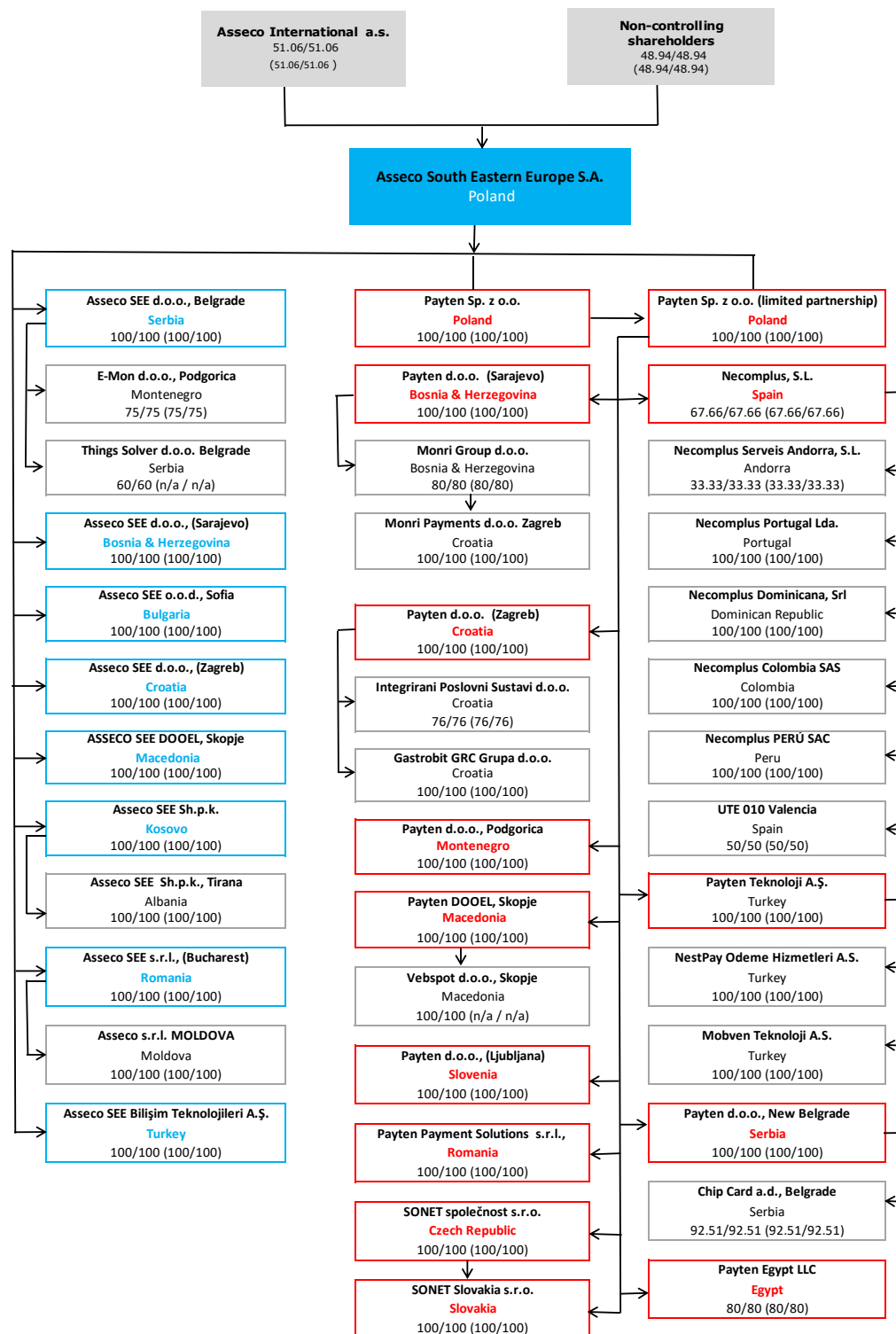
During the reporting period, the applied methods of presentation were not changed and the comparable data were not subject to any restatements.

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:



100/100 voting rights / equity interest as at 31 March 2021 (in %)
(100/100) voting rights / equity interest as at 31 December 2020 (in %)

During the period of 3 months ended 31 March 2021, the Group's composition changed as follows:

- **Acquisition of shares in Things Solver d.o.o.**

On 7 October 2020, ASEE Serbia concluded a conditional agreement to acquire 53.76% of shares in the company Things Solver d.o.o. based in Belgrade. The Group obtained control over Things Solver d.o.o. on 8 January 2021 upon satisfying all the conditions precedent. On 28 February 2021, the equity interest held by ASEE Serbia in that company increased to 60% following an increase of its share capital.

- **Merger of Payten d.o.o. (Sarajevo) with Basilichi CEE LLC**

The merger of Payten d.o.o. (Sarajevo) (the taking-over company) with Basilichi CEE LLC (the acquired company) was registered on 1 February 2021.

- **Acquisition of shares in Vebspot d.o.o.**

On 17 February 2021, Payten Macedonia (Skopje) acquired 100% of shares in the company Vebspot d.o.o. based in Skopje.

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.

Banking Solutions

The Banking Solutions segment portfolio includes the 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. 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 areas of mobile and electronic banking and digital transformation.

Payment Solutions

The Payment Solutions segment provides complete payment industry solutions, for financial and non-financial institutions, supporting card and card-less transactions. Our payment solutions are marketed under the Payten brand and include solutions for e-Commerce (NestPay®, MSU, Paratika), mobile payments (mPOS), payment card processing, as well as ATM and POS related services. 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. Furthermore, the segment offers comprehensive point-of-sale solutions that help merchants reduce the number of vendors and increase recurring revenues, including SinglePOS service enabling merchants to replace two or more EFT POS terminals at point of sale with a single device connected to a number of acquirers (usually banks) and ECR (electronic cash registers).

Dedicated Solutions

The Dedicated Solutions segment provides services to the sectors of energy, finance, industry, public administration, telecommunications and tourism through the following business lines: development of customized software, implementation and support services, ensuring continuity of business processes, automation of operations, and development of IT infrastructure. Within this segment, the Company focuses primarily on proprietary solutions of ASEE. Such solutions include the multi-functional customer service and sales support platform (Live), content management and business process management solutions (ABC and BPM), solution for quality assurance and development of mobile and web applications (Momentum). Furthermore, the product portfolio of the Dedicated Solutions segment includes a fully-fledged lease and asset lifecycle management solution (LeaseFlex).

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 2021.

Selected financial data for the period of 3 months ended 31 March 2021, in a breakdown to operating segments:

3 months ended 31 March 2021	Banking Solutions PLN'000	Payment Solutions PLN'000	Dedicated Solutions PLN'000	Eliminations PLN'000	Total PLN'000
Sales revenues:	61,794	125,764	73,986	(8,778)	252,766
Sales to external customers	58,088	121,186	73,492	-	252,766
Sales between and/or within segments	3,706	4,578	494	(8,778)	-
Gross profit on sales	25,037	32,796	13,026	-	70,859
Selling costs	(4,498)	(6,836)	(5,541)	-	(16,875)
General and administrative expenses	(4,643)	(7,530)	(3,457)	-	(15,630)
Net profit on sales	15,896	18,430	4,028	-	38,354
Other operating activities	11	407	123	-	541
Share of profits of associates	-	-	-	-	-
Operating profit	15,907	18,837	4,151	-	38,895
Goodwill as at 31 March 2021	209,005	197,227	184,133		590,365

3 months ended 31 March 2021	Banking Solutions EUR'000	Payment Solutions EUR'000	Dedicated Solutions EUR'000	Eliminations EUR'000	Total EUR'000
Sales revenues:	13,516	27,507	16,181	(1,920)	55,284
Sales to external customers	12,705	26,506	16,073	-	55,284
Sales between and/or within segments	811	1,001	108	(1,920)	-
Gross profit on sales	5,476	7,173	2,849	-	15,498
Selling costs	(984)	(1,495)	(1,212)	-	(3,691)
General and administrative expenses	(1,016)	(1,647)	(756)	-	(3,419)
Net profit on sales	3,476	4,031	881	-	8,388
Other operating activities	2	89	28	-	119
Share of profits of associates	-	-	-	-	-
Operating profit	3,478	4,120	909	-	8,507
Goodwill as at 31 March 2021	44,848	42,321	39,511	-	126,680

The financial results presented above have been converted at the average exchange rate in the first quarter of 2021: EUR 1 = PLN 4.5721, whereas the financial position data have been converted at the exchange rate effective on 31 March 2021: EUR 1 = PLN 4.6603.

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 as at 31 December 2020	207,063	188,768	179,695		575,526

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 as at 31 December 2020	44,869	40,905	38,939	-	124,713

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 on 31 December 2020: EUR 1 = PLN 4.6148.

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 2021 and in the comparable period were as follows:

	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Operating revenues by type of products		
Proprietary software and services	187,966	154,438
Third-party software and services	21,341	24,156
Hardware and infrastructure	43,459	52,391
Total	252,766	230,985

i. Operating revenues of segments in a breakdown by type of products

Operating revenues of individual segments from sales to external customers by type of products during the period of 3 months ended 31 March 2021 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 2021				
Proprietary software and services	56,680	90,139	41,147	187,966
Third-party software and services	753	952	19,636	21,341
Hardware and infrastructure	655	30,095	12,709	43,459
Total operating revenues	58,088	121,186	73,492	252,766

	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

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

	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Revenues from contracts with customers recognized in accordance with IFRS 15, of which:	229,073	205,274
From goods and services transferred at a specific point in time	73,808	73,236
From goods and services transferred over the passage of time	155,265	132,038
Other operating revenues (mainly from leases)	23,693	25,711
Total operating revenues	252,766	230,985

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.

iii. Operating revenues in a breakdown by countries in which they were generated

	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Operating revenues by countries		
Austria	4,972	4,975
Bosnia and Herzegovina	6,471	7,097
Bulgaria	2,597	3,127
Croatia	25,353	26,849
Montenegro	3,708	4,151
Czech Republic	4,308	4,295
Spain	33,256	24,347
Colombia	2,134	1,247
Kosovo	5,012	2,952
Macedonia	12,900	22,151
Peru	2,215	3,570
Poland	3,315	2,556
Portugal	3,284	3,063
Romania	30,994	25,745
Serbia	68,220	63,624
Slovakia	1,586	1,886
Slovenia	9,636	4,030
Turkey	21,833	19,094
Italy	2,945	2,609
Other countries	8,027	3,617
Total operating revenues	252,766	230,985

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 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Future minimum lease payments		
(i) within 1 year	105,041	85,671
(ii) within 1 to 5 years	93,089	94,579
(iii) within more than 5 years	3,980	5,897
Total	202,110	186,147

5.2. Structure of operating costs

The table below presents operating costs incurred in the period of 3 months ended 31 March 2021 and in the comparable period.

Operating costs	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Cost of goods, materials and third-party services sold (COGS)	(81,786)	(88,668)
Employee benefits	(92,750)	(74,606)
Third-party non-project services and outsourcing of employees	(9,678)	(6,918)
Depreciation and amortization	(18,608)	(19,121)
Maintenance costs of property and company cars	(8,246)	(8,205)
Business trips	(211)	(1,020)
Advertising	(672)	(869)
Other operating expenses	(2,461)	(3,456)
Total	(214,412)	(202,863)
Cost of sales	(182,292)	(175,711)
Selling costs	(16,875)	(13,090)
General and administrative expenses	(15,630)	(14,878)
Recognition (reversal) of impairment losses on financial instruments	385	816
Total	(214,412)	(202,863)

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. 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 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Depreciation charges as disclosed in the table of changes in property, plant and equipment	(12,269)	(11,788)
Amortization charges as disclosed in the table of changes in intangible assets	(1,868)	(1,892)
Depreciation charges as disclosed in the table of changes in right-of-use assets	(4,462)	(5,433)
Depreciation charges on investment property	(9)	(8)
Total depreciation and amortization charges disclosed in the statement of profit and loss and in the statement of cash flows	(18,608)	(19,121)

5.3. Other operating income and expenses

Other operating income and expenses in the period of 3 months ended 31 March 2021 and in the comparable period were as follows:

Other operating income	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Gain on disposal of property, plant and equipment	225	40
Proceeds from letting of own office space	14	15
Reversal of a provision for the costs of court litigation relating to other operations	-	1
Other	510	394
Total	749	450

Other operating expenses	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Loss on disposal of property, plant and equipment	-	-
Charitable contributions to unrelated parties	(3)	(33)
Other	(205)	(161)
Total	(208)	(194)

5.4. Financial income and expenses

Financial income earned during the period of 3 months ended 31 March 2021 and in the comparable period was as follows:

Financial income	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Interest income on loans granted and bank deposits	497	421
Positive foreign currency translation differences	4,720	3,711
Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss	9	-
Gain on revaluation of conditional payments in transactions to obtain control	-	187
Other financial income	17	1
Total financial income	5,243	4,320

Financial expenses incurred during the period of 3 months ended 31 March 2021 and in the comparable period were as follows:

Financial expenses	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Interest expenses on bank loans and borrowings	(252)	(421)
Interest expenses on leases	(437)	(603)
Other interest expenses	(249)	(50)
Negative foreign currency translation differences	(926)	(2,989)
Expenses related to obtaining control over subsidiaries	(114)	(6)
Loss on revaluation of conditional payments in transactions to obtain control	(1,485)	-
Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss	(271)	(469)
Other financial expenses	(17)	(38)
Total financial expenses	(3,751)	(4,576)

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 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Current corporate income tax expense as disclosed in the statement of profit and loss, of which:	(7,940)	(4,524)
<i>Current portion of income tax</i>	(7,802)	(5,211)
<i>Corrections of CIT filings for prior years</i>	(138)	687
Deferred income tax	180	38
Income tax expense as disclosed in the statement of profit and loss	(7,760)	(4,486)

During the period of 3 months ended 31 March 2021, our effective tax rate equalled 19%, as compared with 16% 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 2021	3 months ended 31 March 2020
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)	31,711	23,547
Consolidated earnings per share for the reporting period (in PLN)	0.61	0.45

5.7. Information on dividends paid out

Until 31 March 2021, the General Meeting has not yet adopted a resolution on distribution of the Parent Company's net profit for the year 2020. However, on 24 February 2021, 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 2020, in the amount of PLN 1 per share. The total amount allocated to the dividend payment (from the net profit for 2020) shall equal PLN 51,894 thousand.

In 2020, the Parent Company paid out to its shareholders a dividend for the year 2019. 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 16 June 2020 decided to pay out a dividend in the total amount of PLN 38,402 thousand or PLN 0.74 per share to all of the Company's shareholders. The Company's Annual General Meeting established 25 June 2020 as the dividend record date. The dividend was paid out on 8 July 2020. 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

Changes in the net book value of property, plant and equipment that took place during the period of 3 months ended 31 March 2021 and in the comparable period are presented below:

	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Net book value of property, plant and equipment as at 1 January	143,171	147,061
Additions, of which:	8,407	8,495
Purchases and modernization	6,025	6,412
Obtaining control over subsidiaries	298	1,481
Other	2,084	602
Reductions, of which:	(12,872)	(12,704)
Depreciation charges for the reporting period	(12,269)	(11,788)
Disposal and liquidation	(523)	(617)
Other	(80)	(299)
Differences on foreign currency translation of subsidiaries	2,125	8,627
Net book value of property, plant and equipment as at 31 March	140,831	151,479

As at 31 March 2021, tangible assets with a book value of PLN 8,812 thousand served as collateral for bank loans.

As at 31 December 2020, tangible assets with a book value of PLN 8,087 thousand served as collateral for bank loans.

6.2. Intangible assets

Changes in the net book value of intangible assets that took place during the period of 3 months ended 31 March 2021 and in the comparable period are presented below:

	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Net book value of intangible assets as at 1 January	22,999	23,978
Additions, of which:	2,660	1,579
Purchases and modernization	1,591	489
Obtaining control over subsidiaries	1,000	166
Costs of development projects in progress	69	924
Reductions, of which:	(1,868)	(2,077)
Amortization charges for the reporting period	(1,868)	(1,892)
Disposal and liquidation	-	(185)
Differences on foreign currency translation of subsidiaries	378	960
Net book value of intangible assets as at 31 March	24,169	24,440

Both as at 31 March 2021 and 31 December 2020, intangible assets did not serve as collateral for any bank loans.

6.3. Right-of-use assets

Changes in the net book value of right-of-use assets that took place during the period of 3 months ended 31 March 2021 and in the comparable period are presented below:

	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Net book value of right-of-use assets as at 1 January	55,711	65,055
Additions, of which:	1,373	3,384
Conclusion of new lease contracts	954	2,900
Modification of existing contracts	419	73

Obtaining control over subsidiaries	-	411
Reductions, of which:	(4,873)	(5,434)
Depreciation charges for the reporting period	(4,462)	(5,433)
Early termination of contracts	(364)	(1)
Acquisition of right-of-use assets	(47)	-
Differences on foreign currency translation of subsidiaries	688	3,979
Net book value of right-of-use assets as at 31 March	52,899	66,984

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 2021, 31 December 2020 and 31 March 2020, in a breakdown to operating segments:

Goodwill	3 months ended 31 March 2021 PLN'000	12 months ended 31 Dec. 2020 PLN'000	3 months ended 31 March 2020 PLN'000
Goodwill at the beginning of the period	575,526	532,139	532,139
Banking Solutions	207,063	194,903	194,903
Payment Solutions	188,768	165,893	165,893
Dedicated Solutions	179,695	171,343	171,343
Change in consolidation goodwill due to the acquisition of shares (+/-)	9,607	19,355	1,691
Banking Solutions	-	-	-
Payment Solutions	6,292	19,355	1,691
Dedicated Solutions	3,315	-	-
Foreign currency translation differences (+/-)	5,232	24,032	29,810
Banking Solutions	1,942	12,160	11,984
Payment Solutions	2,167	3,520	8,594
Dedicated Solutions	1,123	8,352	9,232
Total goodwill	590,365	575,526	563,640
Banking Solutions	209,005	207,063	206,887
Payment Solutions	197,227	188,768	176,178
Dedicated Solutions	184,133	179,695	180,575
Total at the end of period	590,365	575,526	563,640

In the period of 3 months ended 31 March 2021, the balance of goodwill arising from consolidation was affected by the following transactions:

i. Acquisition of shares in Things Solver d.o.o.

On 7 October 2020, ASEE Serbia concluded a conditional agreement to acquire 53.76% of shares in the company Things Solver d.o.o. based in Belgrade. The Group obtained control over Things Solver d.o.o. on 8 January 2021 upon satisfying all the conditions precedent. The total purchase price amounted to EUR 979 thousand, of which EUR 879 thousand constituted a conditional payment depending on the financial results achieved by that company. The first instalment of such conditional payment was paid on 31 March 2021.

Until 31 March 2021, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of Things Solver may still be subject to change.

The provisional values of identifiable assets and liabilities of Things Solver d.o.o. as at the date of obtaining control are presented below (converted at the exchange rate of PLN/RSD effective as at the acquisition date):

	Provisional values as at the acquisition date PLN'000
Assets acquired	
Property, plant and equipment	177
Intangible assets	711
Trade receivables	1,198
Inventories	9
Cash and cash equivalents	538
Other assets	118
Total assets	2,751
Liabilities acquired	
Bank loans and borrowings	145
Trade payables	79
Liabilities to the state and local budgets	92
Provisions and accruals	7
Other liabilities	305
Total liabilities	628
Net assets value	2,123
Equity interest acquired	53.76%
Value of non-controlling interests	982
Purchase price	4,456
Goodwill as at the acquisition date	3,315

In the consolidated financial statements of ASEE Group, goodwill arising from the acquisition of Things Solver was allocated to the Dedicated Solutions segment.

ii. Acquisition of shares in Vebspot d.o.o.

On 17 February 2021, Payten Macedonia (Skopje) acquired 100% of shares in the company Vebspot d.o.o. based in Skopje, for the total of EUR 1.5 million. The purchase price includes conditional payments in the amount of EUR 746 thousand depending on the financial results achieved by the acquired company.

Until 31 March 2021, 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 Vebspot d.o.o. as at the date of obtaining control are presented below (converted at the exchange rate of PLN/MDK effective as at the acquisition date):

	Provisional values as at the acquisition date PLN'000
Assets acquired	
Property, plant and equipment	118
Intangible assets	280
Trade receivables	316
Receivables from the state and local budgets	13
Prepayments and accrued income	2
Cash and cash equivalents	253
Other assets	2
Total assets	984
Liabilities acquired	
Trade payables	8
Liabilities to the state and local budgets	43
Prepayments and accrued income	303
Other liabilities	184
Total liabilities	538
Net assets value	446
Equity interest acquired	100 %
Purchase price	6,738
Goodwill as at the acquisition date	6,292

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

6.5. Other financial assets

As at 31 March 2021, 31 December 2020 and 31 March 2020, 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 2021		31 December 2020		31 March 2020	
	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:						
Other assets	-	2	-	2	1	4
	-	2	-	2	1	4
Financial assets carried at fair value through other comprehensive income, of which:						
Shares in companies quoted in an active market	54	26	53	26	42	26
Shares in companies not quoted in an active market	21	-	21	-	21	-
	75	26	74	26	63	26
Financial assets carried at amortized cost, of which:						
Loans granted, of which:						
granted to related parties	320	-	315	-	-	-
granted to employees	-	224	-	8	-	13
granted to other entities	-	7	-	4	-	-
Short-term deposits	-	4,924	4,776	8	4,821	565
	320	5,155	5,091	20	4,821	578
Total	395	5,183	5,165	48	4,885	608

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 ASECO 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 2021, 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 2021, 31 December 2020 and 31 March 2020, the fair values of financial assets were not significantly different from their book values.

As at 31 March 2021	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				
Other assets	2	-	-	2
Total	2	-	-	2
Financial assets carried at fair value through other comprehensive income				
Shares in companies quoted in an active market	80	80	-	-
Shares in companies not listed on regulated markets	21	-	-	21
Total	101	80	-	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 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				
Other assets	2	-	-	2
Total	2	-	-	2
Financial assets carried at fair value through other comprehensive income				
Shares in companies quoted in an active market	79	79	-	-
Shares in companies not listed on regulated markets	21	-	-	21
Total	100	79	-	21

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

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				
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

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

6.6. Prepayments and accrued income

As at 31 March 2021, 31 December 2020 and 31 March 2020, prepayments and accrued income included the following items:

	31 March 2021		31 December 2020		31 March 2020	
	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:	2,946	33,530	6,142	27,240	554	24,503
<i>maintenance services and license fees</i>	2,946	28,716	6,141	24,039	554	20,967
<i>insurances</i>	-	2,333	-	955	-	1,279
<i>rents and averaging of instalments under operating leases</i>	-	294	-	207	-	335
<i>prepaid consulting services</i>	-	133	-	46	-	89
<i>other services</i>	-	2,054	1	1,993	-	1,833
Expenses related to services performed for which revenues have not been recognized yet	-	2,758	-	2,552	-	245
Other prepayments and accrued income	53	679	-	1,199	1	1,149
Total	2,999	36,967	6,142	30,991	555	25,897

6.7. Receivables and contract assets

The table below presents the amounts of receivables as at 31 March 2021, 31 December 2020 and 31 March 2020.

	31 March 2021		31 December 2020		31 March 2020	
	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:	-	149,781	-	207,672	-	131,739
Trade receivables:	-	147,416	-	205,436	-	127,255
from related parties	-	937	-	1,742	-	449
from other entities	-	146,479	-	203,694	-	126,806
Receivables from operating leases	-	8,753	-	8,609	-	10,096
Allowances for trade receivables	-	(6,388)	-	(6,373)	-	(5,612)
Corporate income tax receivable	-	1,636	-	2,105	-	2,029
Receivables from the state and local budgets	-	5,488	-	5,100	-	2,794
Value added tax	-	3,621	-	3,350	-	1,121
Other	-	1,867	-	1,750	-	1,673
Other receivables	783	4,311	821	3,970	740	4,034
Security deposits receivable	783	1,241	819	1,272	739	1,619
Other receivables	-	3,156	2	2,784	1	2,415
Allowances for other doubtful receivables (-)	-	(86)	-	(86)	-	-
Total receivables	783	161,216	821	218,847	740	140,596

The table below presents receivables from contracts with customers as at 31 March 2021, 31 December 2020 and 31 March 2020.

Contract assets	31 March 2021		31 December 2020		31 March 2020	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Uninvoiced receivables	-	19,025	-	11,938	-	25,726
from related parties	-	511	-	497	-	-
from other entities	-	18,514	-	11,441	-	25,726
Receivables from valuation of IT contracts	-	20,198	-	17,687	-	25,356
from related parties	-	285	-	238	-	129
from other entities	-	19,913	-	17,449	-	25,227
Total contract assets	-	39,223	-	29,625	-	51,082

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. cash security provided to 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 2021 and in the comparable period are presented in the table below:

Allowances for trade receivables	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
As at 1 January	(6,373)	(6,026)
Recognized during the reporting period	(747)	(1,156)
Reversed during the reporting period	708	1,972
Acquisition of subsidiaries and other	-	(39)
Foreign currency translation differences and other	24	(363)
Impairment losses as at 31 March	(6,388)	(5,612)

6.8. Inventories

The table below presents inventories as at 31 March 2021, 31 December 2020 and 31 March 2020:

Inventories	31 March 2021 PLN'000	31 December 2020 PLN'000	31 March 2020 PLN'000
Computer hardware, third-party software licenses and other goods for resale	39,442	32,696	30,592
Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services	12,856	12,581	13,052
Impairment losses on inventories	(17,657)	(17,365)	(16,569)
Total	34,641	27,912	27,075

Changes in the amount of impairment losses on inventories during the period of 3 months ended 31 March 2021 and in the comparable period are presented in the table below:

Impairment losses on inventories	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
As at 1 January	(17,365)	(13,991)
Recognized during the reporting period	(1,026)	(582)
Utilized during the reporting period	9	-
Reversed during the reporting period	1,020	624
Obtaining of control over subsidiaries	(10)	(1,655)
Foreign currency translation differences	(285)	(965)
Impairment losses as at 31 March	(17,657)	(16,569)

6.9. Cash and cash equivalents

The table below presents cash and cash equivalents as at 31 March 2021, 31 December 2020 and 31 March 2020:

	31 March 2021 PLN'000	31 December 2020 PLN'000	31 March 2020 PLN'000
Cash at bank and on hand	192,336	180,779	129,633
Cash at split payment accounts	426	276	392
Short-term bank deposits (up to 3 months)	52,883	67,956	41,613
Cash in transit and other cash equivalents	18	17	706
Total cash and cash equivalents as disclosed in the statement of financial position	245,663	249,028	172,344
Interest accrued on cash and cash equivalents	(76)	(76)	(6)
Bank overdraft facilities utilized for current liquidity management	(73)	(92)	(5,637)
Total cash and cash equivalents as disclosed in the cash flow statement	245,514	248,860	166,701

6.10. Lease liabilities

As at 31 March 2021, the Group was a lessee under lease contracts. Assets leased under such contracts included:

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

The table below presents the amounts of lease liabilities as at 31 March 2021, 31 December 2020 and 31 March 2020.

Lease liabilities	31 March 2021		31 December 2020		31 March 2020	
	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	30,505	12,800	32,453	13,319	38,121	13,907
Leases of transportation vehicles	5,273	3,153	5,149	3,595	5,802	3,820
Leases of IT hardware	1,827	1,993	2,245	2,081	3,890	2,945
	37,605	17,946	39,847	18,995	47,813	20,672

6.11. Bank loans and borrowings

The table below presents the Group's debt under bank loans and borrowings outstanding as at 31 March 2021, 31 December 2020 and 31 March 2020.

	Curren- cy	Repayment date	31 March 2021		31 December 2020		31 March 2020	
			Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
			PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Bank overdraft facilities			-	73	-	92	-	5,637
<i>fixed interest rate</i>	MKD	10.04.2021	-	19	-	20	-	26
<i>fixed interest rate</i>	EUR	10.04.2022	-	5	-	26	-	107
<i>fixed interest rate</i>	TRY	09.04.2021	-	34	-	37	-	54
<i>fixed interest rate</i>	COP	04.04.2021	-	15	-	9	-	51
<i>fixed interest rate</i>	EUR	26.10.2020	-	-	-	-	-	5,399
Other bank loans			24,777	25,923	29,139	28,097	40,788	35,126
<i>1M EURIBOR + margin</i>	EUR	15.06.2020	-	-	-	-	-	3,457
<i>1M EURIBOR + margin</i>	EUR	31.07.2023	6,658	7,388	8,178	7,802	13,720	10,080
<i>3M EURIBOR + margin</i>	EUR	30.06.2024	7,635	3,393	8,388	3,355	10,764	3,588
<i>3M EURIBOR + margin</i>	EUR	31.12.2022	769	1,636	982	1,820	2,316	1,946
<i>3M EURIBOR + margin</i>	EUR	21.09.2020	-	-	-	-	-	473
<i>3M EURIBOR + margin</i>	EUR	21.09.2022	1,035	828	1,208	805	481	321
<i>3M EURIBOR + margin</i>	EUR	05.06.2023	163	326	238	317	1,834	815
<i>6M EURIBOR + margin</i>	EUR	08.02.2021	-	1,360	-	928	-	-
<i>1Y EURIBOR + margin</i>	EUR	30.06.2022	6	23	12	23	28	22
<i>fixed interest rate</i>	COP	28.09.2020	-	-	-	-	-	72
<i>fixed interest rate</i>	EUR	31.03.2021	-	-	-	246	-	971
<i>fixed interest rate</i>	EUR	02.04.2020	-	-	-	-	-	64
<i>fixed interest rate</i>	EUR	28.06.2021	-	466	-	905	458	1,833
<i>fixed interest rate</i>	EUR	04.06.2021	-	776	-	1,509	763	3,055
<i>fixed interest rate</i>	EUR	03.06.2022	698	2,794	1,358	2,716	3,437	2,750
<i>fixed interest rate</i>	EUR	02.07.2021	-	1,035	-	1,760	1,018	3,055
<i>fixed interest rate</i>	EUR	28.08.2021	-	155	-	241	153	367
<i>fixed interest rate</i>	EUR	30.06.2024	3,932	1,748	4,326	1,731	4,342	1,002
<i>fixed interest rate</i>	EUR	27.09.2020	-	-	-	-	-	94
<i>fixed interest rate</i>	EUR	30.09.2023	92	44	-	-	-	-
<i>fixed interest rate</i>	EUR	31.12.2021	-	588	-	582	-	569
<i>fixed interest rate</i>	EUR	15.11.2020	-	-	-	-	-	94
<i>fixed interest rate</i>	EUR	01.03.2022	-	282	69	276	347	208
<i>fixed interest rate</i>	EUR	05.02.2024	687	212	667	229	954	150
<i>fixed interest rate</i>	EUR	17.09.2020	-	-	-	-	-	60
<i>fixed interest rate</i>	EUR	30.09.2023	3,027	2,793	3,621	2,715	-	-
<i>fixed interest rate</i>	PEN	13.02.2023	75	76	92	73	173	80
<i>fixed interest rate</i>	TRY	01.04.2021	-	-	-	64	-	-
Loans			-	1,976	-	1,956	3,414	3,415
<i>3M EURIBOR + margin</i>	EUR	30.06.2021	-	1,976	-	1,956	3,414	3,415
			24,777	27,972	29,139	30,145	44,202	44,178

The Group's total debt amounted to PLN 52,749 thousand as at 31 March 2021, as compared with PLN 59,284 thousand as at 31 December 2020. 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 2021 amounted to PLN 418 thousand (proceeds) and PLN 7,968 thousand (repayments).

As at 31 March 2021, tangible assets with a book value of PLN 8,812 thousand and trade receivables in the amount of PLN 3,579 thousand served as collateral for bank loans and bank guarantee facilities. As at 31 March 2021, liabilities that were secured with such assets amounted to PLN 2,381 thousand.

As at 31 December 2020, tangible assets with a book value of PLN 8,087 thousand and trade receivables in the amount of PLN 4,013 thousand served as collateral for bank loans and bank guarantee facilities. As at 31 December 2020, liabilities that were secured with such assets amounted to PLN 2,602 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 2021 and 31 December 2020, ASEE Group companies did not infringe on any covenants defined in their loan agreements.

Fair value of financial liabilities

In the period of 3 months ended 31 March 2021, the Group did not transfer any debt instruments between individual levels of the fair value hierarchy.

As at 31 March 2021, 31 December 2020 and 31 March 2020, 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

The table below presents other financial liabilities of the Group outstanding as at 31 March 2021, 31 December 2020 and 31 March 2020:

Financial liabilities	31 March 2021		31 December 2020		31 March 2020	
	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	1,229	25,085	4,006	21,114	11,788	8,311
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	3,357	18,730	21,874	-	17,962	-
Currency forward contracts	186	100	5	74	275	-
Other financial liabilities	-	1	-	2	-	-
	4,772	43,916	25,885	21,190	30,025	8,311

As at 31 March 2021, ASEE Group recognized liabilities amounting to PLN 18,730 thousand under put options that were granted to non-controlling shareholders of Necomplus company, liabilities amounting to PLN 1,008 thousand under put options that were granted to non-controlling shareholders of Monri company, as well as liabilities amounting to PLN 2,349 thousand under put options that were granted to non-controlling shareholders of IPS 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. Because put options held by non-controlling shareholders of Necomplus company became exercisable in 2021, the relevant liabilities have been reclassified to current liabilities.

Short-term liabilities arising from conditional payments for controlling interests are related to the acquisition of shares in the following companies: Mobven (PLN 11,208 thousand), Gastrobit (PLN 5,768 thousand), IPS (PLN 4,103 thousand), Vebspot (PLN 2,307 thousand), and Things Solver (PLN 1,699 thousand). Whereas, such long-term liabilities are related to the acquisition of shares in Vebspot company (PLN 1,229 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 2021, 31 December 2020 and 31 March 2020, the fair values of financial liabilities were not significantly different from their book values.

As at 31 March 2021	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	26,314	-	-	26,314
Liabilities from the acquisition of minority interests in subsidiaries (put options)	22,087	-	-	22,087
Currency forward contracts	286	-	286	-
Other financial liabilities	1	-	-	1
Total	48,688	-	286	48,402

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 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	25,120	-	-	25,120
Liabilities from the acquisition of minority interests in subsidiaries (put options)	21,874	-	-	21,874
Currency forward contracts	79	-	79	-
Other financial liabilities	2	-	-	2
Total	47,075	-	79	46,996

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

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

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

6.13. Trade payables, state budget liabilities and other liabilities

The table below presents the Group's liabilities outstanding as at 31 March 2021, 31 December 2020 and 31 March 2020:

	31 March 2021		31 December 2020		31 March 2020	
	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:	-	76,850	-	111,830	-	60,742
Trade payables	-	65,574	-	102,484	-	52,904
from related parties	-	243	-	325	-	109
from other entities	-	65,331	-	102,159	-	52,795
Uninvoiced payables	-	11,276	-	9,346	-	7,838
from related parties	-	88	-	62	-	13
from other entities	-	11,188	-	9,284	-	7,825
Corporate income tax payable	-	8,787	-	7,986	-	5,137
Liabilities to the state and local budgets	-	23,234	-	35,062	-	18,506
Value added tax (VAT)	-	10,871	-	19,615	-	9,930
Personal income tax (PIT)	-	3,039	-	4,479	-	2,159
Social insurance	-	8,840	-	10,349	-	5,306
Withholding income tax	-	200	-	148	-	667
Other	-	284	-	471	-	444
Other liabilities	6,170	16,436	4,087	27,184	467	9,477

AssecO South Eastern Europe Group
Quarterly Report for the period of 3 months ended 31 March 2021 (in thousands of PLN)

Liabilities to employees (including salaries payable)	-	9,203	-	19,796	-	6,351
Liabilities from purchases of tangible assets and intangible assets	3,454	3,741	4,034	3,940	414	458
Other liabilities	2,716	3,492	53	3,448	53	2,668
Total	6,170	125,307	4,087	182,062	467	93,862

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

As at 31 March 2021, other non-current liabilities include social security contributions payable in the amount of PLN 2,662 thousand, the payment of which was deferred as part of public aid granted to the Group's companies in connection with the Covid-19 pandemic.

6.14. Contract liabilities

As at 31 March 2021, 31 December 2020 and 31 March 2020, the Group's liabilities from contracts with customers resulted from obligations listed in the table below.

	31 March 2021		31 December 2020		31 March 2020	
	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 from valuation of IT contracts, of which:	-	13,866	-	23,134	-	6,999
From related parties	-	-	-	-	-	-
From other entities	-	13,866	-	23,134	-	6,999
Deferred income from IT projects, of which:	6,171	56,357	9,402	50,953	1,559	55,070
Maintenance services	3,008	41,804	2,388	38,041	1,137	34,448
License fees	3,163	4,914	7,014	2,080	402	384
Prepaid implementation services	-	1,435	-	1,613	-	1,269
Other prepaid services	-	1,707	-	-	-	-
Obligations to supply hardware	-	6,497	-	9,219	20	18,969
Total contract liabilities	6,171	70,223	9,402	74,087	1,559	62,069

6.15. Provisions

Changes in the amount of provisions during the period of 3 months ended 31 March 2021 and in the comparable period are presented in the table below:

	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
As at 1 January	5,523	4,860
Provisions created during the reporting period	550	864
Provisions utilized/reversed during the reporting period	(415)	(481)
Differences on foreign currency translation of subsidiaries	31	256
As at the end of the reporting period, of which:	5,689	5,499
Short-term	3,483	3,481
Long-term	2,206	2,018

6.16. Accruals

Changes in the amount of accruals during the period of 3 months ended 31 March 2021 and in the comparable period are presented in the table below:

	31 March 2021		31 December 2020		31 March 2020	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Accruals, of which:						
Accrual for unused holiday leaves	-	6,485	-	4,719	-	4,880
Accrual for employee and management bonuses	-	18,355	-	20,032	-	14,431

-	24,840	-	24,751	-	19,311
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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 3 months ended 31 March PLN'000	Purchases from related parties 3 months ended 31 March PLN'000	Trade receivables and other receivables 31 March 2021/ 31 December 2020 PLN'000	Trade payables and other liabilities 31 March 2021/ 31 December 2020 PLN'000	Lease liabilities 31 March 2021/ 31 December 2020 PLN'000
Transactions with Asseco Poland					
2021	10	100	53	119	-
2020	-	96	53	17	-
Transactions with entities of Asseco Poland Group					
2021	767	562	1,727	-	-
2020	50	19	2,472	294	-
Transactions with associates					
2021	-	-	-	-	-
2020	-	-	-	-	-
Transactions with entities or individuals related through the Group's Key Management Personnel					
2021	-	283	-	120	11,235
2020	-	353	-	90	11,851
Transactions with Members of Management Board and Supervisory Board of ASEE S.A. and companies of ASEE Group					
2021	-	8	3	94	-
2020	-	3	2	-	109

As at 31 March 2021, total receivables from related parties comprised trade receivables amounting to PLN 937 thousand, contract assets amounting to PLN 796 thousand, and other receivables amounting to PLN 50 thousand. As at 31 December 2020, total receivables from related parties comprised trade receivables amounting to PLN 1,742 thousand, contract assets amounting to PLN 735 thousand, and other receivables amounting to PLN 50 thousand.

As at 31 March 2021, total liabilities to related parties comprised trade payables amounting to PLN 331 thousand, and other liabilities amounting to PLN 2 thousand. As at 31 December 2020, total liabilities to related parties comprised trade payables amounting to PLN 387 thousand, and other liabilities amounting to PLN 14 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., Belgrade¹, Miljan Mališ and Mini Invest d.o.o., Belgrade², 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 11,235 thousand.

Moreover, bank loans and borrowings disclosed as at 31 March 2021 include a borrowing that was obtained by Necomplus S.L. from Asseco Western Europe S.A. in the amount of PLN 1,976 thousand, as compared with PLN 1,956 thousand outstanding as at 31 December 2020.

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.

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 2021, Mini Invest d.o.o. held 322,715 shares in ASEE S.A.

Loans granted to related parties disclosed as at 31 March 2021 include a loan in the amount of PLN 320 thousand that was granted to Member of the Management Board of a subsidiary company, as compared with PLN 315 thousand outstanding as at 31 December 2020.

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

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.

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 2021, the amount of cash flows from investing activities was affected primarily by:

- acquisitions of property, plant and equipment (PLN 6,525 thousand), intangible assets (PLN 1,738 thousand), and expenditures for development projects (PLN 69 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	(4,932)	-
Vebspot	(3,436)	329
Things Solver	(3,010)	535
Total	(11,378)	864

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 2021	59,192	58,842	-	118,034
Changes arising from cash flow	(7,819)	(5,212)	(395)	(13,426)
Inflows	418	-	-	418
Repayment of principal amount	(7,968)	(4,775)	(395)	(13,138)
Interest paid	(269)	(437)	-	(706)
Non-cash changes	742	1,235	395	2,372
Interest accrued	252	437	-	689
Non-cash increase in liabilities	-	1,373	395	1,768
Non-cash decrease in liabilities	-	(411)	-	(411)
Obtaining control over subsidiaries	145	-	-	145
Foreign currency translation differences recognized in financial income/expenses	345	(164)	-	181
Differences on foreign currency translation of subsidiaries	561	686	-	1,247
As at 31 March 2021	52,676	55,551	-	108,227

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 2021, the related contingent liabilities amounted to PLN 50,932 thousand, as compared with PLN 54,491 thousand as at 31 December 2020, and PLN 52,580 thousand as at 31 March 2020.

Assets serving as collateral for bank guarantee facilities:

Category of assets	Net value of assets			Amount of granted guarantee secured with assets		
	31 March 2021 PLN'000	31 December 2020 PLN'000	31 March 2020 PLN'000	31 March 2021 PLN'000	31 December 2020 PLN'000	31 March 2020 PLN'000
Financial assets	4,916	4,776	4,821	12,569	12,218	12,334
Trade receivables	3,317	3,205	2,158	3,438	2,371	1,668
Other receivables	296	287	288	296	287	289
Total	8,529	8,268	7,267	16,303	14,876	14,291

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 2021.

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 2021, 31 December 2020 and 31 March 2020, the above-mentioned contracts resulted in the following off-balance-sheet liabilities to make future payments:

	31 March 2021 PLN'000	31 December 2020 PLN'000	31 March 2020 PLN'000
<i>Liabilities from rental of space</i>			
In the period up to 1 year	3,405	2,862	1,559
In the period from 1 to 5 years	5,492	5,361	162
Over 5 years	-	-	-
	8,897	8,223	1,721
<i>Liabilities from leases of equipment</i>			
In the period up to 1 year	595	1,040	171
In the period from 1 to 5 years	-	-	-
Over 5 years	-	-	-
	595	1,040	171

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 31 March 2021 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 2021	31 December 2020	31 March 2020
Management Board of the Parent Company	4	4	4
Management Boards of the Group companies	54	46	46
Production departments	2,501	2,470	2,279
Sales departments	206	201	177
Administration departments	266	257	249
Total	3,031	2,978	2,755

Number of employees in the Group companies as at:	31 March 2021	31 December 2020	31 March 2020
ASEE S.A.	29	29	28
ASEE B&H	84	82	68
ASEE Bulgaria	18	17	19
ASEE Croatia	226	218	195
ASEE Macedonia	225	228	217
ASEE Kosovo Group	76	76	77
ASEE Romania Group	136	136	140
ASEE Serbia Group	522	488	464
ASEE Turkey	93	90	93
Payten B&H Group	71	70	78
Payten Croatia Group	177	180	108
Payten Montenegro Group	19	18	18
Payten Macedonia Group	46	31	32
Payten Serbia Group	181	178	165
Payten Slovenia	31	31	32
Payten Romania	41	47	47
Payten Turkey Group	213	217	180
Necomplus Group	750	751	708
Sonet Group	93	91	86
Total	3,031	2,978	2,755

8.4. Significant events after the reporting period

In the period from 31 March 2021 till the date of approval of these interim condensed consolidated financial statements, this is until 28 April 2021, 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 2021, 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 2021**

I. Financial results of Asseco South Eastern Europe Group for the first quarter of 2021

PLN'000	3 months ended			3 months ended		
	31 March 2021	31 March 2020	Change	31 March 2021	31 March 2020	Change
	PLN'000	PLN'000	%	EUR'000	EUR'000	%
Sales revenues	252,766	230,985	9%	55,284	52,541	5%
Gross profit on sales	70,859	56,090	26%	15,498	12,759	22%
Net profit on sales	38,354	28,122	36%	8,389	6,397	31%
Operating profit	38,895	28,378	37%	8,507	6,455	32%
EBITDA	57,503	47,499	21%	12,577	10,804	16%
Net profit for the reporting period	32,627	23,636	38%	7,136	5,376	33%
Net profit attributable to Shareholders of the Parent Company	31,711	23,547	35%	6,936	5,356	30%

Financial results achieved by ASEE Group in the first quarter of 2021 were once again considerably stronger than in the corresponding period last year. Sales revenues presented in Polish zlotys amounted to PLN 253 million, growing by PLN 22 million or 9% in relation to the first quarter of 2020. Operating profit reached PLN 38.9 million increasing by 37%, while EBITDA for the first quarter of 2021 amounted to PLN 57.5 million showing an improvement by 21%. Net profit attributable to Shareholders of the Parent Company for the first three months of 2021 amounted to PLN 31.7 million, reflecting an increase by PLN 8.2 million or 35%.

In the first quarter of 2021, our sales presented in euros totalled EUR 55.3 million, increasing by EUR 2.7 million or 5%. Operating profit exceeded EUR 8.5 million, while EBITDA amounted to EUR 12.6 million, both going up by 32% and 16%, respectively.

Further improvement in the financial results of ASEE Group observed in the first quarter of 2021 is basically the effect of a larger scale of operations in the segments of Banking Solutions and Payment Solutions. The growing scale of operations is also partly attributable to the consolidation of several new companies in ASEE Group. ASEE Group has consolidated the financial results of Bassilichi Bosnia and Herzegovina since 1 February 2020, the financial results of two smaller subsidiaries in Croatia (IPS and Gastrobit) since June and August 2020, respectively, and Vebspot company based in Macedonia since March 2021; they are presented within the Payment Solutions segment. Furthermore, since January 2021 we have consolidated Things Solver company based in Serbia which operates within the Dedicated Solutions segment. The newly acquired subsidiaries of ASEE Group generated EUR 0.9 million of sales revenues in the first quarter of 2021. At the same time, our new subsidiaries contributed EUR 78 thousand to EBIT and EUR 133 thousand to EBITDA.



Results of the **Payment Solutions** segment

Payment Solutions	3 months ended			3 months ended		
	31 March 2021	31 March 2020	Change	31 March 2021	31 March 2020	Change
	PLN'000	PLN'000	%	EUR'000	EUR'000	%
Sales revenues	121,186	110,045	10%	26,506	25,031	6%
Operating profit	18,837	16,139	17%	4,120	3,671	12%
EBITDA	32,751	30,733	7%	7,164	6,990	3%

In the first quarter of 2021, sales of the **Payment Solutions** segment reached EUR 26.5 million, increasing by EUR 1.5 million or 6%. Some of this growth is attributable to the above-mentioned acquisitions that were carried out in 2020. The key revenue driver was the business line dealing with maintenance of POS terminals (EUR 2.4 million), mainly owing to stronger sales of own services by our operations located in Western Europe and in Croatia. The remaining growth was generated by the business lines responsible for e-Commerce solutions (EUR 0.2 million) and for processing of payment transactions (EUR 0.2 million). Whereas, the business line engaged in maintenance of ATMs reported weaker sales, mainly due to lower revenues from deliveries of hardware.

Operating profit of the Payment Solutions segment for the first quarter of 2021 amounted to EUR 4.1 million, improving by more than EUR 0.4 million or 12%. The segment's EBIT increased primarily owing to the business lines responsible for e-Commerce solutions and processing of payment transactions and, to a lesser extent, the business line dealing with maintenance of POS terminals. In the same period, operating profit decreased slightly in the business line dealing with maintenance of ATMs.

Consolidated EBITDA of the Payment Solutions segment for the first quarter of 2021 reached EUR 7.2 million, improving by almost EUR 0.2 million.



Results of the **Banking Solutions** segment

Banking Solutions	3 months ended	3 months ended	Change	3 months ended	3 months ended	Change
	31 March 2021	31 March 2020		31 March 2021	31 March 2020	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	58,088	40,990	42%	12,705	9,324	36%
Operating profit	15,907	6,566	142%	3,479	1,494	133%
EBITDA	18,665	9,081	106%	4,082	2,066	98%

In the first quarter of 2021, the **Banking Solutions** segment generated EUR 12.7 million in sales revenues, achieving an increase by EUR 3.4 million or 36% in relation to the comparable period last year. Such higher revenues were achieved primarily by the business lines responsible for multi-channel solutions as well as for core banking systems and other software. Both the business lines managed to generate higher revenues from the sale of proprietary software licenses. 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 2021 amounted to EUR 3.5 million, reflecting an increase by EUR 2.0 million or 133% in relation to the comparable period last year. Such a significant improvement in EBIT was achieved by the business lines offering core banking systems and other software as well as multi-channel solutions, mainly owing to ASEE Serbia that managed generate the said revenues from software licenses. The business line offering security solutions reported a slightly lower EBIT.

Consolidated EBITDA of the Banking Solutions segment for the first quarter of 2021 reached nearly EUR 4.1 million, improving by EUR 2.0 million or 98%.



Results of the **Dedicated Solutions** segment

Dedicated Solutions	3 months ended	3 months ended	Change	3 months ended	3 months ended	Change
	31 March 2021	31 March 2020		31 March 2021	31 March 2020	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	73,492	79,950	-8%	16,073	18,186	-12%
Operating profit	4,151	5,673	-27%	908	1,290	-30%
EBITDA	6,087	7,685	-21%	1,331	1,748	-24%

Sales revenues generated by the **Dedicated Solutions** segment in the first quarter of 2021 reached EUR 16.1 million, showing a decrease by EUR 2.1 million or 12% in relation to the comparable period last year. Weaker sales were recorded in the business line responsible for the resale of infrastructure and third-party solutions, especially by ASEE companies operating in Macedonia and Serbia which was partially compensated by stronger revenues of the segment's operations in Romania and Turkey. The business line offering proprietary dedicated solutions generated slightly higher revenues than in the first three months of the previous year, as a net effect of an increase in revenues from business process outsourcing services in Western Europe and in Latin America, and a decrease in revenues from dedicated solutions in Serbia.

Operating profit of the Dedicated Solutions segment for the first quarter of 2021 amounted to EUR 0.9 million and was almost EUR 0.4 million or 30% lower than in the comparable period last year. Such decline in EBIT was caused mainly by investing in the expansion of operational resources of the business line offering proprietary solutions in order to increase its service capabilities.

EBITDA of the Dedicated Solutions segment for the first quarter of 2021 decreased by EUR 0.4 million or 24% to the level of EUR 1.3 million.

Net profit

Consolidated **net profit** of ASEE Group for the first quarter of 2021 exceeded EUR 7.1 million, increasing by EUR 1.8 million or 33% in relation to the comparable period last year. The net result on financial operations in the first three months of 2021 equalled EUR 326 thousand, as compared with EUR -58 thousand reported a year ago. The gain on financial operations resulted primarily from positive differences recognized on foreign currency translation of our subsidiaries operating in Turkey due to the weakening of the Turkish lira that occurred in March. Such gain was partially offset by expenses incurred on the revaluation of contingent liabilities arising from the acquisition of shares in the amount of EUR 324 thousand.

In the first quarter of 2021, our effective tax rate equalled 19.2%, increasing by 3.2 percentage points in relation to the first three months of 2020. The effective tax rate on operating activities of the whole Group was higher than a year ago, primarily due to the growing share of taxable income in Turkey as well as larger pre-tax profits in Western Europe where the effective tax rate is higher than last year. In addition, the amount of dividends received in the first quarter of 2021 from our subsidiaries located outside of the European Union was nearly PLN 6.8 million higher than in the comparable period of the previous year which also caused an increase of the effective tax rate.

II. Consolidated financial highlights for the first quarter of 2021 (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 for the first quarter of 2021 include adjustments for amortization charges on intangible assets recognized in purchase price allocation (PPA) as well as for financial income and expenses recognized in accounting for company acquisitions and disposals (inclusive of the related tax effects). Non-IFRS figures for the first 3 months of 2020 additionally include adjustments for the costs of share-based payment transactions with employees (SBP).

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 2021	3 months ended 31 March 2020
EBIT (non-IFRS)	39,393	29,176
Net profit (non-IFRS)	34,632	24,164

III. Analysis of financial ratios

	3 months ended 31 March 2021	3 months ended 31 March 2020
Gross profit margin	28.0%	24.3%
EBITDA margin	22.7%	20.6%
Operating profit margin	15.4%	12.3%
Net profit margin	12.5%	10.2%
Return on equity (ROE)	13.7%	11.7%
Return on assets (ROA)	9.6%	8.2%

In the first quarter of 2021, our gross profit margin equalled 28% and it was 3.7 percentage points higher than in the corresponding period last year. Such a significant increase in this margin is primarily due to the stronger financial performance of the Banking Solutions segment, the reasons for which have been described above. In the other two segments, the gross profit margin increased just slightly as a result of changes in the revenue structure in favour of own services, the profitability of which is still significantly higher than margins realized on the resale of third party solutions.

In the first quarter of 2021, selling costs grew faster than total sales in connection with the said changes in the revenue structure in favour of proprietary services and solutions. This was however accompanied by a slower increase in general and administrative expenses which altogether led to an increase in our operating profit margin by 3 percentage points to the level of 15.4% in the first quarter of 2021. The largest improvement in operating margin was achieved by the Banking Solutions segment. Our EBITDA margin increased from 20.1% in the first quarter of 2020 to the level of 22.7% this year. The EBITDA margin improved less dynamically than our operating profit margin chiefly due to lower depreciation charges.

Our net profit margin reached 12.5% in the reporting period, growing by 2.3 percentage points in relation to the first quarter of the previous year. The increase in the net profit margin was a bit smaller than in the case of operating profit due to the higher effective tax rate, which has been described above.

The improved financial performance of ASEE Group in recent quarters resulted in higher values of ROE and ROA ratios. Return on equity for the trailing 12 months ended 31 March 2021 equalled 13.7%, increasing by 2 percentage points, while return on assets reached the level of 9.6%, increasing by 1.4 percentage points.

	31 March 2021	31 December 2020	31 March 2020
Working capital (in thousands of PLN)	214,840	205,327	175,178
Current liquidity ratio	1.7	1.6	1.7
Quick liquidity ratio	1.5	1.4	1.5
Absolute liquidity ratio	0.8	0.7	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 2021, our working capital amounted to PLN 214.8 million, reflecting an increase by PLN 9.5 million in relation to its level reported at the end of 2020.

In the first three months of 2021, the value of current assets decreased by PLN 31.5 million, primarily due to decreases in trade receivables (by PLN 57.9 million) and in cash and bank deposits (by PLN 3.4 million). Such decreases were partially offset by increases in contract assets (by PLN 9.6 million), in inventories (by PLN 6.7 million), in prepayments and accrued income (by PLN 6.0 million), as well as in other financial assets (by PLN 5.1 million).

In the same period, our total current liabilities declined by PLN 41.0 million. This resulted primarily from decreases in trade payables (by PLN 35.0 million), in liabilities to the state and local budgets (by PLN 11.0 million), as well as in other liabilities (by PLN 10.7 million) mainly due to paying out variable remunerations for the year 2020. Such decreases were partially offset by an increase in financial liabilities (by PLN 22.7 million) primarily due to the reclassification to current liabilities of the valuation of put options held by

non-controlling shareholders of Necomplus company (PLN 18.7 million) and a portion of liabilities arising from conditional payments for controlling interests in our Croatian subsidiaries (IPS and Gastrobit). To a lesser extent, this increase was also caused by the revaluation of liabilities from conditional payments for our acquisitions in Turkey (Mobven), as well as by the recognition of such liabilities from acquisitions carried out in Macedonia (Vebspot) and in Serbia (Things Solver).

Our liquidity ratios improved during the first quarter of 2021 in relation to those reported at the end of the previous year, and at the end of March they remained at similar levels as a year ago.

	31 March 2021	31 December 2020	31 March 2020
Total debt ratio	29.4%	33.9%	30.5%
Debt / equity ratio	5.5%	6.5%	10.2%
Debt / (debt + equity) ratio	5.2%	6.1%	9.2%

The above ratios have been computed using the following formulas:

Total debt ratio = (non-current liabilities + current 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 33.9% reported at the end of 2020 to the level of 29.4% as at 31 March 2021. Such change is primarily attributable to the decrease in total liabilities by almost PLN 69.7 million. In the first quarter of 2021, current liabilities declined by PLN 41.0 million, as described above. At the same time, non-current liabilities decreased by PLN 28.7 million primarily due to lower other financial liabilities (following the above-mentioned reclassification of the valuation of put options held by non-controlling shareholders of Necomplus company), bank loans and borrowings, and liabilities from contracts with customers.

Other financial liabilities arise primarily from company acquisitions and they include the valuation of put options granted to non-controlling shareholders of Necomplus, Monri and IPS, as well as conditional payments for shares in Mobven, IPS, Gastrobit, Vebspot and Things Solver depending on the future financial results of these companies (earn-out). At the end of 2020, other financial liabilities totalled PLN 47.1 million, of which PLN 21.2 million constituted current liabilities. In the first quarter of 2021, the amount of other financial liabilities increased by PLN 1.6 million to the level of PLN 48.7 million. Such higher balance resulted from the recognition of liabilities arising from the acquisitions of Vebspot and Things Solver companies that were conducted in the first quarter of 2021, which was partially offset by the settlement of a deferred consideration for shares in Necomplus also in the first quarter of 2021.

Total bank loans and borrowings decreased from the level of PLN 59.3 million reported as at 31 December 2020 to PLN 52.7 million as at the end of the first quarter of 2021. This decrease by PLN 6.5 million was mainly the effect of scheduled repayments of interest-bearing debt. The lower balance of liabilities under bank loans and borrowings resulted in a decrease in the ratio of debt to equity from 6.5% to 5.5%, as well as in the ratio of debt to total interest-bearing liabilities and equity from 6.1% to 5.2%.

IV. Structure of the statement of cash flows

	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000
Net cash provided by (used in) operating activities	28,256	(2,434)
Net cash provided by (used in) investing activities	(18,645)	(13,513)
Net cash provided by (used in) financing activities	(13,426)	(15,474)
Net change in cash and cash equivalents	(3,815)	(31,421)
Cash and cash equivalents at the end of period	245,514	166,701

In the first quarter of 2021, net cash provided by our operating activities amounted to PLN 28.3 million. Compared to the previous year, the amount of cash flows generated was much higher basically due to stronger operating profit as well as due to changes in the structure of our working capital. As at the end of December 2020, total cash and bank deposits of ASECO Group equalled PLN 249 million, while other current assets amounted to PLN 311 million. The balance of current liabilities was also relatively high and stood at

PLN 284.4 million, excluding financial liabilities (e.g. interest-bearing debt). During the first three months of 2021, the balance of liabilities, accruals and provisions decreased by PLN 66.1 million (which was PLN 13.2 million less than a year ago), while the change in inventories and receivables amounted to PLN 40.6 million (which was PLN 8.4 million more than a year ago). 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 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. Despite that, in the first quarter of 2021, operating activities of ASEE Group provided much more net cash flows than in the comparable period.

Net cash outflows from our investing activities amounted to PLN 18.6 million in the first quarter of 2021. Our investing cash flows were most considerably influenced by the acquisitions of subsidiary companies for PLN 10.5 million, as well as the acquisitions of property, plant and equipment and intangible assets for the total amount of PLN 8.3 million. Compared to the first quarter of 2020, expenditures for the acquisition of subsidiaries increased by PLN 5.4 million and they included payment of a deferred consideration for shares in Necomplus, as well as purchases of shares in the companies of Things Solver and Vebspot. The acquisitions of property, plant and equipment and intangible assets included, among others, our expenditures for infrastructure used in the outsourcing of payment processes, and they remained at a similar level as in the first quarter of 2020.

In the first quarter of 2020, net cash used in our financing activities amounted to PLN 13.4 million, primarily due to scheduled repayments of bank loans and borrowings as well as lease 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 2021, in a breakdown by geographical area:

For the period of 3 months ended 31 March 2021 in thousands of PLN	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Total
Sales revenues	7,912	36,757	14,333	31,630	72,279	24,389	40,039	4,551	9,158	20,496	(8,778)	252,766
Cost of sales	(5,358)	(27,921)	(9,092)	(26,826)	(49,388)	(11,820)	(34,143)	(3,621)	(6,408)	(15,969)	8,254	(182,292)
Recognition (reversal) of impairment losses on financial instruments	19	(267)	(8)	319	358	(27)	-	34	(11)	(27)	(5)	385
Gross profit on sales	2,573	8,569	5,233	5,123	23,249	12,542	5,896	964	2,739	4,500	(529)	70,859
Selling costs	(464)	(3,083)	(1,002)	(2,280)	(5,471)	(1,857)	(657)	(236)	(1,143)	(935)	253	(16,875)
General and administrative expenses	(644)	(2,656)	(1,157)	(1,855)	(3,460)	(2,057)	(1,505)	(862)	(654)	(880)	100	(15,630)
Net profit (loss) on sales	1,465	2,830	3,074	988	14,318	8,628	3,734	(134)	942	2,685	(176)	38,354
Other operating income	-	96	86	133	217	152	18	6	103	40	(102)	749
Other operating expenses	(1)	(22)	(6)	-	(18)	(3)	(67)	(10)	(114)	(67)	100	(208)
Share of profits of associates	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit (loss)	1,464	2,904	3,154	1,121	14,517	8,777	3,685	(138)	931	2,658	(178)	38,895

For the period of 3 months ended 31 March 2021 in thousands of EUR	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Total
Sales revenues	1,730	8,039	3,135	6,918	15,809	5,334	8,757	995	2,003	4,484	(1,920)	55,284
Cost of sales	(1,172)	(6,107)	(1,989)	(5,867)	(10,802)	(2,585)	(7,468)	(792)	(1,402)	(3,491)	1,805	(39,870)
Recognition (reversal) of impairment losses on financial instruments	4	(58)	(2)	70	78	(6)	-	7	(2)	(6)	(1)	84
Gross profit on sales	562	1,874	1,144	1,121	5,085	2,743	1,289	210	599	987	(116)	15,498
Selling costs	(101)	(674)	(219)	(499)	(1,197)	(406)	(144)	(52)	(250)	(204)	55	(3,691)
General and administrative expenses	(141)	(581)	(253)	(406)	(757)	(450)	(329)	(189)	(143)	(192)	22	(3,419)
Net profit (loss) on sales	320	619	672	216	3,131	1,887	816	(31)	206	591	(39)	8,388
Other operating income	-	21	19	29	47	33	4	1	23	9	(22)	164
Other operating expenses	-	(5)	(1)	-	(4)	(1)	(15)	(2)	(25)	(14)	22	(45)
Share of profits of associates	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit (loss)	320	635	690	245	3,174	1,919	805	(32)	204	586	(39)	8,507

The above figures have been converted at the average exchange rate for the period from 1 January 2021 to 31 March 2021: EUR 1 = PLN 4.5721

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

VI. Impact of the COVID-19 coronavirus pandemic on the business 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. Looking from the first quarter perspective, the coronavirus pandemic had a limited impact on the operations of ASEE Group.

Concurrently, we would like to emphasize that the situation related to the COVID-19 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

As a socially responsible organization, ASEE Group has taken a number of actions in order to mitigate the threats caused by the COVID-19 pandemic and ensure safety of its employees, customers, business partners and all other stakeholders, as well as to ensure its business continuity.

Impact on business lines

- Maintenance of POS terminals settled for each intervention – 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 a majority of contracts in Necomplus companies and a significant number of contracts in Sonet companies, but only a small portion of revenues in Payten companies operating in Macedonia and Slovenia. Nonetheless, in the first quarter of 2021, negative

impact of the pandemic was only observed in the Czech operations of ASEE Group due to the long-lasting and extensive lockdown.

- 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 transactions. However, in the countries where our ATMs are installed, tourist traffic is usually low in the first quarter of the year and therefore the pandemic did not negatively affect our results on a year-on-year basis.

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 or decreasing the volume services performed;*
- *delays in the implementation of projects based on infrastructure provided by external vendors.*

At the same time, we would like to emphasize that we currently see no significant threats to the business operations of ASEE and Payten. 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 controlling costs, while monitoring and taking advantage of new market opportunities created by the current situation.

A more detailed description of the potential impact of the pandemic on our business operations can be found in the Group's annual financial statements for 2020, yet after a year of the pandemic duration it seems that most of ASEE's business lines affected by this phenomenon are functioning well in this new reality, and the pandemic situation has not deteriorated their financial results.

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 2021 and in the comparable period included the acquisitions of subsidiary companies as well as other organizational changes in the Group as described in the section 'Organization and changes in the structure of Asseco South Eastern Europe Group, including the entities subject to consolidation'.

Just as in previous quarters, all the markets where ASEE Group operates have remained affected by the coronavirus pandemic. Impact exerted by the COVID-19 pandemic on the business operations of ASEE Group has been described in section VI. 'Impact of the COVID-19 coronavirus pandemic on the business of ASEE'.

VIII. Governing bodies of Asseco South Eastern Europe S.A.

As at the date of publication of this report, this is on 28 April 2021, the Company's Management Board, Supervisory Board and Audit Committee were composed of the following persons:

Supervisory Board	Management Board	Audit Committee
Jozef Klein	Piotr Jeleński	Artur Kucharski
Adam Góral	Miljan Mališ	Adam Pawłowicz
Jacek Duch	Marcin Rułnicki	Jacek Duch
Artur Kucharski	Kostadin Slavkoski	
Adam Pawłowicz		

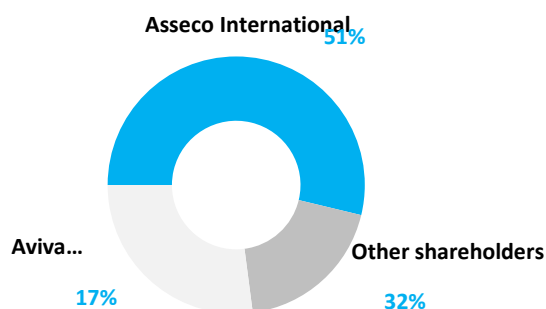
During the reporting period, the composition of the Company's management and supervisory bodies changed as follows:

- On 11 January 2021, Mr. Marcin Rułnicki filed a resignation from the position of Member of the Company's Management Board, with effect from 30 April 2021. Mr. Marcin Rułnicki resigned for personal reasons;
- On 18 January 2021, the Supervisory Board of ASEE S.A. appointed Mr. Michał Nitka to serve as Member of the Company's Management Board during the joint term of office running till 12 July 2022, with effect from 1 May 2021.

In the period from 31 March 2021 till the publication of this report, this is till 28 April 2021, the compositions of the Company's Management Board, Supervisory Board and Audit Committee remained unchanged.

IX. Shareholders structure of Asseco South Eastern Europe S.A.

Major shareholders as at 31 March 2021



As at 31 March 2021, 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 28 April 2021, as well as on 31 March 2021, 24 February 2021 and 31 December 2020, the Shareholders who, either directly or through their subsidiaries, held at least 5.0% of total voting rights were as follows:

Major shareholders	Number of shares held	Percentage of total voting rights
Asseco International a.s.	26,494,676	51.06%
Aviva Pension Fund	8,594,000	16.56%
Other shareholders	16,805,575	32.38%
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:

	28 April 2021	31 March 2021	24 Feb. 2021	31 December 2020
Piotr Jeleński	973,492	973,492	973,492	973,492
Miljan Mališ ¹⁾	322,715	322,715	322,715	322,715
Marcin Rułnicki	30,000	30,000	30,000	30,000
Kostadin Slavkoski	38,600	38,600	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 explanatory notes to the interim condensed consolidated financial statements of the Group.

10.3. Information on significant judicial proceedings

As at 31 March 2021 and the date of publication 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 2021. 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 2021.

10.6. Changes in the Group management policies

During the period of 3 months ended 31 March 2021, 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 2021

The Management Board of Asseco South Eastern Europe S.A. did not publish any financial forecasts for 2021.

10.10. Information on monitoring of employee stock option plans

During the first quarter of 2021, the Group had no employee stock option plans.

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

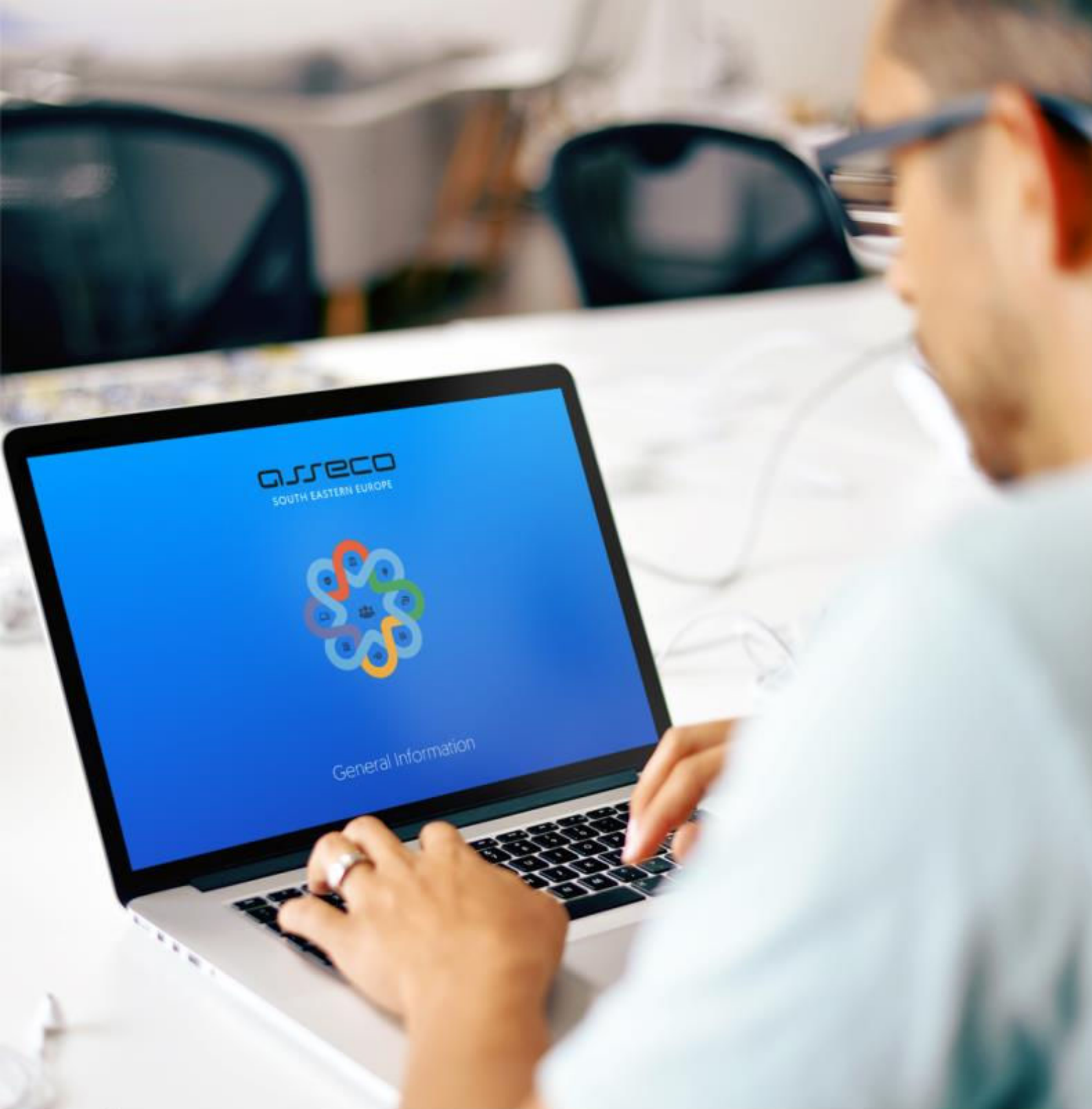
The factors that will affect the Group's financial performance at least till the end of the next quarter have been indicated and explained in chapter 'Summary and analysis of the financial results of ASEE Group', section I. 'Financial results of AssecO South Eastern Europe Group', as well as in the description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

The factors that may affect the Group's financial performance in 2021 have been also described in the Management Report on Operations of the Group for the year 2020.

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 2021**

Financial Highlights

Asseco South Eastern Europe S.A.

	3 months ended 31 March 2021 PLN'000	3 months ended 31 March 2020 PLN'000	3 months ended 31 March 2021 EUR'000	3 months ended 31 March 2020 EUR'000
Revenues from holding activities	26,432	20,164	5,781	4,587
Revenues from operating activities	3,396	2,562	743	583
Operating profit	23,112	17,347	5,055	3,946
Pre-tax profit	23,910	18,865	5,230	4,291
Net profit for the reporting period	22,298	18,176	4,877	4,134
Net cash provided by (used in) operating activities	11,855	7,534	2,593	1,714
Net cash provided by (used in) investing activities	(2,910)	293	(636)	67
Net cash provided by (used in) financing activities	(2,175)	(2,795)	(476)	(636)
Cash and cash equivalents at the end of period (comparable data as at 31 December 2020)	21,259	14,491	4,562	3,140
Basic earnings per ordinary share for the reporting period (in PLN/EUR)	0.43	0.35	0.09	0.08
Diluted earnings per ordinary share for the reporting period (in PLN/EUR)	0.43	0.35	0.09	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 2021 to 31 March 2021: EUR 1 = PLN 4.5721
 - for the period from 1 January 2020 to 31 March 2020: EUR 1 = PLN 4.3963
- 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 2021: EUR 1 = PLN 4.6603
 - exchange rate effective on 31 December 2020: EUR 1 = PLN 4.6148

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 2021	3 months ended 31 March 2020 (restated*)
	PLN'000	PLN'000
Holding activities	26,432	20,164
Dividend income	21,425	16,012
Revenues from sale of services	5,007	4,152
Operating activities	3,396	2,562
Revenues from sale of IT services and software	3,396	2,562
Total sales revenues	29,828	22,726
Cost of sales	(5,822)	(4,849)
Recognition/reversal of allowances for trade receivables	-	-
Gross profit on sales	24,006	17,877
Selling costs	(476)	(227)
General and administrative expenses	(418)	(303)
Net profit on sales	23,112	17,347
Other operating income	-	-
Other operating expenses	-	-
Operating profit	23,112	17,347
Financial income	1,208	2,105
Financial expenses	(410)	(608)
Recognition/reversal of impairment losses on loans granted and other financial instruments	-	21
Pre-tax profit	23,910	18,865
Corporate income tax	(1,612)	(689)
Net profit	22,298	18,176
Earnings per share (in PLN):		
basic earnings per share	0.43	0.35
diluted earnings per share	0.43	0.35

COMPREHENSIVE INCOME:	3 months ended 31 March 2021	3 months ended 31 March 2020
	PLN'000	PLN'000
Net profit	22,298	18,176
Other comprehensive income:	-	-
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	22,298	18,176

* The restatement of comparable data is related to a change in the presentation of operating revenues and 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 2021	31 December 2020	31 March 2020
	PLN'000	PLN'000	PLN'000
Non-current assets			
Property, plant and equipment	632	455	411
Intangible assets	5,684	5,393	5,591
<i>of which goodwill from business combinations</i>	<i>4,567</i>	<i>4,567</i>	<i>4,567</i>
Right-of-use assets	263	290	350
Investments in subsidiaries	614,498	614,498	607,797
Deferred tax assets	576	1,080	378
Other receivables	47	47	255
Other financial assets	38,266	38,211	31,270
	659,966	659,974	646,052
Current assets			
Trade receivables	12,353	6,038	7,658
Contract assets	-	-	-
Corporate income tax receivable	112	-	490
Other receivables	137	254	1,787
Prepayments and accrued income	2,475	1,990	2,937
Other financial assets	10,202	7,134	19,146
Cash and short-term deposits	21,259	14,491	16,099
	46,538	29,907	48,117
TOTAL ASSETS	706,504	689,881	694,169

Interim Condensed Statement of Financial Position

Asseco South Eastern Europe S.A.

EQUITY AND LIABILITIES	31 March 2021	31 December 2020	31 March 2020
	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	2,935	2,935	2,744
Retained earnings	119,551	97,253	95,493
	680,253	657,955	656,004
Non-current liabilities			
Bank loans	6,658	8,178	13,720
Lease liabilities	161	228	266
Other financial liabilities	186	5	275
	7,005	8,411	14,261
Current liabilities			
Bank loans	7,388	7,802	10,080
Lease liabilities	110	95	111
Other financial liabilities	100	4,996	4,932
Trade payables	1,351	1,514	2,918
Contract liabilities	4,793	3,010	2,767
Corporate income tax payable	-	390	-
Liabilities to the state and local budgets	2,255	580	1,675
Other liabilities	401	279	94
Accruals	2,848	4,849	1,327
	19,246	23,515	23,904
TOTAL LIABILITIES	26,251	31,926	38,165
TOTAL EQUITY AND LIABILITIES	706,504	689,881	694,169

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 2021	518,942	38,825	2,935	97,253	657,955
Net profit for the reporting period	-	-	-	22,298	22,298
Total comprehensive income for the reporting period	-	-	-	22,298	22,298
As at 31 March 2021	518,942	38,825	2,935	119,551	680,253

As at 1 January 2020	518,942	38,825	2,601	77,317	637,685
Net profit for the reporting period	-	-	-	58,337	58,337
Total comprehensive income for the reporting period	-	-	-	58,337	58,337
Dividend for the year 2019	-	-	-	(38,401)	(38,401)
Valuation of share-based payment plan	-	-	334	-	334
As at 31 December 2020	518,942	38,825	2,935	97,253	657,955

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

Interim Condensed Statement of Cash Flows

Asseco South Eastern Europe S.A.

	3 months ended 31 March 2021	3 months ended 31 March 2020
	PLN'000	PLN'000
Cash flows – operating activities		
Pre-tax profit	23,910	18,865
Total adjustments:	(27,334)	(20,474)
Depreciation and amortization	176	164
Change in receivables	(6,201)	(3,973)
Change in liabilities, accruals and provisions	1,153	676
Interest income/expenses	(201)	(200)
Gain/loss on foreign currency translation differences	(837)	(1,720)
Gain/loss on investing activities	(21,425)	(16,012)
Valuation of share-based payment plan	-	143
Other	1	448
Selected operating cash flows	15,797	9,524
Sale of shares in subsidiaries	-	361
Acquisition of shares in related companies	(4,932)	(5,921)
Dividends received	20,729	15,084
Cash generated from operating activities	12,373	7,915
Corporate income tax (paid) recovered	(518)	(381)
Net cash provided by (used in) operating activities	11,855	7,534
Cash flows – investing activities		
Inflows:	1,282	782
Loans collected	908	514
Interest received	374	268
Outflows:	(4,192)	(489)
Acquisition of property, plant and equipment, and intangible assets	(618)	(129)
Acquisition/settlement of financial assets carried at fair value through profit or loss	-	(360)
Loans granted	(3,574)	-
Net cash provided by (used in) investing activities	(2,910)	293
Cash flows – financing activities		
Inflows:	-	-
Proceeds from bank loans and borrowings	-	-
Outflows:	(2,175)	(2,795)
Repayments of bank loans	(2,089)	(2,671)
Payments of lease liabilities	(31)	(29)
Interest paid	(55)	(95)
Net cash provided by (used in) financing activities	(2,175)	(2,795)
Net change in cash and cash equivalents	6,770	5,032
Net foreign currency translation differences	(2)	23
Cash and cash equivalents as at 1 January	14,491	11,044
Cash and cash equivalents as at 31 March	21,259	16,099

This quarterly report has been approved for publication by the Management Board of Asseco South Eastern Europe S.A. on 28 April 2021.

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.

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