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**REPORT OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE THIRD QUARTER OF 2017**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE THIRD QUARTER OF 2017**

Rzeszów, 26 October 2017

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FOR THE THIRD QUARTER OF 2017**

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**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE THIRD QUARTER OF 2017**

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

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

Piotr Jeleński	President of the Management Board
Miljan Mališ	Member of the Management Board
Miodrag Mirčetić	Member of the Management Board
Marcin Rulnicki	Member of the Management Board

**FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE GROUP**

	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Sales revenues	410,631	391,210	96,468	89,547
II. Operating profit	44,051	36,453	10,349	8,344
III. Pre-tax profit	44,850	36,538	10,536	8,363
IV. Net profit for the reporting period	36,857	31,256	8,659	7,154
V. Net profit attributable to Shareholders of the Parent Company	<b>36,585</b>	<b>31,292</b>	<b>8,595</b>	<b>7,163</b>
VI. Net cash provided by (used in) operating activities	36,636	24,056	8,607	5,506
VII. Net cash provided by (used in) investing activities	(41,286)	(27,466)	(9,699)	(6,287)
VIII. Net cash provided by (used in) financing activities	(26,120)	(25,036)	(6,136)	(5,731)
IX. Cash and short-term deposits	83,310	73,670	19,334	17,085
Net profit for the reporting period				
X. Basic earnings per ordinary share attributable to Shareholders of the Parent Company (in PLN/EUR)	0.70	0.60	0.16	0.14
XI. Diluted earnings per ordinary share attributable to Shareholders of the Parent Company (in PLN/EUR)	0.70	0.60	0.16	0.14

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

- items of the interim condensed consolidated income statement and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
  - for the period from 1 January 2017 to 30 September 2017: EUR 1 = PLN 4.2566
  - for the period from 1 January 2016 to 30 September 2016: EUR 1 = PLN 4.3688
- 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 30 September 2017: EUR 1 = PLN 4.3091
  - exchange rate effective on 30 September 2016: EUR 1 = PLN 4.3120

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	3 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
<b>Sales revenues</b>	<u>1</u>	<b>127,810</b>	<b>410,631</b>	<b>131,172</b>	<b>391,210</b>
Cost of sales (-)	<u>2</u>	(95,376)	(310,114)	(100,249)	(298,493)
<b>Gross profit on sales</b>		<b>32,434</b>	<b>100,517</b>	<b>30,923</b>	<b>92,717</b>
Selling costs (-)	<u>2</u>	(8,862)	(25,646)	(8,652)	(27,966)
General and administrative expenses (-)	<u>2</u>	(10,416)	(30,923)	(9,992)	(29,578)
<b>Net profit on sales</b>		<b>13,156</b>	<b>43,948</b>	<b>12,279</b>	<b>35,173</b>
Other operating income		635	1,333	306	1,324
Other operating expenses (-)		(470)	(1,230)	(243)	(502)
Share of profits of associates (+/-)		-	-	150	458
<b>Operating profit</b>		<b>13,321</b>	<b>44,051</b>	<b>12,492</b>	<b>36,453</b>
Financial income	<u>3</u>	451	3,964	728	2,060
Financial expenses (-)	<u>3</u>	(412)	(3,165)	(661)	(1,975)
<b>Pre-tax profit</b>		<b>13,360</b>	<b>44,850</b>	<b>12,559</b>	<b>36,538</b>
Corporate income tax (current and deferred tax expense)		(2,199)	(7,993)	(1,642)	(5,282)
<b>Net profit for the reporting period</b>		<b>11,161</b>	<b>36,857</b>	<b>10,917</b>	<b>31,256</b>
Attributable to:					
<b>Shareholders of the Parent Company</b>		<b>11,050</b>	<b>36,585</b>	<b>10,916</b>	<b>31,292</b>
Non-controlling interests		111	272	1	(36)

**Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):**

Basic consolidated earnings per share for the reporting period	<u>4</u>	0.21	0.70	0.21	0.60
Diluted consolidated earnings per share for the reporting period	<u>4</u>	0.21	0.70	0.21	0.60

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
<b>Net profit for the reporting period</b>	<b>11,161</b>	<b>36,857</b>	<b>10,917</b>	<b>31,256</b>
<b>Other comprehensive income, of which:</b>	<b>10,213</b>	<b>(18,983)</b>	<b>(18,314)</b>	<b>4,778</b>
Components that may be reclassified to profit or loss	10,213	(18,983)	(18,314)	4,778
Foreign exchange differences on translation of foreign operations	10,213	(18,983)	(18,314)	4,778
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>	<b>21,374</b>	<b>17,874</b>	<b>(7,397)</b>	<b>36,034</b>
<b>Attributable to:</b>				
<b>Shareholders of the Parent Company</b>	<b>21,231</b>	<b>17,643</b>	<b>(7,358)</b>	<b>36,112</b>
<b>Non-controlling interests</b>	<b>143</b>	<b>231</b>	<b>(39)</b>	<b>(78)</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	30 Sept.	30 June	31 Dec.	30 Sept.
		2017	2017	2016	2016
		(unaudited)	(unaudited)	(audited)	(restated)
<b>Non-current assets</b>		<b>650,046</b>	<b>635,563</b>	<b>642,938</b>	<b>628,560</b>
Property, plant and equipment	6	127,706	117,864	102,161	96,201
Investment property		676	671	1,160	1,138
Intangible assets	6	25,399	26,740	30,180	32,555
Goodwill	7	492,096	485,059	505,634	493,873
Investments accounted for using the equity method		-	-	-	1,170
Long-term financial assets	9	316	688	162	149
Long-term receivables		502	589	385	378
Deferred tax assets		2,669	2,758	2,621	2,505
Long-term prepayments and accrued income	11	682	1,194	635	591
<b>Current assets</b>		<b>221,512</b>	<b>257,490</b>	<b>303,510</b>	<b>238,420</b>
Inventories		20,476	19,209	23,474	29,467
Prepayments and accrued income	11	11,644	13,223	14,380	12,485
Trade receivables	8	78,998	98,732	126,498	88,429
Income tax receivable		562	461	166	1,247
Other receivables from the state and local budgets		1,441	1,448	1,002	1,579
Receivables arising from valuation of IT contracts		19,910	16,588	11,722	23,633
Other receivables	8	4,839	3,924	3,632	3,466
Short-term financial assets	9	332	125	3,090	4,444
Cash and short-term deposits	10	83,310	103,780	119,546	73,670
<b>TOTAL ASSETS</b>		<b>871,558</b>	<b>893,053</b>	<b>946,448</b>	<b>866,980</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	Note	30 Sept.	30 June	31 Dec.	30 Sept.
		2017	2017	2016	2016
		(unaudited)	(unaudited)	(audited)	(restated)
<b>Equity (attributable to shareholders of the Parent Company)</b>		<b>723,499</b>	<b>701,688</b>	<b>730,201</b>	<b>702,544</b>
Share capital		518,942	518,942	518,942	518,942
Share premium		38,825	38,825	38,825	38,825
Other capitals		580	-	-	-
Foreign exchange differences on translation of foreign operations		(85,368)	(95,549)	(66,426)	(73,919)
Retained earnings and current net profit		250,520	239,470	238,860	218,696
<b>Non-controlling interests</b>		<b>1,482</b>	<b>1,350</b>	<b>2,210</b>	<b>2,099</b>
<b>Total equity</b>		<b>724,981</b>	<b>703,038</b>	<b>732,411</b>	<b>704,643</b>
<b>Non-current liabilities</b>		<b>28,604</b>	<b>26,218</b>	<b>29,279</b>	<b>27,165</b>
Interest-bearing bank loans and borrowings	13	22,181	18,981	21,807	22,018
Deferred tax liabilities		1,488	1,492	1,328	1,236
Long-term trade payables and other liabilities		455	766	696	-
Long-term provisions		1,195	1,242	1,274	1,118
Long-term financial liabilities	12	1,687	1,913	2,756	2,153
Long-term deferred income	15	1,598	1,824	1,418	640
<b>Current liabilities</b>		<b>117,973</b>	<b>163,797</b>	<b>184,758</b>	<b>135,172</b>
Interest-bearing bank loans and borrowings	13	22,248	18,974	22,789	24,728
Trade payables	14	26,926	50,452	68,674	48,925
Corporate income tax payable	14	1,661	1,746	2,539	1,110
Other liabilities to the state and local budgets	14	7,553	10,804	22,143	9,138
Financial liabilities	12	930	25,847	1,198	924
Liabilities and provisions arising from valuation of IT contracts (-)		4,175	4,811	7,811	7,517
Other liabilities	14	18,350	17,923	23,373	9,948
Short-term provisions		1,006	1,077	864	1,019
Deferred income	15	12,557	14,358	21,752	11,771
Accruals	15	22,567	17,805	13,615	20,092
<b>TOTAL LIABILITIES</b>		<b>146,577</b>	<b>190,015</b>	<b>214,037</b>	<b>162,337</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>871,558</b>	<b>893,053</b>	<b>946,448</b>	<b>866,980</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the period of 9 months ended 30 September 2017

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Other capitals	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
<b>As at 1 January 2017</b>	<b>518,942</b>	<b>38,825</b>	<b>(66,426)</b>	-	<b>238,860</b>	<b>730,201</b>	<b>2,210</b>	<b>732,411</b>
Net profit (loss) for the reporting period	-	-	-	-	36,585	<b>36,585</b>	272	<b>36,857</b>
Other comprehensive income	-	-	(18,942)	-	-	<b>(18,942)</b>	(41)	<b>(18,983)</b>
<b>Total comprehensive income for the reporting period</b>	-	-	<b>(18,942)</b>	-	<b>36,585</b>	<b>17,643</b>	<b>231</b>	<b>17,874</b>
<b>Changes in the Group structure, of which:</b>	-	-	-	-	<b>(16)</b>	<b>(16)</b>	<b>(684)</b>	<b>(700)</b>
<i>Acquisition of non-controlling interests</i>	-	-	-	-	(16)	<b>(16)</b>	(684)	<b>(700)</b>
Valuation of share-based payment plan	-	-	-	580	-	<b>580</b>	-	<b>580</b>
Dividend	-	-	-	-	(24,909)	<b>(24,909)</b>	(275)	<b>(25,184)</b>
<b>As at 30 September 2017 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(85,368)</b>	<b>580</b>	<b>250,520</b>	<b>723,499</b>	<b>1,482</b>	<b>724,981</b>

for the period of 9 months ended 30 September 2016

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
<b>As at 1 January 2016</b>	<b>518,942</b>	<b>38,825</b>	<b>(78,739)</b>	<b>209,247</b>	<b>688,275</b>	-	<b>688,275</b>
Net profit (loss) for the reporting period	-	-	-	31,292	<b>31,292</b>	(36)	<b>31,256</b>
Other comprehensive income	-	-	4,820	-	<b>4,820</b>	(42)	<b>4,778</b>
<b>Total comprehensive income for the reporting period</b>	-	-	<b>4,820</b>	<b>31,292</b>	<b>36,112</b>	<b>(78)</b>	<b>36,034</b>
<b>Changes in the Group structure, of which:</b>	-	-	-	<b>(47)</b>	<b>(47)</b>	<b>2,177</b>	<b>2,130</b>
<i>Acquisition of shares in a subsidiary</i>	-	-	-	-	-	4,320	<b>4,320</b>
<i>Acquisition of non-controlling interests</i>	-	-	-	(47)	<b>(47)</b>	(2,143)	<b>(2,190)</b>
Dividend	-	-	-	(21,796)	<b>(21,796)</b>	-	<b>(21,796)</b>
<b>As at 30 September 2016 (restated)</b>	<b>518,942</b>	<b>38,825</b>	<b>(73,919)</b>	<b>218,696</b>	<b>702,544</b>	<b>2,099</b>	<b>704,643</b>

for the period of 12 months ended 31 December 2016

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
<b>As at 1 January 2016</b>	<b>518,942</b>	<b>38,825</b>	<b>(78,739)</b>	<b>209,247</b>	<b>688,275</b>	-	<b>688,275</b>
Net profit (loss) for the reporting period	-	-	-	51,468	<b>51,468</b>	80	<b>51,548</b>
Other comprehensive income	-	-	12,313	-	<b>12,313</b>	-	<b>12,313</b>
<b>Total comprehensive income for the reporting period</b>	-	-	<b>12,313</b>	<b>51,468</b>	<b>63,781</b>	<b>80</b>	<b>63,861</b>
<b>Changes in the Group structure, of which:</b>	-	-	-	<b>(59)</b>	<b>(59)</b>	<b>2,130</b>	<b>2,071</b>
<i>Acquisition of shares in a subsidiary</i>	-	-	-	-	-	5,063	<b>5,063</b>
<i>Acquisition of non-controlling interests</i>	-	-	-	(59)	<b>(59)</b>	(2,933)	<b>(2,992)</b>
Dividend	-	-	-	(21,796)	<b>(21,796)</b>	-	<b>(21,796)</b>
<b>As at 31 December 2016 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(66,426)</b>	<b>238,860</b>	<b>730,201</b>	<b>2,210</b>	<b>732,411</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

		9 months ended 30 September 2017 (unaudited)	9 months ended 30 September 2016 (unaudited)
Note			
<b>Cash flows – operating activities</b>			
Pre-tax profit		44,850	36,538
<b>Total adjustments:</b>		<b>724</b>	<b>(5,988)</b>
Depreciation and amortization		29,570	27,237
Change in inventories		(1,630)	(18,310)
Change in receivables		31,029	(12,348)
Change in liabilities, accruals and provisions		(61,310)	(2,345)
Interest income and expenses		709	844
Gain (loss) on foreign exchange differences		2,121	(105)
Gain (loss) on investing activities		(350)	(873)
Costs of share-based payment plan		580	-
Other		5	(88)
<b>Net cash generated from operating activities</b>		<b>45,574</b>	<b>30,550</b>
Corporate income tax paid		(8,938)	(6,494)
<b>Net cash provided by (used in) operating activities</b>		<b>36,636</b>	<b>24,056</b>
<b>Cash flows – investing activities</b>			
Disposal of property, plant and equipment and intangible assets		707	1,140
Acquisition of property, plant and equipment, and intangible assets		(42,954)	(20,610)
Expenditures for development projects		(2,217)	(2,853)
Acquisition of subsidiaries		-	(3,539)
Acquisition of financial instruments carried at fair value through profit or loss		(9,466)	(14,888)
Disposal of financial assets carried at fair value through profit or loss		12,191	12,998
Loans collected		13	55
Loans granted		(23)	(137)
Interest received		463	366
Dividends received		1	2
Other		(1)	-
<b>Net cash provided by (used in) investing activities</b>		<b>(41,286)</b>	<b>(27,466)</b>

		9 months ended 30 September 2017 (unaudited)	9 months ended 30 September 2016 (unaudited)
Note			
<b>Cash flows – financing activities</b>			
Proceeds from (repayments of) short-term bank loans and borrowings		(18)	599
Proceeds from other bank loans and borrowings		14,272	12,305
Repayments of other bank loans and borrowings		(12,779)	(12,228)
Finance lease liabilities paid		(798)	(755)
Expenditures for the acquisition of non-controlling interests		(700)	(2,191)
Dividends paid out to shareholders of the Parent Company		(24,909)	(21,796)
Dividends paid out to non-controlling interests		(275)	-
Interest paid		(913)	(970)
<b>Net cash provided by (used in) financing activities</b>		<b>(26,120)</b>	<b>(25,036)</b>
Net increase/(decrease) in cash and cash equivalents		(30,770)	(28,446)
Net foreign exchange differences		(4,908)	656
Cash and cash equivalents as at 1 January		118,058	99,868
<b>Cash and cash equivalents as at 30 September</b>	<b>10</b>	<b>82,380</b>	<b>72,078</b>

## SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

### I. GENERAL INFORMATION

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

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

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

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

The Group's business profile and product portfolio have been described in detail in its financial statements for the year 2016 which are available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see).

These interim condensed consolidated financial statements cover the interim period ended 30 September 2017 and contain comparable data for the interim period ended 30 September 2016 in the case of the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, as well as comparable data as at 30 June 2017, 31 December 2016 and 30 September 2016 in the case of the statement of financial position.

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

These interim consolidated financial statements have been approved for publication by the Management Board of ASEE S.A. on 26 October 2017.

### II. MAJOR SHAREHOLDERS

To the best knowledge of the Management Board of ASEE S.A., as at 30 September 2017 as well as at the publication of this report, i.e. on 26 October 2017, the shareholders who, either directly or through their subsidiaries, held at least 5% of total voting rights at the General Meeting of Shareholders were as follows:

Name of shareholder	Number of shares held and votes at GMS	Equity interest and voting rights at GMS
Asseco Poland S.A.	26,494,676	51.06%
Aviva Pension Fund	8,809,000	16.97%
Other shareholders	16,590,575	31.97%
	<b>51,894,251</b>	<b>100.00%</b>

As at 30 September 2017 and on the date of publication of these financial statements, the share capital of ASEE S.A. amounted to PLN 518,942,510 and it was divided into 51,894,251 ordinary shares with a par value of PLN 10.00 each, which entitled to 51,894,251 votes at the Company's General Meeting of Shareholders.

To the best knowledge of the Management Board of ASEE S.A., the Company's shareholders structure, as presented above, has remained unchanged both in period of 3 months ended 30 September 2017 and since the end of the reporting period till the publication of this report, this is till 26 October 2017.

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

As at the date of publication of this report, this is on 26 October 2017, the Company's Management Board and Supervisory Board were composed of the following persons:

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

During the reporting period, the composition of the Company's Supervisory Board changed as follows:

- on 17 October 2017, Mrs. Gabriela Żukowicz filed a resignation from the position of Member of the Supervisory Board of ASEE S.A. with effect from 18 October 2017;
- on 17 October 2017, Mr. Adam Pawłowicz was appointed as Member of the Supervisory Board of ASEE S.A. for the ongoing, joint term of office lasting till 31 March 2022, with effect from 18 October 2017.

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

Supervisory Board		Number of shares held as at			
Members		26 Oct. 2017	30 Sept. 2017	9 Aug. 2017	31 Dec. 2016
Józef Klein		-	-	-	n/a
Adam Góral <sup>1)</sup>		-	-	-	-
Jacek Duch <sup>2)</sup>		-	-	-	-
Jan Dauman <sup>3)</sup>	n/a	n/a	n/a	n/a	-
Artur Kucharski		-	-	-	-
Adam Pawłowicz <sup>4)</sup>		-	n/a	n/a	n/a
Przemysław Sęczkowski <sup>5)</sup>	n/a	n/a	n/a	-	-
Gabriela Żukowicz <sup>5)</sup>	n/a	150	150	150	-

Management Board		Number of shares held as at			
Members		26 Oct. 2017	30 Sept. 2017	9 Aug. 2017	31 Dec. 2016
Piotr Jeleński	967,492	967,492	967,492	550	
Miljan Mališ <sup>6)</sup>	300,000	300,000	300,000	500,000	
Miodrag Mircetić <sup>7)</sup>	275,482	275,482	275,482	330,016	
Marcin Rulnicki <sup>8)</sup>	30,000	30,000	30,000	-	

1) Adam Góral, President of the Management Board of Asseco Poland S.A., serving as Vice Chairman of the Supervisory Board of ASEE S.A., is a shareholder in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; both as at 30 September 2017 and 26 October 2017, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

2) Jacek Duch, Chairman of the Supervisory Board of Asseco Poland S.A., serving as Member of the Supervisory Board of ASEE S.A., is a shareholder in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; both as at 30 September 2017 and 26 October 2017, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

3) Jan Dauman and Przemysław Sęczkowski have not been appointed for the next term of office at the Supervisory Board of ASEE S.A.

4) Adam Pawłowicz has been appointed as Member of the Supervisory Board of ASEE S.A. for the ongoing, joint term of office with effect from 18 October 2017.

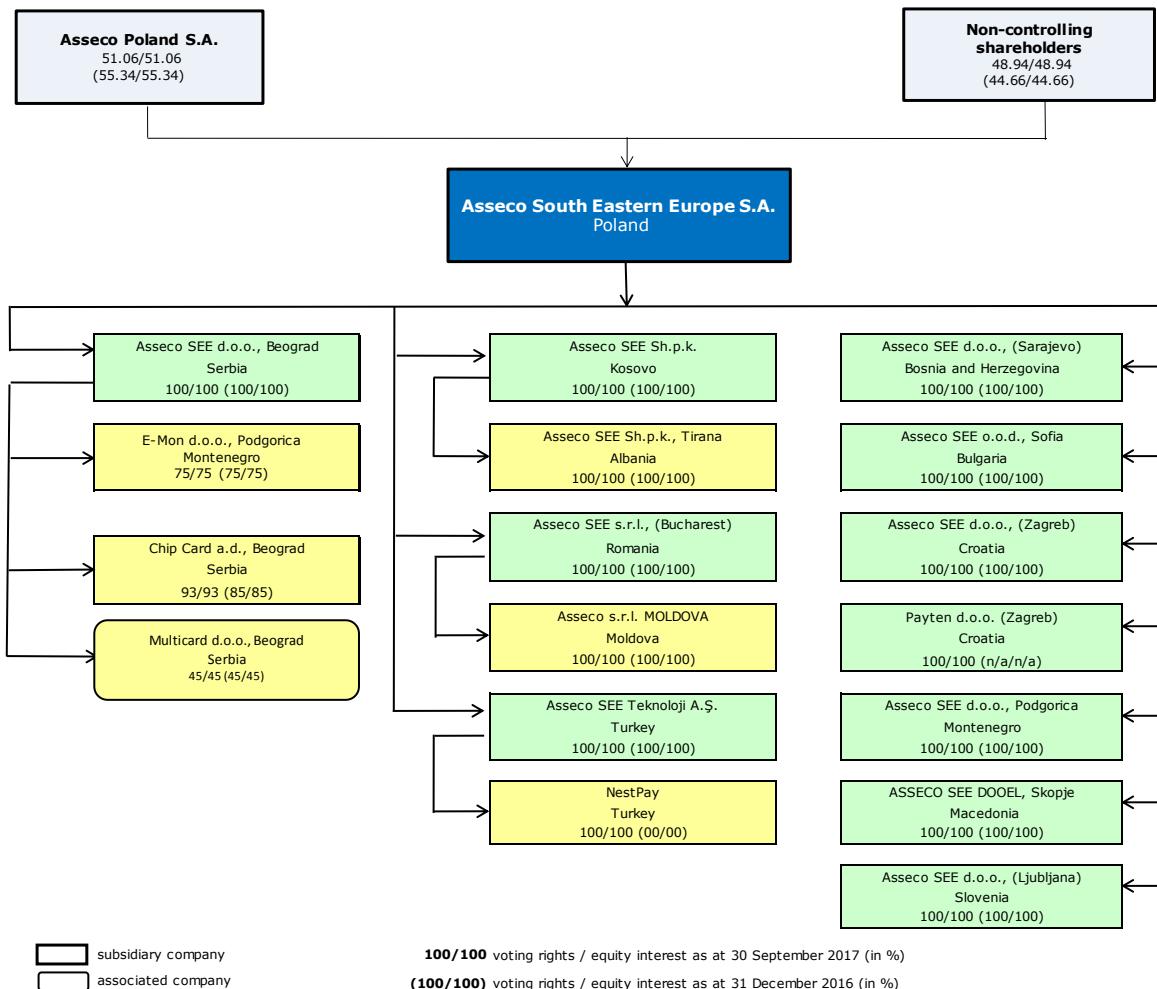
5) Gabriela Żukowicz resigned from the position of Member of the Supervisory Board of ASEE S.A. with effect from 18 October 2017.

6) Miljan Mališ, Member of the Management Board of ASEE S.A., is a shareholder in the company Mini Invest d.o.o. which in turn is a shareholder in ASEE S.A. Both as at 30 September 2017 and 26 October 2017, Mini Invest d.o.o. held 300,000 shares in ASEE S.A. that were acquired on 23 June 2017 under the agreement concluded with Asseco Poland S.A.

7) Miodrag Mircetić, Member of the Management Board of ASEE S.A., is a shareholder in the company I4 INVENTION d.o.o. which in turn is a shareholder in ASEE S.A. Both as at 30 September 2017 and 26 October 2017, I4 INVENTION d.o.o. held 275,482 shares in ASEE S.A. that were acquired on 23 June 2017 under the agreement concluded with Asseco Poland S.A.

8) Marcin Rulnicki, Member of the Management Board ASEE S.A., is a shareholder in the company Alves 2 Sp. z o.o. which in turn is a shareholder in ASEE S.A. Both as at 30 September 2017 and 26 October 2017, Alves 2 Sp. z o.o. held 30,000 shares in ASEE S.A. that were acquired on 23 June 2017 under the agreement concluded with Asseco Poland S.A.

#### V. ORGANIZATIONAL STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP



The chart above presents the structure of ASEE Group along with equity interests and voting rights at the general meetings of shareholders/partners as at 30 September 2017.

The parent of Asseco South Eastern Europe S.A. is Asseco Poland S.A. (the higher-level parent company). As at 30 September 2017, Asseco Poland S.A. held a 51.06% stake in the share capital of ASEE S.A.

Since 1 November 2016, E-Mon Montenegro has been treated as a subsidiary company within the Group's organizational structure and therefore it is fully consolidated. Until the date of obtaining control by ASEE Serbia, that company was treated as a jointly controlled company and therefore consolidated under the equity method in line with IFRS 11.

Multicard Serbia is an associated company accounted for using the equity method. Up until 30 September 2013, Multicard Serbia was treated as a subsidiary and subject to full consolidation.

The remaining companies incorporated within the Group are treated as subsidiaries and are subject to full consolidation.

Both as at 30 September 2017 and 31 December 2016, voting rights held by the Group in its subsidiaries were equivalent to the Group's equity interests in these entities.

## **VI. EFFECTS OF CHANGES IN THE GROUP'S AND ISSUER'S STRUCTURE**

During the period of 3 months ended 30 September 2017, the Group's organizational structure changed as follows:

### **Separation of Payten d.o.o., Zagreb (Payten Croatia)**

On 19 September 2017, a new company called Payten Croatia was officially separated from ASEE Croatia. Following such division, we now operate two separate entities engaged in the payment business and other operations, respectively.

The separation of a new company in Croatia is part of a broader process aiming to formally spin off payment services into a standalone organizational unit. The planned spin-off of payment services has been described in the Management report on the Group's operations for the period of 6 months ended 30 June 2017.

The separation of Payten Croatia will have no impact on the consolidated financial statements of ASEE Group.

## **VII. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS**

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

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost convention, except for derivative financial instruments and assets that are carried at fair value through profit or loss.

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

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

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

### **2. Compliance statement**

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

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

### **3. Significant accounting policies**

The significant accounting policies adopted by ASEE Group have been described in its consolidated financial statements for the year ended 31 December 2016, which were published on 17 February 2017 and are available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see). These interim condensed consolidated financial statements do not include all information and disclosures required for annual consolidated financial statements and therefore they should be read together with the

Group's consolidated financial statements for the year ended 31 December 2016.

The accounting policies adopted in the preparation of this report are consistent with those followed when preparing the consolidated financial statements for the year ended 31 December 2016, except for the adoption of amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2017.

#### **4. Functional currency and reporting currency**

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

Standalone and consolidated financial statements of the Group companies are drawn up in the functional currencies of their primary business environments.

The functional currencies of direct subsidiaries of ASEE S.A. include the Romanian leu (RON), Croatian kuna (HRK), Serbian dinar (RDS), Macedonian denar (MKD), euro (EUR), Turkish lira (TRY), Bulgarian lev (BGN), and Bosnia and Herzegovina convertible mark (BAM).

#### **5. Professional judgement and changes in 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 management's best knowledge on the current activities and occurrences, the actual results may differ from those anticipated.

The main areas which, in the process of applying accounting policies, were largely subject to the management's professional judgement remained unchanged as compared with their description presented in the annual financial statements for the year 2016.

#### **6. Seasonal nature of business**

The Group's business operations are subject to seasonality, which involves revenue fluctuations in individual quarters of the year. Because the bulk of sales revenues are generated from IT services contracts executed for large companies and public institutions, turnovers recorded in the fourth quarter tend to be higher than in the remaining periods.

Such phenomenon occurs for the reason that the above-mentioned entities close their annual budgets for implementation of IT projects and carry out investment purchases of hardware and licenses usually in the last quarter.

#### **7. Corrections of material errors**

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

### **VIII. INFORMATION ON OPERATING SEGMENTS**

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

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

#### *Banking Solutions*

ASEE's offer within the Banking Solutions segment ranges from the Digital Edge omni-channel solution designed to distribute banking products and services over new, alternative distribution channels and to improve business relations and communication with the customer, through integrated core banking systems based on the Oracle and Microsoft platforms, to authentication security solutions, reporting systems for regulatory compliance and managerial information, as well as risk management

and anti-fraud systems. We also offer our clients on-line 24x7 services and consultancy in the area of electronic banking and digital transformation.

*Payment Solutions*

ASEE provides complete payment industry solutions, for non-financial and financial institutions, supporting card and card-less transactions. Our product portfolio includes solutions for e-commerce (NestPay®, MSU), mobile payments (mPOS, HCE), payment card processing, as well as ATM and POS related services. We deliver software, services including outsourcing and equipment, providing the highest level of expertise, maintenance and support through the entire portfolio.

*Systems Integration*

Asseco South Eastern Europe Group is a top player on the market of integration services in Macedonia, Romania, and Serbia. The Group serves the financial, industry and public administration sectors

with the following business lines: development of IT infrastructure, implementations and support, ensuring continuity of business processes, automation of operations, and customized software development. The Systems Integration segment also presents a group of proprietary solutions of ASEE. Among such solutions are BPS content management solution, LIVE contact center solutions, Fidelity asset lifecycle management solution, and SKAI billing system for utilities.

Furthermore, the product portfolio of the Systems Integration segment includes LeaseFlex, a fully-fledged lease and asset lifecycle management solution. The Group's business profile has been described in detail in its financial statements for the year 2016.

For the period of 9 months ended 30 September 2017 in thousands of PLN (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
<b>Sales revenues:</b>	<b>117,632</b>	<b>159,928</b>	<b>153,655</b>	<b>6,661</b>	<b>(27,245)</b>	<b>410,631</b>
Sales to external customers	105,276	155,324	150,031	-	-	410,631
Inter/intra segment sales	12,356	4,604	3,624	6,661	(27,245)	-
<b>Gross profit on sales</b>	<b>31,963</b>	<b>42,654</b>	<b>25,900</b>	-	-	<b>100,517</b>
Selling costs (-)	(7,480)	(7,795)	(10,371)	-	-	(25,646)
General and administrative expenses (-)	(10,956)	(12,730)	(7,237)	-	-	(30,923)
<b>Net profit on sales</b>	<b>13,527</b>	<b>22,129</b>	<b>8,292</b>	-	-	<b>43,948</b>
Goodwill	200,941	109,643	181,512	-	-	492,096

For 9 months ended 30 Sept. 2017 in thousands of EUR (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
<b>Sales revenues:</b>	<b>27,635</b>	<b>37,572</b>	<b>36,097</b>	<b>1,565</b>	<b>(6,401)</b>	<b>96,468</b>
Sales to external customers	24,732	36,490	35,246	-	-	96,468
Inter/intra segment sales	2,903	1,082	851	1,565	(6,401)	-
<b>Gross profit on sales</b>	<b>7,509</b>	<b>10,021</b>	<b>6,085</b>	-	-	<b>23,614</b>
Selling costs (-)	(1,757)	(1,832)	(2,436)	-	-	(6,025)
General and administrative expenses (-)	(2,574)	(2,991)	(1,700)	-	-	(7,265)
<b>Net profit on sales</b>	<b>3,178</b>	<b>5,198</b>	<b>1,949</b>	-	-	<b>10,325</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2017 to 30 September 2017:  
EUR 1 = PLN 4.2566

For the period of 9 months ended 30 September 2016 in thousands of PLN (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
<b>Sales revenues:</b>	<b>113,267</b>	<b>147,369</b>	<b>153,153</b>	<b>7,247</b>	<b>(29,826)</b>	<b>391,210</b>
Sales to external customers	98,121	142,893	150,196	-	-	391,210
Inter/intra segment sales	15,146	4,476	2,957	7,247	(29,826)	-
<b>Gross profit on sales</b>	<b>26,587</b>	<b>42,043</b>	<b>24,087</b>	-	-	<b>92,717</b>
Selling costs (-)	(7,352)	(8,397)	(12,217)	-	-	(27,966)
General and administrative expenses (-)	(10,678)	(10,965)	(7,935)	-	-	(29,578)
<b>Net profit on sales</b>	<b>8,557</b>	<b>22,681</b>	<b>3,935</b>	-	-	<b>35,173</b>
Goodwill	196,581	110,474	186,818	-	-	493,873

For 9 months ended 30 Sept. 2016 in thousands of EUR (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
<b>Sales revenues:</b>	<b>25,927</b>	<b>33,733</b>	<b>35,056</b>	<b>1,659</b>	<b>(6,828)</b>	<b>89,547</b>
Sales to external customers	22,460	32,708	34,379	-	-	<b>89,547</b>
Inter/intra segment sales	3,467	1,025	677	1,659	(6,828)	-
<b>Gross profit on sales</b>	<b>6,086</b>	<b>9,624</b>	<b>5,513</b>	-	-	<b>21,223</b>
Selling costs (-)	(1,683)	(1,922)	(2,796)	-	-	<b>(6,401)</b>
General and administrative expenses (-)	(2,444)	(2,510)	(1,817)	-	-	<b>(6,771)</b>
<b>Net profit on sales</b>	<b>1,959</b>	<b>5,192</b>	<b>900</b>	-	-	<b>8,051</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2016 to 30 September 2016:  
EUR 1 = PLN 4.3688

**IX. INFORMATION ON GEOGRAPHICAL STRUCTURE OF FINANCIAL RESULTS**

For the period of 9 months ended 30 September 2017 in thousands of PLN	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
<b>Sales revenues</b>	<b>880</b>	<b>12,719</b>	<b>2,261</b>	<b>74,221</b>	<b>6,894</b>	<b>9,268</b>	<b>33,841</b>	<b>4,792</b>	<b>99,966</b>	<b>113,808</b>	<b>13,805</b>	<b>38,176</b>	<b>410,631</b>
Cost of sales (-)	(564)	(7,326)	(2,209)	(53,693)	(4,145)	(7,716)	(22,411)	(3,624)	(86,584)	(86,179)	(11,273)	(24,390)	(310,114)
<b>Gross profit on sales</b>	<b>316</b>	<b>5,393</b>	<b>52</b>	<b>20,528</b>	<b>2,749</b>	<b>1,552</b>	<b>11,430</b>	<b>1,168</b>	<b>13,382</b>	<b>27,629</b>	<b>2,532</b>	<b>13,786</b>	<b>100,517</b>
Selling costs (-)	(46)	(640)	(172)	(4,658)	(139)	(282)	(1,810)	(469)	(5,166)	(7,618)	(186)	(4,460)	(25,646)
General and administrative expenses (-)	(195)	(1,295)	(740)	(5,654)	(626)	(714)	(2,566)	(44)	(4,869)	(7,694)	(652)	(5,874)	(30,923)
<b>Net profit/(loss) on sales</b>	<b>75</b>	<b>3,458</b>	<b>(860)</b>	<b>10,216</b>	<b>1,984</b>	<b>556</b>	<b>7,054</b>	<b>655</b>	<b>3,347</b>	<b>12,317</b>	<b>1,694</b>	<b>3,452</b>	<b>43,948</b>
Other operating income	-	26	24	247	13	39	149	304	270	50	4	207	1,333
Other operating expenses	(2)	(2)	(46)	(107)	(16)	(50)	(64)	(183)	(206)	(472)	-	(82)	(1,230)
Share of profits of associates	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Operating profit/(loss)</b>	<b>73</b>	<b>3,482</b>	<b>(882)</b>	<b>10,356</b>	<b>1,981</b>	<b>545</b>	<b>7,139</b>	<b>776</b>	<b>3,411</b>	<b>11,895</b>	<b>1,698</b>	<b>3,577</b>	<b>44,051</b>
For the period of 9 months ended 30 September 2017 in thousands of EUR	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
<b>Sales revenues</b>	<b>207</b>	<b>2,988</b>	<b>531</b>	<b>17,437</b>	<b>1,620</b>	<b>2,177</b>	<b>7,950</b>	<b>1,126</b>	<b>23,483</b>	<b>26,737</b>	<b>3,243</b>	<b>8,969</b>	<b>96,468</b>
Cost of sales (-)	(132)	(1,721)	(519)	(12,614)	(974)	(1,813)	(5,265)	(851)	(20,341)	(20,246)	(2,648)	(5,730)	(72,854)
<b>Gross profit on sales</b>	<b>75</b>	<b>1,267</b>	<b>12</b>	<b>4,823</b>	<b>646</b>	<b>364</b>	<b>2,685</b>	<b>275</b>	<b>3,142</b>	<b>6,491</b>	<b>595</b>	<b>3,239</b>	<b>23,614</b>
Selling costs (-)	(11)	(150)	(40)	(1,094)	(33)	(66)	(425)	(110)	(1,214)	(1,790)	(44)	(1,048)	(6,025)
General and administrative expenses (-)	(46)	(304)	(174)	(1,328)	(147)	(168)	(603)	(10)	(1,143)	(1,808)	(153)	(1,380)	(7,265)
<b>Net profit/(loss) on sales</b>	<b>18</b>	<b>813</b>	<b>(202)</b>	<b>2,401</b>	<b>466</b>	<b>130</b>	<b>1,657</b>	<b>155</b>	<b>785</b>	<b>2,893</b>	<b>398</b>	<b>811</b>	<b>10,325</b>
Other operating income	-	6	6	58	3	9	35	71	63	12	1	49	313
Other operating expenses	-	-	(11)	(25)	(4)	(12)	(15)	(43)	(49)	(111)	-	(19)	(289)
Share of profits of associates	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Operating profit/(loss)</b>	<b>18</b>	<b>819</b>	<b>(207)</b>	<b>2,434</b>	<b>465</b>	<b>127</b>	<b>1,677</b>	<b>183</b>	<b>799</b>	<b>2,794</b>	<b>399</b>	<b>841</b>	<b>10,349</b>
For the period of 9 months ended 30 September 2016 in thousands of PLN	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
<b>Sales revenues</b>	<b>1,572</b>	<b>12,467</b>	<b>3,376</b>	<b>61,830</b>	<b>7,217</b>	<b>8,401</b>	<b>39,038</b>	<b>4,952</b>	<b>78,855</b>	<b>117,473</b>	<b>12,272</b>	<b>43,757</b>	<b>391,210</b>
Cost of sales (-)	(1,216)	(8,301)	(2,250)	(48,526)	(4,875)	(6,664)	(26,131)	(3,148)	(67,031)	(91,624)	(9,445)	(29,282)	(298,493)
<b>Gross profit on sales</b>	<b>356</b>	<b>4,166</b>	<b>1,126</b>	<b>13,304</b>	<b>2,342</b>	<b>1,737</b>	<b>12,907</b>	<b>1,804</b>	<b>11,824</b>	<b>25,849</b>	<b>2,827</b>	<b>14,475</b>	<b>92,717</b>
Selling costs (-)	(39)	(492)	(251)	(4,777)	(126)	(351)	(2,531)	(755)	(5,476)	(8,240)	(202)	(4,726)	(27,966)
General and administrative expenses (-)	(205)	(1,415)	(722)	(5,488)	(496)	(781)	(2,342)	(129)	(4,537)	(6,956)	(760)	(5,747)	(29,578)
<b>Net profit/(loss) on sales</b>	<b>112</b>	<b>2,259</b>	<b>153</b>	<b>3,039</b>	<b>1,720</b>	<b>605</b>	<b>8,034</b>	<b>920</b>	<b>1,811</b>	<b>10,653</b>	<b>1,865</b>	<b>4,002</b>	<b>35,173</b>
Other operating income	-	13	39	62	35	18	386	58	101	120	-	492	1,324
Other operating expenses	(4)	-	(49)	(7)	4	(18)	(174)	(2)	(1)	(221)	-	(30)	(502)
Share of profits of associates	-	-	-	-	458	-	-	-	-	-	-	-	458
<b>Operating profit/(loss)</b>	<b>108</b>	<b>2,272</b>	<b>143</b>	<b>3,094</b>	<b>2,217</b>	<b>605</b>	<b>8,246</b>	<b>976</b>	<b>1,911</b>	<b>10,552</b>	<b>1,865</b>	<b>4,464</b>	<b>36,453</b>
For the period of 9 months ended 30 September 2016 in thousands of EUR	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
<b>Sales revenues</b>	<b>360</b>	<b>2,854</b>	<b>773</b>	<b>14,153</b>	<b>1,652</b>	<b>1,923</b>	<b>8,936</b>	<b>1,133</b>	<b>18,050</b>	<b>26,889</b>	<b>2,809</b>	<b>10,015</b>	<b>89,547</b>
Cost of sales (-)	(278)	(1,900)	(515)	(11,107)	(1,116)	(1,525)	(5,981)	(721)	(15,343)	(20,972)	(2,162)	(6,704)	(68,324)
<b>Gross profit on sales</b>	<b>82</b>	<b>954</b>	<b>258</b>	<b>3,046</b>	<b>536</b>	<b>398</b>	<b>2,955</b>	<b>412</b>	<b>2,707</b>	<b>5,917</b>	<b>647</b>	<b>3,311</b>	<b>21,223</b>
Selling costs (-)	(9)	(113)	(57)	(1,093)	(29)	(80)	(579)	(173)	(1,253)	(1,886)	(46)	(1,083)	(6,401)
General and administrative expenses (-)	(47)	(324)	(165)	(1,256)	(114)	(179)	(536)	(30)	(1,039)	(1,592)	(174)	(1,315)	(6,771)
<b>Net profit/(loss) on sales</b>	<b>26</b>	<b>517</b>	<b>36</b>	<b>697</b>	<b>393</b>	<b>139</b>	<b>1,840</b>	<b>209</b>	<b>415</b>	<b>2,439</b>	<b>427</b>	<b>913</b>	<b>8,051</b>
Other operating income	-	3	9	14	8	4	88	13	23	27	-	114	303
Other operating expenses	(1)	-	(11)	(2)	1	(4)	(40)	-	-	(51)	-	(7)	(115)
Share of profits of associates	-	-	-	-	105	-	-	-	-	-	-	-	105
<b>Operating profit/(loss)</b>	<b>25</b>	<b>520</b>	<b>34</b>	<b>709</b>	<b>507</b>	<b>139</b>	<b>1,888</b>	<b>222</b>	<b>438</b>	<b>2,415</b>	<b>427</b>	<b>1,020</b>	<b>8,344</b>

**X. SUMMARY AND ANALYSIS OF THE FINANCIAL RESULTS OF ASEE GROUP**

PLN'000	3 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	Change %	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)	Change %
Sales revenues	127,810	131,172	-3%	410,631	391,210	5%
Gross profit on sales	32,434	30,923	5%	100,517	92,717	8%
Net profit on sales	13,156	12,279	7%	43,948	35,173	25%
Operating profit	13,321	12,492	7%	44,051	36,453	21%
EBITDA	23,660	21,904	8%	73,621	63,690	16%
Net profit for the reporting period	11,161	10,917	2%	36,857	31,256	18%
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>11,050</b>	<b>10,916</b>	<b>1%</b>	<b>36,585</b>	<b>31,292</b>	<b>17%</b>
EUR'000	3 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	Change %	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)	Change %
Sales revenues	29,881	30,185	-1%	96,468	89,547	8%
Gross profit on sales	7,585	7,116	7%	23,614	21,223	11%
Net profit on sales	3,075	2,825	9%	10,325	8,051	28%
Operating profit	3,114	2,874	8%	10,349	8,344	24%
EBITDA	5,533	5,039	10%	17,296	14,578	19%
Net profit for the reporting period	2,609	2,511	4%	8,659	7,154	21%
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>2,583</b>	<b>2,511</b>	<b>3%</b>	<b>8,595</b>	<b>7,163</b>	<b>20%</b>

In the third quarter of 2017, ASEE Group once again improved its financial results in relation to the comparable period of the previous year. Although our sales revenues were slightly weaker and amounted to EUR 29.9 million (a decrease by 1%), the Company recorded an operating profit of EUR 3.1 million (an increase by 8%) and EBITDA at the level of EUR 5.5 million (an increase by 10%).

Sales generated by the Banking Solutions segment in the third quarter of 2017 reached EUR 7.9 million, reflecting an increase by EUR 0.5 million or 7%. In the same period, operating profit of this segment amounted to almost EUR 0.9 million, decreasing by less than EUR 0.1 million in relation to the third quarter of 2016. Operating profit deteriorated primarily in ASEE Serbia which recorded a higher cost base in 2017 and concurrently carried out less new implementation projects over the last three months. This was partially offset by the segment's stronger results in Croatia achieved owing to the growing sales of mobile and authentication solutions.

Revenues of the Payment Solutions segment in the third quarter of 2017 amounted to almost EUR 11.2 million, decreasing by EUR 1.7 million in relation to the comparable period last year. A decline in revenues was observed basically in our business lines dealing with maintenance of POS terminals and ATMs that carried out less deliveries of infrastructure in comparison with the third quarter of the previous year. Weaker sales had a little impact on the segment's operating profit which

amounted to nearly EUR 1.8 million, decreasing by EUR 0.1 million or 6%.

In the third quarter of 2017, the Systems Integration segment generated EUR 10.8 million in sales revenues, achieving an increase by almost EUR 0.9 million or 9%. Operating profit reported by the segment for the last three months amounted to nearly EUR 0.5 million, growing by more than EUR 0.4 million in comparison to the corresponding period last year. The segment's results improved owing to more efficient project management as well as cost restructuring efforts undertaken by the business line engaged in the provision of our proprietary software.

Presented below are the most important events that have affected the financial results of ASEE Group both in the third quarter and in the period of 9 months of 2017.

**Sales revenues**

During the first three quarters of 2017, sales revenues generated by ASEE Group reached nearly PLN 411 million (increasing by PLN 19.4 million or 5%) or, if presented in euros, our sales exceeded EUR 96 million (growing by EUR 6.9 million or 8%).

**Sales revenues by segments**

PLN'000	3 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	Change %	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)	Change %
Banking Solutions	33,983	32,315	5%	105,276	98,121	7%
Payment Solutions	47,706	55,738	-14%	155,324	142,893	9%
Systems Integration	46,121	43,119	7%	150,031	150,196	0%
	<b>127,810</b>	<b>131,172</b>	-3%	<b>410,631</b>	<b>391,210</b>	5%

EUR'000	3 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	Change %	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)	Change %
Banking Solutions	7,947	7,438	7%	24,732	22,460	10%
Payment Solutions	11,153	12,812	-13%	36,490	32,708	12%
Systems Integration	10,781	9,935	9%	35,246	34,379	3%
	<b>29,881</b>	<b>30,185</b>	-1%	<b>96,468</b>	<b>89,547</b>	8%

Revenues of the Banking Solutions segment amounted to EUR 24.7 million in the first three quarters of 2017 and were EUR 2.3 million or 10% higher than in the comparable period last year. Stronger sales were generated primarily in Croatia (an increase by EUR 1.7 million), which was driven mostly by mobile and authentication solutions. The segment's revenues also include sales generated by EMON, a provider of e-banking solutions in Montenegro (EUR 0.7 million). In the comparable period of 2016, sales of EMON were not consolidated by ASEE Group.

Revenues of the Payment Solutions segment reached EUR 36.5 million in the first three quarters of 2017, increasing by EUR 3.8 million or 12% in relation to the previous year. Higher sales were achieved mainly in the business of physical payments processing (an increase by EUR 3 million). In the first nine months of 2017, revenues from handling of physical payments increased most dynamically in Romania (by EUR 2.6 million) where we expanded the scope of outsourcing contracts for payment services and also made deliveries of POS terminals for customers in the traditional model of infrastructure maintenance, as well as in Croatia (by EUR 1.3 million) where we completed a number of deliveries of ATMs. At the same time, our operations in Serbia, Macedonia, and Bulgaria reported weaker revenues from handling of physical payments. The segment's sales increased by another EUR 0.8 million from processing and authentication of payment transactions. Such improvement was achieved by signing new contracts in this business line, but also due to the fact that Chip Card, a provider of payment processing and authentication services, has been consolidated by ASEE Group only since April 2016, delivering a smaller contribution to the amount of sales in the comparable period. In the first three quarters of 2017, revenues from processing of online payments were just a bit lower (by 1%) than those achieved in the previous year.

Revenues generated by the Systems Integration segment in the first nine months of 2017 amounted to EUR 35.2 million, showing an increase by almost 3%. A slight improvement was achieved in the sale of proprietary solutions as well as in the supply of infrastructure and integration services. In the first three quarters of 2017, the segment's revenues grew most dynamically in Romania (by EUR 2.7 million), mainly on the back of deliveries of third-party software and infrastructure. At the same time, the segment's sales decreased in other countries of our operations, including in Turkey (by EUR 0.8 million), Kosovo (by EUR 0.6 million), and in Macedonia (by EUR 0.6 million).

Stronger sales of the Banking Solutions segment as well as increasing revenues from own services in the Payment Solutions segment resulted in a higher share of our own products and services in the revenue structure of ASEE Group. In the first three quarters of 2017, such share equalled 63.2% as compared with the level of 61.2% observed in the comparable period of the previous year.

**Gross profit on sales**

The above-mentioned growth in sales revenues by EUR 6.9 million in the first three quarters of 2017 was accompanied by an increase in the cost of sales by EUR 4.5 million, as a result of which our gross profit on sales reached EUR 23.6 million, which is EUR 2.4 million or over 11% more than in the first three quarters of 2016.

In the first nine months of 2017, our production costs amounted to EUR 37.6 million and were higher by EUR 3.3 million or 10% than in the comparable period of the previous year. Furthermore, in the first three quarters of 2017, the cost of goods, materials and third-party services sold (COGS) increased by EUR 1.2 million or 4%. The cost of goods, materials and third-party services sold grew less dynamically sales revenues of ASEE Group owing to the above described

changes in our revenue structure of proprietary and third-party solutions.

### Net profit on sales

Our consolidated net profit on sales for the first three quarters of 2017 improved by EUR 2.3 million as a cumulative effect of an increase in gross profit on sales by EUR 2.4 million, decrease in selling expenses by EUR 376 thousand or 6%, and an increase in general and administrative expenses by EUR 494 thousand or 7%.

Such improvement in the consolidated net profit on sales of ASEE Group for the first three quarters of 2017 was achieved primarily by the Banking

Solutions segment and the Systems Integration segment. In each of these segments, net profit on sales increased by more than EUR 1 million in relation to the comparable period last year. Whereas, in the Payment Solutions segment net profit on sales remained at a similar level as in the first three quarters year ago. The reasons behind such performance of individual segments have been described in the above section on sales revenues as well as in the below section discussing our operating profit.

### Net profit on sales by segments

PLN'000	3 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	Change	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)	Change
	%	%			%	
Banking Solutions	3,661	3,992	-8%	13,527	8,557	58%
Payment Solutions	7,475	8,242	-9%	22,129	22,681	-2%
Systems Integration	2,020	45	4389%	8,292	3,935	111%
<b>Net profit on sales</b>	<b>13,156</b>	<b>12,279</b>	<b>7%</b>	<b>43,948</b>	<b>35,173</b>	<b>25%</b>
EUR'000	3 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	Change	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)	Change
	%	%			%	
Banking Solutions	855	917	-7%	3,178	1,959	62%
Payment Solutions	1,748	1,896	-8%	5,198	5,192	0%
Systems Integration	472	12	3833%	1,949	900	117%
<b>Net profit on sales</b>	<b>3,075</b>	<b>2,825</b>	<b>9%</b>	<b>10,325</b>	<b>8,051</b>	<b>28%</b>

### Operating profit

Operating profit of ASEE Group for the first three quarters of 2017 exceeded EUR 10.3 million, increasing by EUR 2 million or 24% in relation to the comparable period last year.

Such improvement in the consolidated result of ASEE Group was driven mainly by stronger operating profit of the Banking Solutions segment. In the first three quarters of 2017, it amounted to more than EUR 3.1 million, increasing by EUR 1 million. One of the reasons for such a significant improvement in the segment's results was the relatively low level of operating profit earned in the corresponding period of 2016. In the first months of last year, the segment commenced just a few new implementation projects and also created significant provisions for additional costs of ongoing projects. In the first three quarters of 2017, the segment's results improved most considerably in Croatia where we carried out new projects for the implementation of mobile and authentication solutions, as well as in Romania where we slightly expanded the scale of our business while managing to achieve some cost savings.

Operating profit earned by the Payment Solutions segment in the first three quarters of 2017 amounted to EUR 5.2 million, remaining at a similar level as in the comparable period a year ago. Stronger results were achieved in the business line dealing with processing and authentication of payment card transactions. Whereas, our business lines engaged in maintenance of ATMs and POS terminals as well as processing of online payments recorded similar or slightly weaker results than in the previous year.

Operating profit of the Systems Integration segment for the first three quarters of 2017 exceeded EUR 1.9 million, increasing by EUR 1 million if compared with the last year's level. Such improvement was achieved by the business line engaged in the sale of our own solutions. This was accomplished predominantly by more efficient management of long-term projects in Serbia, as well as owing to the reorganization of our proprietary solutions team in Turkey. Whereas, the business line dealing with deliveries of infrastructure and integration services reported

a slightly weaker operating profit, despite a small increase in revenues. This was a consequence of a bit lower margins realized on the resale of infrastructure and third-party licenses.

### **EBITDA**

PLN'000	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)	Change
Banking Solutions	17,880	14,049	27%
Payment Solutions	44,568	41,543	7%
Systems Integration	11,173	8,098	38%
<b>73,621</b>	<b>63,690</b>	<b>16%</b>	

EUR'000	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)	Change
Banking Solutions	4,201	3,216	31%
Payment Solutions	10,470	9,509	10%
Systems Integration	2,625	1,853	42%
<b>17,296</b>	<b>14,578</b>	<b>19%</b>	

Our consolidated EBITDA for the first three quarters of 2017 reached EUR 17.3 million, improving by more than EUR 2.7 million or 19% in relation to the comparable period last year. EBITDA growth was recorded in all the three operating segments of ASEEE Group. The Banking Solutions segment generated EUR 4.2 million in EBITDA, achieving an increase by EUR 1 million or 31%. EBITDA earned by the Payment Solutions segment amounted to almost EUR 10.5 million, increasing by EUR 1 million or 10%; whereas, in the Systems Integration segment it equalled EUR 2.6 million, improving by EUR 0.8 million or 42%. In the Payment Solutions segment, EBITDA increased faster than operating profit as a result of higher depreciation charges on equipment provided to our clients in the outsourcing model.

### **Net profit**

Consolidated net profit of ASEEE Group for the first three quarters of 2017 amounted to nearly EUR 8.7 million, reflecting an increase by EUR 1.5 million or 21% in relation to the comparable period last year.

The Group's net result on financial operations in the first nine months of 2017 equalled EUR 188 thousand, as compared with EUR 19 thousand reported a year ago. Such improvement resulted basically from higher interest income as well as better result on foreign exchange differences, including the valuation of hedging instruments.

In the first three quarters of 2017, our income tax expense amounted to EUR 1.9 million (effective tax rate of 17.8%) as compared with EUR 1.2 million incurred in the previous year (effective tax rate of 14.5%). Income tax expense resulted from our current business operations conducted in individual countries, as well as from income taxes on dividends received by the holding company from its subsidiaries. During the year 2017, the holding company received dividends, among others from Macedonia and Serbia, amounting in total to EUR 2.8 million which caused the obligation to pay withholding tax as well as income tax in Poland, thereby increasing our effective tax rate. During the first three quarters of 2016, the holding company received dividends only from its operations located in EU countries and Bosnia and Herzegovina amounting to EUR 0.2 million, thus our effective tax rate was lower. Excluding taxes related to dividends, our effective tax rate for the first three quarters of 2017 was just a bit higher than in the comparable period last year. Such slight increase was caused by a larger share of Croatia in the structure of our taxable income (CIT rate in Croatia equals 18% and is higher than in many countries of the region), as well as by a higher effective tax rate recorded in Turkey due to the lower utilization of tax reliefs by ASEEE's local company in 2017.

## Analysis of financial ratios

	3 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
Gross profit margin	25.4%	23.6%	24.5%	23.7%
EBITDA margin	18.5%	16.7%	17.9%	16.3%
Operating profit margin	10.4%	9.5%	10.7%	9.3%
Net profit margin	8.6%	8.3%	8.9%	8.0%
Return on equity (ROE)			7.9%	6.1%
Return on assets (ROA)			6.5%	5.0%

The above ratios have been computed using the following formulas:

Gross profit margin = gross profit on sales / sales

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

Operating profit margin = operating profit / sales

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

In the first three quarters of 2017, our gross profit margin equalled 24.5%, increasing by 0.8 percentage point in comparison to the comparable period of 2016. This increase in the gross profit margin is attributable to rising profitability and higher share of own solutions in the total sales of ASEE Group, which was partially offset by lower margins realized on the resale of infrastructure and third-party software in the Payment Solutions segment and the Systems Integration segment.

Stronger profitability of own solutions contributed to an increase in further margins of profit. EBITDA margin increased from 16.3% in the first three quarters of 2016 to 17.9% in the comparable period of this year. At the same time, operating profit margin increased from 9.3% to 10.7%.

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

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

The improvement in operating margin as well as better result on financial operations helped increase our net profit margin, despite a higher income tax expense. Our net profit margin increased from 8.0% achieved in the first three quarters of 2016 to the level of 8.9% in the comparable period of this year.

Robust financial results of ASEE Group for the period of trailing 12 months ended 30 September 2017 contributed to an increase of our ROA and ROE ratios. Return on equity for the trailing 12 months ended 30 September 2017 equalled 7.9%, increasing by 1.8 percentage points; whereas, return on assets reached the level of 6.5%, increasing by 1.5 percentage points.

	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (unaudited)	30 Sept. 2016 (unaudited)
Working capital (in thousands of PLN)	103,539	93,693	118,752	103,248
Current liquidity ratio	1.88	1.57	1.64	1.76
Quick liquidity ratio	1.61	1.37	1.44	1.45
Absolute liquidity ratio	0.71	0.63	0.66	0.58

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

Our working capital reported as at 30 September 2017 decreased by PLN 15.2 million in comparison with the end of December 2016. During the first three quarters of 2017, total current assets declined by PLN 82 million mainly due to the lower amount of trade receivables by PLN 47.5 million, and a decrease in cash and short-term financial assets by PLN 39 million. In the same period, total current liabilities were reduced by PLN 66.8 million. This was primarily a consequence of the repayment of our trade payables, state budget liabilities, as

well as other liabilities in the total amount of PLN 62 million during the first nine months of 2017.

Our liquidity ratios as at the end of September 2017 were slightly higher than as at the end of the previous year and they still remain at safe levels.

## Analysis of debt

	30 Sept. 2017 (unaudited)	30 June 2016 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Total debt ratio	16.8%	21.3%	22.6%	18.7%
Debt / equity ratio	6.1%	5.4%	6.1%	6.6%
Debt / (debt + equity) ratio	5.8%	5.1%	5.7%	6.2%

The above ratios have been computed using the following formulas:  
 Total debt ratio = (long-term liabilities + short-term liabilities) / assets  
 Debt / equity ratio = interest-bearing bank loans / equity  
 Debt / (debt + equity) ratio = interest-bearing bank loans / (interest-bearing bank loans + equity)

The total debt ratio decreased from 22.6% reported as at the end of 2016 to the level of 16.8% as at 30 September 2017. Such change was primarily attributable to the settlement of our trade payables, state budget liabilities and other liabilities in the amount of PLN 62 million during the first nine months of 2017. Our interest-bearing liabilities disclosed at the end of September remained at a similar level as at the end of 2016. We repaid our historical liabilities on a timely basis, while incurring new debt intended to finance our outlays for infrastructure to be used in subsequent projects of outsourcing of payment services. As a consequence, our debt to equity ratio as well as the ratio of debt to total interest-bearing liabilities and equity reported as at the end of September remained at similar levels as at the end of 2016.

## Structure of the statement of cash flows

	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>118,058</b>	<b>99,868</b>
Net cash provided by (used in) operating activities	36,636	24,056
Net cash provided by (used in) investing activities	(41,286)	(27,466)
Net cash provided by (used in) financing activities	(26,120)	(25,036)
Foreign exchange differences	(4,908)	656
<b>Cash and cash equivalents at the end of period</b>	<b>82,380</b>	<b>72,078</b>

In the first three quarters of 2017, our operating activities provided nearly PLN 37 million of net cash inflows. This means that after quite a weak performance in the first quarter, during the subsequent reporting periods our operating cash flows improved considerably and exceeded the year-ago level by almost PLN 13 million. Traditionally, cash flows generated from operating activities of ASEE Group in the first three months of each year remain at a lower level. This is a consequence of a change in the relation of cash to other elements of working capital, following the usually stronger fourth quarter of the previous year. As at the end of December 2016, cash and

cash equivalents (including short-term assets) held by ASEE Group were relatively high (nearly PLN 123 million), which was accompanied by high amounts of trade payables, tax and legal liabilities, and other liabilities (in total PLN 117 million). During the first nine months of 2017, ASEE Group settled nearly PLN 61 million of its current liabilities, while the aggregate change in receivables and inventories amounted to PLN 29 million which increased the balance of cash and cash equivalents. 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 months in a year are the time to settle the tax and legal liabilities resulting from the fourth quarter financial results of our subsidiaries, as well as to pay variable remunerations for the prior year, which poses an additional burden on cash flows without any impact on the income statement, and therefore deteriorates the conversion of current profits into cash.

Net cash outflows in our investing activities amounted to PLN 41.3 million in the first nine months of 2017, increasing by PLN 13.8 million in relation to the comparable period last year. Expenditures for the acquisition of property, plant and equipment and intangible assets increased from PLN 20.6 million in the first three quarters of 2016 to PLN 43 million in the corresponding period this year. Such increase resulted primarily from larger purchases of infrastructure to be used in the outsourcing of payment processes. So far in 2017, such expenditures amounted to almost PLN 37 million, as compared with PLN 14 million spent in the first nine months last year. Such higher spending is a result of new contracts for outsourcing of payment processes that were signed by the Payment Solutions segment, including an agreement with Addiko bank which provides for outsourcing of more than 1,400 ATMs in five countries of the region. In 2016, investing activity cash flows additionally included expenditures of PLN 3.5 million for the acquisition of shares in subsidiaries that were not incurred by the Company in 2017.

In the first three quarters of 2017, net cash used in our financing activities amounted to PLN 26.1 million. Such negative cash flows were basically a consequence of a dividend payment in the total amount of PLN 24.9 million that was distributed to the shareholders of ASEE in July 2017. In the first nine months of 2017, proceeds from bank loans and borrowings were by PLN 1.5 million higher

than their repayments. ASEE Group uses external sources of financing mainly for purchases of infrastructure to be provided under outsourcing projects that are implemented by the Payment Solutions segment. Expenditures for the acquisition of non-controlling interests amounting to PLN 0.7 million were made to acquire additional shares in Serbia-based Chip Card.

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

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

Additionally, in the current report of 12 October 2017, the Management Board informed about concluding an agreement with Nova Kreditna Banka Maribor d.d., based in Slovenia, for the implementation of a core banking system along with maintenance and support services. The estimated value of the said contract, assuming execution of the whole implementation project planned, sale of licenses as well as provision of maintenance services for the next 5 years is EUR 9,400 thousand.

The factors that may affect the Group's financial performance in 2017 have been also described in the Management report on the Group's operations for the year 2016 as well as in the Management report on the Group's operations for the period of 6 months ended 30 June 2017.

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

## XII. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Breakdown of sales revenues

During the period of 9 months ended 30 September 2017 and in the comparable period last

year, operating revenues were as follows:

Sales revenues by type of products	3 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
Proprietary software and services	83,291	259,356	81,778	239,588
Third-party software and services	20,952	69,468	14,111	58,422
Hardware and infrastructure	23,567	81,807	35,283	93,200
	<b>127,810</b>	<b>410,631</b>	<b>131,172</b>	<b>391,210</b>

### 2. Breakdown of operating costs

	3 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
Employee benefits (-)	(45,746)	(134,952)	(43,897)	(132,112)
Third-party non-project services and outsourcing of employees (-)	(5,030)	(15,110)	(4,785)	(13,670)
Depreciation and amortization (-)	(10,339)	(29,570)	(9,412)	(27,237)
Maintenance costs of property and business cars (-)	(10,535)	(27,341)	(9,976)	(25,533)
Business trips (-)	(914)	(2,663)	(760)	(2,798)
Advertising (-)	(629)	(2,181)	(506)	(2,207)
Other operating expenses (-)	(520)	(4,654)	675	(3,619)
	<b>(73,713)</b>	<b>(216,471)</b>	<b>(68,661)</b>	<b>(207,176)</b>
<b>Cost of sales, of which:</b>	<b>(95,376)</b>	<b>(310,114)</b>	<b>(100,249)</b>	<b>(298,493)</b>
Cost of goods and third-party services sold (-)	(40,941)	(150,212)	(50,232)	(148,861)
Production costs (-)	(54,435)	(159,902)	(50,017)	(149,632)
Selling costs (-)	(8,862)	(25,646)	(8,652)	(27,966)
General and administrative expenses (-)	(10,416)	(30,923)	(9,992)	(29,578)

### 3. Financial income and expenses

Financial income	3 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
Interest income on loans granted and bank deposits	328	1,249	236	874
Gain on valuation of derivative instruments	-	1,698	491	578
Positive foreign exchange differences	123	994	-	606
Other financial income	-	23	1	2
<b>Total financial income</b>	<b>451</b>	<b>3,964</b>	<b>728</b>	<b>2,060</b>
Financial expenses	3 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
Interest expense (-)	(179)	(586)	(76)	(638)
Bank fees and commissions (-)	(67)	(245)	(230)	(272)
Negative foreign exchange differences (-)	(14)	(1,787)	(310)	(154)
Company acquisition related expenses (-)	-	-	(8)	(153)
Interest expenses under finance leases (-)	(30)	(88)	(37)	(90)
Loss on valuation of derivative instruments (-)	(96)	(431)	-	(668)
Other financial expenses (-)	(26)	(28)	-	-
<b>Total financial expenses</b>	<b>(412)</b>	<b>(3,165)</b>	<b>(661)</b>	<b>(1,975)</b>

### 4. Earnings per share

Basic earnings per share are computed by dividing net profit for the reporting period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during that financial year.

Both during the reporting period and the comparable period, there were no instruments that could potentially dilute basic earnings per share.

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

	3 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
<b>Consolidated net profit for the reporting period attributable to Shareholders of ASEE S.A.</b>	<b>11,050</b>	<b>36,585</b>	<b>10,916</b>	<b>31,292</b>
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251	51,894,251	51,894,251
<b>Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):</b>				
Basic consolidated earnings per share for the reporting period	0.21	0.70	0.21	0.60
Diluted consolidated earnings per share for the reporting period	0.21	0.70	0.21	0.60

### 5. Information on dividends paid out or declared

The Ordinary General Meeting of Shareholders of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to § 12 sec. 4 item 2) of the Company's Articles of Association, decided that the net profit for the financial year 2016 amounting to PLN 19,069.06 and a portion of the capital reserve established pursuant to Resolution No. 7 of the Company's Ordinary General Meeting of Shareholders of 31 March 2016, shall be distributed as follows:

a) the amount of PLN 1,525.52 from the net profit for the financial year 2016 has been allocated to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;

b) the amount of PLN 17,543.54 from the net profit for the financial year 2016 as well as the amount of PLN 24,891,696.94 representing a portion of the above-mentioned capital reserve have been allocated for distribution among all of the Company's shareholders by payment of a dividend amounting to PLN 0.48 per share.

The Company's Ordinary General Meeting of Shareholders established 30 June 2017 as the dividend record date. The dividend was paid out on 14 July 2017. The number of shares eligible for dividend was 51,894,251.

## 6. Property, plant and equipment, and intangible assets

	Tangible assets	Intangible assets
<b>Net book value as at 1 January 2017</b>	<b>102,161</b>	<b>30,180</b>
Purchases (+)	46,805	1,548
Capitalization of project development costs (+)	-	2,332
Transfers from inventories (+)	4,544	-
Finance lease liabilities (+)	614	-
Other increases/decreases (+/-)	(14)	29
Depreciation/amortization charges (-)	(24,075)	(5,598)
Disposal and liquidation (-)	(638)	(949)
Impairment write-down (-)	(38)	-
Foreign exchange differences on translation of foreign operations (+/-)	(1,653)	(2,143)
<b>Net book value as at 30 September 2017</b>	<b>127,706</b>	<b>25,399</b>
<b>Net book value as at 1 January 2016</b>	<b>86,369</b>	<b>33,566</b>
Purchases (+)	19,030	1,548
Capitalization of project development costs (+)	-	2,853
Transfers from inventories (+)	4,360	-
Finance lease liabilities (+)	1,287	-
Obtaining control over a subsidiary	4,995	2,336
Other increases/decreases (+/-)	(37)	-
Depreciation/amortization charges (-)	(20,335)	(7,015)
Disposal and liquidation (-)	(586)	-
Foreign exchange differences on translation of foreign operations (+/-)	1,118	(733)
<b>Net book value as at 30 September 2016</b>	<b>96,201</b>	<b>32,555</b>

## 7. Goodwill

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

	9 months ended 30 Sept. 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	12 months ended 31 Dec. 2016 (audited)	9 months ended 30 Sept. 2016 (restated)
<b>Goodwill at the beginning of the period</b>	<b>505,634</b>	<b>505,634</b>	<b>488,566</b>	<b>488,566</b>
Banking Solutions	205,749	205,749	193,556	193,556
Payment Solutions	111,842	111,842	110,292	110,292
Systems Integration	188,043	188,043	184,718	184,718
<b>Changes in goodwill due to the acquisition of shares (+/-)</b>	<b>-</b>	<b>-</b>	<b>6,409</b>	<b>94</b>
Banking Solutions	-	-	6,315	-
Payment Solutions	-	-	94	94
Systems Integration	-	-	-	-
<b>Foreign exchange differences on translation of goodwill in foreign subsidiaries (+/-)</b>	<b>(13,538)</b>	<b>(20,575)</b>	<b>10,659</b>	<b>5,213</b>
Banking Solutions	(4,808)	(8,013)	5,878	3,025
Payment Solutions	(2,199)	(4,155)	1,456	88
Systems Integration	(6,531)	(8,407)	3,325	2,100
<b>Total book value at the end of period</b>	<b>492,096</b>	<b>485,059</b>	<b>505,634</b>	<b>493,873</b>
Banking Solutions	200,941	197,736	205,749	196,581
Payment Solutions	109,643	107,687	111,842	110,474
Systems Integration	181,512	179,636	188,043	186,818

## 8. Short-term receivables

Trade receivables	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Trade receivables, of which:				
From related parties	67,808	88,332	117,511	75,783
From other entities	843	807	837	634
Allowance for doubtful receivables (-)	70,500	90,879	119,940	78,540
Receivables from uninvoiced deliveries, of which:	(3,535)	(3,354)	(3,266)	(3,391)
From related parties	11,190	10,400	8,987	12,646
From other entities	-	-	25	36
	11,190	10,400	8,962	12,610
	<b>78,998</b>	<b>98,732</b>	<b>126,498</b>	<b>88,429</b>

Other receivables	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Advance payments to other suppliers	1,858	1,382	2,403	1,969
Security deposits receivable	399	271	354	509
Other receivables	2,582	2,271	875	988
	<b>4,839</b>	<b>3,924</b>	<b>3,632</b>	<b>3,466</b>

Advance payments to other suppliers correspond to advances paid to subcontractors on the account of execution of contracts. Other receivables disclosed as at 30 September 2017 include mainly receivables from assets transferred under finance lease

contracts (PLN 1,551 thousand), receivables from cash transferred for ATMs testing, receivables from employees, restricted cash, as well as receivables from disposal of tangible assets.

## 9. Financial assets

	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
<b>Financial assets available for sale:</b>				
Shares in companies listed on regulated markets	131	129	138	125
Shares in companies not listed on regulated markets	110	108	117	104
	21	21	21	21
<b>Loans granted:</b>	<b>98</b>	<b>100</b>	<b>89</b>	<b>123</b>
Loans granted to unrelated entities	89	87	89	123
Loans granted to employees	9	13	-	-
<b>Bank deposits:</b>	<b>29</b>	<b>28</b>	<b>29</b>	<b>37</b>
Deposits for 3 to 12 months	22	21	22	7
Deposits for over 12 months	7	7	7	30
<b>Financial assets carried at fair value through profit or loss:</b>	<b>390</b>	<b>556</b>	<b>2,996</b>	<b>4,308</b>
Currency forward contracts	390	556	-	-
Investment fund units	-	-	2,996	4,308
Long-term	316	688	162	149
Short-term	332	125	3,090	4,444

As at 30 September 2017 and 30 June 2017, financial assets carried at fair value through profit or loss included currency forward contracts that are held by ASEE S.A.; whereas, as at 31 December 2016 and 30 September 2016, they included investment fund units held by ASEE Macedonia.

During the first three quarters of 2017, expenditures for the acquisition of investment fund units amounted to PLN 9,266 thousand (as compared with PLN 14,888 thousand in the

comparable period of 2016), whereas proceeds from the disposal of investment fund units amounted to PLN 12,191 thousand (as compared with PLN 12,998 thousand in the comparable period).

The book values of financial assets held by the Group as at 30 September 2017, 30 June 2017, 31 December 2016 and 30 September 2016 did not significantly differ from their fair values.

## 10. Cash and short-term deposits

	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Cash at bank and in hand	60,183	57,733	80,745	44,771
Short-term bank deposits	23,126	46,035	38,801	28,876
Cash equivalents	1	12	-	23
	<b>83,310</b>	<b>103,780</b>	<b>119,546</b>	<b>73,670</b>
<i>Interest accrued on cash and cash equivalents as at the end of the reporting period</i>	(47)	(54)	(47)	-
<i>Overdraft facilities utilized for liquidity management</i>	(883)	(377)	(1,441)	(1,592)
<b>Cash and cash equivalents as disclosed in the cash flow statement</b>	<b>82,380</b>	<b>103,349</b>	<b>118,058</b>	<b>72,078</b>

## 11. Prepayments and accrued income

Long-term	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Prepaid maintenance services and license fees	461	997	527	244
Other	221	197	108	347
	<b>682</b>	<b>1,194</b>	<b>635</b>	<b>591</b>
Short-term	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Prepaid maintenance services and license fees	7,176	7,976	9,883	8,463
Prepaid insurance	905	1,183	644	678
Prepaid rents	252	305	391	332
Prepaid consulting services	498	555	773	820
Other prepaid services	1,030	1,289	845	873
Costs of services performed for which revenues have not been recognized yet	1,035	974	556	653
Other	748	941	1,288	666
	<b>11,644</b>	<b>13,223</b>	<b>14,380</b>	<b>12,485</b>

As at 30 September 2017, 30 June 2017, 31 December 2016 and 30 September 2016, prepayments included primarily the costs of maintenance services and license fees amounting to

PLN 7,637 thousand, PLN 8,973 thousand, PLN 10,410 thousand, and PLN 8,707 thousand, respectively, that will be successively expensed in future periods.

## 12. Long-term and short-term financial liabilities

Long-term	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Currency forward contracts	-	37	821	195
Finance lease liabilities	1,687	1,876	1935	1,958
	<b>1,687</b>	<b>1,913</b>	<b>2,756</b>	<b>2,153</b>
Short-term	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Dividends payable to shareholders of ASEE S.A.	-	24,909	-	-
Finance lease liabilities	909	914	923	885
Currency forward contracts	-	-	240	-
Other	21	24	35	39
	<b>930</b>	<b>25,847</b>	<b>1,198</b>	<b>924</b>

## 13. Interest-bearing bank loans and borrowings

As at 30 September 2017, total liabilities of ASEE Group under all bank loans and borrowings aggregated at PLN 44,429 thousand as compared with PLN 37,955 thousand as at 30 June 2017, PLN 44,596 thousand as at 31 December 2016, and PLN 46,746 thousand as at 30 September 2016.

Proceeds from and repayments of bank loans disclosed in the statement of cash flows for the

period of 9 months ended 30 September 2017 amounted respectively to PLN 14,272 thousand (proceeds) and PLN 12,779 thousand (repayments). In addition, net cash flows (proceeds less repayments) from short-term bank loans amounted to PLN -18 thousand.

As at 30 September 2017, tangible assets with a book value of PLN 1,077 thousand served as security for bank loans. As at 30 September 2017, liabilities that were secured with such assets amounted to PLN 9,836 thousand.

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

#### 14. Current liabilities

Trade payables	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Trade payables, of which:				
To related parties	19,855	43,443	61,046	40,767
To other entities	54	89	190	76
	19,801	43,354	60,856	40,691
Liabilities for uninvoiced deliveries, of which:	7,071	7,009	7,628	8,158
To related parties	-	-	-	-
To other entities	7,071	7,009	7,628	8,158
	26,926	50,452	68,674	48,925
<b>Other current liabilities</b>	<b>30 Sept. 2017 (unaudited)</b>	<b>30 June 2017 (unaudited)</b>	<b>31 Dec. 2016 (audited)</b>	<b>30 Sept. 2016 (unaudited)</b>
Liabilities to employees relating to salaries	4,147	3,383	12,127	3,358
Trade prepayments received	6,701	6,162	9,419	5,788
Liabilities from purchases of tangible assets and intangible assets	6,874	7,928	1,179	144
Other liabilities	628	450	648	658
	18,350	17,923	23,373	9,948
<b>Current liabilities to the state and local budgets</b>	<b>30 Sept. 2017 (unaudited)</b>	<b>30 June 2017 (unaudited)</b>	<b>31 Dec. 2016 (audited)</b>	<b>30 Sept. 2016 (unaudited)</b>
Value added tax	3,825	7,545	16,563	5,852
Corporate income tax (CIT)	1,661	1,746	2,539	1,110
Personal income tax (PIT)	830	826	2,014	863
Social security payable	2,595	2,056	3,260	2,086
Other	303	377	306	337
	9,214	12,550	24,682	10,248

#### 15. Accruals and deferred income

Short-term accruals	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Recognition of accruals for unused holiday leaves	1,942	2,547	1,928	1,862
Recognition of accruals for employee bonuses	20,625	15,258	11,687	18,230
	22,567	17,805	13,615	20,092
Long-term deferred income	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Prepaid maintenance services	1,121	1,298	1,284	227
Grants for the development of assets	126	166	-	387
License fees	180	184	67	14
Prepaid implementation services	171	176	67	12
	1,598	1,824	1,418	640
Short-term deferred income	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Prepaid maintenance services	10,138	11,878	13,609	10,142
Prepaid implementation services	1,203	1,481	1,894	717
License fees	476	238	419	637
Grants for the development of assets	147	151	443	138
Other	593	610	5,387	137
	12,557	14,358	21,752	11,771

The balance of deferred income relates mainly to prepayments that have been received by ASEE Croatia, ASEE Turkey, ASEE Serbia, Payten and

ASEE S.A. for the provision of maintenance and support services as well as for future implementation projects.

## 16. Changes in impairment write-downs on assets

	3 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (audited)	9 months ended 30 Sept. 2016 (unaudited)
<b>Trade receivables</b>				
Opening balance	3,354	3,266	3,533	2,876
Created	421	1,350	234	1,133
Reversed	(276)	(685)	(213)	(515)
Utilized	(9)	(297)	(78)	(122)
Foreign exchange differences	45	(99)	(85)	19
Closing balance	3,535	3,535	3,391	3,391
<b>Inventories</b>				
Opening balance	12,720	11,784	9,906	8,804
Created	1,062	3,261	1,826	3,318
Reversed	(801)	(1,255)	(921)	(1,624)
Utilized	(747)	(1,135)	(6)	(6)
Foreign exchange differences	250	(171)	(263)	50
Closing balance	12,484	12,484	10,542	10,542

During the period of 9 months ended 30 September 2017, the Group recognized an expense of PLN 949 thousand on the liquidation of intangible assets, and created an impairment write-down on property, plant and equipment in the amount of PLN 38 thousand. In the same period, we did not create or reverse any impairment write-downs on our financial assets.

During the period of 9 months ended 30 September 2016, the Group did not recognize or reverse any impairment write-downs on its financial assets, property, plant and equipment, or intangible assets.

Number of employees in the Group companies as at	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (restated)
ASEE S.A.	25	26	24	24
ASEE Romania Group	185	183	186	183
ASEE Serbia Group	526	526	510	497
ASEE Croatia <sup>1)</sup>	144	243	241	240
ASEE Kosovo Group	58	59	59	60
ASEE Turkey Group	174	172	187	179
ASEE Bulgaria	19	20	20	20
ASEE B&H	64	60	59	53
ASEE Macedonia	154	151	148	147
ASEE Slovenia	37	36	36	36
ASEE Montenegro	9	10	10	10
Payten Croatia	98	n/a	n/a	n/a
<b>1,493</b>	<b>1,486</b>	<b>1,480</b>	<b>1,449</b>	

<sup>1)</sup> On 18 September 2017, a new company called Payten Croatia was officially separated from ASEE Croatia. A number of employees of the Payment Solutions segment at ASEE Croatia have been transferred to Payten Croatia.

## 17. Employment

Number of employees in the Group as at	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (restated)
Management Board of the Parent Company*	4	4	4	4
Management Boards of the Group companies	32	32	34	39
Production departments	1,158	1,158	1,142	1,111
Sales departments	124	122	123	127
Administration departments	175	170	177	168
<b>1,493</b>	<b>1,486</b>	<b>1,480</b>	<b>1,449</b>	

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

## 18. Outsourcing contracts

The Group implements a number of contracts for outsourcing of payment transaction processes.

The total amounts of future minimum lease payments under such contracts have been estimated as follows:

Future minimum lease payments	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
(i) within 1 year	49,913	42,687	41,022	28,148
(ii) within 1 to 5 years	56,093	58,624	46,892	55,445
(iii) within more than 5 years	7,832	7,211	2,598	2,600
	<b>113,838</b>	<b>108,522</b>	<b>90,512</b>	<b>86,193</b>

## 19. Contingent liabilities and receivables

Within its commercial activities ASEE Group uses bank guarantees as well as contract performance guarantees as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies.

The related contingent liabilities equalled PLN 21,530 thousand as at 30 September 2017, as compared with PLN 20,046 thousand as at 30 June 2017, PLN 29,561 thousand as at 31 December 2016, and PLN 27,136 thousand as at 30 September 2016.

Assets serving as security for bank guarantee facilities:

Category of assets	Net value of assets				Amount of granted guarantee secured with assets			
	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)	30 Sept. 2017 (unaudited)	30 June 2017 (unaudited)	31 Dec. 2016 (audited)	30 Sept. 2016 (unaudited)
Trade receivables	2,537	1,117	1,720	1,454	2,785	3,267	5,283	4,912
Other receivables (restricted cash)	37	38	167	166	639	553	1,466	1,061
	<b>2,574</b>	<b>1,155</b>	<b>1,887</b>	<b>1,620</b>	<b>3,424</b>	<b>3,820</b>	<b>6,749</b>	<b>5,973</b>

## 20. Issuance, redemption and repayment of non-equity and equity securities

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

## 21. Share-based payment plan

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

As a result of these transactions, the shareholding of Asseco Poland S.A. in ASEE S.A. dropped from 55.34% to 51.06%. The above-mentioned agreements constitute an equity-settled share-based payment transaction as defined by IFRS 2.

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

be made in accordance with the agreed schedule. Hence, after 2 years have passed and still before the lapse of 3 years, the managers can make an early payment for 50% of shares at maximum. Upon expiry of the 3-year period, early payment can be made for all shares acquired. An unpaid portion of the selling price shall be secured by establishing a pledge on the shares of each buyer.

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

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

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

Market price of 1 share of ASEE on the acquisition date	PLN 12.60
Acquisition price of 1 share	PLN 10.89
Expected share price volatility	25.61%
Risk-free interest rate	2.25%
Dividend yield	3.81%
Employee turnover ratio	13.2%

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

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

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

The employee turnover ratio has been estimated based on historical data for the years 2015-2017.

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

In these interim condensed consolidated financial statements for the period ended 30 September 2017, we recognized the cost of the incentive plan in the amount of PLN 580 thousand.

### **XIII. RELATED PARTY TRANSACTIONS**

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

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

As at 30 September 2017, ASEE Romania has been a party to legal proceedings brought by Romsys S.R.L., which demands ASEE Romania to pay a compensation in the amount of EUR 1,226 thousand in order to compensate for their losses so far incurred due to allegedly unfair competition. The Management of ASEE Romania, after seeking legal opinion, believes it is unlikely that the company will incur any significant losses in connection with these proceedings. In line with the Management's standpoint, ASEE Romania created a provision for the costs of court proceedings only.

During the reporting period, no other proceedings were instituted or pending before any court, arbitration authority or public administration authority, concerning any liabilities or receivables of ASEE S.A. or of its subsidiaries, whose aggregate value would equal or exceed 10% of the Company's equity.

To the best knowledge of the Management Board of ASEE S.A., during the reporting period the Group made significant settlements resulting from court litigation.

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

During the period of 3 months ended 30 September 2017, neither the Issuer nor any of its subsidiaries granted any sureties to secure bank loans and borrowings or any payment guarantees to any single entity or its subsidiary, where the aggregate value of all the existing sureties or guarantees extended in favour of such entity would equal at least 10% of the Issuer's equity.

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

The Management Board of ASEE S.A. did not publish any financial forecasts for the year 2017.

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

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

**XVIII. SIGNIFICANT EVENTS AFTER THE  
REPORTING PERIOD**

In the current report of 12 October 2017, the Management Board informed about concluding an agreement with Nova Kreditna Banka Maribor d.d., based in Slovenia, for the implementation of a core banking system along with maintenance and support services. The estimated value of the said contract, assuming execution of the whole implementation project planned, sale of licenses as well as provision of maintenance services for the next 5 years is EUR 9,400 thousand. This agreement has been deemed significant because its total value exceeds 5% of the Group's sales revenues in 2016.

In the period from 30 September 2017 till the date of approval of these interim condensed consolidated financial statements, this is until 26 October 2017, we have not observed any other significant events, the disclosure of which might significantly affect the assessment of human resources, assets and financial position of ASEE Group.

**XIX. SIGNIFICANT EVENTS RELATED TO PRIOR  
YEARS**

Until the date of preparing these interim condensed consolidated financial statements, this is until 26 October 2017, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books.

**Solutions  
for demanding  
business.**



**ASSECO SOUTH EASTERN EUROPE S.A.  
STANDALONE FINANCIAL DATA  
FOR THE THIRD QUARTER OF 2017**

**Rzeszów, 26 October 2017**

**FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE S.A.**

	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Revenues from holding activities	20,817	12,530	4,890	2,868
II. Revenues from operating activities	4,973	5,118	1,168	1,171
III. Operating profit	14,777	7,932	3,472	1,816
IV. Pre-tax profit	15,195	4,727	3,570	1,082
V. Net profit for the reporting period	<b>13,859</b>	<b>4,006</b>	<b>3,256</b>	<b>917</b>
VI. Net cash provided by (used in) operating activities	14,367	7,368	3,375	1,687
VII. Net cash provided by (used in) investing activities	7,991	(7,303)	1,877	(1,672)
VIII. Net cash provided by (used in) financing activities	(23,082)	(21,841)	(5,423)	(4,999)
IX. Cash and short-term deposits	10,481	11,111	2,432	2,577
X. Basic earnings per ordinary share for the reporting period (in PLN/EUR)	0.27	0.08	0.06	0.02
XI. Diluted earnings per ordinary share for the reporting period (in PLN/EUR)	0.27	0.08	0.06	0.02

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

- items of the interim condensed income statement and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
  - for the period from 1 January 2017 to 30 September 2017: EUR 1 = PLN 4.2566
  - for the period from 1 January 2016 to 30 September 2016: EUR 1 = PLN 4.3688
- 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 30 September 2017: EUR 1 = PLN 4.3091
  - exchange rate effective on 30 September 2016: EUR 1 = PLN 4.3120

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

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

	3 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)		3 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2017 (unaudited)	3 months ended 30 Sept. 2016 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
<b>Holding activities</b>	<b>2,541</b>	<b>20,817</b>	<b>2,338</b>	<b>12,530</b>	<b>Net profit for the reporting period</b>	<b>565</b>	<b>13,859</b>	<b>871</b>	<b>4,006</b>
Dividend income	-	14,156	-	5,283	<b>Other comprehensive income</b>	-	-	-	-
Revenues from sales of services	2,541	6,661	2,338	7,247	<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>	<b>565</b>	<b>13,859</b>	<b>871</b>	<b>4,006</b>
<b>Operating activities</b>	<b>1,634</b>	<b>4,973</b>	<b>1,828</b>	<b>5,118</b>					
Revenues from sales of IT services and software	1,634	4,973	1,828	5,118					
<b>Total sales revenues</b>	<b>4,175</b>	<b>25,790</b>	<b>4,166</b>	<b>17,648</b>					
Cost of sales (-)	(3,037)	(8,498)	(2,433)	(6,954)					
<b>Gross profit on sales</b>	<b>1,138</b>	<b>17,292</b>	<b>1,733</b>	<b>10,694</b>					
Selling costs (-)	(775)	(2,591)	(818)	(2,716)					
General and administrative expenses (-)	(16)	(45)	(17)	(51)					
<b>Net profit on sales</b>	<b>347</b>	<b>14,656</b>	<b>898</b>	<b>7,927</b>					
Other operating income	89	304	34	58					
Other operating expenses (-)	-	(183)	(51)	(53)					
<b>Operating profit</b>	<b>436</b>	<b>14,777</b>	<b>881</b>	<b>7,932</b>					
Financial income	479	2,762	42	1,673					
Financial expenses (-)	(150)	(2,344)	(67)	(4,878)					
<b>Pre-tax profit</b>	<b>765</b>	<b>15,195</b>	<b>856</b>	<b>4,727</b>					
Corporate income tax (current and deferred tax expense)	(200)	(1,336)	15	(721)					
<b>Net profit for the reporting period</b>	<b>565</b>	<b>13,859</b>	<b>871</b>	<b>4,006</b>					
<hr/>									
<b>Earnings per share for the reporting period (in PLN):</b>									
Basic earnings per share from continuing operations for the reporting period	0.01	0.27	0.02	0.08					
Diluted earnings per share from continuing operations for the reporting period	0.01	0.27	0.02	0.08					

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

<b>ASSETS</b>	<b>30 Sept. 2017</b>	<b>30 June 2017</b>	<b>31 Dec. 2016</b>	<b>30 Sept. 2016</b>
	(unaudited)	(unaudited)	(audited)	(unaudited)
<b>Non-current assets</b>				
Non-current assets	<b>605,894</b>	<b>600,305</b>	<b>606,970</b>	<b>620,532</b>
Property, plant and equipment	652	689	507	354
Goodwill arising from business combinations	4,567	4,567	4,567	4,567
Intangible assets	870	839	925	828
Investments in subsidiaries	580,101	580,101	580,101	584,566
Deferred tax assets	215	215	416	263
Long-term financial assets	15,534	9,595	14,478	24,210
Other long-term receivables	3,955	4,299	5,976	5,744
<b>Current assets</b>				
Current assets	<b>29,117</b>	<b>52,651</b>	<b>38,308</b>	<b>27,506</b>
Inventories	-	-	2	2
Prepayments and accrued income	1,140	1,517	900	1,337
Trade receivables	2,821	3,091	1,569	3,223
Other short-term receivables	1,513	1,515	1,719	1,525
Short-term financial assets	13,162	11,013	22,910	10,308
Cash and short-term deposits	10,481	35,515	11,208	11,111
<b>TOTAL ASSETS</b>	<b>635,011</b>	<b>652,956</b>	<b>645,278</b>	<b>648,038</b>

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

<b>EQUITY AND LIABILITIES</b>	<b>30 Sept. 2017</b>	<b>30 June 2017</b>	<b>31 Dec. 2016</b>	<b>30 Sept. 2016</b>
	(unaudited)	(unaudited)	(audited)	(unaudited)
<b>Equity</b>				
Share capital		518,942	518,942	518,942
Share premium		38,825	38,825	38,825
Other capitals		263	-	-
Retained earnings and current net profit		56,576	56,011	67,626
<b>Total equity</b>	<b>614,606</b>	<b>613,778</b>	<b>625,393</b>	<b>629,380</b>
<b>Non-current liabilities</b>				
Interest-bearing bank loans	<b>12,247</b>	<b>7,442</b>	<b>12,025</b>	<b>12,551</b>
Long-term financial liabilities	-	37	821	195
<b>Current liabilities</b>				
Interest-bearing bank loans		4,988	3,258	4,453
Trade payables		1,011	704	831
Liabilities to the state and local budgets		338	396	398
Financial liabilities		-	24,909	240
Other liabilities		16	53	101
Deferred income		984	1,629	783
Accruals		739	679	951
Short-term provisions		82	108	103
<b>TOTAL LIABILITIES</b>	<b>20,405</b>	<b>39,178</b>	<b>19,885</b>	<b>18,658</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>635,011</b>	<b>652,956</b>	<b>645,278</b>	<b>648,038</b>

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

for the periods of 9 months ended 30 September 2017, 9 months ended 30 September 2016, and 12 months ended 31 December 2016

	Share capital	Share premium	Other capitals	Retained earnings and current net profit	Total equity
<b>As at 1 January 2017</b>	<b>518,942</b>	<b>38,825</b>	-	<b>67,626</b>	<b>625,393</b>
Net profit for the reporting period	-	-	-	13,859	<b>13,859</b>
<b>Total comprehensive income for the reporting period</b>	-	-	-	<b>13,859</b>	<b>13,859</b>
Valuation of share-based payment plan	-	-	263	-	<b>263</b>
Dividends	-	-	-	(24,909)	<b>(24,909)</b>
<b>As at 30 September 2017 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>263</b>	<b>56,576</b>	<b>614,606</b>
<b>As at 1 January 2016</b>	<b>518,942</b>	<b>38,825</b>	-	<b>89,403</b>	<b>647,170</b>
Net profit for the reporting period	-	-	-	19	<b>19</b>
<b>Total comprehensive income for the reporting period</b>	-	-	-	<b>19</b>	<b>19</b>
Dividends	-	-	-	(21,796)	<b>(21,796)</b>
<b>As at 31 December 2016 (audited)</b>	<b>518,942</b>	<b>38,825</b>	-	<b>67,626</b>	<b>625,393</b>
<b>As at 1 January 2016</b>	<b>518,942</b>	<b>38,825</b>	-	<b>89,403</b>	<b>647,170</b>
Net profit for the reporting period	-	-	-	4,006	<b>4,006</b>
<b>Total comprehensive income for the reporting period</b>	-	-	-	<b>4,006</b>	<b>4,006</b>
Dividends	-	-	-	(21,796)	<b>(21,796)</b>
<b>As at 30 September 2016 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	-	<b>71,613</b>	<b>629,380</b>

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

for the periods of 9 months ended 30 September 2017 and 9 months ended 30 September 2016

	9 months ended 30 Sept. 2017 (unaudited)	9 months ended 30 Sept. 2016 (unaudited)
Pre-tax profit	15,195	4,727
<b>Total adjustments:</b>	<b>(15,009)</b>	<b>(3,765)</b>
Depreciation and amortization	281	188
Change in inventories	2	-
Change in receivables	(1,277)	(617)
Change in liabilities, accruals and provisions	(46)	(1,581)
Interest income and expenses	(426)	(556)
Gain/Loss on foreign exchange differences	1,546	(5)
Gain/Loss on investing activities	(15,421)	(1,193)
Valuation of share-based payment plan	263	-
Other	69	(1)
<b>Selected operating cash flows</b>	<b>14,794</b>	<b>6,883</b>
Disposal of shares in subsidiaries	1,378	1,526
Dividends received	13,416	5,357
<b>Net cash used in operating activities</b>	<b>14,980</b>	<b>7,845</b>
Corporate income tax paid	(613)	(477)
<b>Net cash provided by (used in) operating activities</b>	<b>14,367</b>	<b>7,368</b>
<b>Cash flows – investing activities</b>		
Acquisition of property, plant and equipment, and intangible assets	(638)	(422)
Disposal of property, plant and equipment	109	13
Acquisition/settlement of financial assets carried at fair value through profit or loss	(187)	(320)
Loans granted	(10,896)	(12,244)
Loans collected	18,987	5,009
Interest received	616	661
<b>Net cash provided by (used in) investing activities</b>	<b>7,991</b>	<b>(7,303)</b>
<b>Cash flows – financing activities</b>		
Proceeds from bank loans	7,250	2,457
Repayments of bank loans	(5,219)	(2,290)
Interest repaid	(204)	(212)
Dividends paid out to shareholders of the Parent Company	(24,909)	(21,796)
<b>Net cash provided by (used in) financing activities</b>	<b>(23,082)</b>	<b>(21,841)</b>
Net increase/(decrease) in cash and cash equivalents	(724)	(21,776)
Net foreign exchange differences	(3)	(42)
<b>Cash and cash equivalents as at 1 January</b>	<b>11,208</b>	<b>32,929</b>
<b>Cash and cash equivalents as at 30 September</b>	<b>10,481</b>	<b>11,111</b>