

# Annual Report of Asseco South Eastern Europe Group for the year ended 31 December 2022



Present in  
**23 countries**



**PLN 1,565 million**  
in sales revenues



**3,874**  
highly committed  
employees



**PLN 188.3 million**  
of net profit  
for Shareholders  
of the Parent Company



**EUR 180.2 million**  
in order backlog  
for 2023



**PLN 2.3 billion**  
in market capitalization

## 1. PRESIDENT'S LETTER

Dear Shareholders,

I am pleased to share with you our annual report, presenting the performance and progress of our company over the year 2022 in which ASEE Group, including Payten, achieved remarkable results.

Despite the challenging economic conditions resulting from the Russian invasion of Ukraine, we had our best year in the history of the company. Sales revenues of the Group grew 33 percent in 2022, which was driven by increased demand for our products and services in all three business units, especially within Payment and Dedicated Solutions. This was both organic growth and expansion resulting from acquisitions.

Our continuous focus on innovation and our commitment to serving our customers as best we can have led to numerous new contracts and projects signed and implemented by ASEE and Payten last year. ASEE digital technologies helped to support the digital transformation of our clients' businesses, enabling them to achieve their goals more efficiently and effectively. We were engaged in over 20 Digital Origination implementation projects at major banks in the region and beyond. Moreover, our omnichannel Digital Edge solution has been implemented in two banks in Croatia and in a bank in Serbia. In addition, in Serbia we were once again recognized as a market leader in the domain of core banking solutions and as a result we were chosen by many banks to be the main vendor and strategic partner for their needs in merger projects as well as core system replacements. Overall sales revenues of Banking Solutions grew 14 percent last year with the biggest increases reported just by the Core Banking solutions business line.

At the same time, sales revenues of Dedicated Solutions grew 35 percent, which was achieved mainly by the third-party solutions business line. Within own solutions the best results came from the Intelligent traffic solutions business line and to a smaller degree, but also remarkable, from the Business Process Management solutions business line.

However, the largest growth was achieved by Payment Solutions under the Payten brand where sales revenues soared by as much as 39 percent. They grew in all business lines with the best results generated by ATM and POS related services, followed by e-Commerce. The biggest sales dynamics in POS related services was achieved in Western Europe, followed by Central Europe and Latin America. ATM related services business grew mainly in Romania and Serbia, followed by Croatia, where it was associated with the euro conversion. Payten, as well as ASEE, being major providers of solutions for banks and the payment sector there, were playing a key role in supporting the conversion to the euro currency. It is also worth noting that within the e-Commerce business line we sold our online payment solutions to almost 1,250 new merchants on all markets and processed a total of 1.6 billion e-Commerce transactions in 2022. Payten's online payment facilitator company Paratika in Turkiye grew its business volume close to 4 times in the last 12 months, outpacing the market growth by several times.

Finally, in addition to robust financial performance, I am proud to mention that many ASEE and Payten Group employees stepped forward to provide financial and voluntary support for Ukrainian refugees and not only. Our employees donated almost EUR 13,500 for Ukrainian refugees and the company doubled this amount. Apart from money donations, many employees continue to be involved in various volunteer and outreach initiatives aimed at helping refugees integrate into Polish society. More details related to our CSR and sustainable development activities are presented in the ASEE non-financial report.

Looking ahead, I am excited about the opportunities that lie ahead for our company. We will continue our strategy of improving operational efficiency, focusing on strategic products and solutions as well as expanding into new markets. I am confident that our strong financial position, innovative products, and dedicated team will allow us to continue to grow and deliver value to our shareholders.

Thank you for your trust and continued support of our company.

Piotr Jeleński, President of the Management Board of ASEE & Payten



**Management Report on Operations  
of Asseco South Eastern Europe Group  
and Asseco South Eastern Europe S.A.**

# Management Report on Operations of Asseco South Eastern Europe Group and Asseco South Eastern Europe S.A.

for the year ended 31 December 2022

<b>1. PRESIDENT'S LETTER .....</b>	<b>3</b>
<b>2. GENERAL INFORMATION ON ASSECO SOUTH EASTERN EUROPE S.A. AND ASSECO SOUTH EASTERN EUROPE GROUP .....</b>	<b>7</b>
2.1. Business Profile of the Issuer and its Capital Group .....	7
2.2. Authorities of Asseco South Eastern Europe S.A. ....	8
2.3. Organizational Structure of Asseco South Eastern Europe Group .....	9
2.4. Strategy and Directions of Development .....	11
2.5. Key Products, Goods For Resale, and Services .....	16
2.6. Selling Markets of the Company and the Group .....	24
2.7. Significant Contracts Concluded by the Company and the Group .....	28
<b>3. FINANCIAL INFORMATION OF ASSECO SOUTH EASTERN EUROPE S.A. ....</b>	<b>31</b>
3.1. Financial results of Asseco South Eastern Europe S.A. ....	31
3.2. Structure of the statement of financial position of ASEE S.A. ....	31
3.3. Structure of the statement of cash flows .....	32
3.4. Analysis of financial ratios .....	32
<b>4. FINANCIAL INFORMATION OF ASSECO SOUTH EASTERN EUROPE GROUP .....</b>	<b>33</b>
4.1. Financial results of Asseco South Eastern Europe Group for the fourth quarter of 2022 .....	33
4.2. Financial results of Asseco South Eastern Europe Group for the full year 2022 /cumulative/ .....	36
4.3. Analysis of financial ratios .....	39
4.4. Structure of the consolidated statement of financial position .....	40
4.5. Structure of the statement of cash flows .....	42
4.6. Information on geographical structure of financial results .....	42
<b>5. SHARES AND SHAREHOLDERS .....</b>	<b>44</b>
5.1. Shareholders structure .....	44
5.2. Information on the agreements known to the Issuer which may result in future changes of the equity interests held by the existing shareholders and bondholders.....	45
<b>6. STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE STANDARDS .....</b>	<b>45</b>
6.1. Corporate governance standards which have been waived by Asseco South Eastern Europe and the rationale for doing so .....	45
6.2. Key features of the internal control and risk management systems applied by Asseco South Eastern Europe in relation to the process of preparing standalone and consolidated financial statements .....	48
6.3. Shareholders who, directly or indirectly, hold significant stakes of shares .....	50
6.4. Holders of any securities carrying special controlling rights.....	50
6.5. Limitations on the exercise of voting rights.....	50
6.6. Limitations on transferability of ownership rights to the Issuer's securities .....	50
6.7. Rules regarding appointment and dismissal of the management personnel and determining their authority, in particular the right to decide on the issuance or redemption of shares.....	50
6.8. Rules regarding amendment of the Articles of Association of Asseco South Eastern Europe .....	51
6.9. Manner of operation of the General Meeting and its basic powers, as well as shareholders' rights and the manner of their exercise ...	52
6.10. Description of activities of the management, supervisory and administrative bodies of Asseco South Eastern Europe and their committees, including the Audit Committee, along with indication of their composition and changes thereto during the last financial year .....	52
6.11. Description of the diversity policy applicable to the Issuer's administrative, management and supervisory bodies .....	61



<b>7. OTHER INFORMATION ON ASEE GROUP AND ASSECO SOUTH EASTERN EUROPE S.A. ....</b>	<b>62</b>
7.1. External and internal factors significant for development of the Company and the Group .....	62
7.2. Non-recurring events with impact on our financial performance .....	63
7.3. Discussion of significant risk factors and threats .....	63
7.4. Description of major equity investments made within ASEE Group .....	67
7.5. Organizational and equity relationships of the Issuer .....	67
7.6. Related party transactions .....	67
7.7. Assessment of financial resources management .....	68
7.8. Bank loans, borrowings, sureties and guarantees .....	68
7.9. Loans granted in 2022 .....	68
7.10. Utilization of proceeds from issuance of shares .....	68
7.11. Financial forecasts .....	68
7.12. Opinion on feasibility of investment plans .....	68
7.13. Changes in the Group and Company management policies .....	68
7.14. Agreements concluded by the Group and Company with its management personnel providing for payment of compensations if such persons resign or are dismissed from their positions .....	68
7.15. Monitoring of employee stock option plans .....	68
7.16. Remuneration due to the Issuer's management and supervisory personnel .....	69
7.17. Information on liabilities arising from pensions and benefits of a similar nature .....	69
7.18. Agreement with the entity authorized to audit financial statements .....	69
7.19. Remuneration of the entity authorized to audit financial statements .....	69
7.20. Significant off-balance-sheet items .....	69
7.21. Information on significant judicial proceedings .....	69
7.22. Significant events with impact on ASEE Group operations after 31 December 2022 .....	69
7.23. Report on non-financial information .....	69
<b>8. STATEMENT BY THE MANAGEMENT BOARD OF ASSECO SOUTH EASTERN EUROPE S.A. TO THE ANNUAL REPORT .....</b>	<b>70</b>

## 2. GENERAL INFORMATION ON ASSECO SOUTH EASTERN EUROPE S.A. AND ASSECO SOUTH EASTERN EUROPE GROUP

Asseco South Eastern Europe S.A. (the “Parent Company”, “Company”, “Issuer”, “ASEE S.A.”) seated at 14 Olchowa St., Rzeszów, Poland, was established on 10 April 2007 as a joint stock company.

On 11 July 2007, the Company was entered in the register of entrepreneurs maintained by the District Court in Rzeszów, XII Commercial Department of the National Court Register, under the number 0000284571.

The Company has been listed on the main market of the Warsaw Stock Exchange since 28 October 2009.

Asseco South Eastern Europe Group (the “Group”, “ASEE Group”, “ASEE”) is comprised of Asseco South Eastern Europe S.A. and its subsidiaries.

### 2.1. BUSINESS PROFILE OF THE ISSUER AND ITS CAPITAL GROUP

ASEE S.A. is primarily engaged in holding activities and focuses on managing the Group of companies and expanding its geographical coverage and product portfolio.

ASEE Group also conducts operating activities including the sale of proprietary and third-party software as well as the provision of implementation, integration and outsourcing services. The Group delivers complete solutions and proprietary software necessary to run a bank, as well as state-of-the-art payment solutions helping shape the payments market in the region, and provides integration and implementation services for IT systems and hardware from the world’s major vendors.

ASEE Group has identified the following reportable segments reflecting the structure of its business operations:

- Banking Solutions,
- Payment Solutions,
- Dedicated Solutions.

The **Banking Solutions** portfolio includes fully-fledged solutions and products necessary to run a bank such as omnichannel solutions designed to distribute banking products and services, solutions allowing to improve communication with the customer, integrated core banking systems, authentication security solutions, reporting systems for regulatory compliance and managerial information, as well as risk management and anti-fraud systems. The segment also offers its clients 24x7 online services and consultancy in the areas of mobile and electronic banking and digital transformation.

The **Payment Solutions** segment provides complete payment industry solutions supporting online and offline payments, which are offered by the Payten Group for both financial and non-financial institutions. These solutions are intended for e-Commerce (online payment gateways, support for alternative payment methods – cryptocurrencies, QR codes, solutions enabling tokenization of cards, subscription payments), mobile payments (mPOS, vPOS, SoftPOS), payment card processing, as well as services related to ATMs and EFT POS terminals. The Group delivers software and services as well as ATMs and payment terminals, including outsourcing and equipment, providing the highest level of expertise, maintenance and support through the entire portfolio. This segment also operates an independent network of ATMs under the brand name of MoneyGet. In addition, the Group runs a network of independent EFT POS terminals at points of sale – IPD service under the Monri brand that enables merchants to replace two or more payment terminals at the point of sale with a single device connected directly to multiple acquirers (card issuers). Moreover, the segment offers complementary solutions for creating online and mobile stores and marketplace platforms, as well as cash register management and sales support systems (ECR) for retailers.

The **Dedicated Solutions** segment provides services to the sectors of utilities and telecommunications, public sector (including road infrastructure), government as well as to the banking and finance sector within the following business lines: BPM business process management, customer service and sales support platform, data registers, smart city, AI & Machine Learning, e-Tax, border control, authentication, dedicated solutions, BI and ERP. The company focuses on selling its proprietary solutions but also offers a full range of integration services for solutions from leading global vendors.

## 2.2. AUTHORITIES OF ASSECO SOUTH EASTERN EUROPE S.A.

As at the date of publication of this report, this is on 22 February 2023, the Company's Management Board, Supervisory Board and Audit Committee were composed of the following persons:

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

On 22 June 2022, the Annual General Meeting of the Company passed a resolution on appointment of the Supervisory Board composed of Mr. Jozef Klein, Mr. Adam Góral, Mr. Jacek Duch, Mr. Artur Kucharski and Mr. Adam Pawłowicz to serve over the next five-year joint term of office running from 22 June 2022.

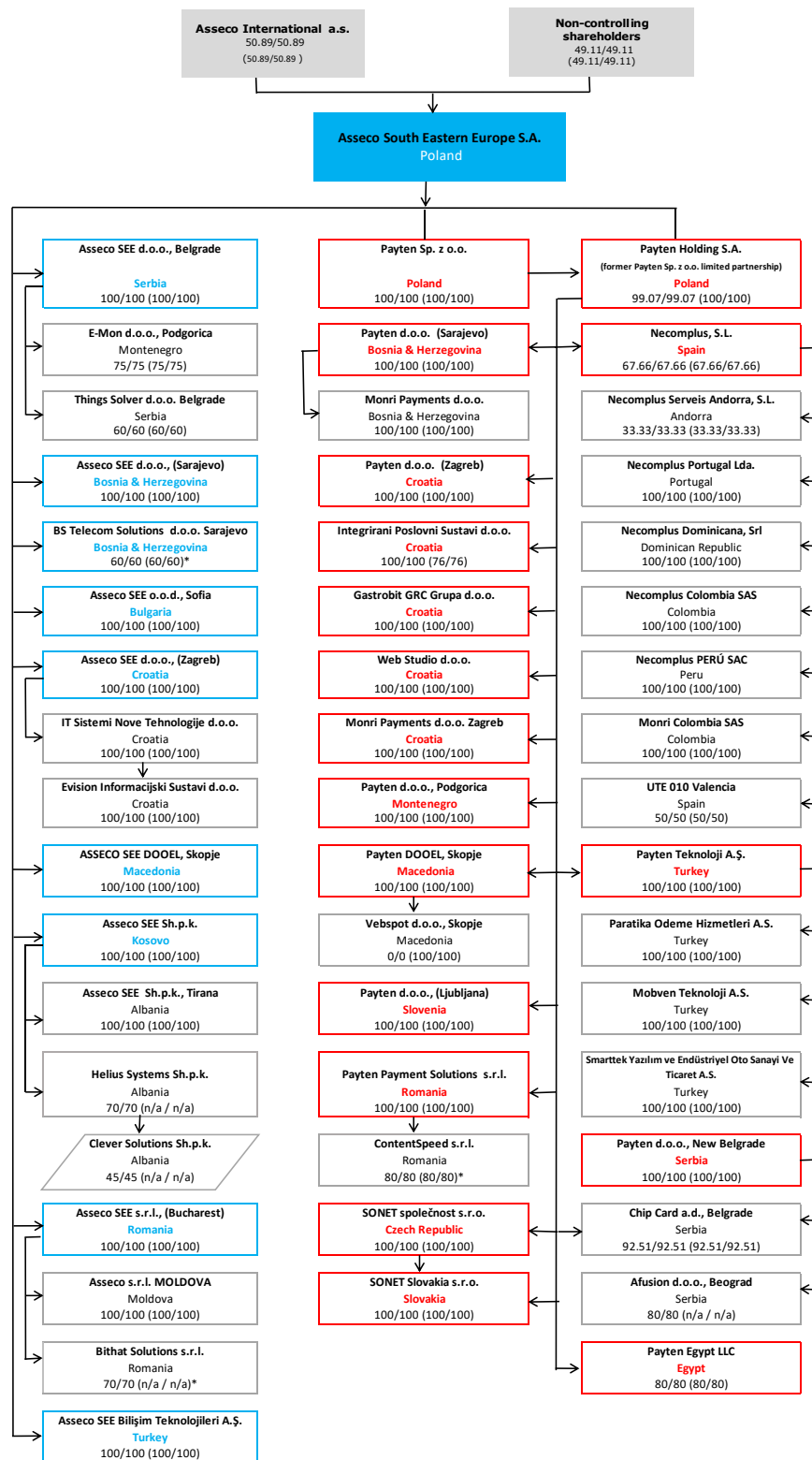
On 7 July 2022, the Supervisory Board adopted a resolution on appointment of the Management Board for the new five-year joint term of office running from 13 July 2022. The existing Members of the Management Board have been appointed to serve over the new term of office.

During the period from 31 December 2022 till the publication of this report, this is till 22 February 2023, the compositions of the Company's management and supervisory bodies remained unchanged.





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

The table below presents the structure of ASEE Group along with equity interests and voting rights at the general meetings of shareholders/partners of its subsidiaries as at 31 December 2022 and 31 December 2021:



100/100 voting rights / equity interest as at 31 December 2022 (in %)  
(100/100) voting rights / equity interest as at 31 December 2021 (in %)

 subsidiary company  
 associated company

\* this investment is accounted for using the present ownership method, assuming we hold 100% of shares due to the existing put/call options

The parent company of Asseco South Eastern Europe S.A. is Asseco International a.s., seated in Bratislava. As at 31 December 2022, Asseco International a.s. held a 50.89% stake in the share capital of ASEE S.A.

Both as at 31 December 2022 and 31 December 2021, voting rights held by the Group in ASEE companies were equivalent to the Group's equity interests in these entities.

### Changes in the Group structure

During the year ended 31 December 2022, the organizational structure of ASEE Group changed as described below.

- **Establishing of a new company Afusion d.o.o., Belgrade**

The company Afusion d.o.o., based in Belgrade, was established on 4 January 2022. 80% of shares in this company were acquired by Payten d.o.o., Belgrade.

- **Transformation of the company Payten Sp. z o.o. (limited partnership) into Payten Holding S.A.**

The transformation of the company Payten Sp. z o.o. (limited partnership) into Payten Holding S.A. was registered on 1 March 2022.

- **Acquisition of a minority interest in Integrirani Poslovni Sustavi d.o.o.**

On 11 May 2022, Payten d.o.o. (Zagreb) acquired a 24% stake in the company Integrirani Poslovni Sustavi d.o.o. based in Oroslovje, thereby becoming the owner of 100% of shares in this company.

- **Acquisition of shares in Bithat Solutions s.r.l.**

On 16 June 2022, Asseco SEE s.r.l., (Bucharest) acquired 70% of shares in Bithat Solutions s.r.l., a company based in Bucharest (Romania).

- **Sale of shares in Payten Holding S.A. to the managers of ASEE Group companies**

On 22 August 2022, ASEE S.A. signed agreements to sell shares in Payten Holding S.A. to the managers of ASEE Group companies. The sale includes a total of 426,571 shares in Payten Holding S.A., representing 0.93% of the company's share capital.

The transaction value amounted to PLN 9,628 million. The sale agreement also contains put and call options, and the selling price has been secured by establishing a pledge on shares purchased by each buyer. The agreements were concluded, directly or indirectly, with twenty-one managers of ASEE Group. These transactions have been described in detail in explanatory note 5.2 to the consolidated financial statements of ASEE Group for the year ended 31 December 2022.

- **Sale of Vebspot doo company**

On 23 August 2022, Payten dooel Skopje signed a conditional agreement to sell its subsidiary Vebspot d.o.o. The conditions for this transaction were to obtain an approval of the Macedonian competition protection authority as well as to register the sale in the Central Commercial Register of Macedonia. The approval of the competition protection authority was issued of 7 September 2022, and the registration was made on 29 September 2022. Hence, the Group lost control over the company of Vebspot d.o.o. on 29 September 2022.

- **Acquisition of shares in Helius Systems Sh.p.k.**

On 27 September 2022, Asseco SEE Sh.p.k. (Kosovo) signed an agreement to acquire 70% of shares in Helius Systems Sh.p.k., a company based in Albania. The Group obtained control over Helius company after the acquisition had been entered into the Albanian register of commercial companies (Qendra Kombetare e Biznesit) which took place 19 October 2022. As a result of the acquisition of Helius, the Group was also joined by its associated company Clever Solutions Sh.p.k. based in Albania, in which Helius holds a 45% stake and exercises significant influence over the financial and operating policy of Clever Solutions.

- **Acquisition of Integrirani Poslovni Sustavi, Gastrobit and Web Studio by Payten Holding S.A.**

On 7 November 2022, Payten Holding S.A. signed an agreement to acquire 100% of shares in the following companies: Integrirani Poslovni Sustavi d.o.o., Gastrobit - GRC Grupa d.o.o. and Web Studio d.o.o. from Payten d.o.o. (Zagreb). This transaction had no impact on the consolidated financial statements of the Group.

- **Acquisition of BS Telecom d.o.o. Sarajevo by ASEE S.A.**

On 23 December 2022, ASEE S.A. signed an agreement for the acquisition of a 60% stake in BS Telecom Solutions d.o.o. Sarajevo from Asseco SEE d.o.o. Sarajevo. This transaction had no impact on the consolidated financial statements of the Group.

## 2.4. STRATEGY AND DIRECTIONS OF DEVELOPMENT

ASEE S.A. is primarily engaged in holding operations and focuses on managing the Group of companies, including the payment services business consolidated under the brand of Payten, as well as on extending its geographical coverage and portfolio of products and services. Because the Parent Company is primarily engaged in holding activities, directions of the Company's development need to be examined taking into account the development and operations of the entire ASEE Group.

In 2023, ASEE Group (including Payten) intends to continuously expand the business of each operating segment within proprietary solutions and comprehensive services, while focusing on recurring revenue growth. To achieve this goal, ASEE Group plans to increase the scale of its own software and services offered in the subscription model including SaaS (Software-as-a-Service) as well as in the outsourcing model to both large customers (enterprises) and retailers (merchants).

### Strengthening of coherent corporate structure

ASEE Group is expanding the area of its business operations both through organic growth and company acquisitions. Currently, we operate in the markets of Central and South-Eastern Europe, Turkey, Egypt, Italy, Spain, Portugal, Colombia, Peru, and the Dominican Republic.

**The Group's business is based on the following key operating segments:**

- Payment Solutions,
- Banking Solutions,
- Dedicated Solutions (other proprietary solutions and third-party solutions).

### Sales-oriented organization

The main task of sales force at ASEE (including Payten) has, for several years, been to expand our business into new markets as well as to focus on the most promising products and solutions. We continue to invest in resources that are necessary to serve international clients, who are present in the region of ASEE and Payten operations and have centralized organizational structures, as well as in resources allowing to boost sales in new markets.

We have undertaken a big challenge to actively engage business line managers and product managers from other departments into the sales and sales support processes. This is being accomplished gradually, including through professional training and implementation of additional processes to encourage cooperation within the Group.

In addition, we have begun to build a sales organization oriented towards the market of retailers, and not just enterprise clients. The goal is to create the basic principles for carrying out such operations within our organization in 2023 and commencing the implementation of a sales management system (CRM).

In 2023, the Group intends to continue its sales activities aimed at increasing revenues in the existing territory of operations, including Central Europe, South Eastern Europe, Italy, Spain, Portugal and Latin America, as well as in new markets.

### Improving the efficiency of operations

#### *Support*

In 2023 we will start to use the system for managing the 'service desk' (Live) support process. We carry on the implementation of consistent guidelines/principles and performance indicators for support processes within the Group.

#### *International teams*

We have set up international implementation teams that are dedicated to the execution of selected projects in the areas of mobile solutions, multi-channel online banking platform (Digital Edge), as well as the solution for offering financial products via digital channels (Digital Origination). Work is currently underway to increase the efficiency of these teams.

#### *Goals for managers*

Thanks to the standardization of metrics and tools, it has become possible to set coherent targets across the Group based on selected performance indicators and link them to the remuneration of those responsible for our operations. The Group aims to set common goals at the Group level for people from various geographies working together on particular business ventures.

### *Expenditures for product development*

In cooperation with the sales team and heads of our product segments, we managed to verify our product development expenditures which helped rationalize the Group's budget more towards the development of strategically important products. Capital expenditures for these products have been consistently increased.

In 2023, the Group is going to continue to implement standard procedures as well as to improve its operating efficiency. The Management believes that such efforts will help perform any unprofitable projects at a minimum level and enable higher utilization of resources, thus further increasing the profitability of our own services.

### **Focusing on strategic products and services**

By focusing on the development of strategic products, the Group will be able to achieve higher revenue growth and boost the sales of its proprietary solutions. This is one of the strategic objectives pursued by the Group and the signs of improvement in this area have been observed for a few years already. In 2022, sales of our proprietary solutions reached PLN 967 million, reflecting an increase by almost PLN 209 million or 27% in relation to the previous year. We expect our proprietary solutions to generate even stronger revenues in 2023.

In the ASEE's business development process, the Management places great emphasis on boosting the so-called recurring revenues, which include transaction fees as well as maintenance, outsourcing and subscription services, including SaaS (Software-as-a-Service). In 2022, our recurring revenues reached PLN 664 million, reflecting an increase by almost PLN 119 million or 22% in relation to the previous year. ASEE's Management expects to achieve progress also in this regard during 2023.

Our strategic directions of development in the area of products include, among others, solutions for digital transformation of banks, authentication security systems, including anti-fraud and anti-money laundering solutions, artificial intelligence (AI) and machine learning (ML) solutions, content management and business process management (BPM) solutions, multi-functional customer service and sales support platform (Live), intelligent traffic management and Smart City solutions (Husky platform), as well as e-Commerce solutions, including payment processing services. Selected solutions will be offered in the subscription model, including SaaS (Software-as-a-Service).

### **Entering into new markets**

In the Management's opinion, in order to achieve higher sales, ASEE Group will need to generate more revenues in markets outside the current area of its business operations while supporting growth through acquisitions. In the long run, our company plans to expand its sales beyond South Eastern Europe and Turkey, in particular by creating a network of partners to collaborate with ASEE and Payten. In recent years, the Group was engaged in the execution of projects, among others, in Italy, Canada, Senegal, Morocco, Egypt, Germany, Kyrgyzstan, Nigeria, and Cyprus. In 2023, the Management plans to continue sales activities in markets outside the current region of operations.

The strategic goal of ASEE and Payten is to become one of the three largest and most recognizable players in each of the markets where the Group conducts its business.

### **Plans for individual operating segments**

In the **Banking Solutions** segment, our plans for the coming year assume, first of all, making investments in the development of selected products, as well as maintaining or strengthening the presence of this segment in countries where the Group operates.

In 2023, our selective investments in the pipeline of IT products for the banking industry will cover the solutions which, in the Management's opinion, have the greatest potential for sales. These will be primarily the Digital Edge multi-channel online banking platform, as well as the Digital Origination solution for offering financial products via digital channels. Our development plans also include mobile solutions and authentication security systems, as well as financial fraud prevention (InAct) and anti-money laundering (AML) systems. As part of our product development efforts, we also analyze the potential sales models for individual solutions and, in many cases, they will be offered to our customers in the subscription model, including SaaS (Software-as-a-Service).

Regardless of the country of origin, each of the IT solutions offered by ASEE is available on all the markets where ASEE Group operates. Mobile solutions, authentication systems or fraud prevention software can be offered separately, but also as complementary products for larger projects, such as core banking systems, the Digital Edge multi-channel online banking platform, or the Digital Origination solution for selling financial products via digital channels. In countries outside the region

of ASEE's operations, this segment is seeking local business partners in order to offer our software solutions through their distribution networks.

In the coming years, the Banking Solutions segment plans to invest in improving its ability to support customers in business areas, placing greater emphasis on customized approach and taking initiatives that will assist the customers' business growth.

Development of the **Dedicated Solutions** segment will primarily involve strengthening the presence of our proprietary solutions on individual markets of the region. Currently, the Dedicated Solutions segment promotes its proprietary solutions with high revenue potential, which are ready for distribution in the whole region of ASEE operations, also outside the country of product origination.

We plan to continue investing in the business line responsible for Business Process Management (BPM) solutions in order to build a comprehensive BPM product based on software solutions available in the Group which will be offered in several markets of the region, including Romania, Serbia, Croatia, and Bosnia and Herzegovina. In addition, we plan to enrich our BPM solutions with tools based on artificial intelligence (AI and ML) technology, which can also be offered as a standalone product.

Traffic management solutions (ITS) and Smart City solutions are the second strategic area where the Group plans to significantly increase its presence starting from 2023. We already offer this type of solutions in the markets of Croatia, Serbia, B&H, and Montenegro. The Group plans to commence the distribution of such products also in other markets, including in Romania.

Our proprietary solutions with large potential also include the Live multi-functional customer service and sales support platform, the Fidelity asset lifecycle management solution, as well as the LeaseFlex comprehensive solution for leasing companies. The Management plans to continue investing in new functionalities of the Live solution in the Service Desk area, which is used by ASEE Group and has already been offered to external customers.

We are working to integrate AI and ML tools into our other strategic products. Just as in the case of the Banking Solutions segment, we verify the optimum sales model for our dedicated proprietary solutions and consider offering selected products in the SaaS model. Moreover, the Group plans to increase the share of tailor-made solutions for individual large clients, and continues to expand its competence in the implementation of projects financed by the European Union, both under accession programs and structural funds. In addition, we plan to continue our efforts to use resources more efficiently and to improve the quality of project management, which will hopefully increase the profitability of the Dedicated Solutions segment in the long term.

Summary of goals for 2023 in the areas of banking solutions and dedicated solutions:

- Further increasing the share of our own products and services in the revenue structure of ASEE Group;
- Making selective investments in the pipeline of new IT products in the Banking Solutions segment and partially in the Dedicated Solutions segment, including further development of Digital Origination, Digital Edge, Live platforms, as well as Intelligent traffic solutions and Smart City solutions;
- Offering of selected solutions in the subscription model, including Software-as-a-Service; Preparing additional solutions for shifting the sales model from the traditional implementation and maintenance to the subscription model;
- Enriching selected software solutions with tools based on artificial intelligence (AI) and machine learning (ML);
- Boosting sales by entering into new markets, understood as new geographical locations as well as offering of our products in new business areas in the existing territory of ASEE's operations (also outside the SEE region);
- Gaining more benefits from the geographical and operational scale of the Group's business through well-coordinated management of resources, product development, relations with key customers and suppliers;
- Improving the efficiency of our operations through better project management, greater utilization of available resources, and optimization of customer support.

The **Payment Solutions** segment has been separated into a standalone organization called Payten. This process was completed in 2020.

Apart from the segment's separation, strategic plans include expanding the segment's portfolio with new products and services in order to ensure comprehensive processing of both physical and online payments. Our offering will be enriched through organic growth as well as potential acquisitions of companies with complementary business profiles.

The Management also considers acquiring firms operating in other business areas, which would additionally enable the segment to launch its offering into new markets.

All the solutions offered by this segment are currently divided into four business lines: e-Commerce support solutions, processing of payment transactions, maintenance of POS terminals, and maintenance of ATMs.

The division offering **online payment systems** focuses on the provision of services of e-Commerce transaction settlement for banks as well as for retailers and wholesalers (merchants). We adopted a strategy to sell our online payment gateways in the outsourcing model or subscription model, including SaaS (Software-as-a-Service).

In the first model (for banks), sales revenues depend on the number of retailers supported by the bank or payment institution being a client of Payten, as well as on the volume of transactions. According to the Management's estimates, the number of transactions will continue grow dynamically but it will be accompanied by pricing pressures. Additionally, banks are looking for alternative solutions in order to increase competitive pressure on Payten.

In the second model, sales revenues depend primarily on the volume of sales and the volume of transactions generated by a given seller.

Leveraging on our experience gained with payment gateways NestPay® and Monri PG, we developed WebPay and Merchant Safe Unipay (MSU) solutions that enable secure storing of credit card data of website customers and automate payments for online purchases. In addition, thanks to being licensed as a Payment Institution (eMoney license) in Turkey and Serbia, Payten offers online payment processing services which are dedicated directly to all e-Commerce sellers. Currently, the local team efforts are focused on acquiring further clients and increasing the number of transactions processed, which should translate into stronger financial performance of this project.

ChipCard company has the eMoney license for the Serbian market which enables handling of all payment transactions. Work is currently underway on the best possible utilization of this license in order to enlarge our share in the payments market in Serbia.

Payten is still in the process of obtaining the eMoney license in Croatia which could be used on all markets across the European Union.

The business line responsible for online payments also offers the Trides2 solution, the main function of which is to secure mobile and internet payments. In response to the increasing volume of online transactions, we see a growing interest in this solution which has been offered in many markets, also in the subscription model.

The pandemic period was conducive to the development of e-Commerce, which translated into very good results of the online payments division in 2021 and 2022. During the year reported, Payten processed more than 1.6 billion online payments. The Management expects our online payment settlement services to support increasingly larger volumes of transactions.

The business line that provides services of **processing and authorization of payment transactions (Processing)** does not yet have a significant share in the Payten's revenue structure, but it systematically increases the scale of operations and improves its financial results. In 2022, the pace of growth of our payment processing business was as high as 29%. The Management believes that payment processing and authorization services will continue to grow in 2023 and in the coming years.

In 2022, the Group continued to work on preparing a comprehensive offer of **payment process services for retail points of sale**. The portfolio of services for retailers currently includes: online payment solutions, independent network of POS terminals and the SinglePOS solution, maintenance of POS terminals and hotline support, electronic cash registers with software, as well as online and mobile solutions for e-Commerce platforms.

Payten provides micro and small-sized merchants with electronic cash register (ECR) hardware and software solutions designed to enable and support product sales at all possible retail points of sale. Payten's solutions dedicated to merchants in the hospitality industry handle all processes performed in that business. In 2023, Payten is going to continue its growth in electronic cash registers also by offering its solutions in markets that are new to this business line.

The concept of comprehensive services for retailers assumes that Payten shall offer the widest possible range of services supporting the payment process, and thus provide our customers with the comfort of working with a one-stop-shop vendor. In the Management's opinion, the portfolio of services offered directly to merchants is one of the key growth engines in the Payment Solutions segment and, in the near future, we plan to reach retailers in the entire region of ASEE Group's operations with this offering.



Services related to the **maintenance of POS terminals and ATMs** still generate most of the segment's revenues. In this business, our most important markets are Spain, Croatia, Serbia, Romania, Bosnia and Herzegovina, Slovenia, Macedonia, Czechia, Slovakia, Colombia, and Montenegro. Apart from that, Payten is consistently building its market share in Albania and Kosovo, and strives to reinforce its presence in Bulgaria and Peru.

The division of physical payments handling is consistently expanding its business model to cover both the traditional supply and maintenance of equipment, and the complete outsourcing of payment processes. These actions translate into greater security and predictability of our business, as well as give ASEE Group a competitive advantage over local firms.

The Company operates an **independent network of ATMs** which support dynamic currency conversion (DCC) and work under the brand name of MoneyGet. The operations of MoneyGet have been developed in Croatia, Montenegro, Serbia, and in Albania. In 2023, the Management plans to carry on sustainable development of the MoneyGet network, aiming to maintain its market position in Croatia and Serbia while increasing its presence in Montenegro and Albania. Due to the introduction of euro in Croatia, the year 2023 will be a period of transition during which we intend to decide about the profitability and scale of this business in Croatia.

Summary of goals for 2023 in the payment solutions business – Payten:

- Expanding and reinforcing the portfolio of the Payment Solutions segment with new services and products both through organic growth and acquisitions, also beyond the present geographical area of the Group's operations;
- Further development of the business line offering e-Commerce solutions. Investments in existing solutions and furthering the range of services and geographical presence in the e-Commerce domain;
- Development of the business line offering payment solutions directly to retailers, providing customers with the comfort of working with a one-stop-shop vendor able to support both e-Commerce and physical payments (IPD);
- Offering new Payten solutions across the entire region of the Company's operations as well as in new markets, especially with regard to payment solutions intended for retail outlets;
- Work on the consolidation of competence centers within various geographies in individual areas of Payten's business;
- Continued promotion of the Payten brand under which the segment operates.

## 2.5. KEY PRODUCTS, GOODS FOR RESALE, AND SERVICES

### BANKING SOLUTIONS

The Banking Solutions portfolio includes fully-fledged solutions and products necessary to run a bank such as omnichannel solutions designed to distribute banking products and services, solutions allowing to improve communication with the customer, integrated core banking systems, authentication security solutions, reporting systems for regulatory compliance and managerial information, as well as risk management and anti-fraud systems. The segment also offers its clients 24x7 online services and consultancy in the areas of mobile and electronic banking and digital transformation.

#### Omnichannel sales and services

##### Digital Edge

**Digital Edge** is a digital banking platform with a set of touchpoint applications and a set of customer engagement capabilities that ensure true omnichannel experience for bank's customers. Thanks to Digital Edge, a bank can increase engagement and loyalty of its existing customer base and acquire new customers in a cost effective way. Digital Edge encompasses the touchpoint applications used by account owners, the administrative panel used by bankers, and the middleware that connects the platform to all kinds of back-end systems. Digital Edge provides 24x7 services regardless of back-end systems availability by queuing initiated transactions for later execution. Digital Edge supports the following online channels: **Mobile**/Tablet, **Web**, ATM, Facebook, as well as **Chatbot** channel. Ultimately, Digital Edge fulfils the PSD2 requirements for strong customer authentication, transaction authorization, fraud monitoring, and provides open APIs for access to customer information and payment initiation.

##### Digital Origination

**Digital Origination** is a sales and underwriting system that provides full flexibility in offering of bank products, services and bundles, enabling short time to market and full control and transparency of origination processes for both assisted and self-service touchpoints. Thanks to its open architecture, built-in artificial intelligence and brand new technology stack, it is a strong accelerator of digital transformation, wide open for innovations and extensive third-party integrations. Digital Origination provides consistent and personalized user experience on all screen sizes – desktop, tablet and mobile.

##### Digital SPM

**Digital SPM (Sales Performance Manager)** is a solution that enables bank to set and achieve sales performance indicators goals in an organized and efficient top-down manner - from bank, branch, manager to individual employee level. Solution is built on the brand new technology stack and supports planning and measurement of sales targets and KPIs for different bank products/portfolios in the defined time windows.

##### Digital CIF

**Digital CIF (Customer Information File)**, with its flexible process engine and high parametrisation capabilities, solution provides efficient customer on-boarding process in the branches, or by agents on other PoSs, dramatically reducing manual work and time needed for on-boarding of the customer. On the other hand, ensures execution of all important validations and checks that have to be executed during the process, reducing the associated risks. This solution has the capability to be implemented as a standalone module for customer master data management.

##### Digital Branch

**Digital Branch** is a software package supporting bank's sales and servicing operations on assisted channels, such as bank's branch network, external agencies and call centers. Application provides operational excellence at the branch level, supporting branch tellers and speeding up branch processes and operations, improving customer service, putting customer in the central place instead of the traditional account-oriented approach. It integrates Branch teller operations as a part of the overall omni-channel service model.

##### Experience Customer Analytics

**Experience Customer Analytics**, with a set of analysis and predictive models, aims to help banks gain new clients, retain current customers and maximize their profitability with well-timed actions and offers that improve customers' loyalty and their relationship with the bank. Customer Analytics is designed to boost marketing efforts, with campaigns and marketing offers as central points. Multi-channel approach allows for integration of campaign offers through all bank's channels in a unified manner. Utilization of machine learning and predictive models gives our users a power not to rely solely on empirical expert knowledge, but to use predictions obtained through contemporary science methodologies.

## Supply Chain Finance

**Supply Chain Finance** platform enables online assignment and discounting of invoices. This light weight front application for factoring business is intended for bank's customers that want to avoid visiting the bank to remotely review the terms of currently active factoring contracts, load invoices in the system and select invoices for purchase. Simple and easy to use, Supply Chain Finance platform is especially useful for big customers with a large number of suppliers and a large number of invoices received on a daily basis.

## PFM

**PFM** (Personal Finance Management) is an advanced online personal finance management solution that enables online banking clients to manage their finances by keeping track and making analysis of personal incomes, through automatic categorization of all transactions, by making plans for spending and incomes, and through receiving financial help and recommendations.

## Banking operations

The Banking Solutions segment of ASEE offers three different core banking systems. Two of them are based on the Oracle platform (Absolut and Bapo), and one on the Microsoft platform (Pub2000).

### Systems on Oracle platform:

#### - Absolut

**Absolut** is a suite of applications designed to support finance and banking operations. The system consists of the core module and several additional modules, such as Internet banking, management information system, cards management system, and insurance management system. It also includes the *Absolut leasing* application which effectively supports operations of leasing companies.

#### - Bapo

**Bapo** is an integrated core banking system offering numerous front-end functions, optimized for retail and commercial banks conducting operations in Southern and Eastern Europe.

### Systems on Microsoft platform:

#### - Pub2000

**Pub2000** is an integrated application for retail and corporate banking. Owing to its integrated *Product Factory* function it is quite a unique product on the market, which enables our clients to generate new banking products and services, and to define or modify process workflows without altering the application.

Apart from core banking solutions within banking operations ASEE offers **Experience Treasury** and Experience Collateral Management solutions.

## Experience Treasury

**Experience Treasury** is an advanced front, middle and back office solution designed to meet the complete needs of treasury operations in a modern environment. It helps to increase the bank's overall profitability with simultaneously accurate risk anticipation and planning in accordance with the domestic and international regulations.

## Experience Collateral Management

The main purpose of **Experience Collateral Management** solution is to provide a reliable registration and allocation of all types of collaterals used to cover exposure in order to control and mitigate credit risk. Furthermore, the application enables revaluation of collateral asset fair value, enhanced workflow and task mechanism, automatic alerts and detailed reporting package, as well as allocation by various methodologies and distribution algorithms.

## Risk and compliance

## Tezauri™

**Tezauri™** is an integrated Business Intelligence solution for banks, which enables risk management, credit assessment through an integrated *scoring* system and profitability analysis, monitoring of regulatory compliance as well as implementation of related solutions.

## Experience Scoring

**Experience Scoring** solution helps banks automate important operational decisions with predictive models. With simple yet powerful environment, easy access to data and built-in best practices, the solution enables holistic management of predictive models starting from development, ongoing validation and monitoring all the way to model revision and retirement.

## Experience™ Funds Transfer Pricing

**Experience™ Funds Transfer Pricing** enables banks and other financial institutions to better understand the business performance at all levels and take advantage of all opportunities and ultimately improve profitability. Experience FTP is specially tailored to answer the market needs in South Eastern Europe. Flexible funding models, integration with Tezauri BDW or any third-party data source and detailed reports based on customizable profitability dimensions provide effective and robust FTP solution for any financial institutions on

the market.

#### AML

**AML** (Anti-Money Laundering) is an integrated solution that uses sophisticated patterns and wide range scenarios to identify real-time and near real-time illicit activities and potential money laundering actions by analysing the behaviour of internal customers and counterparties, through every transaction across the enterprise. By offering fully automated processes for decreasing human workload, the system ensures easy and bullet proof modules addressing crucial segments in the area of AML such as KYC workflow, periodical monitoring, audit coverage and compliance to AML relevant directives and local regulatory requirements.

#### Early Warning System

**Early Warning System (EWS)** is a solution that supports proactive risk management for banks and a well-timed response to negative developments in the credit portfolio. EWS is used to ensure the timely recognition of potentially negative developments on the level of a client, as well as on the overall portfolio level, and also to enable the initiation of risk mitigating actions before increased risks from identified negative developments materialize.

#### ASEE Impairment Solution

**ASEE Impairment Solution** is a sophisticated risk management tool for identification and segmentation of credit risk in accordance with IFRS 9, and for calculation of expected credit losses. It is designed to facilitate easy transition to IFRS 9 and assist institutions in conducting necessary processes and generating reports in line with the regulatory requirements.

#### InACT®

**InACT®** is a modular application that monitors and prevents multi-channel transactional and non-transactional frauds, misconduct attempts, operational faults, and performs regulatory controls. InACT® includes the following modules: Enterprise Fraud Detection & Prevention, Internal Fraud Management, InACT® Euler with Intelligent Anomaly Detection, and Relationship Network Analysis. InACT® Enterprise Fraud Detection & Prevention helps financial institutions protect their customers from multi-channel fraud attacks. InACT® Internal Fraud is designed to detect and prevent employee frauds, operational failures and compliance breaches. InACT® Euler prevents frauds by using artificial intelligence to detect any anomalies with the help of predictive analytics. Whereas, InACT® Relationship Network Analysis enables companies to easily detect sophisticated loops and fraud networks, as well as perpetrators and victims of organized crime. InACT® complies with the requirements of PSD2 Directive and is offered to financial institutions as part of our PSD2 Enabler Package.

### Authentication security solutions

#### SxS

**SxS** is a comprehensive, proven, multi-factor authentication solution designed to provide extremely secure access to any application and system through the use of progressive technology. In order to ensure the highest level of security and identification of end users, SxS applies a wide range of authentication methods. It combines biometrics with a risk analysis mechanism, making sure the user is undisturbed and satisfied. This multi-level solution overcomes all security-related obstacles, regardless of whether the users chose to apply a hardware or software authentication token.

#### mToken

**mToken** is a mobile token which is paired with SxS and offers authentication methods provided by SxS through a mobile device. mToken can be delivered as an SDK, to be implemented into an existing mobile application; or it can be delivered as a standalone mobile application (with minimum level of customization of the application).

#### AppProtector

**AppProtector** is a mobile security technology that is built on, or linked into a mobile application. It is capable of protecting application execution, early intrusion detection and preventing real-time attacks on mobile phones.

#### App Protector Portal

**Portal** is an extension of App Protector and offers manipulation of configuration for the response type which occurs when a specific threat is detected. Additionally, statistics and reports on attacks on mobile applications can be visualized.

#### IAM

**Identity and Access Management** is a product which enables authentication and authorization control for a single person or a group of people. It allows access to multiple applications / systems with a single sign on

feature; and can be combined with SxS for additional security.

#### Solutions for advanced digital signature and encryption based on Public Key Infrastructure technology:

##### SecureSign

**SecureSign** is providing secure and seamless experience in digitally signing documents. Whether you are striving to optimize the process of exchanging legally binding contracts and digitally signed documents with partners and vendors in business to business scenarios or you are simply trying to eliminate the administrative burden of the paper document handling, SecureSign portfolio is your way to go. SecureSign helps to reduce cost of printing, handling, orchestration of signatories of documents, scanning and archiving documents, allowing all counterparties to use it on any device in SaaS mode using any type of digital certificate, whether it is issued on a PKI hardware cryptographic device, stored in certificate storage of the local device, or a Cloud certificate in SaaS mode.

##### CMS

**CMS** (Credential Management System) is a flexible solution designed to manage entities (users, servers or applications), devices, certificates and certification policies. PKI CMS supports issuing certificates on hardware devices (e.g. smart cards or tokens), in files (software certificates), or using CSR (Certificate Signing Request), as well as Cloud certificates issued and used on HSM devices. PKI CMS provides multi institution support, notification services, role dependent administration, and audit logging. The solution is compatible with all modern web browsers and is operating system independent.

#### Services

##### Managed multichannel e-Banking service

**Managed multichannel e-Banking** is a 24x7 online banking service which can be hosted in various countries of Central and Eastern Europe. It allows retail and corporate customers to access the bank's data and services from any place by using multiple devices.

##### Consultancy

ASEE offers consultancy services in the area of e-banking and digital transformation. We work with banks and support them in their transition from 'bricks' to 'clicks'.

##### Infrastructure as a Service

ASEE's Infrastructure-as-a-Service offer provides the businesses with IT computing, memory and storage resources on demand, from within our cloud infrastructure.

#### DEDICATED SOLUTIONS

The Dedicated Solutions segment provides services to the sectors of utilities and telecommunications, public sector (including road infrastructure), government as well as to the banking and finance sector within the following business lines: BPM business process management, customer service and sales support platform, data registers, smart city, AI & Machine Learning, e-Tax, border control, authentication, dedicated solutions, BI and ERP. The company focuses on selling its proprietary solutions but also offers a full range of integration services for solutions from leading global vendors.

#### Other proprietary software

##### Business Process Management

##### ABC

**ABC** is a Content Services Platform that helps organizations empower the content and improve processes management, through content services approach. The solution is built for case management, digitalizing documents and preserving archived information. It is vendor agnostic and includes among others following business modules: digital mailroom, electronic correspondence aligned with compliance rules, distribution and decision-making workflows, documents handling and archiving. ABC provides tools for customization and process automation in order to meet client's specific requirements.

##### DTH

**DTH (Digital Transformation HUB)** is cross-industry orchestration platform for setting up fully automated and digitalized processes in an organization. By implementing DTH, organizations save time and offer better user experience, because they can eliminate manual steps through fully digital customer identity validation, onboarding, product purchasing and signing for a large spectrum of industries.

##### Enterprise Print

**Enterprise Print** is a platform which fully adapts to the specifics of the business, from forms, searches, templates to business processes with high performance. It is seamlessly unnoticeably related to any existing platform, application, system or repository. It allows to digitize business using only one solution. It manages safely and effectively with business content, processes and repositories. It is consistent with numerous

regulations, directives and standards such as ISO, eIDAS, GDPR and PSD2.

#### Office Point

**Office Point** is electronic document and records management system (EDRMS). EDRMS combined document management and record management system in one integrated solution. It helps standardize business processes related to lifetime of all documents received or created within your organization.

#### Board Point

**Board Point** is a solution used for meetings' preparation and to hold a meeting. It helps to digitalize a meeting and to make meetings more efficient. Access to meeting related information can be performed from various devices, either standard PC, mobile phones or tablets. The solution allows to make decisions based on relevant information, faster and easier, with less costs.

#### Docs4ECM

**Docs4ECM** is a scalable solution to manage, process, edit, digitally sign, save and print all documents, whether you receive them in physical or digital form. Thanks to the advanced identification system and Machine Learning, the solution efficiently handles all physical and digital documents such as incoming invoices, payment orders, barcode documentation etc. Document processing and automation starts from the same interface and automatically directs and saves to the designated location.

### Customer service management solution

#### Live

**Live** is an advanced Customer Experience Management omnichannel platform that helps companies worldwide to grow their profitability by optimizing and automatizing their internal and external communication and processes, enabling customers to engage actively with their brand. It integrates with various technologies and modules that are part of standard Omni-Channel Contact Centers and Customer Engagement systems. Its seamless integration with CRM and internal IT systems enable a 360° view of the customer across all interaction points.

### ERP solution

#### Fidelity

**Fidelity** is a fully-fledged ERP solution for asset lifecycle management, dedicated primarily to large organizations with dispersed organizational structure. It is a unique solution on the market owing to the comprehensiveness of its modules addressing the full set of requirements of Asset and Spend Management, covering the functionalities of Budget Control, Procurement and Spend Analysis, as well as traditional ERP functions such as Inventory Management.

### Solutions for leasing companies

#### Lease product and asset management solution LeaseFlex

**LeaseFlex** is a web-based Lease and Asset Management software for equipment and consumer finance. It enables financial service companies to maximize their operational efficiency in business administration and monitoring with a centralized management platform for operational processes and end-to-end management of the lease and asset lifecycle.

#### Financial services for retail customers

**FinanceFlex** is a scalable solution for car finance companies, targeting to increase regulatory compliance, operational efficiency and effectiveness within their organization. FinanceFlex offers additional modules for suppliers and sales channels of equipment finance companies, increasing speed in offering pricing and credit approval for potential customers.

### AI/ML solutions

#### Solver AI Suite

**Solver AI Suite** is a modular AI platform that helps companies to put their customers at the spotlight, having all customer-related data, combined with the results of machine learning models, in one place with the ability to target them with personalized offers at any time. It consists of: **Customer Studio** which provides insights for upsell, cross-sell, reducing churn and better user experience; **Audience Studio** – a lab of filters with the aim of creating the most adequate group of customers for targeting; **Campaigning Studio** – a tool that enables automatic campaigning to high number of customers combined with full personalization through Email, SMS and Viber; **Touchpoint Studio** - unique solution for managing personalized experience on any digital channel.



It's ideal for upselling, cross-selling, keeping customers in the checkout, promoting actions or simply providing information of interest to them. It consists of two modules: Smart Recommendations and Smart Search.

## Intelligent traffic management solutions

### ITS Husky

**ITS Husky** is an open and scalable SCADA software especially customized for control and management of traffic, tunnel management and AI driven services to increase security of transportation. Due to its scalable cloud based virtualized architecture it can be used in other fields such as: transportation, oil/gas industry, energy, utilities, object control etc.

## Smart City solutions

### ITS Husky

**SmartCity + Husky** are a modular SCADA software tailored for the combination of urban infrastructure management and integration of technology with society aspect in mind. The solution improves & enables safety of city citizens by lowering public transportation accidents. The platform provides an inbuilt set of rules for the traffic industry, allows definition of a new controlling set of rules for building the full set of smart city services including city information and security management.

### BEE Urban

**BEE Urban** is a smart city ticket collection system and public transport supervision and management system. The system is reliable for users, passengers and reliable for operators. Helps optimize public transportation, city tunnels and road management including end customer billing.

### Notary Management System (NISA)

**NISA** is notary business management solution that provides secured management of all the notary activities. It offers greater security and convenience for both businesses and consumers who regularly deal with notarizations. It covers wide range of functionalities like: generation and processing of the notarial acts and services, calculation of fees, electronical signatures, integration with the state institutions (cadaster, register of mortgages, etc.), requests for correction of acts/actions, archive and accounting and finance.

### Postal Services System

**Postal Services System** enables the execution of different postal and financial services in the post's offices, creation and maintenance of customer accounts, the accounting of all operations, etc. It also serves as a backend for virtual post platforms such as e-post, e-commerce and e-wallet. The System supports following postal services: processing from the receipt of the package to the delivery, payment collection for the postal services, fees management, Management of packages transportation, integration with the customs service, integrated with the e-commerce systems and third-party services for exchanging mail events (IPS) and tracking mail items.

## PAYMENT SOLUTIONS

The Payment Solutions segment provides complete payment industry solutions supporting online and offline payments, which are offered by the Payten Group for both financial and non-financial institutions. These solutions are intended for e-Commerce (online payment gateways, support for alternative payment methods – cryptocurrencies, QR codes, solutions enabling tokenization of cards, subscription payments), mobile payments (mPOS, vPOS, SoftPOS), payments through Android POS, payment card processing, as well as services related to ATMs and EFT POS terminals. The Group delivers software and services as well as ATMs and payment terminals, including outsourcing and equipment, providing the highest level of expertise, maintenance and support through the entire portfolio. This segment also operates an independent network of ATMs under the brand name of MoneyGet. In addition, the Group runs a network of independent EFT POS terminals at points of sale – IPD service under the Monri brand that enables merchants to replace two or more payment terminals at the point of sale with a single device connected directly to multiple acquirers (card issuers). Moreover, the segment offers complementary solutions for creating online and mobile stores and marketplace platforms, as well as cash register management and sales support systems (ECR) for retailers.

### ATMs and POS terminals

- installation
- maintenance
- replacement

Payten's well positioned service network, counting over 100 service centers, enables us to provide the best SLA possible. In the SEE region, we successfully maintain over 10,000 ATM, ATS and KIOSK terminals as well as 1,000,000 POS terminals, utilizing fully automated business process management. We are constantly updating and improving functionalities, and bringing added value to our Clients, by tracking latest world trends and significantly investing in R&D (bill payment, recycling, automatic exchange office, GSM top-ups, mCash payments, etc.). One of our priorities is outsourcing, since Payten above all aspires to having long-term

## 24/7 Service Support Center

agreements with its Clients, reducing their operational costs and, at the same time, enabling them to focus on business.

### Multivendor solutions for ATMs and POS terminals

#### Processing of card payment transactions

Payten's **processing center** provides quality support in all aspects of payment card processing business. We offer our clients high quality service, knowledge and experience of our experts, complete solutions and consulting services concerning the payment card business. The processing offer includes: **transaction processing & switching services, card issuing & hosting services, ATM & POS acquiring services, fraud management, and contact center services.**

#### Mobile payments:

##### -mPOS

**mPOS** solution represents a new generation of intelligent and interactive mobile POS solutions for accepting payment cards. The integrated mobile payment solution enables merchants to transform their smartphones into mobile point of sale (mPOS) systems that fully support PIN based transactions (including the use of EMV chip cards), thus reducing start-up costs and minimizing equipment needs. Moreover, this system provides merchants with additional payment-acceptance-related services, for example certain level of application and slip customization, branding, inventory management, and online preview of transaction history.

#### e-Commerce:

##### -Virtual POS – NestPay®

**NestPay®** solution is a B2C online card payment platform also known as payment gateway that processes payments between merchants and acquirer banks. NestPay® is designed to enable banks to offer card acquiring services to their web merchants. Financial institutions offering online payment services can benefit from NestPay® software as a service provided by Payten, using its PCI DSS certified environment. NestPay® technology empowers the banks to enter "Card-Not-Present" (CNP) payment market with full confidence.

#### Trides2

**Trides2** is a complete 3-D Secure solution dedicated to card issuing and acquiring institutions who want to reduce the risk of fraudulent online transactions with the worldwide interoperable 3D Secure solution. Portfolio includes ACS, 3DS Server, Directory Server and end-to-end testing tool. Following the new EMV® 3-D Secure Protocol, Trides2 enables Strong Customer Authentication, including Biometry, Decoupled Transaction Authentication, Transaction Risk Analysis and Risk-Based Authentication which improves end user online payment experience and transaction security.

#### ATM software

##### TermHost

**TermHost** software solution provides the implementation of Value Added Services on top of the standard ATM transaction set. This results in generating new revenue streams on these terminals for the bank, and completely changes customer experience of the cardholder. By using TermHost and its modules banks seamlessly integrate ATM terminals into their omni-channel world, making an ATM a modern point of accessing various bank functionalities. This way ATMs can offer transactions that previously were not possible using the rigid outdated NDC ATM protocol. Currently we offer the following functionalities using various TermHost modules: Campaigns, Personalized User Experience, mCash – withdrawal using a mobile phone, on-us transactions authorized by bank instead of their ATM processing host, and many others.

#### POS software

##### PayPro

**PayPro** is an application for EFT POS terminal devices that are used on merchant locations for acceptance of payment cards, such as Visa, MasterCard, American Express and others. It supports different models and vendors of terminals, thus providing the banks and merchants with common user experience on various devices, and reducing the time to market for new products. We continuously follow the mandates from payment organizations, improving the software functionality in order to provide customer service at the highest level of security.

#### Android POS

New generation of POS terminals based on Android platform opens the space for different non-payment applications that can build up the perfect ecosystem for the merchants. Part of it is Android payment application used for the acceptance of all card brands (VISA, Mastercard, Amex, UPI), with value added features such as dynamic currency conversion (DCC), MC instalment plans, purchase with cashback, connection with electronic cash register (ECR) etc. Terminal management system, including MDM, enables rich possibilities of complete monitoring and management of Android POS terminal network.

All-in-one device with payment, cash register, location, loyalty, or any other merchant Android applications,

with end-user well-known options, brings a completely new user experience.

#### POS instant payments

Payten provides additional value to the standard instant payment system by offering a solution for instant payment acceptance at points of sale. For merchants, this will contribute to the payment guarantee and availability of funds, while customers will enjoy the convenience of not having to carry cash or credit cards, just a mobile phone, among many others.

#### UNAC

**UNAC** is a network access controller used for routing payment traffic to payment hosts. It is a highly reliable, secure, easy to configure and manage, network transaction platform. The solution has been specially designed and optimized to process a large volume of concurrent transactions, which makes it ideal for networks with high payment traffic. UNAC combines and provides the best qualities of network access controllers. It is designed to suppress the shortcomings of other NACs and it also has a safe mechanism which ensures reliable work under any conditions.

#### MoneyGet

**MoneyGet** is a network of almost 400 ATMs that are independent from financial institutions and owned by Payten. The network is spanning across the region of Central Eastern Europe and is present in Croatia, Serbia, Montenegro and Albania. MoneyGet ATMs are located in the most convenient places – near supermarkets, city centers, tourist attractions, beaches, etc. MoneyGet ATMs provide access to cash and other financial services (balance enquiry, account statement, cardless cash withdrawals with QR codes) for both local and foreign clients, thanks to the acceptance of cards belonging to the Visa and MasterCard payment schemes. With the DCC (Dynamic Currency Conversion) service, ATMs are able to offer foreign customers cash withdrawals based on the known currency exchange rates, charging the customer's account in its local currency with the amount shown on the ATM screen during transaction. Thanks to the DCC service, foreign clients are not exposed to the risk of unknown exchange rates as may be used by their banks.

#### Solutions for non-financial institutions

Payten offers a variety of solutions for merchants. In a competitive e-Commerce industry, merchants need to act fast and secure. Moreover, merchants need to conclude virtual POS agreements with multiple banks which makes it difficult to manage payment processes as electronic payment comes out as an alternative channel to the traditional payment systems. Furthermore, ensuring the security of end users' critical information becomes an issue itself.

#### Switching & Tokenization:

##### - MerchantSafe® Unipay

Allowing merchants to collect payments from various banks, **MerchantSafe® Unipay (MSU)** is an online transaction service provider for e-Commerce companies with value added services that are switching and tokenization. Switching is a smart feature that routes the transaction to the most convenient bank with the lowest commission rate, or to the next available bank in the case of card rejection without affecting user experience. Tokenization technology offers a secure, easy and convenient checkout experience for buyers from multiple access points, i.e. web, ERP systems, CRM systems and e-mail. In addition, it offers one-click payment option to card owners by storing card information in PCI-DSS environment and does not require to enter card information again for future shopping.

In addition, MSU is offered as a B2B online payment solution for companies with dealer, vendor, or merchant network. MSU dealer management solution allows the main company to collect payments from its dealers and allow dealers to accept payments from buyers.

#### Payment acceptance:

##### -Online payment facilitator Paratika

Acting as a payment facilitator, **Paratika** is an electronic payment solution which allows merchants to accept online payments from multiple banks with single integration and can also store the card data for future payments in PCI-DSS compatible environment. Paratika comes with a card tokenization technology which provides card holders with flexibility and ease of use in future payments. Moreover, fast check-out also known as one-click payment feature, enables secure, easy and convenient check-out experience to card holders.

#### WebPay

Acting as an internet payment service provider Monri offers **WebPay** as an electronic payment solution which allows merchants from all EU 28 countries + Serbia, Bosnia and Herzegovina, and Montenegro to accept online payments from multiple banks with single integration. The whole solution is running in a PCI DSS Level 1. environment hosted in the EU. Some of the features of WebPay are: card on file (tokenization), pay-by-link, lightbox and components payment form and Android/iOS SDKs. WebPay offers plugins for some of the world's most known webshop solutions like: WordPress, Magento, WooCommerce, PrestaShop and OpenCart.

#### SinglePOS

**SinglePOS solution** is a service enabling merchants to replace two or more EFT POS terminals at point of sale with a single device connected to a number of acquirers (usually banks). In addition to switching service, the solution enables merchants to always use the lowest acquiring transaction fee (by selecting on-us scheme as first). SinglePOS important advantage is also a facilitation of fast and easy checkout process both for merchants and customers, since the device is connected to the ECR, removing the need of cashier manipulation on EFT POS and thus eliminating any possible mistakes usually occurring when SinglePOS is not present. Merchants also have access to the Merchant Portal with a possibility to (re)view processed payment transactions in real time. Other features include: instalments processing, presenting marketing messages on the device screen, support for loyalty programmes, tokenization service, DCC service, instant payments, mobile top-ups, customised reporting (including integration with accounting systems, e.g. SAP) and much more.

#### e-Commerce Platform

**e-Commerce Platform** is available in two ownership options: StartUP (eShopTen) – designed for start-up business – monthly/yearly subscription based, with tiered pricing strategy combined with per feature upsell and cross-sell options advantages. Premium license-based option addresses well established businesses and is divided into specific products with market fit: Omnichannel B2C Retail, B2C Online Pharmacy, B2B Portal for distribution companies, Mobile Apps and Marketplace solution. The advanced single core technology and modules designed for specific niches ensure a very short time to market. From idea to first order in less than 2 months on average.

#### ECR

Under the **ECR** business line, Payten offers micro and small merchants, hardware and software solutions designed to enable the sales and support the sales of products at all possible points of sale. A specialization for merchants in the hospitality industry allows Payten to cover all business processes as collecting orders from guests, kitchen orders, kitchen management, stock control, billing, and reporting. ECR solutions are integrated to other Payten solutions including POS, mobile payments, e-Commerce loyalty programs and other third-party solutions like various ERPs, PMSs, BS.

#### Momentum QA Suite

**Momentum QA Suite** is a software bundle provided by Mobven, member of Payten, which offers quality assurance tools for Mobile, Web, Desktop applications and API testing. The software can be provided as a SaaS model or on-premise licensing. The software has three components which are a manual testing platform (M-Connect) that helps to access and use real mobile devices with a browser for mobile app and mobile web testing; an automation testing platform (M-Automate) that helps to manage client's test scenarios and cases, runs or schedules tests and reports test results; an issue reporting tool (M-Beta) which helps to manage all issue reporting from all over the world in one place. With the combination of these tools, the Momentum QA Suite is created to provide holistic software quality assurance.

## 2.6. SELLING MARKETS OF THE COMPANY AND THE GROUP

The Company of ASEE S.A. earns revenues from dividends received from its subsidiaries, as well as from the sale of business and technical support services to its subsidiaries. Such revenues are generated in countries where the Company holds its investments.

ASEE S.A. also generates revenues from the sale of services and software for voice automation systems, as well as from the sale of software, services and hardware to the banking sector. Sales of IT services and software are made primarily in the Polish market.

Asseco South Eastern Europe Group conducts business operations in several regions: South Eastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Kosovo, North Macedonia, Moldova, Romania, Serbia, Slovenia, Turkey), Central Europe (Czech Republic, Poland, Slovak Republic), Western Europe (Spain, Portugal), and South America (Dominican Republic, Colombia and Peru).

## South Eastern Europe

In South Eastern Europe, the Group's biggest operations are conducted in the markets of Serbia, Croatia, Romania, Turkey, and Bosnia and Herzegovina. As far as other markets are concerned, the scale of our operations will be gradually expanded by launching comprehensive offerings of products from all of our business segments.

Four countries in this region, namely Slovenia, Romania, Bulgaria, and Croatia are member states of the European Union. Other countries are at various stages of applying for membership in the European Union. In addition Croatia, who is currently a member state of the European Union, adopted the euro and entered in the Eurozone as of 1st of January 2023.

Presented below are the basic statistics for the markets of South Eastern Europe where ASEE Group operates.

	Population	GDP forecast for 2022	GDP growth forecast for 2022	GDP growth forecast for 2023	Inflation rate in 2022	Unemployment rate in 2022
	(millions)	(USD billions)	(% per annum)	(% per annum)	(% per annum)	
Albania	2.9	18.3	4.0	2.5	6.2	10.3
Bosnia and Herzegovina	3.5	23.7	2.5	2.0	10.5	17.3
Bulgaria	6.8	85.0	3.9	3.0	12.4	5.1
Croatia	4.0	69.4	5.9	3.5	9.8	6.9
Kosovo	1.8	9.2	2.7	3.5	12.0	20.1
Moldova	2.5	14.0	0.0	2.3	28.5	3.5
Montenegro	0.6	6.1	7.2	2.5	12.8	20.1
North Macedonia	2.1	14.1	2.7	3.0	10.6	15.2
Romania	19.2	299.9	4.8	3.1	13.3	5.5
Serbia	6.8	62.7	3.5	2.7	11.5	9.9
Slovenia	2.1	62.2	5.7	1.7	8.9	4.3
Turkey	85.7	853.5	5.0	3.0	73.1	64.3

Source: International Monetary Fund, tradingeconomics.com, Central Bank of the Republic of Turkey website

The analysis of data on the population and gross domestic product (GDP) shows that most of the countries in which ASEE operates are small markets, with relatively low purchasing power. Turkey is an exception where both the number of inhabitants and GDP are higher than in all other South Eastern European countries of ASEE operations taken together. For ASEE and Payten, the second largest market in the region is Romania.

The forecast of real GDP changes published by the International Monetary Fund indicates that in 2023 most of the countries will grow with lower pace compared to 2022 (only Kosovo, Moldova and North Macedonia are expected to have higher growth year on year). In general economies in South Eastern Market are predominantly influenced by world macroeconomic trends manifested through general increase in prices, increased interest rates, increased energy cost and the conflict in Ukraine. As of now International Monetary Fund indicates that for period till 2027 GDP growth rates will be similar to levels as in 2023 forecasts. However it is worth to mention that estimates are highly volatile mostly to the above-mentioned world macroeconomics trends.

In 2022, all of the countries recorded an increase in inflation. Inflation soared mainly as result of overall macroeconomic movement as well as due to energy crisis and the conflict in Ukraine. Considering current inflation rates we can note that all of the countries that are candidates or willing to apply for membership in the European Union have inflation rate which is above the Maastricht criteria for average inflation rate. As far as Turkey is concerned, we can note that it has significantly higher inflation rate compared to the other countries 64% per annum. Based on Trading Economics data inflation in Turkey in January 2023 is 57.68 % which is a decrease compared to December rate. January inflation rate is second consecutive decrease month on month considering that November rate was 84.38%. The Management Board is closely monitoring the developments and all macroeconomic indicators and undertakes all available measures to reduce potential risk resulting from Turkish lira depreciation.

Regarding the level of unemployment, we can conclude that countries have a wide range of unemployment rates, with the lowest rate in Moldova 3.5% and the highest rate in Kosovo and Montenegro 20.1%. Comparing with rates from previous year, overall conclusion is that rates remained similar with decline recorded in Croatia (9%) and Bulgaria (5%)

## Central Europe

For many years, ASEE Group has conducted small operations in Poland, where it offers services and software to support customer communication channels and business processes (contact center). As a consequence of taking over Sonet Group in September 2019, ASEE's operations in Central Europe are also carried out in Czechia and Slovakia. In these markets, ASEE Group provides its customers with payment technology services, including installation and servicing of devices, as well as implementation of proprietary software for POS terminals and software for managing POS terminals network.

	Population (millions)	GDP forecast for 2022 (USD billions)	GDP growth forecast for 2022 (% per annum)	GDP growth forecast for 2023 (% per annum)	Inflation rate in 2022 (% per annum)	Unemployment rate in 2022 (%)
Czech Republic	10.5	295.6	1.9	1.5	16.3	2.5
Poland	37.7	716.3	3.8	0.5	13.8	2.8
Slovak Republic	5.5	112.4	1.8	1.5	11.9	6.2

Source: International Monetary Fund

Presented above are the basic statistics for the markets of Central Europe where ASEE Group operates.

The macroeconomic situation in Central Europe was shaped by the same factors as in other regions, so it mainly suffered the consequences related to world macroeconomic trends. In this region, all countries where ASEE operates recorded a decline in GDP growth rates. Looking at the outlook data for 2023-2027 based on International Monetary Fund estimates, these countries should recover and record growth rates of around 3.5% year on year.

## Western Europe

ASEE Group commenced its business in Spain and Portugal by acquiring Necomplus companies in January 2019. The main operations of Necomplus companies in Spain and Portugal include installation and maintenance of POS terminals, as well as BPO services (call center). Necomplus is also engaged in installation and maintenance POS terminals in Andorra, however on a small scale.

	Population (millions)	GDP forecast for 2022 (USD billions)	GDP growth forecast for 2022 (% per annum)	GDP growth forecast for 2023 (% per annum)	Inflation rate in 2022 (% per annum)	Unemployment rate in 2022 (%)
Spain	47.6	1,389.9	4.3	1.2	8.8	12.7
Portugal	10.3	255.9	6.2	0.7	7.9	6.1

Source: International Monetary Fund

Presented above are the basic statistics for the markets of Western Europe where Payten as a part of ASEE Group operates. In 2022, Spain recorded a decline in year on year GDP growth rate from 5.1% to 4.3% while Portugal recorded an increase in GDP growth rate from 4.9% to 6.2%. The outlook in 2023 shows that growth rates in these countries will reduce significantly to 1.2% in Spain and 0.7% in Portugal. Such indicators are quite similar to other countries in the Eurozone and are as well dependent from the overall macroeconomic indicators mentioned in the section for South Eastern Market. The outlook for 2024 indicates that GDP growth rates will increase to around 2.5%. Analysis of inflation indicates that inflation rates will be around 4.7% in 2023 and will start decline further to expected level of inflation based on Maastricht criteria. Based on International Monetary Fund data, unemployment rates will not change significantly in the period 2023-2027.



## South America

Just as in the case of Western Europe, ASEE Group's operations in South America began with the acquisition of Necomplus. This Spanish company, operating through its subsidiaries, offers installation and maintenance of POS terminals to customers in Colombia, Dominican Republic, and Peru.

Presented below are the basic statistics for the markets of South America where ASEE Group operates.

	Population	GDP forecast for 2022	GDP growth forecast for 2022	GDP growth forecast for 2023	Inflation rate in 2022	Unemployment rate in 2022
	(millions)	(USD billions)	(% per annum)	(% per annum)	(% per annum)	(%)
Colombia	51.6	342.9	10.7	2.2	9.7	11.3
Dominican Republic	10.6	112.4	12.3	4.5	9.0	6.4
Peru	34.2	239.3	13.6	2.6	7.5	7.6

Source: International Monetary Fund

South American countries as European countries record decline in GDP growth rates but with much higher percentages as visible from the table above. Based on the International Monetary Fund's growth outlook for 2023-2027, these economies will continue to decline reaching average GDP growth rate of 2.98% in Colombia, 5% in the Dominican Republic, and 2.98% in Peru.

It is a strategic objective of the Management of ASEE to increase sales of the Group's solutions also outside the regions described above. In countries where ASEE Group is not present through its subsidiaries, the Management plans to conduct sales activities and implement projects in cooperation with local partners. In recent years, the Group was engaged in the execution of projects, among others, in Italy, Germany, Hungary, Morocco, Great Britain, Egypt, Kazakhstan, the United Arab Emirates, Nigeria, Malta, and Saudi Arabia. In 2023, the Management intends to continue our sales activities in markets where ASEE subsidiaries do not operate yet, focusing on North Africa, the Middle East and South America.

As mentioned above, ASEE Group operates in several regions, however our major operations are still located in South Eastern Europe. Our business activities in other regions are the result of acquisitions carried out in 2019-2022 and, apart from sales generated in the Spanish market (Western Europe), they did not change much in the revenue structure of the entire Group. Within South Eastern Europe, there is a significant increase of revenues in Bosnia and Herzegovina in 2022 as compared to 2021 (from 3.2% in 2021 to 6.6% in 2022) coming from our latest acquisition of BSTS Telecom Solutions. Other than this there is an increase in revenues in Croatia (South Eastern Europe), Romania (South Eastern Europe), Serbia (South Eastern Europe), Turkey (South Eastern Europe) and Spain (Western Europe). The breakdown of our sales revenues in 2022 by the customer location is as follows:

- South Eastern Europe 76% (of which Serbia 24%; Romania 13%; Croatia 13%; Turkey 8%; Bosnia and Herzegovina 7%);
- Western Europe 14% (of which Spain 12%);
- Central Europe 2%;
- South America 2%;
- Other countries, where ASEE is not present through its subsidiaries 6%.

During the year ended 31 December 2022, sales to any individual client of the Group did not exceed 10% of our total revenues.

In most regions where ASEE Group is present, our subsidiaries operating in particular countries have their own suppliers and therefore the Group is not substantially dependent upon any single vendor. Within the Payment Solutions segment, Payten Group is engaged in cooperation mainly with Diebold Nixdorf concerning the delivery of ATMs, as well as with Ingenico and Castles in the supply of POS terminals. Within the Dedicated Solutions segment, the Group's key suppliers include Microsoft whose products are offered by ASEE primarily in Romania, as well as Cisco whose solutions are used mainly in Serbia and Macedonia.

## 2.7. SIGNIFICANT CONTRACTS CONCLUDED BY THE COMPANY AND THE GROUP

Contracts significant for the Group's operations that were signed during 2022 are presented below in a breakdown to individual operating segments:

### Banking Solutions:

- Digital Origination for an international bank in Serbia;
- Digital Edge for a bank in Croatia;
- Digital Edge, AML, Payment gateway, Tezauri, Experience deposit operations, Pub2000 core and payment for a bank in Croatia;
- Digital Edge HUB, Mobile and Web applications for a bank in Serbia;
- Anti-Money Laundering solution for a bank in Bosnia and Herzegovina;
- Adaptive Elements mobile for a bank in Romania;
- PKI solution for a bank in Croatia;
- SxS and mToken for a technological solutions provider from Saudi Arabia;
- Anti-Money Laundering solution for a bank in Serbia;
- SxS and Mobile Adaptive Elements for a bank in Serbia;
- Mobile Adaptive Elements for two banks in Croatia;
- App Protector for Banking and Jimba for a bank in Croatia;
- Core banking system for a bank in Bosnia and Herzegovina;
- HSM and PKI license for two banks in Croatia;
- Major implementation of core banking in Serbia;
- Digital Origination for a big international banking group;
- ASEE InACT for a payment institution in Turkey;
- Implementation of core banking system with 12 new functionalities, complemented with 9 completely new solutions, for a bank in Serbia;
- Operational merger of two banks in Serbia, including 10 new modules, along with migration services;
- Merger project of Credit Agricole with Raiffeisen Bank in Serbia, consisting of core banking solution implementation and data migration;
- Migration services for AIK Banka a.d. Niš in Serbia;
- Digital Origination for ALTA Banka in Serbia;
- Digital Edge Mobile for Retail and SME on Service center for a bank in Bosnia and Herzegovina;
- Redesign of Mobile Banking for a bank in Romania;
- Digital Lending – development of new core-banking APIs for an international bank in Romania;
- Absolut core banking adaptation to ReGIS for an international bank in Romania;
- Multifactor Authentication Solution – SxS/mToken for a bank in Italy;
- Multifactor Authentication Solution – SxS upgrade for an international bank in Bulgaria;
- App Protector – Solution for mobile application security for two banks in Croatia – implementation and licenses;
- PKI VAS for one of the largest banks and for a financial institution in Croatia;
- InACT Anti-Fraud Hub projects at a large size Canadian bank, at a large size state-owned participation bank, at a large size state-owned bank;

### Dedicated Solutions:

- Live Service Desk platform implementation for National Employment Service in Serbia;
- ABC e-Office integration with future government electronic archive solution, as part of a joint venture of companies (Office for Information Technologies and Electronic Government);
- ABC e-Archive solution and integration with Digital Origination for a bank in Serbia;
- Dynatrace Application Performance Management projects at a technology company owned by a large bank, at Turkey's one of the leading banks, at a large size fintech company;
- PKI VAS improvement of the PKI cloud service for a state agency in Croatia;
- Live Contact Center for a company in Croatia;
- Admin as a Service – providing full IT support outsourcing for the bank in Serbia;
- Service procurement contract for Office for IT and e-Government in Serbia – Maintenance of the Central population register – a centralized, electronically managed record of the population on the territory of the Republic of Serbia;

- Dynatrace Application Performance Management projects at a large insurance company, at a medium size software company, at the organization that monitors the activities of individual retirement companies;
- Live Contact Center for a company in Croatia;
- Live Contact Center for a bank in Bosnia & Herzegovina;
- ABC eArchive BPM solution for records management and archiving for a bank in Serbia;
- Dynatrace Application Performance Management projects at a large size software company, at a large size insurance company, at a large airline company of Turkey, at a leading payment facilitator;
- Replacing the old DMS system with ABC for the transmission utility company in Serbia (Elektromreža Srbije);
- Integration of the ABC eOffice with eDelivery system for the Ministry of Finance and Pension and Disability Insurance Fund in Serbia, enabling fully digital exchange of documents between the above entities and state authorities and citizens;
- Modification of the central database of transferred numbers for Regulatory Agency for Electronic Communications and Postal Services in Serbia;
- Implementation of the ABC eArchive solution for The Pension and Disability Insurance Fund of the Republic of Serbia;
- Implementation of Nessus Vulnerability Management solutions for a bank in Serbia;
- Live Contact Center implementation of additional communication channels for a leading utility company in Croatia;
- Live Contact Center implementation for a new bank in Bosnia & Herzegovina;
- Scan from Home Application that allows electronic processing of checks and promissory notes for the Bank's clients for a bank in Romania;
- Digital Signature integration with CertSIGN;
- Dynatrace Application Performance Management projects at a large size insurance company, at 2 large size banks, at a large size telecommunication company, and a couple of large public and private institutions and companies, at a large size airport operation and ground services firm, at an organization monitoring individual retirement companies, at a state-owned IT institution, at a medium size IT solutions company, at a medium size payment facilitator, at the Central Bank of the Republic of Türkiye;

## Payment Solutions:

### e-Commerce

- 14 new clients for Merchant Safe Unipay (MSU) payment gateway and 3 clients with new MSU gateway developments. Those include among others medium size insurance company; medium size financial software company; large holding specialized in textiles, white goods, electronics manufacturing, energy, and financial services; global leader in the beverage, medium size software company, large size insurance companies, medium size car rental company, three medium size payment services companies, another medium size insurance company (Acnturk Sigorta A.Ş.), medium size IT solutions company (Vizyoneks Bilgi Teknolojileri A.Ş. ) large size rent a car company (Yes Oto Kiralama ve Turizm Yatırımları A.Ş. (Enterprise Rent a Car)), large size tour operator company (Club Jolly Turizm Tic. A.Ş.), medium size software company (Teknasyon Yazılım ve Sanayi Tic. A.Ş.), large size fintech company which is a subsidiary of one of Türkiye's largest state-owned bank (Ziraat Finansal Teknolojiler A.Ş.);
- Merchant Safe Unipay Fraud Module in collaboration with ASEE InACT at a medium size payment services company;
- 699 Paratika Virtual POS solution new merchants, including, among others, a medium size educational institution, medium size online payment solutions company, large size tourism company, medium size clothing company, medium size travel company, educational institution, large size rent a car company and a medium size insurance company (Acnturk Sigorta A.Ş.);
- 550 new clients for WebPay + WSPay payment gateways on all markets;
- Migration of 3-D Secure to support the euro currency (Zagrebacka banka, Raiffeisen Bank, Hrvatska Poštanska banka (HPB), OTP);

## Processing

- Payment cards delivery (Mastercard and Visa) to a bank in Macedonia;
- IPS Delivery – building acceptance network for SEPA Instant Payments for a bank in Serbia (m-Commerce and e-Commerce);

## ATM and POS Related Services

- Delivery of ATMs and related services for several banks in the region;
- Renewing old ATM network of Postal Bank in Serbia with 110 new CashOut ATMs, supporting contactless transactions and upgraded with barcode scanner in 2022 as part of ATM outsourcing Agreement between Postal Savings Bank and Payten;
- Implementing INK ATM protection for a client in Croatia;
- Delivery of Banknote Counters for a bank in Macedonia;
- SoftPOS application for a bank in Serbia;
- UTMS installation and POS Android PayPro app for a client in Senegal;
- Regional ATM delivery deal for a client operating in SEE to renew its fleet – deliveries will be made in 6 countries: Slovenia, Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia, Kosovo, summing up to 450+ new machines;
- Regional POS outsourcing contract for a major bank in SEE, including 7 countries: Croatia, Serbia, Romania, Slovakia, Slovenia, Bosnia and Herzegovina, Albania;
- Long-term ATM maintenance contract for two key banks in Romania;
- SinglePOS service for an FMCG company, one of the largest retailers in Croatia;
- ATM delivery, software licenses and support for a client in Macedonia;
- Delivery of 400 POS terminals and services for a client in Macedonia;
- ATM delivery (322 units) and installation and maintenance contract for a client in Romania;
- SoftPOS solution for a bank in Serbia;
- IPD service for a clothing retailer in Croatia;
- Major Android POS with software application delivered in Spain;
- Payten provided strong support to major Croatian banks in successful migration to the euro currency of all ATMs and POS terminals;
- Payten delivered new generation of DN ATMs to Privredna Banka Zagreb in Croatia. These devices should improve user experience and operational efficiency in future;
- Contracts for NLB and Unicredit Banks in Bosnia and Herzegovina to implement ATM middleware platform from Payten which will enable several new services on their self-service network and improve user experience;
- SinglePOS (IPD) solution for a leading technical equipment retailer in Croatia;
- Major payment company in the Czech Republic selected Payten (Sonet, member of Payten) as the main partner for a big Unattended POS project in Austria, delivering 1,400 units. The project represents an opportunity for the future cooperation on other markets for both unattended and attended solutions;
- Delivery of EFT POS devices in outsourced business model with contracted switching services for a major retailer in Romania, complemented with integration for three banks;
- Payten signed a long-term agreement with one of the major banks in Romania, for delivery and maintenance of the bank's POS network in the next four years. This deal is a continuation of the existing cooperation of almost 10 years;
- A bank in Macedonia outsourced POS network to Payten through a long-term contract, to provide all operations related to POS terminals;
- Eurobank Direktna Banka in Serbia successfully finished implementation of Payten Instant Payment solution.

### 3. FINANCIAL INFORMATION OF ASSECO SOUTH EASTERN EUROPE S.A.

#### 3.1. Financial results of Asseco South Eastern Europe S.A.

	12 months ended 31 December 2022	12 months ended 31 December 2021
	PLN'000	PLN'000
Dividend income	73,006	96,988
Revenues from sale of services	29,607	27,210
Cost of sales (-)	(22,507)	(22,677)
Selling costs (-)	(738)	(1,151)
General and administrative expenses (-)	(4,092)	(1,110)
Operating profit	75,250	99,433
<b>Net profit for the reporting period</b>	<b>71,210</b>	<b>100,371</b>

In 2022, income from dividends received from our subsidiaries decreased by PLN 24 million in comparison to the previous year. However, revenues from consulting and support services provided to our subsidiaries increased by PLN 1.7 million, while sales of IT services rose by PLN 0.7 million. As a consequence, operating profit of ASEE S.A. declined from PLN 99.4 million in 2021 to PLN 75.3 million in 2022, decreasing by PLN 24.2 million, while our net profit dropped from PLN 100.4 million in 2021 to PLN 71.2 million in 2022, decreasing by PLN 29.2 million or 29%.

#### 3.2. Structure of the statement of financial position of ASEE S.A.

Other operating income	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	PLN'000	PLN'000	%	%
<b>Non-current assets</b>	<b>767,325</b>	<b>700,964</b>	<b>93%</b>	<b>94%</b>
Property, plant and equipment, and intangible assets	5,835	6,516	1%	1%
Right-of-use assets	73	181	0%	0%
Investments in subsidiaries	691,407	621,318	84%	83%
Long-term financial assets	62,742	72,162	8%	10%
Other	7,268	787	1%	0%
<b>Current assets</b>	<b>54,894</b>	<b>47,422</b>	<b>7%</b>	<b>6%</b>
Trade receivables and prepayments	6,388	3,450	1%	0%
Cash and bank deposits	20,344	16,142	2%	2%
Short-term financial assets	13,660	27,162	2%	4%
Other	14,502	668	2%	0%
<b>TOTAL ASSETS</b>	<b>822,219</b>	<b>748,386</b>	<b>100%</b>	<b>100%</b>

The structure of assets of ASEE S.A. is dominated by investments in subsidiaries. As at 31 December 2022, the value of our investments in subsidiaries reached PLN 691.4 million and was higher than a year ago primarily due to the acquisition of BS Telecom and the reversal of impairment losses on investments in ASEE B&H.

Structure of equity and liabilities	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	PLN'000	PLN'000	%	%
Equity	711,454	706,478	86%	94%
Non-current liabilities	29,904	28,515	4%	4%
Current liabilities	80,861	13,393	10%	2%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>822,219</b>	<b>748,386</b>	<b>100%</b>	<b>100%</b>

Equity represents the largest portion in the structure of equity and liabilities and its value increased by PLN 5 million in relation to the previous year.

Non-current liabilities are dominated by bank loans which increased by PLN 1.8 million in 2022 up to the total amount of PLN 29.8 million at the end of 2022, as compared to PLN 27.9 million in 2021. Bank loans have been described in explanatory note 5.11 to the Company's annual financial statements for the year 2022.

Current liabilities increased by a total of PLN 67.5 million primarily due to an increase in financial liabilities arising from payments for shares in BS Telecom company by PLN 60.9 million, an increase in bank loans by PLN 2.6 million, as well as an increase in accruals by PLN 3.7 million. As compared to 2021, in 2022 we also observed an increase in trade payables by PLN 0.4 million, a decrease in contract liabilities by PLN 0.8 million, and an increase in liabilities to the state budget and other liabilities by PLN 0.4 million.

### 3.3. Structure of the statement of cash flows

	12 months ended 31 December 2022 PLN'000	12 months ended 31 December 2021 PLN'000
Net cash provided by (used in) operating activities	39,822	91,347
Net cash provided by (used in) investing activities	27,748	(54,987)
Net cash provided by (used in) financing activities	(63,368)	(34,709)
Net change in cash and cash equivalents	4,202	1,651
<b>Cash and cash equivalents at the end of the period</b>	<b>20,344</b>	<b>16,142</b>

Because ASEE S.A. operates as a holding company, our operating cash flows include, among others, proceeds from the sale and expenditures for the acquisition of shares in subsidiaries, as well as dividends received.

In 2022, cash flows from operating activities amounted to PLN 39.8 million, decreasing by PLN 51.5 million in comparison to the previous year. Dividends received from our subsidiaries reached PLN 57.2 million, shrinking by PLN 36.3 million year on year. Expenditures for the acquisition of shares increased by PLN 16.3 million compared to the previous year due to making a partial payment for shares acquired in BS Telecom, and they aggregated at PLN 21.2 million in 2022.

Cash flows from investing activities included primarily proceeds and outlays related to loans granted to our subsidiaries (resulting in net cash flows of PLN 25.4 million), as well as interest received on loans granted (PLN 2.5 million).

Cash flows from financing activities reflected basically the dividend payment to the shareholders of ASEE S.A. in the total of PLN 66.4 million, proceeds from and repayments of bank loans in the net amount of PLN 3.9 million, as well as payments of interest on bank loans amounting to PLN 0.7 million.

### 3.4. Analysis of financial ratios

#### Profitability ratios

	12 months ended 31 December 2022 PLN'000	12 months ended 31 December 2021 PLN'000
Return on equity (ROE)	10.0%	14.7%
Return on assets (ROA)	9.1%	14.0%

The above ratios have been computed using the following formulas:  
Return on equity (ROE) = net profit for the reporting period / average annual equity  
Return on assets (ROA) = net profit for the reporting period / average annual assets

Both return on equity and return on assets metrics declined in 2022 as compared to those reported for 2021, following a decrease in net profit for the reporting period.

#### Liquidity ratios

	12 months ended 31 December 2022 PLN'000	12 months ended 31 December 2021 PLN'000
Working capital	(25,967)	34,029
Current liquidity ratio	0.7	3.5
Quick liquidity ratio	0.7	3.4
Absolute liquidity ratio	0.3	1.2

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 = (bonds and securities held to maturity + cash and short-term bank deposits) / current liabilities

Our working capital as at 31 December 2022 decreased in comparison to that reported at the end of the previous year primarily due to an increase in financial liabilities arising from the acquisition of shares in BS Telecom.



## 4. FINANCIAL INFORMATION OF ASSECO SOUTH EASTERN EUROPE GROUP

### 4.1. Financial results of Asseco South Eastern Europe Group for the fourth quarter of 2022

PLN'000	3 months ended	3 months ended	Change	3 months ended	3 months ended	Change
	31 December 2022	31 December 2021		31 December 2022	31 December 2021	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	484,907	356,588	36%	103,416	77,181	34%
Gross profit on sales	111,558	94,184	18%	23,791	20,374	17%
Net profit on sales	62,331	52,187	19%	13,293	11,286	18%
Operating profit	61,505	52,604	17%	13,117	11,376	15%
EBITDA	85,048	73,312	16%	18,138	15,847	15%
Net profit for the reporting period	38,354	48,433	-21%	8,178	10,484	-22%
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>35,461</b>	<b>47,016</b>	<b>-25%</b>	<b>7,562</b>	<b>10,178</b>	<b>-26%</b>

Financial results achieved by ASEE Group in the fourth quarter of 2022 were considerably stronger than in the corresponding period last year. This very successful fourth quarter closed the best year in the history of ASEE Group.

Sales revenues presented in Polish zlotys amounted to PLN 484.9 million, reflecting an increase by PLN 128.3 million or 36% in relation to the fourth quarter of 2021. Operating profit reached PLN 61.5 million increasing by 17%, while EBITDA for the fourth quarter of 2022 amounted to PLN 85 million showing an improvement by 16%.

Our sales presented in euros equalled EUR 103.4 million, increasing by EUR 26.2 million or 34%. Operating profit reached EUR 13.1 million, while EBITDA amounted to EUR 18.1 million, both growing by 15%.

In the fourth quarter of 2022, the increase in the scale of operations measured by revenues was observed in the segments of Payment Solutions and Dedicated Solutions, with the most dynamic growth of 45% recorded by the Payment Solutions segment where the key revenue driver was maintenance of POS terminals and ATMs. The increase in the Group's consolidated operating profit is also attributable to the segments of Dedicated Solutions and Payment Solutions whose EBIT improved by EUR 1.4 million and EUR 0.8 million, respectively. At the same time, operating profit of the Banking Solutions segment declined by more than EUR 0.5 million or 12%.

The above described increase in revenues and operating profit of ASEE Group was driven primarily by organic growth. In the fourth quarter of 2021, the Group's new subsidiaries contributed EUR 6.3 million to consolidated sales, EUR 0.3 million to EBIT (including depreciation from purchase price allocation), and EUR 0.9 million to EBITDA; however, these results include a write-down on software recognized in PPA processes in the amount of EUR 1.1 million.

The above-mentioned results for the fourth quarter of 2022 also include the effects of hyperinflation related to our Turkish operations, recognized in accordance with IAS 29. Such impact is presented in the table below:

	3 months ended	Impact of	3 months ended	3 months ended	Impact of	3 months ended
	31 December 2022	hyperinflation	31 December 2022	31 December 2022	hyperinflation	31 December 2022
	Without IAS 29 PLN'000	PLN'000	According to IFRS PLN'000	Without IAS 29 EUR'000	EUR'000	According to IFRS EUR'000
Sales revenues	490,548	(5,641)	484,907	104,619	(1,203)	103,416
Gross profit on sales	114,573	(3,015)	111,558	24,435	(644)	23,791
Net profit on sales	64,037	(1,706)	62,331	13,657	(363)	13,293
Operating profit	63,143	(1,638)	61,505	13,466	(350)	13,117
EBITDA	86,739	(1,691)	85,048	18,498	(361)	18,138
Net profit for the reporting period	40,628	(2,274)	38,354	8,664	(486)	8,178
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>37,735</b>	<b>(2,274)</b>	<b>35,461</b>	<b>8,047</b>	<b>(486)</b>	<b>7,562</b>

More detailed information on financial reporting in hyperinflationary conditions is provided in explanatory note 2.10 to the consolidated financial statements.

Described below are the financial results of individual operating segments which do not include the effects of hyperinflation. This approach is in line with information on operating segments that is reviewed by the Management Board.



#### Results of the **Payment Solutions** segment

Payment Solutions	3 months ended	3 months ended	Change	3 months ended	3 months ended	Change
	31 December 2022	31 December 2021		31 December 2022	31 December 2021	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	221,874	147,843	50%	47,319	31,952	48%
Operating profit	27,413	21,639	27%	5,846	4,667	25%
EBITDA	43,808	36,695	19%	9,342	7,916	18%

In the fourth quarter of 2022, sales generated by the **Payment Solutions** segment reached EUR 47.3 million, improving by EUR 15.4 million or 48% in relation to the comparable period last year. Such a strong revenue growth was achieved mainly by the business lines responsible for delivery and maintenance of POS terminals and ATMs. All other business lines of this segment also generated higher sales, in aggregate by 14%.

Growing sales of the POS terminals business line resulted primarily from deliveries of payment terminals, including a large number of Android POS terminals, carried out in Western Europe. Revenue growth was further supported by higher value of POS terminal maintenance services which increased by 20% year on year, mainly due to our companies operating in Western Europe, Latin America, Central Europe and Romania. Moreover, revenues reported by the business line offering maintenance of POS terminals comprise sales made directly to merchants, including the independent network of POS terminals (IPD) and electronic cash registers (ECR), which increased by 45% mainly owing to our operations in Croatia.

In the business line responsible for ATMs, higher revenues were generated primarily by our operations in Romania and Macedonia. In both cases, it was achieved by making deliveries of Recycler-type ATMs along with related services. Revenue growth was further supported by higher value of ATM maintenance services provided which increased by 12% year on year, mainly in Croatia and Serbia.

In the business lines responsible for e-Commerce and Processing, stronger revenues were recorded primarily by our operations in Turkey, Serbia and Croatia, which was partially offset by weaker sales in Romania. In the case of Turkey, it should be noted that the pace and volume of growth were negatively affected by the devaluation of the Turkish lira. The increase presented in Turkish liras was nine times higher than in euros.

Operating profit of the Payment Solutions segment for the fourth quarter of 2022 amounted to EUR 5.8 million, increasing by EUR 1.2 million or 25%. In the fourth quarter of 2022, higher EBIT was achieved by the business lines offering maintenance services for POS terminals and ATMs. On the other hand, the e-Commerce business line reported weaker results compared to the previous year, mainly due to high revenues from implementation services performed in throughout 2021 and billed only in the fourth quarter after obtaining the necessary documentation.

Consolidated EBITDA of the Payment Solutions segment for the fourth quarter of 2022 amounted to EUR 9.3 million, improving by EUR 1.4 million or 18% in relation to the comparable period last year.

#### Results of the **Banking Solutions** segment

Banking Solutions	3 months ended	3 months ended	Change	3 months ended	3 months ended	Change
	31 December 2022	31 December 2021		31 December 2022	31 December 2021	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	84,058	70,050	20%	17,927	15,152	18%
Operating profit	18,350	20,411	-10%	3,913	4,424	-12%
EBITDA	21,859	23,572	-7%	4,662	5,106	-9%

In the fourth quarter of 2022, the **Banking Solutions** segment generated EUR 17.9 million in sales revenues, achieving an increase by EUR 2.8 million or 18% in relation to the comparable period last year. Higher sales were reported by all the three business lines of this operating segment, with the strongest growth generated by the business line offering core banking solutions and other software. It is worth noting the said increase was accompanied by a change in the revenue structure – sales of proprietary licenses fell by EUR 1 million, which was more than compensated by higher revenues from the provision of implementation and modification services.

Operating profit of the Banking Solutions segment for the fourth quarter of 2022 amounted to EUR 3.9 million, reflecting a decrease by EUR 0.5 million or 12% in relation to the comparable period last year. Weaker operating results were reported by the business line responsible for omni-channel solutions, mainly due to the above-mentioned change in the revenue structure. Larger scale of operations and a slight improvement in efficiency translated into an increase in operating profit of the business line responsible for core banking systems and other software.

Consolidated EBITDA of the Banking Solutions segment for the fourth quarter of 2022 amounted to EUR 4.7 million, shrinking by EUR 0.4 million or 9% in the wake of lower operating profit.



#### Results of the **Dedicated Solutions** segment

Dedicated Solutions	3 months ended	3 months ended	Change	3 months ended	3 months ended	Change
	31 December 2022	31 December 2021		31 December 2022	31 December 2021	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	184,616	138,695	33%	39,373	30,077	31%
Operating profit	17,381	10,554	65%	3,707	2,285	62%
EBITDA	21,078	13,045	62%	4,495	2,825	59%

In the fourth quarter of 2022, the **Dedicated Solutions** segment generated EUR 39.4 million in sales revenues, achieving an increase by EUR 9.3 million or 31% in relation to the comparable period last year. Such increase is mostly attributable to stronger revenues of the business line offering infrastructure, third-party solutions and integration services mainly owing to our operations in Serbia and, to a slightly smaller extent, due to the consolidation of a company taken-over in Bosnia and Herzegovina in 2021. The business line responsible for dedicated proprietary solutions also improved its revenues year on year. Here the key revenue drivers were our own Business Process Management (BPM) solutions as well as Intelligent traffic solutions provided by our subsidiary company in Bosnia and Herzegovina which was consolidated from the beginning of the year.

Stronger sales translated into a significant increase in operating profit, which amounted to EUR 3.7 million. This represents an increase by EUR 1.4 million in relation to the comparable period last year, which was achieved along with an improvement in operating margin.

EBITDA of the Dedicated Solutions segment in the fourth quarter of 2022 amounted to EUR 4.5 million, increasing by EUR 1.7 million in relation to the comparable period last year.

#### Net profit

Consolidated **net profit** of ASEE Group for the fourth quarter of 2021 amounted to EUR 8.7 million, decreasing by EUR 1.8 million or 17% in relation to the comparable period last year. Net profit decreased despite an increase in operating profit mainly due to the result on financial activities for the fourth quarter of 2022 which was EUR 4.2 million lower than in the previous year. The biggest factor behind the decrease in the result on financial activities was the balance of income and expenses from foreign exchange differences which was lower by EUR 3.2 million. Such decline is mainly attributable to positive foreign exchange differences that were recognized on the valuation of foreign assets in Turkey in 2021 as a consequence of large depreciation of the Turkish lira at that time. The financial activities result was also negatively influenced, although to a lesser extent, by dividends paid out to the minority shareholders of BS Telecom (EUR 0.9 million) in 2022 which, due to the adopted method of consolidation, are recognized as financial expenses, as well as expenses related to the revaluation of liabilities under put options granted to the minority shareholders of BS Telecom and ContentSpeed.

In the fourth quarter of 2022, our effective tax rate equalled 25.6%, increasing by 1.7% percentage points in relation to the fourth quarter of 2021.

	3 months ended 31 December 2022 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	3 months ended 31 December 2022 According to IFRS PLN'000	3 months ended 31 December 2022 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	3 months ended 31 December 2022 According to IFRS EUR'000
Financial activities	(8,565)	(1,164)	(9,729)	(1,827)	(249)	(2,076)
Pre-tax profit	54,577	(2,801)	51,776	11,639	(598)	11,042
Corporate income tax	(13,950)	527	(13,423)	(2,975)	112	(2,862)
<b>Net profit for the reporting period</b>	<b>40,627</b>	<b>(2,274)</b>	<b>38,353</b>	<b>8,664</b>	<b>(486)</b>	<b>8,178</b>

#### 4.2. Financial results of Asseco South Eastern Europe Group for the full year 2022 /cumulative/

	12 months ended 31 December 2022 PLN'000	12 months ended 31 December 2021 PLN'000	Change %	12 months ended 31 December 2022 EUR'000	12 months ended 31 December 2021 EUR'000	Change %
Sales revenues	1,565,493	1,146,649	37%	333,916	250,497	33%
Gross profit on sales	393,170	315,175	25%	83,862	68,853	22%
Net profit on sales	215,376	178,530	21%	45,939	39,002	18%
Operating profit	215,944	180,018	20%	46,060	39,327	17%
EBITDA	308,820	258,560	19%	65,871	56,485	17%
Net profit for the reporting period	195,986	154,035	27%	41,803	33,650	24%
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>188,258</b>	<b>149,242</b>	<b>26%</b>	<b>40,155</b>	<b>32,603</b>	<b>23%</b>

Annual sales revenues of ASEE Group for 2022 reached PLN 1,565.5 million. This reflects an increase by PLN 418.8 million or 37% in relation to the previous year. Operating profit improved by PLN 35.9 million or 20% and reached the level of PLN 216.0 million. Net profit attributable to shareholders of the Parent Company for 2022 amounted to PLN 188.3 million, growing by PLN 39 million or 26% as compared to 2021. Whereas, EBITDA for the year 2022 equalled PLN 308.8 million as compared to PLN 258.6 million reported last year, going up by 19%.

In 2022, our consolidated sales revenues presented in euros increased by EUR 83.4 million or 33% and reached EUR 333.9 million. In the same period, our operating profit amounted to nearly EUR 46.1 million, improving by EUR 6.7 million or 17%. Whereas, EBITDA increased from the level of EUR 56.5 million for the prior year to EUR 65.9 million, going up by 17%.

Such a robust financial performance in relation to the previous year was accomplished by expanding the scale of operations in all of our operating segments. ASEE Group achieved stronger financial results mainly owing to organic growth and, to a lesser extent, due to business acquisitions.

During the years 2021 and 2022, ASEE Group closed a number of takeover deals as described in explanatory note 6.4. to the consolidated financial statements. Contribution of the newly acquired subsidiaries to the financial results of ASEE Group for 2022 (calculated as the difference between their impact on the Group's consolidated results for 2022 and for 2021 in the periods of consolidation) amounted to EUR 24.9 million at the level of sales revenues, EUR 1.8 million in operating profit (including depreciation from purchase price allocation in the amount of EUR 1.3 million), and EUR 3.5 million in EBITDA; however, these results include a write-down on software recognized in PPA processes in the amount of EUR 1.1 million.

The above-mentioned results for the year 2022 also include the effects of hyperinflation related to our Turkish operations, recognized in accordance with IAS 29. Such impact is presented in the table below:

	12 months ended 31 December 2022 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	12 months ended 31 December 2022 According to IFRS PLN'000	12 months ended 31 December 2022 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	12 months ended 31 December 2022 According to IFRS EUR'000
Sales revenues	1,556,445	9,048	1,565,493	331,986	1,930	333,916
Gross profit on sales	390,824	2,346	393,170	83,362	500	83,862
Net profit on sales	213,353	2,023	215,376	45,508	432	45,939
Operating profit	213,862	2,082	215,944	45,616	444	46,060
EBITDA	305,575	3,245	308,820	65,178	692	65,871

Net profit for the reporting period	171,231	24,755	195,986	36,523	5,280	41,803
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>163,503</b>	<b>24,755</b>	<b>188,258</b>	<b>34,875</b>	<b>5,280</b>	<b>40,155</b>

More detailed information on financial reporting in hyperinflationary conditions is provided in explanatory note 2.10 to the consolidated financial statements.

Described below are the financial results of individual operating segments which do not include the effects of hyperinflation. This approach is in line with information on operating segments that is reviewed by the Management Board.



#### Results of the **Payment Solutions** segment

Payment Solutions	12 months ended	12 months ended	Change	12 months ended	12 months ended	Change
	31 December 2022	31 December 2021		31 December 2022	31 December 2021	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	752,773	527,758	43%	160,565	115,294	39%
Operating profit	111,110	88,343	26%	23,699	19,300	23%
EBITDA	175,625	146,453	20%	37,460	31,994	17%

Sales generated by the **Payment Solutions** segment in the full year 2022 reached EUR 160.6 million, improving by EUR 45.3 million or 39% in relation to the previous year. Such a strong revenue growth was achieved mainly by the business lines responsible for delivery and maintenance of POS terminals and ATMs. All other business lines of this segment also generated higher sales, in aggregate by 35%.

As described above in the commentary on the fourth quarter results, growing sales of the POS terminals business line resulted primarily from deliveries of payment terminals, including a large number of Android POS terminals, carried out in Western Europe and on a smaller scale in Serbia, Bosnia and Herzegovina, Slovenia and Latin America. Along with deliveries, our revenues from own terminal installation services also increased. Revenue growth was further supported by higher value of POS terminal maintenance services which increased by 11% year on year, mainly due to our companies operating in Western Europe, Latin America and Central Europe. Moreover, revenues reported by the business line offering maintenance of POS terminals comprise sales made directly to merchants, including the independent network of POS terminals (IPD) and electronic cash registers (ECR), which increased by 32% mainly owing to our operations in Croatia.

In the business line responsible for ATMs, higher revenues were generated primarily by our operations in Romania and Serbia and on a smaller scale in Croatia and Macedonia. In the cases of Romania, Serbia and Macedonia, it was achieved by making deliveries of ATMs, including a large portion of recycler-type machines, along with related services. While in Croatia higher revenues resulted from the adaptation of their ATM networks to the euro currency which was adopted by Croatia as of 1 January 2023. Revenue growth was further supported by higher value of ATM maintenance services provided which increased by 9% year on year, mainly in Croatia. 2022 was also a much better year for our independent MoneyGet ATM network. The largest increase in revenues was recorded by our ATM network focused on serving tourists in Albania.

In the business lines responsible for e-Commerce and Processing, stronger revenues were generated primarily by our operations in Turkey, Croatia, Serbia and Romania. In the case of Turkey, it should be noted that the pace and volume of growth were negatively affected by the devaluation of the Turkish lira.

Operating profit earned by the **Payment Solutions** segment for the year 2022 amounted to EUR 23.7 million, increasing by EUR 4.4 million or 23%. In 2022, higher EBIT was achieved by the business lines offering maintenance services for POS terminals and ATMs, including the business line responsible for our independent MoneyGet ATM network. On the other hand, the e-Commerce business line reported weaker results compared to the previous year, mainly due to high revenues from implementation services recognized in 2021.

Consolidated EBITDA of the **Payment Solutions** segment for the year 2022 amounted to EUR 37.5 million, improving by EUR 5.5 million or 17% in relation to the comparable period last year.



### Results of the Banking Solutions segment

Banking Solutions	12 months ended	12 months ended	Change	12 months ended	12 months ended	Change
	31 December 2022	31 December 2021		31 December 2022	31 December 2021	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	275,497	235,887	17%	58,763	51,532	14%
Operating profit	59,625	60,125	-1%	12,717	13,136	-3%
EBITDA	72,112	71,916	0%	15,381	15,711	-2%

Revenues generated by the Banking Solutions segment in the year 2022 reached EUR 58.8 million, showing an increase by EUR 7.2 or 14% in relation to the previous year. Higher sales were reported by all the three business lines of this operating segment, with the strongest growth generated by the business line offering core banking solutions and other software. It is worth noting the said increase was accompanied by a change in the revenue structure – sales of proprietary licenses fell by EUR 3.3 million, which was more than compensated by higher revenues from the provision of implementation and modification services.

Operating profit of the Banking Solutions segment for the year 2022 amounted to EUR 12.7 million, reflecting a decrease by EUR 0.4 million or 3% in relation to the comparable period last year. Weaker operating results were reported by the business line responsible for omni-channel solutions, mainly due to the above-mentioned change in the revenue structure. Larger scale of operations enabled an increase in operating profit of the business line responsible for core banking systems and other software, while the business line offering security solutions benefitted both from the growing scale and efficiency of its operations.

Consolidated EBITDA of the Banking Solutions segment amounted to EUR 15.4 million, declining by EUR 0.3 million or 2% in the wake of lower operating profit.



### Results of the Dedicated Solutions segment

Dedicated Solutions	12 months ended	12 months ended	Change	12 months ended	12 months ended	Change
	31 December 2022	31 December 2021		31 December 2022	31 December 2021	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	528,175	383,004	38%	112,658	83,671	35%
Operating profit	43,127	31,550	37%	9,199	6,891	34%
EBITDA	57,844	40,191	44%	12,338	8,780	41%

Sales generated by the Dedicated Solutions segment in the year 2022 reached EUR 112.7 million, increasing by EUR 29.0 million or 35% compared to the previous year. Such increase is mostly attributable to stronger revenues of the business line offering infrastructure, third-party solutions and integration services due to the consolidation of a company taken-over in Bosnia and Herzegovina in 2021 and, to a slightly smaller extent, owing to growth generated by our operations in Romania, Turkey and Serbia. The business line responsible for dedicated proprietary solutions also improved its revenues year on year. Here the key revenue drivers were our own Intelligent traffic solutions marketed by our subsidiary company in Bosnia and Herzegovina which was consolidated from the beginning of the year and, to a smaller but also significant degree, proprietary Business Process Management (BPM) solutions provided by our companies in Croatia, Serbia and Romania.

Stronger sales translated into a significant increase in operating profit, which amounted to EUR 9.2 million for the year 2022. This represents an increase by EUR 2.3 million compared to the previous year, which was achieved along with an improvement in operating margin.

EBITDA of the Dedicated Solutions segment for 2022 amounted to EUR 12.3 million, increasing by EUR 3.6 million in comparison to the previous year.

## Net profit

Consolidated **net profit** of ASEE Group for the year 2022 amounted to EUR 36.5 million, improving by EUR 3.0 million or 9% compared to the previous year. Net profit increased primarily due to the higher operating profit, but it was affected by the result on financial activities which dropped by EUR 2.8 million. The weaker result on financial activities was mainly influenced by four factors: the balance of income and expenses from foreign exchange differences which decreased by EUR 0.8 million basically due to lower positive exchange differences recognized in Turkey; dividends paid out to the minority shareholders of BS Telecom (EUR -0.9 million) in 2022 which, due to the adopted method of consolidation, are recognized as financial expenses; expenses related to the revaluation of liabilities under put options granted to the minority shareholders of BS Telecom and ContentSpeed and, to a smaller extent, the revaluation of deferred payments (EUR -0.7 million); and the result realized on equity transactions (EUR -0.7 million).

In 2022, our effective tax rate equalled 19.6%, remaining at a similar level as in 2021.

	12 months ended 31 December 2022 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	12 months ended 31 December 2022 According to IFRS PLN'000	12 months ended 31 December 2022 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	12 months ended 31 December 2022 According to IFRS EUR'000
Financial activities	(782)	23,048	22,266	(167)	4,916	4,749
Pre-tax profit	213,080	25,130	238,210	45,449	5,360	50,810
Corporate income tax	(41,849)	(375)	(42,224)	(8,926)	(80)	(9,006)
<b>Net profit for the reporting period</b>	<b>171,231</b>	<b>24,755</b>	<b>195,986</b>	<b>36,523</b>	<b>5,280</b>	<b>41,803</b>

## 4.3. Analysis of financial ratios

	3 months ended 31 December 2022	3 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
Gross profit margin	23.0%	26.4%	25.1%	27.5%
EBITDA margin	17.5%	20.6%	19.7%	22.5%
Operating profit margin	12.7%	14.8%	13.8%	15.7%
Net profit margin	7.3%	13.2%	12.0%	13.0%
Return on equity (ROE)			18.1%	15.9%
Return on assets (ROA)			11.1%	10.3%

In 2022, our gross profit margin equalled 25.1% and it was by 2.4 percentage points lower than in the previous year. This was caused by weaker performance in the segments of Banking Solutions and Payment Solutions which was due to, among other things, a larger share of equipment sales and a smaller share of proprietary software and services in the revenue structure of ASEE Group.

The decline in efficiency had a negative impact on further margins of profit in 2022. Our EBITDA margin equalled 19.7% as compared to 22.5% realized in the comparable period last year. While operating profit margin declined from 15.7% in 2021 to 13.8% in the year reported. The largest decrease in operating profit margin was recorded in the Banking Solutions segment.

The net profit margin reached 12.0%, shrinking by 1 percentage points in comparison with the level achieved in 2021. The net profit margin decreased less than the operating profit margin due to higher income from financial activities which was partially offset by higher income tax expense, as described above.

Deterioration in the financial performance of ASEE Group in recent quarters has not been followed by a decline in ROE and ROA ratios. Return on equity for the trailing 12 months ended 31 December 2022 equalled 18.1%, increasing by 2.2 percentage points, while return on assets reached the level of 11.1%, increasing by 0.8 percentage points.

	31 December 2022	31 December 2021
Working capital (in thousands of PLN)	247,484	172,213
Current liquidity ratio	1.4	1.4
Quick liquidity ratio	1.3	1.2
Absolute liquidity ratio	0.5	0.6

The above ratios have been computed using the following formulas:

Working capital = current assets - current liabilities

Current liquidity ratio = current assets / current liabilities

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

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



At the end of December 2022, our working capital amounted to PLN 247.5 million, reflecting an increase by PLN 75.3 million in relation to the level reported at the end of 2021.

During 2022, the value of current assets rose by PLN 234.9 million, primarily due to increases in trade receivables by PLN 84.7 million, in cash and bank deposits by PLN 68.3 million, in contract assets by PLN 34.5 million, as well as in inventories by PLN 20.5 million. None of the items disclosed under current assets recorded a decrease from the previous year.

In the same period, our current liabilities increased by PLN 159.7 million. This was caused primarily by increases in contract liabilities by PLN 55.7 million, in trade payables by PLN 34.1 million, in other contract liabilities by PLN 34.7 million, in interest-bearing bank loans and borrowings by PLN 20.2 million, as well as in other financial liabilities by PLN 18.3 million. This was partially offset by decreases in lease liabilities by PLN 1.4 million and in corporate income tax payable by PLN 1.9 million.

Our quick liquidity ratio at the end of 2022 improved slightly compared to that of December 2021, while the absolute liquidity ratio deteriorated. Both the ratios continue to remain at safe levels.

	31 December 2022	31 December 2021
Total debt ratio	40.1%	36.3%
Debt / equity ratio	14.3%	14.4%
Debt / (debt + equity) ratio	12.5%	12.6%

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

The total debt ratio increased from 36.3% reported at the end of 2021 to the level of 40.1% as at 31 December 2022. Such change was caused by an increase in total liabilities by PLN 197.8 million, at the same time when total assets increased by PLN 346.4 million. Total liabilities were higher as a result of increases in contract liabilities in aggregate by PLN 58.0 million, in trade payables by PLN 34.1 million, in other financial liabilities by PLN 55.2 million (including new liabilities related to the companies of Helius Systems, IPS Cro and Bithat), in other liabilities in aggregate by PLN 34.1 million, as well as in bank loans and borrowings by PLN 29.3 million. This was partially offset by decreases in 2022 in lease liabilities by PLN 9.0 million, in corporate income tax payable by PLN 1.9 million, as well as in deferred income tax liabilities by PLN 1.9 million. At the same time, total assets were higher due to increases in current assets by PLN 234.9 million as well as in non-current assets by PLN 111.5 million. Non-current assets increased primarily in the line of goodwill (by PLN 121 million) as a consequence of new company acquisitions.

The total amount of bank loans and borrowings and lease liabilities increased from the level of PLN 140.0 million reported at the end of 2021 to PLN 160.2 million at the end of 2022. The higher balance of bank loans and borrowings is mainly attributable to loans obtained by the Bosnia-based company BSTS (PLN 36.2 million) as well as by ASEE S.A. (PLN 37.9 million). Such higher liabilities were accompanied by growing equity which translated into a decrease in the ratio of debt to equity from 14.4% to 14.3%, as well as in the ratio of debt to total interest-bearing liabilities plus equity from 12.6% to 12.5%.

#### 4.4. Structure of the consolidated statement of financial position

Structure of assets	31 December 2022 PLN'000	31 December 2021 PLN'000	31 December 2022 %	31 December 2021 %
<b>Non-current assets</b>	<b>1,056,434</b>	<b>944,976</b>	<b>57%</b>	<b>62%</b>
Property, plant and equipment, and intangible assets	187,776	197,687	10%	13%
Right-of-use assets	43,131	51,216	2%	3%
Goodwill	801,626	680,774	43%	45%
Other financial assets	2,424	1,289	0%	0%
Other	21,477	14,010	1%	1%
<b>Current assets</b>	<b>812,500</b>	<b>577,563</b>	<b>43%</b>	<b>38%</b>
Inventories	57,045	36,576	3%	2%
Prepayments and accrued income	48,008	39,348	3%	3%
Trade receivables	290,358	205,631	16%	14%
Contract assets	78,739	44,233	4%	3%
Cash and bank deposits	298,034	229,761	16%	15%
Short-term financial assets	319	135	0%	0%
Other	39,997	21,879	2%	1%
<b>TOTAL ASSETS</b>	<b>1,868,934</b>	<b>1,522,539</b>	<b>100%</b>	<b>100%</b>

Non-current assets accounted for almost 57% of the balance sheet total of ASEE Group at the end of December 2022 and their main component was goodwill. The amounts of goodwill may change in the wake of an appreciation or depreciation of the Polish zloty against the foreign currencies in which individual items of goodwill are denominated, as well as due to potential company acquisitions or disposals conducted by the Group. During 2022, goodwill increased by PLN 121 million due to new acquisitions and foreign currency translation differences. Details concerning the accounting for new business acquisitions and their impact on the amount of goodwill have been presented in explanatory note 6.4 to the annual consolidated financial statements of ASEE Group for the year 2022. The share of goodwill in the balance sheet total decreased from 45% at the end of 2021 to 43% at the end of December 2022.

The second largest component of non-current assets of ASEE Group is constituted by property, plant and equipment, and intangible assets, which primarily include POS terminals and ATMs used for the provision of payment process outsourcing services in the Payment Solutions segment. During 2022, the value of property, plant and equipment, and intangible assets decreased by PLN 9.9 million, to the total amount of PLN 187.8 million.

As at the end of 2022, the value of current assets equalled PLN 812.5 million, representing 43% of the balance sheet total of ASEE Group. Just as at the end of 2021, the largest components of current assets at the end of 2022 were cash and bank deposits which amounted to PLN 298 million following an increase by PLN 68.3 million, as well as trade receivables which amounted to PLN 290.4 million having increased by PLN 84.7 million.

Structure of equity and liabilities	31 December 2022 PLN'000	31 December 2021 PLN'000	31 December 2022 %	31 December 2021 %
<b>Equity</b>	<b>1,119,117</b>	<b>970,476</b>	<b>60%</b>	<b>64%</b>
<b>Non-current liabilities</b>	<b>184,801</b>	<b>146,713</b>	<b>10%</b>	<b>10%</b>
Bank loans and borrowings	48,635	39,614	3%	3%
Lease liabilities	25,700	33,312	1%	2%
Other financial liabilities	91,566	54,682	5%	4%
Other	18,900	19,105	1%	1%
<b>Current liabilities</b>	<b>565,016</b>	<b>405,350</b>	<b>30%</b>	<b>27%</b>
Bank loans and borrowings	66,455	46,206	4%	3%
Lease liabilities	19,418	20,822	1%	1%
Other financial liabilities	62,071	43,764	3%	3%
Trade payables	123,980	89,907	7%	6%
Contract liabilities	148,360	92,703	8%	6%
Other current liabilities	144,732	111,948	8%	7%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,868,934</b>	<b>1,522,539</b>	<b>100%</b>	<b>100%</b>

The share of equity in the structure of total equity and liabilities dropped from 64% as at 31 December 2021 to 60% at the end of 2022. However, the value of equity increased by PLN 148.6 million, primarily owing to the net profit for 2022 and retained earnings.

During the year 2022, total liabilities of ASEE Group increased by PLN 197.8 million and reached the level of PLN 749.8 million, accounting for 40% of the balance sheet total. During the year 2022, non-current liabilities rose by PLN 38.1 million, mainly due to an increase in other financial liabilities and in bank loans and borrowings, which was partially offset by a decrease in lease liabilities and other non-current liabilities. Whereas, current liabilities increased by PLN 159.7 million over the last twelve months. Higher balances of current liabilities were recorded in virtually all lines of the statement of financial position, except for lease liabilities which declined by PLN 1.4 million during 2022. Changes in the amounts of liabilities have been described in detail in the 'Analysis of debt' above.

#### 4.5. Structure of the statement of cash flows

	12 months ended 31 December 2022 PLN'000	12 months ended 31 December 2021 PLN'000
Net cash provided by (used in) operating activities	240,576	234,843
Net cash provided by (used in) investing activities	(96,449)	(176,055)
Net cash provided by (used in) financing activities	(75,162)	(82,523)
Net change in cash and cash equivalents	68,965	(23,735)
<b>Cash and cash equivalents at the end of the period</b>	<b>264,764</b>	<b>204,629</b>

In 2022, our operating activities provided PLN 240.6 million of net cash inflows, reflecting an increase by PLN 5.7 million in relation to the previous year. Operating cash flows increased on the back of stronger financial performance.

Net cash outflows from our investing activities amounted to PLN -96.4 million in 2022. Our investing cash flows were most considerably influenced by the acquisitions of property, plant and equipment and intangible assets, including R&D expenditures in the total amount PLN 59.2 million, acquisitions of subsidiaries and associates net of cash and cash equivalents in companies acquired for the total amount of PLN 40.9 million, as well as by proceeds from the sale of shares in subsidiaries net of cash and cash equivalents in subsidiaries sold in the amount of PLN 3.4 million. The acquisitions of property, plant and equipment and intangible assets comprised purchases of property, plant and equipment (PLN 50.1 million), purchases of intangible assets (PLN 6.9 million), and R&D expenditures (PLN 2.1 million). The acquisitions of subsidiaries included expenditures for the acquisition of Bithat and ContentSpeed in Romania, BS Telecom in Bosnia, Helius Systems in Albania, Things Solver in Serbia, and Smarttek in Turkey.

In the year 2022, net cash flows in our financing activities amounted to PLN -75.2 million. Proceeds were mainly obtained from bank loans and borrowings in the amount of PLN 55.1 million. Whereas, cash outflows included mainly dividends paid out by the Parent Company in the amount of PLN 66.4 million, as well as repayments of bank loans and borrowings in the amount of PLN 34.9 million.

#### 4.6. Information on geographical structure of financial results

The table below presents the basic financial data from the statement of profit and loss for the year ended 31 December 2022, in a breakdown by geographical area:

For the year ended 31 December 2022 in thousands of PLN	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Hyperinflation	Total
Sales revenues	136,354	224,751	82,425	237,584	408,798	124,453	230,235	29,901	39,838	91,355	(49,249)	9,048	1,565,493
Cost of sales	(97,832)	(160,014)	(58,486)	(207,129)	(309,835)	(72,684)	(189,572)	(22,661)	(27,425)	(64,154)	46,061	(6,702)	(1,170,433)
Recognition (reversal) of impairment losses on financial instruments	(339)	(1,055)	(90)	(331)	(300)	233	-	13	73	(94)	-	-	(1,890)
<b>Gross profit on sales</b>	<b>38,183</b>	<b>63,682</b>	<b>23,849</b>	<b>30,124</b>	<b>98,663</b>	<b>52,002</b>	<b>40,663</b>	<b>7,253</b>	<b>12,486</b>	<b>27,107</b>	<b>(3,188)</b>	<b>2,346</b>	<b>393,170</b>
Selling costs	(7,962)	(21,565)	(5,470)	(11,541)	(21,422)	(13,336)	(3,560)	(2,379)	(2,867)	(4,724)	1,628	159	(93,039)
General and administrative expenses	(6,940)	(15,489)	(5,234)	(9,339)	(16,438)	(9,849)	(8,863)	(3,508)	(3,949)	(4,833)	169	(482)	(84,755)
<b>Net profit (loss) on sales</b>	<b>23,281</b>	<b>26,628</b>	<b>13,145</b>	<b>9,244</b>	<b>60,803</b>	<b>28,817</b>	<b>28,240</b>	<b>1,366</b>	<b>5,670</b>	<b>17,550</b>	<b>(1,391)</b>	<b>2,023</b>	<b>215,376</b>
Other operating income	203	1,369	449	150	354	52	565	13	4	430	(423)	1	3,167
Other operating expenses	(82)	(753)	(312)	(335)	(582)	(623)	(82)	(54)	(52)	(143)	380	58	(2,580)
Share of profits of associates	-	-	-	-	-	-	-	-	-	(19)	-	-	(19)
<b>Operating profit (loss)</b>	<b>23,402</b>	<b>27,244</b>	<b>13,282</b>	<b>9,059</b>	<b>60,575</b>	<b>28,246</b>	<b>28,723</b>	<b>1,325</b>	<b>5,622</b>	<b>17,818</b>	<b>(1,434)</b>	<b>2,082</b>	<b>215,944</b>

For the year ended 31 December 2022 in thousands of EUR	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Hyperinflation	Total
Sales revenues	29,084	47,939	17,581	50,676	87,196	26,546	49,109	6,378	8,497	19,485	(10,505)	1,930	333,916
Cost of sales	(20,867)	(34,131)	(12,475)	(44,180)	(66,087)	(15,503)	(40,435)	(4,834)	(5,850)	(13,684)	9,825	(1,430)	(249,651)
Recognition (reversal) of impairment losses on financial instruments	(72)	(225)	(19)	(71)	(64)	50	-	3	16	(21)	-	-	(403)
<b>Gross profit on sales</b>	<b>8,145</b>	<b>13,583</b>	<b>5,087</b>	<b>6,425</b>	<b>21,045</b>	<b>11,093</b>	<b>8,674</b>	<b>1,547</b>	<b>2,663</b>	<b>5,780</b>	<b>(680)</b>	<b>500</b>	<b>83,862</b>
Selling costs	(1,698)	(4,600)	(1,167)	(2,462)	(4,569)	(2,845)	(759)	(507)	(612)	(1,007)	347	34	(19,845)
General and administrative expenses	(1,480)	(3,304)	(1,116)	(1,992)	(3,506)	(2,101)	(1,890)	(748)	(842)	(1,032)	36	(103)	(18,078)
<b>Net profit (loss) on sales</b>	<b>4,967</b>	<b>5,679</b>	<b>2,804</b>	<b>1,971</b>	<b>12,970</b>	<b>6,147</b>	<b>6,025</b>	<b>292</b>	<b>1,209</b>	<b>3,741</b>	<b>(297)</b>	<b>431</b>	<b>45,939</b>
Other operating income	43	292	96	32	76	11	121	3	1	92	(90)	-	677
Other operating expenses	(17)	(161)	(67)	(71)	(124)	(133)	(17)	(12)	(11)	(32)	81	12	(552)
Share of profits of associates	-	-	-	-	-	-	-	-	-	(4)	-	-	(4)
<b>Operating profit (loss)</b>	<b>4,993</b>	<b>5,810</b>	<b>2,833</b>	<b>1,932</b>	<b>12,922</b>	<b>6,025</b>	<b>6,129</b>	<b>283</b>	<b>1,199</b>	<b>3,797</b>	<b>(306)</b>	<b>443</b>	<b>46,060</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2022 to 31 December 2022: EUR 1 = PLN 4.6883.

The table below presents the basic financial data from the statement of profit and loss for the year ended 31 December 2021, in a breakdown by geographical area:

For the year ended 31 December 2021 (restated)	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Total
in thousands of PLN												
Sales revenues	35,457	177,980	68,137	172,279	339,220	102,769	155,116	22,078	36,067	77,344	(39,798)	1,146,649
Cost of sales	(22,735)	(117,369)	(46,746)	(146,236)	(249,726)	(52,145)	(130,778)	(16,685)	(26,347)	(57,162)	36,412	(829,517)
Recognition (reversal) of impairment losses on financial instruments	(65)	460	(56)	(312)	424	(2,398)	(21)	22	18	(31)	2	(1,957)
Gross profit on sales	12,657	61,071	21,335	25,731	89,918	48,226	24,317	5,415	9,738	20,151	(3,384)	315,175
Selling costs	(2,754)	(13,914)	(4,395)	(9,400)	(19,846)	(9,016)	(2,553)	(1,069)	(3,984)	(3,543)	1,862	(68,612)
General and administrative expenses	(3,027)	(12,079)	(4,377)	(8,015)	(15,351)	(9,025)	(6,488)	(3,496)	(2,677)	(4,150)	652	(68,033)
Net profit (loss) on sales	6,876	35,078	12,563	8,316	54,721	30,185	15,276	850	3,077	12,458	(870)	178,530
Other operating income	82	1,303	261	253	594	254	202	40	9	153	(128)	3,023
Other operating expenses	(38)	(486)	(74)	(350)	(264)	(181)	(22)	(32)	(63)	(130)	105	(1,535)
Share of profits of associates	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit (loss)	6,920	35,895	12,750	8,219	55,051	30,258	15,456	858	3,023	12,481	(893)	180,018

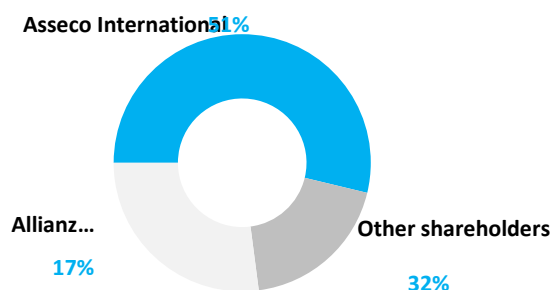
For the year ended 31 December 2021 (restated)	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Total
in thousands of EUR												
Sales revenues	7,746	38,881	14,885	37,636	74,106	22,451	33,887	4,823	7,879	16,897	(8,694)	250,497
Cost of sales	(4,967)	(25,640)	(10,212)	(31,947)	(54,555)	(11,392)	(28,570)	(3,645)	(5,756)	(12,488)	7,955	(181,217)
Recognition (reversal) of impairment losses on financial instruments	(14)	100	(12)	(68)	93	(524)	(5)	5	4	(5)	-	(426)
Gross profit on sales	2,765	13,341	4,661	5,621	19,644	10,535	5,312	1,183	2,127	4,404	(739)	68,854
Selling costs	(602)	(3,040)	(960)	(2,054)	(4,336)	(1,970)	(558)	(234)	(870)	(771)	407	(14,988)
General and administrative expenses	(661)	(2,639)	(956)	(1,751)	(3,354)	(1,972)	(1,417)	(764)	(585)	(906)	142	(14,863)
Net profit (loss) on sales	1,502	7,662	2,745	1,816	11,954	6,593	3,337	185	672	2,727	(190)	39,003
Other operating income	18	285	57	55	130	55	44	9	2	33	(28)	660
Other operating expenses	(8)	(106)	(16)	(76)	(58)	(40)	(5)	(7)	(14)	(29)	23	(336)
Share of profits of associates	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit (loss)	1,512	7,841	2,786	1,795	12,026	6,608	3,376	187	660	2,731	(195)	39,327

The above figures have been converted at the average exchange rate for the period from 1 January 2021 to 31 December 2021: EUR 1 = PLN 4.5775.

## 5. SHARES AND SHAREHOLDERS

### 5.1. Shareholders structure

#### Major Shareholders as at 31 December 2022



As at 31 December 2022, AI (our higher-level parent) held 26,407,081 shares representing 50.89% in the share capital of our Company, which carried 26,407,081 votes or 50.89% of total voting rights at the Company's General Meeting of Shareholders. The parent company of Asseco International is Asseco Poland S.A.

To the best knowledge of the Company's Management Board, as at the date of publication of this report, this is on 22 February 2023, as well as at 31 December 2022, the Shareholders who, either directly or through their subsidiaries, held at least 5.0% of total voting rights were as follows:

Major Shareholders as at 22 February 2023 and 31 December 2022	Number of shares held	Percentage of total voting rights
Asseco International a.s.	26,407,081	50.89%
Pension Funds managed by PTE Allianz Poland S.A.*	8,748,258	16.86%
Other shareholders	16,738,912	32.26%
<b>Total</b>	<b>51,894,251</b>	<b>100.00%</b>

\*On 30 December 2022, General Pension Company Aviva Santander S.A. merged with General Pension Company Allianz Poland S.A. At present, the following pension funds managed by PTE Allianz Poland S.A.: Allianz OFE, Allianz DFE and II Allianz OFE are shareholders in ASEE.

To the best knowledge of the Company's Management Board, as at 31 December 2021, the Shareholders who, either directly or through their subsidiaries, held at least 5.0% of total voting rights were as follows:

Major Shareholders as at 31 December 2021	Number of shares held	Percentage of total voting rights
Asseco International a.s.	26,407,081	50.89%
Aviva Pension Fund	8,544,000	16.46%
Other shareholders	16,943,170	32.65%
<b>Total</b>	<b>51,894,251</b>	<b>100.00%</b>

#### Shares held by the management and supervisory personnel

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

	23 February 2023	31 December 2022	25 October 2022	31 December 2021
Piotr Jeleński	1,253,492	1,253,492	1,253,492	1,253,492
Miljan Mališ <sup>1)</sup>	348,336	348,336	348,336	353,336
Michał Nitka	45,000	45,000	45,000	45,000
Kostadin Slavkoski	44,315	44,315	44,315	44,315

<sup>1)</sup> 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.

The remaining members of the Supervisory Board and Management Board did not hold any shares in Asseco South Eastern Europe S.A. in any of the above-mentioned periods.

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

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

## 6. STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE STANDARDS

Asseco South Eastern Europe S.A. (the “Company” or “Issuer”) has, since 1 July 2021, been bound by the ‘Best Practice for WSE Listed Companies 2021’ as adopted by a resolution of the Board of the Warsaw Stock Exchange on 29 March 2021.

The corporate governance standards which are currently applicable to the Company (Best Practice for WSE Listed Companies 2021) are available from the Warsaw Stock Exchange website:

<https://www.gpw.pl/dobre-praktyki>

### 6.1. Corporate governance standards which have been waived by Asseco South Eastern Europe and the rationale for doing so

The Management Board indicated that the Company departed from adhering to the following corporate governance rules set forth in the ‘Best Practice for WSE Listed Companies 2021’:

#### Section 1. Disclosure policy, investor communications

##### 1.3. Companies integrate ESG factors in their business strategy, including in particular:

##### 1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;

In 2020, the company conducted a materiality analysis in the field of environmental, social and corporate governance (ESG). Based on the results of this study, the Company will set strategic goals in the ESG area and indicators to measure their achievement. Information on environmental, social and employee issues related to the Company’s operations is available in the non-financial report of ASEE Group published on the Company’s website. The Company will make directional decisions regarding the overall integration of ESG issues into its business strategy.

##### 1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees’ rights, dialogue with local communities, customer relations.

The Company undertakes a number of activities related to ensuring decent working conditions and respecting the rights of employees. The Company also carried out a materiality study in the ESG area in ASEE Group. The Company will make directional decisions regarding the overall integration of ESG issues into its business strategy along with specific measures.

##### 1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

Information on the Company’s operations, including the implementation of its most important goals, is available on the Company’s website and published in current regulatory filings and periodic reports. Information on environmental, social and employee issues related to the Company’s operations is in particular available in the non-financial report of ASEE Group published on the Company’s website. The Company does not determine long-term financial goals and measures of achieving such goals. The Company sets annual financial goals and defines measures of achieving these goals annually in the Company’s budget. The financial results achieved by the Company prove the adopted principles of defining financial goals are appropriate. The process of defining non-financial ESG goals is still underway. Once ESG issues are incorporated into the business strategy, the Company intends to provide information required by principle 1.4 on its website.

##### 1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

In 2020, the Company conducted a materiality test the results of which will enable the Company to set strategic goals in the ESG area and measures of achieving these goals. The Company will make directional decisions regarding the overall integration of ESG issues into its business strategy along with specific measures. Then it will also determine how the decision-making processes of

the Company and its Group subsidiaries will take into account climate change, including the resulting risks. Relevant information will be posted on the Company's website.

*1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.*

Information on the equal pay index for employees has been presented in the non-financial report of ASEE Group. The ratio of the average gross salary of women to the average gross salary of men in particular categories is monitored at the level of local companies. ASEE Group has also started work on indicators for individual employee groups. Based on the collected data, the Company will formulate a strategy in this regard.

## Section 2. Management Board and Supervisory Board

*2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.*

The main criteria for selecting Members of the Management Board by the Supervisory Board are appropriate expertise and experience in the industry in which the Company operates, because it is needed to ensure the Management Board composition that is capable of effective implementation of business goals in the market segments in which the Company operates. The composition of the Supervisory Board shall enable effective supervision over the Company's activities. Moreover, as regards the appointment of Members of the Supervisory Board, the Company is obliged to ensure that the composition of the Supervisory Board is compliant, in particular, with the Act on certified auditors, audit firms and public supervision. The present Members of the Company's Management Board and Supervisory Board perform their responsibilities effectively which is confirmed by very favourable financial results achieved both by the Company and ASEE Group, as well as by the fact that the fulfilment of duties by each of them was approved by the Annual General Meeting of Shareholders. The Company declares equal access to the functions performed by all candidates with respect to the principle of equal opportunities and therefore it will not apply the criterion of gender diversity.

*2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.*

The main criteria for selecting Members of the Management Board by the Supervisory Board are appropriate expertise and experience in the industry in which the Company operates, because it is needed to ensure the Management Board composition that is capable of effective implementation of business goals in the market segments in which the Company operates. The composition of the Supervisory Board shall enable effective supervision over the Company's activities. Moreover, as regards the appointment of Members of the Supervisory Board, the Company is obliged to ensure that the composition of the Supervisory Board is compliant, in particular, with the Act on certified auditors, audit firms and public supervision. The present Members of the Company's Management Board and Supervisory Board perform their responsibilities effectively which is confirmed by very favourable financial results achieved both by the Company and ASEE Group, as well as by the fact that the fulfilment of duties by each of them was approved by the Annual General Meeting of Shareholders. The Company declares equal access to the functions performed by all candidates with respect to the principle of equal opportunities and therefore it will not apply the criterion of gender diversity.

*In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.*

Because the Company does not apply principle 2.1. and has not adopted a diversity policy, the report on activities of the Supervisory Board will not contain information in this respect.



### Section 3. Internal systems and functions

*3.2. Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.*

This principle is applied in part. The Company has appointed an internal auditor to head the internal audit function as well as a compliance officer responsible for the compliance management system. Whereas the risk management function is currently carried out in the Company's finance department.

*3.5. Persons responsible for risk management and compliance report directly to the president or other member of the management board.*

This principle is applied in part. The internal auditor and compliance officer in their respective functions report directly to the management board. However, the Company does not have a separate unit solely responsible for the risk management system, while the risk management function is performed by the finance department.

*3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.*

This principle is not applicable to the Company.

*3.10. Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.*

The Company's Supervisory Board, including the Audit Committee, monitors the effectiveness of the internal audit function as well as internal control systems and the risk management system based, among others, on information that is provided directly by the Company's Management Board on a periodic basis. The Supervisory Board, including the Audit Committee, may turn directly to the Company's internal auditor in order to obtain his work plans, appropriate explanations, both current and periodic reports on the actions taken and implemented in various areas of the Company's operations, which contribute to ensuring effective monitoring of the internal audit function. Based on such information, the Supervisory Board performs an annual assessment of the internal audit function. Therefore, the Company does not see the need to perform an additional review of the internal audit function by an external auditor, and believes it is sufficient to rely on the assessment of the internal audit function by the Supervisory Board, including the Audit Committee.

### Section 4. General meeting and shareholder relations

*4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.*

The Company does not enable its shareholders to participate in a general meeting by means of electronic communication because the shareholders have not made such a request to the Company so far. Additionally, the Company's experience regarding the organization and proceedings of general meetings does not indicate the need to provide such solutions. However, the Company will consider applying this principle if such expectations are notified by its shareholders.

*4.3. Companies provide a public real-life broadcast of the general meeting.*

The Company does not provide publicly available real-time broadcasts of its general meetings. The Company has not yet received any notifications from its shareholders regarding their expectations for broadcasting the general meetings of shareholders.

*4.8. Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.*

The Company cannot limit the rights of shareholders under Art. 401 § 4 and 5 of the Commercial Companies Code, according to which the notification of draft resolutions should be made before the date of the general meeting. The company will take steps to encourage shareholders to submit draft resolutions earlier.

### Section 6. Remuneration

*6.2. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.*

Remuneration of Members of the Management Board is determined and paid on the basis of the Remuneration policy for Members of the Management Board and Supervisory Board as adopted by the Company's General Meeting, according to which Members of

the Management Board may receive variable remuneration depending on the financial results of the entire Company and/or Group of companies and/or Segment, which is supervised by a given Management Board Member. Furthermore, the Company does not intend to adopt non-financial results or sustainable development as factors determining the amount of remuneration payable to its management and supervisory staff. Similar rules are applied by the Company in relation to its key managers. Strong financial results achieved by both by ASEE Group prove the correctness of the adopted rules for bonus remuneration payable to Members of the Management Board.

*6.3. If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.*

The Company does not run any stock option plan for managers.

## **6.2. Key features of the internal control and risk management systems applied by Asseco South Eastern Europe in relation to the process of preparing standalone and consolidated financial statements**

The Company's standalone and consolidated financial statements are prepared in compliance with the International Financial Reporting Standards ("IFRS"). IFRS include standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

One of the key mechanisms of control in the process of preparing the Company's financial statements involves periodical verification of such financial statements by independent certified auditors, and in particular the review of semi-annual financial statements as well as the audit of annual financial statements. The entity acting as a certified auditor shall be selected in such a way as to ensure their independence in performing the entrusted tasks.

In order to ensure the Company's compliance with regulatory changes resulting from the entry into force of the Act of 11 May 2017 on certified auditors, audit firms and public supervision, in connection with the provisions of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, on 18 October 2017 the Supervisory Board approved documents, as prepared by the Audit Committee, that specifically regulate the selection and independence of certified auditors, i.e. the Policy and procedure for selecting a certified auditor and the Policy for granting consent to the provision of permitted services. These documents were updated by the Audit Committee and their new versions were approved by the Company's Supervisory Board on 25 January 2023. The Company has implemented new rules regarding the selection and rotation of the entity authorized to review/audit financial statements and the provision of non-audit services by such entity. The implementation of these regulations resulted in a significant increase in the responsibility and active involvement of the Audit Committee in the implementation of tasks related to selecting the entity authorized to review/audit financial statements in accordance with legal requirements. The Company's Audit Committee is responsible for conducting a tendering procedure for the entity authorized to review/audit financial statements, as well as for presenting recommendations to the Supervisory Board in this respect.

The entity authorized to audit financial statements shall be chosen by the Supervisory Board from among reputable audit firms, which can guarantee high standards of service and independence. An agreement to carry out audits shall be signed for a minimum period of two years. This rule was for the first time applied to the agreement for the audit of our annual financial statements for the years 2018 and 2019, as well as the review of our semi-annual financial statements in these years (previously such agreements were concluded for a period of 1 year). In 2020, an agreement to carry out audits was concluded for a period of 3 year, i.e. for the years 2020 – 2022. During 2022, the audit firm was changed as a consequence of which the Company signed an agreement with a new auditor to perform audits and reviews the Company's standalone and consolidated financial statements for the reporting periods covering the financial years 2022 and 2023.

The entity authorized to review/audit the Company's financial statements shall be selected in such a way as to ensure their independence in performing the entrusted tasks. In order to ensure independence, it is required to change not only the entity authorized to review/audit financial statements in the Company, but also to change the key certified auditor conducting the review and audit.

As part of ensuring the independence of external auditors, the Committee shall in particular:

- present recommendations to the Supervisory Board regarding the selection of an entity to audit the financial statements (external auditor), as well as their changes, assessment of their work, in particular in terms of their independence;
- express an opinion on the engagement of an external auditor in the performance of non-audit services, and communicate standpoints regarding the Company's policy in this respect;

- monitor the independence of the external auditor and their objectivity in performing the audits;
- review the efficiency of the external audit process.

The accuracy of the Company's accounting books as well as generation of highly reliable financial data is assured by:

- Accounting Policy and Chart of Accounts, both consistent with the International Financial Reporting Standards;
- Numerous internal procedures regulating the Company's operations with significant exposure to risk;
- Keeping the accounting books with the help of an ERP-class integrated IT system.

Responsibilities under the internal control and risk management systems, as adopted by ASEE S.A. in the process of preparing its financial statements, are performed by the Management Board, Supervisory Board, Audit Committee and other employees acting in accordance with the applicable internal procedures and regulations (such as dispositions, bylaws, instructions, job descriptions of respective employees). Members of the key personnel are responsible for design, implementation and monitoring of an effective and efficient internal control system as well as for identification and review of any risk exposures. The main elements of the Company's internal control system, whose objective is to eliminate the risks involved in the preparation of financial statements, are as follows:

- ongoing controls undertaken at all the levels and organizational units of the Company as well as in its subsidiaries, which shall ensure compliance with guidelines issued by the Management Board and enable identification and appropriate response to any significant risks;
- efficient and reliable information flow system, which shall enable collection and verification of data provided by the Group companies as well as prompt response in case any deviations from the budget are detected;
- audits of annual and reviews of semi-annual standalone and consolidated financial statements by an entity authorized to audit financial statements, including audits and reviews of the consolidation reporting packages of our subsidiaries by local audit firms which should present the results of their work to the Company's auditor;
- audits of annual financial statements of companies significant to the Group;
- internal regulations specifying the duties, rights and responsibilities of individual organizational units, with particular emphasis on the staff directly engaged in the preparation of financial statements;
- protection of the Company's important information and prevention against their unauthorized disclosure;
- regular monitoring of financial directors and other staff responsible for the preparation of financial reports at the companies incorporated within ASEE Group, with the aim to maintain control, identify any risks and threats, and to determine the required preventive actions.

The Company's standalone and consolidated financial statements are drawn up by the Head of Group Reporting; whereas, their final content is subject to approval by the Company's Management Board which oversees all the business operations and processes.

Furthermore, the Audit Committee, established from among Members of the Supervisory Board, plays an important role in internal control of the preparation of standalone and consolidated financial statements.

In accordance with the Bylaws of the Company's Supervisory Board, as part of the oversight of the financial reporting process, the Audit Committee shall in particular:

1. analyze information presented by the Management Board concerning significant changes in the accounting policy or financial reporting;
2. analyze the financial statements of the Company and the Group as well as the results of the audit of such statements, if they have been audited by a certified auditor;
3. present recommendations to the Supervisory Board regarding the approval of the annual financial statements of the Company and ASEE Group that have been audited by an external auditor.

As part of the oversight of risk management and internal control, the Audit Committee shall in particular:

1. verify the adequacy and effectiveness of risk management and internal control;
2. verify the effectiveness of supervision over the compliance of the Company's operations with the law;
3. assess the effectiveness of risk management systems, internal control and compliance, as well as the internal audit function;
4. assesses the Company's adherence to observations, standpoints and decisions addressed to the Company by an external auditor or by other entities that maintain supervision over the Company's operations.

The Audit Committee operates in accordance with the Audit Committee Work Plan adopted each year, which details the scope of matters to be discussed at individual meetings.

The internal control and risk management procedures applied in the process of preparing the financial statements of ASEE S.A. are effective and enable production of high quality reports, which is confirmed by opinions expressed without any reservations by certified auditors, following the audits of our financial statements.

### 6.3. Shareholders who, directly or indirectly, hold significant stakes of shares

To the best knowledge of the Company's Management Board, as at the date of publication of this report, this is on 22 February 2023, the Shareholders who, either directly or through their subsidiaries, hold at least 5% of total voting rights at the General Meeting of Shareholders are as follows:

Major Shareholders as at 22 February 2023	Number of shares held / Number of votes at GMS	Par value on shares held	Percentage of total voting rights
Asseco International a.s.		26,407,081	50.89%
Pension Funds managed by PTE Allianz Poland S.A.*		8,748,258	16.86%
Other		16,738,912	32.25%
<b>Total</b>		<b>51,894,251</b>	<b>100.00%</b>

\*On 30 December 2022, General Pension Company Aviva Santander S.A. merged with General Pension Company Allianz Poland S.A. At present, the following pension funds managed by PTE Allianz Poland S.A.: Allianz OFE, Allianz DFE and II Allianz OFE are shareholders in ASEE.

To the best knowledge of the Company's Management Board, the sole shareholder of Asseco International a.s. is Asseco Poland S.A., formerly the majority shareholder of our Company.

### 6.4. Holders of any securities carrying special controlling rights

There are no holders of securities carrying special controlling rights.

### 6.5. Limitations on the exercise of voting rights

There are no limitations on the exercise of voting rights, such as limitations on the exercise of voting rights by holders of a certain percentage or number of votes, time limitations on the exercise of voting rights, or provisions under which equity rights related to securities are detached from the ownership of securities.

### 6.6. Limitations on transferability of ownership rights to the Issuer's securities

There are no limitations on the transfer of ownership of Asseco South Eastern Europe securities.

### 6.7. Rules regarding appointment and dismissal of the management personnel and determining their authority, in particular the right to decide on the issuance or redemption of shares

The Management Board shall manage the Company's operations and assets and represent the Company externally in relations with courts, administration bodies, and other third parties. The Management Board shall take decisions concerning all the matters which, under the provisions of law or the Articles of Association, are not specifically reserved for the Supervisory Board or the General Meeting.

The Management Board shall be composed of 1 (one) to 9 (nine) members, including the President, Vice Presidents and remaining members of the Management Board. The joint term of office of members of the Management Board shall last 5 (five) years. Each Member of the Management Board may be reappointed for the next term of office.

The Management Board shall be appointed and dismissed by the Supervisory Board, whereas any motions for determining the number of persons in the Management Board composition, or for appointment of other Members of the Management Board, shall be submitted by President of the Management Board to Chairman of the Supervisory Board. Should President of the Management Board fail to submit adequate motions in due time, which guarantees efficient operation of the Management Board, the Supervisory Board shall take actions on its own initiative.

In accordance with of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organized trading, and on public companies (consolidated text: Journal of Laws 2020.2080), the Company's General Meeting adopted the 'Policy for remuneration of members of the Management Board and Supervisory Board'. This policy sets forth the

basics, rules and procedures for determining, calculating and paying out remuneration for Members of the Management Board and Members of the Supervisory Board.

Mandates of the Management Board Members shall expire at the latest on the date of holding the General Meeting that approves the report on the Company's operations and its financial statements for the last full financial year when such Management Board Members performed their duties.

A Member of the Management Board may be dismissed at any time. Such dismissal shall not deprive the dismissed person of any rights under their employment contract or any other legal relationship incidental to performing the function of the Management Board Member. A dismissed Member of the Management Board shall be entitled and obliged to provide explanations during preparation of the Company's Management report and financial statements for the period when he/she acted as Member of the Management Board, as well as to participate in the General Meeting which is to approve the reports/statements referred to in art. 395 § 2 item 1 of the Commercial Companies Code. Responsibilities and authority of the management personnel are described in art. 371 and subsequent articles of the Commercial Companies Code.

## 6.8. Rules regarding amendment of the Articles of Association of Asseco South Eastern Europe

Amendments of the articles of association of a joint-stock are regulated in detail in chapters 4, 5 and 6 of the Commercial Companies Code (art. 430 and subsequent articles). The Company's Articles of Association do not contain any detailed regulations pertaining to amendments thereof. In this respect the Company adheres to the provisions of the Commercial Companies Code, under which an amendment of the articles of association shall require:

- a resolution of the general meeting, and
- an entry in the National Court Register (art. 430 of the CCC).

An amendment of the Articles of Association must be adopted by the General Meeting. In order to initiate amendment of the Articles of Association, the notification of calling the General Meeting must include both the existing provisions of the Articles of Association and the proposed amendments. If the intended amendments are extensive, the General Meeting announcement should also contain a draft of the consolidated text of the Articles of Association, along with a specification of new or amended provisions thereof.

An amendment of the Articles of Association requires a resolution of the General Meeting adopted by a three-fourths majority of votes, with the exceptions indicated below. In the event an amendment of the provisions of the Articles of Association concerns:

- the company's business profile – such amendment requires a two-thirds majority of votes,
- an increase of the shareholders' contributions or a curtailment of their personal rights – such amendment shall be agreed to by all the shareholders involved (regardless of obtaining the majority of votes required for the amendment of the Articles of Association).

If a company has shares with different rights (e.g. preference shares and ordinary shares), an amendment of its Articles of Association that may adversely affect the rights of holders of a given class of shares should be adopted by passing a relevant resolution voted on separately in every group (class) of shares. In each of those groups, such resolution may be passed by the required majority of votes. In a resolution on amendment of the Articles of Association, the General Meeting may authorize the Supervisory Board to prepare a consolidated text of the amended Articles of Association or to make other corrections of editorial nature.

In exceptional circumstances, the Articles of Association may be amended not by a resolution of the General Meeting, but by a resolution of the Management Board recorded by a notary public. This may happen in certain cases determined in the Commercial Companies Code such as a decrease of the company's share capital (for instance, through the retirement of treasury shares which were not purchased by the company's employees during a given year).

Registration obligations:

An amendment of the Articles of Association shall become effective once it is entered in the National Court Register. Any amendment of the Articles of Association shall be submitted for registration by the Company's Management Board within 3 months from the adoption of a relevant resolution. However, when the Articles of Association are amended following an increase of the company's share capital, such amendment may be submitted for registration within 6 months from the adoption of a resolution on the share capital increase, or from the date of an approval to introduce the newly issued shares to public trading if such approval is granted, provided a request for such approval or an announcement of a share issuance is made within 4 months from the adoption of a resolution on the share capital increase.

## 6.9. Manner of operation of the General Meeting and its basic powers, as well as shareholders' rights and the manner of their exercise

The General Meeting of Shareholders constitutes the Company's supreme governing body. The General Meeting of Shareholders operates pursuant to the generally applicable legal regulations as well as in accordance with the Company's Articles of Association.

The manner of operations of the General Meeting is described in detail in the Bylaws of the General Meeting that were adopted by the Company's General Meeting on 27 April 2010, and amended by a resolution of the General Meeting of 24 April 2014.

The Company's Articles of Association as well as the Bylaws of the Extraordinary General Meeting have been published on the Company's corporate website.

The General Meeting is competent in the following matters:

1. considering and approving the Management report on the Company's operations and the financial statements for the prior year;
2. adopting resolutions on the distribution of profit or coverage of loss, on determining the amounts of appropriations to the Company's reserve capital or other funds, on establishing the dividend record date, amount of dividend, and the dividend payment date;
3. acknowledging the fulfilment of duties by members of Company's governing bodies;
4. taking decisions concerning the received claims for compensation of losses incurred whilst establishing, managing or supervising the Company;
5. passing resolutions on disposal, leasing or establishing a limited property right on the Company's enterprise or organized business unit;
6. passing resolutions on the Company's merger with another company, on liquidation of the Company and appointment of a liquidator;
7. passing resolutions on issuance of convertible or preference bonds or subscription warrants as indicated in art. 453 § 2 of the Commercial Companies Code;
8. amending the Company's Articles of Association, inclusive of passing resolutions on increase or decrease of the Company's share capital;
9. changing the scope of the Company's business operations;
10. defining the principles for remuneration payable to members of the Supervisory Board;
11. adopting the Bylaws of the General Meeting;
12. passing resolutions on cancellation of shares;
13. taking other decisions provided for in the provisions of law and the Articles of Association, as well as settlement of cases submitted by the Company's shareholders, Management Board or Supervisory Board.

The General Meeting may adopt resolutions concerning all the Company's matters, irrespective of the number of shares represented thereat, unless otherwise stated in the Commercial Companies Code.

## 6.10. Description of activities of the management, supervisory and administrative bodies of Asseco South Eastern Europe and their committees, including the Audit Committee, along with indication of their composition and changes thereto during the last financial year

### Management Board:

The Management Board operates pursuant to the Commercial Companies Code, in particular art. 371 and subsequent articles of the CCC, as well as in accordance with the Company's Articles of Association, and the Management Board Bylaws.

The Management Board shall manage the Company's operations and assets and represent the Company externally in relations with courts, administration bodies, and other third parties. The Management Board shall take decisions concerning all the matters which, under the provisions of law or the Articles of Association, are not specifically reserved for the Supervisory Board or the General Meeting.

### Execution of Management Functions:

The Management Board shall operate basically by holding meetings and passing resolutions concerning the Company's operations and execution of management functions. Activities of the Management Board shall be managed by President of the Management Board, and during his absence by another Member of the Management Board designated by the President. Members of the Management Board are obliged to take an active part in meetings of the Management Board.



Periodical (holiday) leaves from the execution of management functions shall be allowed to Members of the Management Board by President of the Management Board.

President of the Management Board shall exercise superior control over all of the Company's employees and organizational units which, within the established organizational structure, are directly subordinated to individual Members of the Management Board.

President of the Management Board is entitled to take individual final decisions on the Company's internal relations, and in particular on the employee relations. Given such authority President of the Management Board may overrule a decision made by another Member of the Management Board, unless a prior resolution of the Management Board or the provisions of law require otherwise.

The Management Board may temporarily assign to any of its Members additional responsibilities, other than those resulting from the regular distribution of work, by adopting a resolution stipulating the scope and the period of performing such tasks.

The Management Board may grant a commercial power of attorney. A commercial power of attorney may be granted by a resolution adopted by unanimous decision by all Members of the Management Board. The Management Board may also appoint proxies in order to perform specific assignments, who shall be authorized to act within the limitations of the received power of attorney.

The Management Board shall pass resolutions particularly on the following matters:

1. Determining a development strategy both for the Company and its Capital Group, and introducing any necessary modifications during the implementation of such strategy, as well as defining the principles for ownership supervision and management of the Capital Group, inclusive of its financial management.
2. Determining the Company's asset and financial plans and their implementation schedules.
3. Taking decisions concerning the establishment or liquidation the Company's organizational entities or units.
4. Determining the Company's organizational regulations, work regulations, and employee remuneration regulations, as well as introducing amendments of such regulations.
5. Accepting annual financial statements of the Company and annual consolidated financial statements of the Capital Group, as well as annual reports on operations of the Company and the Capital Group, in sufficient time to receive an opinion of the Supervisory Board and approval by the General Meeting, in accordance with the Company's Articles of Association and the applicable provisions of law.
6. Division of responsibilities among the Management Board Members.
7. Determining and amending the Management Board Bylaws.
8. Granting a commercial power of attorney.
9. Submitting motions to the Supervisory Board or to the General Meeting in all the matters which, under the applicable provisions of law and the Company's Articles of Association, are specifically reserved to the competence of those governing bodies.
10. Convening of Annual and Extraordinary General Meeting as well as proposing the meeting agenda and preparing draft resolutions.

Each Member of the Management Board shall be entitled and obliged to manage the matters assigned to him/her under the Management Board resolution on delegation of responsibilities among the Management Board Members. However, if before taking a decision on a particular matter, any of the remaining Members of the Management Board raises an objection or the matter needs to be addressed by collective decision (pursuant to the Commercial Companies Code, the Company's Articles of Association or the Management Board Bylaws), then such matter shall be decided by a resolution of the Management Board.

Bearing in mind the best interest of the Company, the Management Board shall set forth the strategy and main objectives of the Company's operations, submit them to the Supervisory Board, and furthermore it shall be liable for their implementation and performance. The Management Board shall care for the transparency and effectiveness of the Company's management system as well as for conducting its operations in accordance with legal regulations and best practices.

When making decisions on the Company's operations, Members of the Management Board should act within the limits of justified economic risk; this is after examining all the available information, analyses and opinions that, as reasonably believed by the Management Board, should be taken into account in a given case to serve the Company's best interest. When determining the Company's interest, the Management Board should keep in mind justified long-term interests of the Company's shareholders, creditors, employees and other entities and persons involved in the Company's business operations, as well as interests of the local community.

In transactions with shareholders and other persons whose interests have impact on the Company's interest, the Management Board should act with utmost care to ensure that such transactions are conducted at arm's length.



A Member of the Management Board should display full loyalty towards the Company and avoid any actions which could lead to implementing exclusively his/her own material interest. If a Member of the Management Board receives information on the possibility of making an investment or another beneficial transaction related to the Company's business operations, he/she should immediately present such information to the Management Board for the purpose of considering the Company's ability to take advantage of such opportunity. Such information may only be used by a Member of the Management Board or passed over to a third party upon consent of the Management Board and only when doing so does not infringe on the Company's interest.

Members of the Management Board are obliged to inform the Supervisory Board of any conflict of interest arising in connection with the performance of their duties as well as any risk of such conflict. They should also request the Supervisory Board for permission to act as a supervisory board member in companies outside the Group.

#### *Meetings of the Management Board:*

The Management Board shall hold meetings at least once per two months. Meetings of the Management Board shall be held at the Company's registered office or in other places as may be indicated by President of the Management Board. Meetings of the Management Board may also be held at a distance by using means of direct remote communication. Meetings of the Management Board shall be called by President or instead of him/her by Vice President of the Management Board. In justified cases any Member of the Management Board may convene a meeting. The Meeting Convener shall notify all Members of the Management Board of convening a meeting of the Management Board at least 7 days before the date of such meeting, in writing or by electronic mail. In urgent cases, President or instead of him/her Vice President of the Management Board may decide on another manner or deadline of notifying Members of the Management Board about the meeting date.

A notification of the Management Board meeting should provide the meeting agenda as well as the materials concerning the issues included in the meeting agenda, unless such materials shall be prepared for presentation at the meeting. The meeting agenda may be changed during the meeting provided none of the attending Members of the Management Board raises an objection against such change.

Each Member of the Management Board shall be entitled to request for including a certain issue in the meeting agenda on condition he/she prepares a relevant draft resolution of the Management Board and an appropriate, written or oral, justification thereof two days in advance, with reservation that President of the Management Board may request for including a certain issue in the meeting agenda at any time.

All the support activities related to convening and conducting a meeting of the Management Board shall be performed by the Management Office or by a person so designated by President of the Management Board. Minutes of the Management Board meeting shall be taken in a complete or abridged version. Preparation of the meeting minutes may be abandoned on condition the resolutions adopted at that meeting are recorded otherwise. The meeting minutes shall be subject to acceptance by the Management Board during the same meeting.

Subsequently the accepted meeting minutes shall be signed by President and all Members of the Management Board participating in the meeting covered by such minutes, as well as by the person taking the minutes. The original meeting minutes shall be retained in the minutes book.

#### *Adoption of resolutions:*

Resolutions of the Management Board shall be adopted by a simple majority of votes, except for granting a commercial power of attorney which shall be subject to obtaining consent of all the Management Board Members. Effective resolutions of the Management Board may be adopted provided that all Members of the Management Board have been notified of the meeting and at least half of them are present at the meeting. In the event of an equal number of votes cast for and against, the President's vote shall prevail.

Members of the Management Board may participate in its meetings by using means of direct remote communication. Resolutions passed in this manner shall be effective provided all Members of the Management Board have been notified of the text of draft resolutions and that the meeting minutes are signed by Members of the Management Board participating in such meeting. Chairman of the Management Board meeting shall sign the meeting minutes on behalf of Members of the Management Board participating in such meeting via phone or other means of telecommunication, in which case the meeting minutes signed in this manner shall be appended with the votes cast by Members of the Management Board participating in such meeting through the means of direct remote communication. Absent Members of the Management Board may also sign a separate document containing the minutes of the Management Board meeting, in which case such document shall be attached to the meeting minutes signed by other Members of the Management Board.

Members of the Management Board may also participate in adopting resolutions by casting their votes in the form of a signature under the document that contains the text of the proposed resolution; however, resolutions passed in this manner shall be effective provided they are signed by all Members of the Management Board. Written voting on a resolution is also allowed by means of a secure electronic signature.

The Management Board may invite to its meeting the Company's employees or other persons competent in the issues to be discussed.

Voting of the Supervisory Board shall be open. However, upon request of even one of the attending Members of the Management Board, President of the Management Board or the person in charge of the meeting shall administer a secret ballot.

Resolutions of the Management Board shall come into force upon their adoption or on the date indicated therein. A resolution may be amended by passing a new resolution on the same issue.

On 7 July 2022, the Company's Supervisory Board appointed the Management Board in its existing composition to serve over the next five-year term of office. Hence, the composition of the Management Board remained unchanged throughout the financial year 2022. As at 31 December 2022 as well as on the date of publication of this report, this is on 22 February 2023, the Company's Management Board was composed of the following persons:

Piotr Jeleński	President of the Management Board
Michał Nitka	Member of the Management Board
Miljan Mališ	Member of the Management Board
Kostadin Slavkoski	Member of the Management Board

#### **Supervisory Board:**

The Supervisory Board operates pursuant to the Commercial Companies Code, the Company's Articles of Association, and the Supervisory Board Bylaws which were adopted by a resolution of the Supervisory Board on 18 January 2010, and amended by resolutions of the Supervisory Board of 8 August 2012, 24 September 2013, 18 October 2017, and 7 September 2020.

The Supervisory Board shall exercise continuing supervision over the Company's activities in all areas of business. It shall be composed of 5 (five) to 7 (seven) Members to be appointed in accordance with the Company's Articles of Association. Each member of the Supervisory Board may be reappointed to perform this function.

Mandate of a Member of the Supervisory Board shall expire prior to the end of the term of office in the event of:

1. filing a written resignation to the Supervisory Board Chairman;
2. dismissal in accordance with the Company's Articles of Association;
3. death.

In the event of early expiry of the mandate of a Supervisory Board Member, the composition of the Supervisory Board shall be supplemented pursuant to the Company's Articles of Association.

Members of the Supervisory Board may be also appointed or dismissed during an ongoing term of office subject to the procedure determined by the Company's Articles of Association. Mandates of the Supervisory Board Members shall expire on the date of holding the General Meeting that approves the Company's financial statements for the last full financial year when the Supervisory Board Members performed their duties.

Members of the Supervisory Board may be paid remuneration as determined by a resolution of the General Meeting.

Members of the Supervisory Board are obliged to provide to the Management Board quarterly information on their organizational relationships with certain shareholders, in particular with majority shareholders, in order to enable the Company to disclose such information to the public.

A Member of the Supervisory Board is obliged to notify the Management Board about the sale or acquisition of shares in the Company or in its parent or subsidiary company, as well as about any transactions with such companies, as long as they are significant for his/her financial standing. The Member of the Supervisory Board shall provide the above-mentioned information without delay so that it could be disclosed to the public by the Management Board in accordance with the provisions of law. If publication of such information is not required by law, any public disclosure thereof shall be subject to obtaining prior consent of the Supervisory Board Member involved.

#### *Competence of the Supervisory Board:*

The Supervisory Board shall exercise continuing supervision over the Company's business operations, and its responsibilities include in particular:

1. assessment of the financial statements in terms of their conformity with the accounting books and evidence, as well as with the actual state of affairs;
2. assessment of the Management Board reports on business operations as well as Management Board recommendations for the distribution of profit or coverage of loss, and motions for issuance of corporate bonds;
3. submitting, on an annual basis, a written report on the results of assessments specified in items 1 and 2 above to the General Meeting.

In order to fulfil its responsibilities specified above, the Supervisory Board is authorized and obliged to examine activities of any kind undertaken by the Company's organizational units or employees, review the Company's assets, and inspect the Company's accounting books and documents. The Supervisory Board should obtain regular information from the Management Board on any and all issues significant for the Company's business operations, as well as on the risks involved therein and ways of managing such risks. To this effect, the Supervisory Board may impose a deadline for the preparation of relevant reports and explanations.

In addition to the above-mentioned responsibilities, the Supervisory Board's competence shall include:

1. representing the Company in any agreements with Members of the Management Board as well as in any disputes with the Management Board or with its Members;
2. defining the principles for employment and remuneration payable to Members of the Management Board;
3. approving the Bylaws of the Management Board;
4. selecting certified auditors to carry out audits the Company's financial statements;
5. determining the consolidated text of the amended Articles of Association and making other corrections of editorial nature as specified in a resolution of the General Meeting;
6. appointment and dismissal of the Management Board officers (inclusive of President, Vice Presidents, and Members of the Management Board);
7. adopting the Bylaws of the Supervisory Board;
8. expressing consent to granting a commercial power of attorney by the Management Board;
9. approving of the Company's annual financial budgets and long-term business plans;
10. giving consent, by a resolution, to the acquisition of own shares by the Company;
11. giving consent to the Company to grant loans, or to obtain bank loans or borrowings, or to incur other financial liabilities in excess of PLN 100,000 (one hundred thousand zlotys) or its equivalent in other currencies, in a single transaction or in a series of related transactions that have not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
12. giving consent to the Company to a purchase or sale of real estate, or a share in real estate or perpetual usufruct of land, regardless of the value of the right being purchased or sold, if such an action has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
13. giving consent to incurring expenses or making capital expenditures by the Company or its subsidiaries and associates, as well as to incurring liabilities in excess of EUR 250,000 or its equivalent in other currencies, in a single transaction or in a series of related transactions that have not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
14. giving consent to the Company to grant any guarantees or sureties, or to assume other off-balance-sheet liabilities or an obligation to repair a damage, if such an action has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
15. giving consent to disposal, rental, pledge or registered pledge, mortgage or any other encumbrance or transfer of any part of the Company's assets, if such an action has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
16. giving consent to the Company to purchase or acquire shares in other commercial companies as well as to enter into any personal or civil law partnerships;
17. giving consent to disposal of the Company's assets with a value exceeding 10% (ten percent) of the total net book value of property, plant and equipment of the seller's entity to be determined on the basis of the latest financial statements examined by certified auditors, if such a transaction has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
18. giving consent to disposal, encumbrance, or free-of-charge transfer of copyrights and rights in inventions, industrial property rights, or other intellectual property rights, and in particular rights in the software source codes and trademarks, if such a

transaction has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;

19. giving consent to conclude agreements between the Company, its subsidiaries or associates, and Members of Company's Management Board or Supervisory Board, the Company's shareholders or their related parties, where the total annual expenses exceed PLN 100,000 or its equivalent in other currencies, in a single transaction or in a series of related transactions that have not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association. For the purposes of this provision the "related party" means a person, company, or other entity that has either financial or family ties to any Member of the Company's Management Board or Supervisory Board, or to the Company's shareholder. The "related party" shall in particular include: (i) spouse, (ii) children, (iii) grandchildren, (iv) parents, (v) grandparents, or (vi) brothers and sisters, as well as (vii) any entity indirectly or directly controlled by the persons specified above, or from which the persons specified above obtain significant economic benefits;
20. giving consent to the Company to hire any advisors or other persons, who are not employees of the Company, in the capacity of consultants, lawyers, agents, etc. if the annual cost of hiring such a person exceeds EUR 100,000 or its equivalent in other currencies;
21. giving consent to concluding transactions, as referred to in art. 90h sect. 1 item 1 of the Act on public offering, conditions governing the introduction of financial instruments to organized trading, and on public companies (consolidated text: Journal of Laws of 2019, item 623 of 22 February 2019), with related parties (understood as the Group companies and corporate officers) with a value exceeding 5.00% (five percent) of the amount of total assets of the last approved annual financial statements of the Company;
22. preparation of annual remuneration reports presenting a comprehensive overview of remuneration, including all benefits, regardless of their form, received by or payable to individual Members of the Management Board and Supervisory Board in the last financial year, in accordance with the 'Policy for remuneration of Members of the Management Board and Supervisory Board' of the Company.

Members of the Supervisory Board shall appoint from among themselves the Members that will be obliged to participate in the Company's General Meetings, in such a composition as to be able to provide substantive answers to any questions asked at the General Meeting.

#### *Organization of the Supervisory Board Operation:*

The Supervisory Board shall fulfil its obligations by holding meetings and passing resolutions. The Supervisory Board may also engage in control and consultancy activities.

During the first meeting in a given term of office, to be convened by the eldest Member of the Supervisory Board, the Supervisory Board shall appoint a Chairman from among its members, who will chair the Supervisory Board meetings and manage its work, and appoint a Vice Chairman to replace the Chairman during his absence.

The first meeting of a newly elected Supervisory Board shall be opened by the eldest Member of the Supervisory Board, who shall chair the meeting until the new Supervisory Board is constituted.

The Supervisory Board may at any time dismiss its Chairman or Vice Chairman and appoint other Members of the Supervisory Board to perform these functions. Such dismissal and reappointment shall be carried out during the same meeting of the Supervisory Board.

Meetings of the Supervisory Board shall be held at least once per 3 months. A meeting shall be convened by the Chairman or, in case of his absence, by Vice Chairman of the Supervisory Board. Whereas, in the event Vice Chairman is absent a meeting shall be convened by another Member of the Supervisory Board duly authorized in writing by Vice Chairman.

Chairman of the Supervisory Board is obliged to convene a meeting of the Supervisory Board within 2 weeks of receiving a written motion filed by the Management Board or a Member of the Supervisory Board. Along with such motion the petitioners shall enclose a proposed agenda for the meeting.

If, in the event referred to above, Chairman of the Supervisory Board does not convene a meeting of the Supervisory Board, the petitioners may call such meeting on their own and shall notify about the date, place and proposed agenda for the meeting.

The meeting agenda shall also include the issues proposed by Members of the Supervisory Board, provided a motion for doing so is filed at least 14 days before the meeting date or at the previous meeting of the Supervisory Board.

If all Members of the Supervisory Board are present at the meeting, each Member of the Supervisory Board or Member of the Management Board attending the meeting may request the meeting agenda to be supplemented with new issues that were not included in the meeting agenda as distributed before the meeting. Such a motion may also be submitted in spite of absence of some Members of the Supervisory Board, but then only and solely concerning actions that must be taken by the Supervisory Board

in order to protect the Company against suffering a loss, or in the event it is necessary to pass a resolution on determining whether there is any conflict of interest between a Member of the Supervisory Board and the Company. The motion shall be put to vote and adopted/rejected by a simple majority of votes.

A written notification indicating the date, place and agenda for the meeting should be delivered to Members of the Supervisory Board not later than a week before the date of the Supervisory Board meeting. In urgent cases, the Chairman may order delivery of a notification about the meeting to the Supervisory Board Members within a deadline shorter than one week. The notification shall be delivered by fax, electronic mail or by other means, provided they produce a confirmation of receipt of the invitation by a Member of the Supervisory Board. Such notification shall indicate the date, place, and the proposed agenda for the Supervisory Board meeting.

A Member of the Supervisory Board that is unable to participate in a meeting should inform the Supervisory Board Chairman accordingly and specify the reason for his/her absence.

Meetings of the Supervisory Board shall be held at the Company's registered office, in Warsaw, or at another place as indicated in the notification of convening the meeting, or with the use of means of direct remote communication.

Meetings of the Supervisory Board, save for issues which directly concern the Management Board or its Members, and, in particular, dismissal or holding such persons accountable, or determining their remuneration, should be open to Members of the Management Board.

Chairman of the Supervisory Board, on his own initiative or to a request of a Member of the Supervisory Board, may also invite other persons to attend a meeting of the Supervisory Board, depending on the subject matters under consideration.

A meeting of the Supervisory Board should be managed and led by Chairman of the Supervisory Board, or in case of his absence by Vice Chairman of the Supervisory Board, or in the case of Vice Chairman's absence by another Member of the Supervisory Board designated in writing by the Chairman.

A meeting of the Supervisory Board shall be deemed valid provided it is participated by at least half of the Supervisory Board Members and that all of its Members have been properly notified about the date and place of the meeting.

Resolutions of the Supervisory Board shall be adopted by a simple majority of votes, unless the provisions of law or the Company's Articles of Association impose stricter conditions for adoption of such resolutions.

Meetings of the Supervisory Board may be attended by using means of direct remote communication. Resolutions passed in this manner shall be effective provided all Members of the Supervisory Board have been notified of the text of draft resolutions. The intention to participate in a meeting of the Supervisory Board using means of direct remote communication shall be notified to the Chairman of the Supervisory Board before the scheduled date of the meeting.

When voting by means of direct remote communication, the meeting minutes shall be drawn up and contain information on the subject of voting, Members of the Supervisory Board participating in the vote, and the voting results.

Furthermore, if needed, a separate document shall be prepared to confirm the contents of the adopted resolution, indicating the voting procedure applied and the date of its adoption; such document shall be signed by all Members of the Supervisory Board participating in the vote. This document shall be enclosed with the above-mentioned minutes.

Members of the Supervisory Board may participate in adopting resolutions by casting their votes in writing to be communicated through another Member of the Supervisory Board.

Votes in writing cannot be cast on the issues introduced into the meeting agenda during a meeting of the Supervisory Board. The minutes of the Supervisory Board meeting should contain a clear description of any votes cast in writing, including the name of the Supervisory Board Member who has cast such vote and the name of the Supervisory Board Member through whom such vote has been communicated.

In case the numbers of votes "For" and "Against" are equal, the vote of Chairman of the Supervisory Board shall prevail, or in case of his absence – the vote of Vice Chairman, or in the case of Vice Chairman's absence – the vote of the person acting as the meeting chairman.

Voting of the Supervisory Board shall be open. A secret ballot shall be administered by Chairman of the Supervisory Board in the following cases:

1. suspending the President or a Member of the Management Board from their duties;
2. appointment or dismissal of Chairman or Vice Chairman of the Supervisory Board;
3. in other matters, upon request of even one of the Supervisory Board Members taking part in voting.

The Supervisory Board may adopt resolutions using means of direct remote communication or in writing, also in matters which require a secret ballot in accordance with the Articles of Association, provided that none of the Supervisory Board Members raises an objection against that.

Effective resolutions of the Supervisory Board may be adopted provided that at least half of the Supervisory Board Members are present at the meeting and that all of its Members have been notified about the meeting date and place.

Resolutions of the Supervisory Board shall come into force upon their adoption unless otherwise stated in a given resolution.

Minutes shall be taken from each meeting of the Supervisory Board.

Due to the expiry of the term of office of the Supervisory Board, on 21 June 2022 the Company's Annual General Meeting appointed the Supervisory Board in its existing composition to serve over the next five-year term of office. Hence, the composition of the Supervisory Board remained unchanged throughout the financial year 2022. As at 31 December 2022 as well as on the date of publication of this report, the Company's Supervisory Board was composed of the following persons:

Jozef Klein	Chairman of the Supervisory Board
Adam Góral	Vice Chairman of the Supervisory Board
Artur Kucharski	Member of the Supervisory Board
Jacek Duch	Member of the Supervisory Board
Adam Pawłowicz	Member of the Supervisory Board

#### **Audit Committee**

On 17 May 2010, the Supervisory Board of Asseco South Eastern Europe S.A., in order to fulfil the obligation under art. 86 sect. 3 and 7 of the Act of 7 May 2009 on certified auditors, their self-government, entities authorized to audit financial statements and on public supervision, established an Audit Committee from among its members.

Organization and functioning of the Audit Committee have been, since 18 October 2017, regulated in the Bylaws of the Supervisory Board (earlier these issues were regulated in a separate document, namely the Regulations of the Audit Committee that were adopted by the Audit Committee on 24 August 2010).

During the current term of office of the Supervisory Board, the Audit Committee was appointed in its existing composition on 23 June 2022. Hence, the composition of the Audit Committee remained unchanged throughout the financial year 2022. As at 31 December 2022 as well as on the date of publication of this report, the Audit Committee was composed of the following persons:

Artur Kucharski	Chairman of the Audit Committee
Adam Pawłowicz	Member of the Audit Committee
Jacek Duch	Member of the Audit Committee

The Audit Committee, in its present composition, meets the requirements regarding independence, knowledge and skills provided for in the Act of 11 May 2017 on certified auditors, audit firms and public supervision (Journal of Laws of 2022, item 1302, as amended) – the Supervisory Board assessed compliance with the requirements for the Audit Committee pursuant to art. 129 of the aforementioned Act and § 8 of the Bylaws of the Supervisory Board.

The statutory criterion of independence is met by the following members of the Audit Committee: Artur Kucharski – Chairman, and Adam Pawłowicz – Member.

Artur Kucharski, Chairman of the Audit Committee, has knowledge and skills in accounting/auditing of financial statements (knowledge and skills acquired through job experience, including at PricewaterhouseCoopers Sp. z o.o. – Financial Audit Department, member of the Association of Chartered Certified Accountants – ACCA).



Moreover, all members of the Audit Committee have knowledge and skills in the industry of the Company's business. Such knowledge and skills were acquired through education and job experience:

1. Artur Kucharski – member of supervisory boards in the IT industry companies, engineering education (Warsaw University of Technology, University of Central London, Moscow Power Engineering Institute),
2. Adam Pawłowicz – member of supervisory boards in the IT industry companies (Asseco Group),
3. Jacek Duch – IT engineer (Warsaw University of Technology), many years of experience in software engineering as well as in managing IT companies in Poland and abroad (Nixdorf Computer, PSI AG, Digital Equipment Corporation – DEC), companies of Prokom and Asseco groups.

*The main assumptions of the Policy for selecting an audit firm and the Policy for providing permitted services:*

1. The main objectives of the Policy for selecting an audit firm, as approved by a resolution of the Supervisory Board of 18 October 2017 which was subsequently updated by the Audit Committee and approved in its new wording by a resolution of the Supervisory Board of 25 January 2023, are to ensure the process transparency, independence in selection, equal access to information for entities involved in the process, transparent and non-discriminatory selection criteria, adequate audit quality, and independence of the amount of remuneration from the provision of permitted non-audit services or from the result of the audit;
2. The main objective of the Policy for providing permitted services, as approved by a resolution of the Supervisory Board of 18 October 2017, is to enable only the provision of services listed in the Policy that are not prohibited, and each time subject to the approval of the Audit Committee after it has properly assessed threats to independence and its safeguards.

The Audit Committee updated the above-mentioned Company's regulations regarding the selection of an audit firm to carry out statutory audits in view of the recommendations addressed to all public interest entities by the Polish Financial Supervision Authority (FSA) concerning the elaboration of effective and efficient solutions in the event that an audit firm loses its mandate or other reasons make it impossible for the selected audit firm to perform an audit.

On 5 July 2022, the Audit Committee adopted a resolution, at the request of the Management Board, recommending to change the existing audit firm Deloitte Polska Sp. z o.o. (limited partnership) and to select a new audit firm. Having reviewed the Company Chief Financial Officer's report on the evaluation of offers received, the Audit Committee made a recommendation to the Supervisory Board to choose the audit firm BDO Sp. z o.o. (limited partnership) to carry out audits of the Company's standalone and consolidated financial statements for the financial years 2022 and 2023, as well as to review the Company's semi-annual standalone and consolidated financial statements for the first half of 2022 and the first half of 2023.

Such recommendation was issued upon completion of the selection procedure organized by the Company in line with the applicable criteria.

The Audit Committee's recommendation was free from third-party influence and the Company did not enter into any contracts containing prohibited clauses that would restrict the selection of an audit firm.

Following the recommendation of the Audit Committee, on 7 July 2022 the Company's Supervisory Board adopted a resolution to choose the audit firm BDO Sp. z o.o. (limited partnership) to carry out audits of the Company's annual standalone and consolidated financial statements as well as to review the Company's semi-annual standalone and consolidated financial statements for the reporting periods covering the financial years 2022 and 2023. The previous audit firm Deloitte Polska Sp. z o.o. (limited partnership), which audited the 2021 annual financial statements and also provided permitted non-audit services to Asseco South Eastern Europe S.A., prepared an assessment of the Report on Remunerations of the Management Board and Supervisory Board Members for the year 2021. In this regard, the Audit Committee had previously assessed the independence of the audit firm and approved the provision of permitted services mentioned above.

The firm performing an audit of these financial statements for the year 2022 has not yet provided any permitted non-audit services to the Issuer, but the Audit Committee has agreed that BDO Sp. z o.o. (limited partnership) shall provide a permitted non-audit service concerning the assessment of the Report on Remunerations of the Management Board and Supervisory Board Members for the year 2022.

In 2022, the Audit Committee held 8 meetings during which it performed duties set out in art. 130 of the Act on certified auditors, audit firms and public supervision.

The Audit Committee worked on the basis of the Audit Committee Work Plan adopted for 2022, which determined the scope of tasks to be carried out at individual meetings in order to properly fulfil the duties assigned.



During these meetings, the Audit Committee met with representatives of the audit firm Deloitte Polska Sp. z o.o. (limited partnership) prior to the publication of financial statements for the year 2021 and, after changing the auditor, with representatives of the audit firm BDO Sp. z o.o. (limited partnership) prior to the publication of financial statements for the first half of 2022, as well as prior to commencing the audit of financial statements for the year 2022 in order to discuss the scope and plan of the audits as well as the auditor's independence. At the first meeting of the Audit Committee in 2022, the auditor Deloitte Polska Sp. z o.o. (limited partnership) also presented the summary of the audit of financial statements for the year 2021 that was prepared for the Audit Committee.

At the same meeting, the Audit Committee performed a self-assessment of compliance with the formal requirements pursuant to art. 129 of the Act on certified auditors. Furthermore, it accepted the report on the Committee's activities in 2021.

The Audit Committee also verified compliance of the audit firm BDO Sp. z o.o. (limited partnership) with the independence criteria.

The Audit Committee oversaw the preparation of financial statements and the effectiveness of key procedures which ensure that the financial statements as well as management and financial reports are properly prepared and contain reliable data.

The Audit Committee monitored on an ongoing basis the internal audit activities that were carried out by the Group Internal Audit Manager, in accordance with the approved Audit Plan.

In addition, the Audit Committee reviewed the Company's internal audit, risk and compliance management system, including the progress of corrective actions in this area.

#### **6.11. Description of the diversity policy applicable to the Issuer's administrative, management and supervisory bodies**

Asseco South Eastern Europe S.A. does not have a diversity policy applicable to its Management Board and Supervisory Board. The main criteria for selecting Members of the Management Board by the Supervisory Board are appropriate expertise and experience in the industry in which the Company operates, because it is needed to ensure the Management Board composition that is capable of effective implementation of business goals in the market segments in which the Company operates. The composition of the Supervisory Board shall enable effective supervision over the Company's activities. Moreover, as regards the appointment of Members of the Supervisory Board, the Company is obliged to ensure that the composition of the Supervisory Board is compliant, in particular, with the Act on certified auditors, audit firms and public supervision. The present Members of the Company's Management Board and Supervisory Board perform their responsibilities effectively which is confirmed by very favourable financial results achieved both by the Company and ASEE Group, as well as by the fact that the fulfilment of duties by each of them was approved by the Annual General Meeting of Shareholders. The Company declares equal access to the functions performed by all candidates with respect to the principle of equal opportunities and therefore it will not apply the criterion of gender diversity.

Despite the absence of a diversity policy, the Company respects the principle of ensuring equal treatment disregarding any factors that may cause discrimination. As a matter of fact, the policy of diversity is implemented by the Company by hiring employees who vary in terms of gender, age, job experience, education, cultural background, and ensuring that all employees are treated equally in the workplace, taking into account their diverse needs and benefiting from their differences to achieve the Company's goals.

Employment rules are regulated in the Company's internal documents, including in particular the Code of Ethics and the Work Regulations. These documents are addressed to all employees, including management staff, and the rules of conduct and values defined therein regarding interpersonal relations are based on the Company's common values, which by definition aim to build mutual trust, integrity and respect.

The Company provides equal working conditions that encourage full utilization and development of skills and interests of employees, including managers, among others through participation in trainings. Every employee has the opportunity of being promoted to a managerial position if he or she demonstrates adequate professional achievements.

Both the Company's authorities and employees are aware of the importance of diversity as an element that determines the development and optimal operation of our organization, which has a bearing on the quality of services provided and the Company's financial performance.

## 7. OTHER INFORMATION ON ASEE GROUP AND ASECO SOUTH EASTERN EUROPE S.A.

### 7.1. External and internal factors significant for development of the Company and the Group

Because Asseco South Eastern Europe S.A. is primarily engaged in holding activities, factors significant for the Company's development need to be examined taking into account the development and business operations of the entire ASEE Group.

The utilized systems, including our integrated management structures and efficient internal audits, are effective in reducing the negative impact of the below-mentioned risk factors and threats to the operations of both ASEE and ASEE Group. The Management Board of ASEE S.A. believes the Group's current financial standing, operating potential and market position pose no threats to its ability to continue as a going concern throughout the year 2023. However, there are numerous factors, of both internal and external nature, which may directly or indirectly affect the Group's financial performance in the next quarters.

External factors with a bearing on the future financial performance of ASEE Group, including Payten, are as follows:

- Geopolitical situation in the regions of ASEE Group operations, where potential political tensions and instability of local governments may undermine the climate for investments and thus induce the customers of ASEE companies and Payten to delay or even abandon the implementation of IT projects. Another consequence of potential political and social tensions might be an interruption of IT investments in the public administration bodies that are clients of ASEE Group;
- Furthermore, the Russian invasion of Ukraine, launched on 24 February 2022, caused a radical change in the geopolitical situation of the entire region. The Group continues to analyze geopolitical developments and their impact on the Group's financial position and financial performance in the future. At the moment, due to the dynamically changing situation, it is difficult to assess the long-term economic effects for this region of Europe and impact on the overall macroeconomic situation, which indirectly affects the financial results of ASEE Group.
- Condition of the IT market and payment services market in the regions of ASEE and Payten operations; it seems South Eastern Europe, Turkey and South America remain still underinvested as compared with the West European countries, which may generate additional demand for technology solutions offered by ASEE Group;
- Opportunities and risks resulting from rapid technological changes and innovations in the IT market, as well as in the banking and payments sector;
- Regulatory changes in the banking and payments sector, which may generate demand for additional services performed by the Group, but on the other hand may open up access to the sector for new players and new technologies that may reduce the competitive advantages of solutions offered by ASEE and Payten;
- Informatization processes in the public administration of South Eastern European countries, aiming to upgrade the quality and functionality of their services to international standards and especially to the requirements of the European Union;
- Availability of the EU structural funds in Romania, Bulgaria, Slovenia and Croatia, as well as pre-accession funds in other South Eastern European countries;
- Consolidation and development of the banking sector which may result in mergers and liquidations of business entities that are clients of ASEE Group, but also in gaining new customers in the sector;
- Outlook for expansion of the Group's operations into new markets through cooperation with local partners;
- More and more severe competition both from local and international IT companies which is observed especially when it comes to the execution of large and prestigious contracts;
- Changes in the credit standing, financial liquidity and availability of financing for the customers of ASEE Group;
- Inflation and fluctuations in the currency exchange rates of countries in which ASEE Group operates;
- Level of interest rates in the Eurozone because a significant portion of debt in ASEE Group, including Payten, is denominated in EUR.

Internal factors with a bearing on the future financial performance of our Group are as follows:

- Quality and comprehensive offering of ASEE and Payten;
- Research and development expenditures made by ASEE Group;
- Prospects for expansion of the product portfolio of ASEE and Payten on the back of organic growth or potential future acquisitions;

- The Group's ability to run efficient operations during the pandemic through the use of remote channels in internal communication and in customer relations;
- Stability and experience of our managerial staff;
- Transparent organizational structure and efficient operations of the Group;
- Experience in the execution of complex IT projects involving the provision of diversified services in broad geographical regions;
- Effective activities of our sales force;
- Execution of complex information technology projects carried out under long-term contracts;
- Implementation of the Group's business strategy that involves focusing on strategic products and services, expansion into new markets, and improving operating efficiency;
- Successful completion of potential company acquisitions in the future.

## 7.2. Non-recurring events with impact on our financial performance

Non-recurring events which affected the financial performance, financial position and cash flows of ASEE Group in 2022 and in the comparable period included the acquisitions of subsidiary companies as well as other organizational changes in the Group as described in the section 'Organizational Structure of Asseco South Eastern Europe Group'.

Moreover, due to the existence of hyperinflation in Turkey, the Group has applied IAS 29 and made the inflation-related revaluation of non-monetary assets and liabilities as well as the statement of profit and loss. The impact of hyperinflation on our financial statements has been described in detail in explanatory note 2.10 to the consolidated financial statements of ASEE Group for the year 2022.

## 7.3. Discussion of significant risk factors and threats

ASEE Group constantly monitors major factors posing risk to its operations in order to identify, prevent and mitigate their possible effects. For this purpose, the Parent Company and its subsidiaries have implemented a number of management systems as well as internal control and audit procedures.

The utilized systems, including our integrated management structures and efficient internal audits, are effective in reducing the negative impact of the below-mentioned risk factors and threats to the operations of both the Company and the Group.

### Major risk factors involved in the Group's business environment

#### Risk related to the macroeconomic situation

ASEE S.A. is the parent company of the Group which runs operations in South Eastern Europe, Central Europe, Western Europe, as well as in South America. The Company's and the Group's strategy assumes reinforcement of our position in each of these regions as well as further expansion in selected regions and beyond their borders. In connection with our current operations and planned business development, the financial results achieved by ASEE and Payten may be influenced by factors related to economic and political stability. Development of the IT services and payment services sectors as well as IT spending of our customers are closely related to the overall economic situation. Therefore, our financial results depend on the level of capital expenditures made by enterprises, pace of GDP growth, inflation rate etc.

#### Risk associated with the lack of political stability

Potential changes in governments of the countries where ASEE and Payten operate as well as any civil unrest may initiate periods of political instability, which may result in a reduction of public spending and lower inclination towards investments among enterprises.

#### Risk related to intensified competition

The market of information technology infrastructure and services is becoming more and more competitive. With a variety of services and products in our portfolio, we are tough competition to large consulting firms, multinational technological tycoons, IT outsourcing providers as well as software houses, inclusive of internal IT departments of large corporations operating in the region. The IT industry undergoes rapid changes resulting from investments in new technologies made primarily by large companies and acquisitions of local businesses by international players. Furthermore, the biggest global corporations, which have been so far active only in the large enterprises market, expand their offerings with solutions and implementation methodologies dedicated also to medium-sized enterprises, which increases the competitive pressure.

**Risk associated with the condition of the banking sector**

The provision of IT solutions and services to banks and other financial institutions is one of our core businesses. The financial sector experiences a lack of stability and is under strong pressure to cut investment spending and optimize operating costs, which may have an adverse impact on the Group's operations. The banking sector around the world undergoes intensive processes of consolidation where much attention is paid to the standardization of solutions and optimization of costs at the corporate level. Headquarters of various banks may possibly decide to choose other IT market participants to provide for their technological needs, which may adversely affect the Group's operations.

**Risk of potential legal disputes concerning copyrights**

Development of the Group's operations in the market of IT products depends to a large degree on the ownership of intellectual property rights, and especially copyrights to computer programs. Because of a variety of legal regulations pertaining to the protection of intellectual property applicable in the countries where our subsidiaries operate, there is a risk that in some circumstances there may be doubts as to the effectiveness of assignment of copyrights in software codes compiled by employees in favour of their employers.

Furthermore, there is also a risk that in some countries where the Group operates, local regulations may not provide adequate protection of copyrights in computer programs owned by our subsidiaries. Taking advantage of such situation by other local firms with a similar business profile may lead to the loss of ASEE's competitive edge in a given market.

**Risk of changes in local tax regulations**

Some of the Group companies are engaged in innovative research and development activities which, according to local regulations, may be taxed on a preferential basis compared to typical operations. In the event of any amendment of local tax regulations, there is a risk of losing tax benefits and thus increasing the tax burden on income earned by the Group companies.

**Foreign currency risk**

The Group conducts business operations in many countries and makes settlements in various currencies. Contracts concluded by the Group companies are denominated in miscellaneous currencies, also in currencies that are foreign to the countries where the Group operates. Temporary fluctuations in the currency exchange rates as well as long-term trends in the currency market may impact the financial results of the Group.

In addition, the financial statements of ASEE Group are published in PLN and in the consolidation process the amounts stated in local foreign currencies are translated into PLN. Therefore, possible changes in the exchange rates of foreign currencies to PLN may affect the values presented in our financial statements. Possible depreciation of local currencies against the Polish zloty might create a risk of loss of value of our equity investments in companies operating in the market where a given currency is used.

**Risk of interest rate hikes in the Eurozone**

Most of the external debt of ASEE Group, including Payten, is denominated in EUR and bears a variable interest rate based on EURIBOR. A potential increase in the Eurozone interest rates would translate into higher financial costs incurred on the Group's debt.

**Risk of supply chain disruptions**

Some of the Group's activities in the Dedicated Solutions segment, as well as in the business lines responsible for maintenance of POS terminals and ATMs in the Payment Solutions segment, to a large extent rely on the sale or use of equipment manufactured by external entities. Disruptions in the production of semiconductors and in supply chains have considerably lengthened the time of equipment deliveries by manufacturers. Delayed deliveries may hinder our capability to implement projects for the Group's customers and, as a result, affect the amount of generated revenues.

**Risk involved in insufficient insurance coverage**

Business activities conducted by the Group, including production and supply of software as well as implementation of integration projects, give rise to a risk of damages that may be incurred by the Group contractors or their end customers as a result of defective operation or failure of the products delivered by our company, whether attributable to its negligence or not. Agreements concluded by companies of ASEE Group provide for contractual penalties in the event of non-performance or improper performance of obligations. Any claims for compensation in excess of the guarantee amounts under the carried insurance policies might have a significant adverse impact on the operations, financial position, financial results and development outlook of ASEE companies.

### **Risks associated with the warfare in Ukraine**

The Russian invasion of Ukraine, launched on 24 February 2022, caused a radical change in the geopolitical situation of the region where ASEE Group operates. At this point, we have not identified any significant impact of the warfare on the Group's operations; however, due to the dynamically changing situation, it is difficult to assess the long-term economic effects for the region of Europe where ASEE is present, as well as potential impact on the overall macroeconomic situation which indirectly affects the financial results of the Group.

### **Risk related to competition on the labour market**

An indirect effect of the COVID-19 pandemic is the growing popularity of remote work. Employees and employers have found out about the possibility of working on a remote basis. This intensifies competition between employers in the search for well-qualified employees, which generates the risk of increased employee turnover and consequently temporary shortages of personnel. Such shortages may adversely affect the timely implementation of projects. Another effect may be increased salary demands and hence the reduction of profit margins to be realized in the future.

### **Major risk factors involved in the Group's business operations**

#### **Risk of fluctuations in revenues and expenditures**

Due to the project-driven nature of IT investments, sales revenues generated by the Group companies may be subject to considerable fluctuations from period to period. It is possible that in the future our revenues and operating results will fall short of the market expectations because of the completion of work performed under large-scale projects. Moreover, due to technological changes, the Group's existing technology and products may become obsolete and will require making sizeable new investments. The above processes may have negative impact on the rate of return on investment or the amount of dividends to be paid out.

#### **Risk of non-performance or improper performance of projects and losing the clients' trust**

In each area of our business, the provision of services by the Group depends on the clients' trust and the quality of our products and services. Proper performance of an IT project, which is mission critical for the operations of our client, in most cases results in signing a long-term contract. The quality of solutions and customer service provided to our clients determines their confidence in our Group.

#### **Risk associated with fixed-price contracts**

The majority of contracts for provision of IT services or products concluded by the Group determine a fixed remuneration. Therefore, they are not settled on a time-and-material basis. If we misevaluate the resources and time required for the project performance, future salary increases, inflation or foreign exchange rates, or if we fail to perform our contractual obligations within the agreed deadline, this may have an adverse impact on the Group's financial results and cash flows.

#### **Risk associated with gaining new IT contracts**

Some of the Group's revenues are generated from projects that are awarded through tendering procedures organized by state institutions and companies as well as by large private enterprises. Most of such tenders are attended by leading IT players in the region and major foreign companies, which results in considerably high competition. Our business depends on the access to reliable information about the future investment plans of prospective customers, as well as on appropriate competence and experience that would enable us to win tenders.

#### **Risk of becoming dependent on the key customers**

The Group's business is to a great extent based on the execution of long-term projects which require a large work effort. Implementation of the key account contracts will impact the level of our sales revenues in the coming years. Although sales to one client only exceeded 10% of total revenues generated by the Group in 2022, our customers in various countries are often members of international banking groups and a potential loss of such an entire group could have a noticeable impact on revenues of ASEE companies and Payten.

#### **Risk of becoming dependent on the key suppliers**

The Group's business is characterized by close cooperation with big international companies, especially in the segments of Payment Solutions and Dedicated Solutions. There is a risk that the key suppliers to our Group may change their strategies for cooperation with local partners or may want to tighten their cooperation with one partner of their choice. Furthermore, they may start to offer the implementation services for their solutions themselves or else increase the prices of the products supplied.

**Risk related to the profitability of integration projects**

In some of the markets where the Group operates, providers of integration services generate higher margins of profit than average margins realized in mature economies. Hence, it may be expected that such margins will be squeezed once our markets become saturated and more mature.

**Risk related to insolvency or misconduct of our subcontractors**

In certain cases, we provide our clients with solutions that have been developed and completed by our subcontractors. Just as any other entrepreneurs, our subcontractors may face business or financial difficulties and become unable to fulfil their obligations towards us or our clients.

**Risk related to technological changes in the industry and development of new products and services**

The sector of IT and payment services are characterized by rapid development of solutions and technologies. Hence, the product lifecycles in such a market are relatively short. In order to maintain a competitive advantage in this market, it is necessary to undertake research work and invest in new products. There is a risk that new solutions will be launched to the market, causing the products and services offered by the Group to become less attractive and eventually not as profitable as expected.

**Risk involved in strategic investments in complementary industries, technologies, services or products as well as in strategic alliances with third parties**

While implementing the Group's development strategy, we may engage in strategic investments, establish companies, undertake joint ventures and make acquisitions related to complementary industries, technologies, services or products. Despite exercising due care when selecting our business partners, we may be unable to identify a suitable partner or to manage such a venture or acquisition appropriately. As a consequence we may be exposed to typical risks involved in mergers and acquisitions.

**Risk of misfortunate acquisitions**

Business acquisitions are one of the cornerstones of ASEE's development. We are trying to take over businesses that are truly complementary to the Group's offering and are in good financial condition. Our acquisition processes are based on the best market practices. However, there is a risk that our acquisition decisions will turn out to be wrong and that acquired companies will fail to meet our expectations, which may adversely affect the Group's financial results.

**Risk involved in the Group integration process**

The Group is exposed to a risk associated with the effective integration of ASEE and Payten subsidiaries, especially as the Group companies operate in different markets and in various countries. It is our strategy to integrate our subsidiary undertakings into operating segments as well as to make further company acquisitions. Nonetheless, we cannot entirely exclude the risks of delays, partial completion or failure to complete the intended integration process.

Apart from that, even if our subsidiaries and further potentially acquired entities are successfully integrated with the Group, we may still be unable to fully integrate the products and services portfolios of particular companies, or to continue the development processes in line with our present corporate practices.

**Risk of becoming dependent on the key management personnel of the Company and the Group**

Just as in the majority of companies developing IT systems, highly qualified personnel and managerial staff are the main pillars of the Group's success. We operate in the information technology industry which is characterized by a high rotation of personnel. It is probable that the Group will be unable to retain its present employees or to recruit new, equally highly qualified employees in the future. Losing some of the key personnel members would have a negative impact on the Group's operations, financial position and results, as well as on its future development outlook.

**Risk of impairment of intangible assets**

A significant portion of the Group's assets is represented by goodwill arising from the acquisition of subsidiary companies that currently comprise ASEE Group. These assets are tested for impairment at the end of each year. In the event such test showed that the fair value of an asset was lower than its carrying value, we would have to recognize a fair value impairment loss that would weigh on the Group's financial results.



**Risk of low liquidity and depreciation of our shares**

Investors considering the purchase of ASEE shares should take into account that the trading price of our shares may change in the future and that they may not be able to recover all invested funds. Furthermore, any purchase or sale of ASEE shares depend on the market liquidity, hence the execution of an investment decision may not be possible at a given time.

**Risk related to dividends**

Our potential investors should be aware of the fact that distribution of any dividends by ASEE will depend on a number of factors, such as the Group's operating results, its financial standing as well as the current and anticipated demand for cash. The Company's dividend policy stipulates that 30 to 50% of consolidated profits shall be distributed in dividends, and it is the Management's intention to allocate an appropriate portion of net earnings to dividend payments in the future. However, the Company is not in the position to guarantee that such plans will be actually implemented nor to determine the amounts of expected dividend payments.

**Risk related to influence exerted by the Company's majority shareholder**

As at the date of publication of this report, Asseco International a.s., our majority shareholder and a subsidiary of Asseco Poland S.A., holds 50.89% of shares in our Company. We expect that Asseco International a.s. will maintain its position as a majority shareholder and retain significant influence on our Company's business operations. Asseco International a.s. is entitled to exercise broad rights and powers with respect to its shareholding in the Company, and it must be taken into consideration that in the present situation Asseco International a.s. has a decisive impact on the Company's strategic decisions.

**Risk of data leakage**

As a result of deliberate actions of third parties or dishonest employees, as well as mistakes or carelessness of our employees or contractors, confidential data of the Group or of its clients may be disclosed to unauthorized persons. Such circumstances might have an adverse impact on the perception of ASEE Group by our clients, and consequently on the Group's operations, financial position, financial results and development outlook.

**Risk of property damage**

As a result of abuse or errors committed by employees of Asseco Group companies, they may suffer damage to property. Such circumstances might have an adverse impact on the Group's financial condition and business continuity, and consequently on the Group's operations, financial position, financial results and development outlook.

**7.4. Description of major equity investments made within ASEE Group**

Description of major equity investments made within ASEE Group is provided in section III of the consolidated financial statements of ASEE Group for the year ended 31 December 2022.

**7.5. Organizational and equity relationships of the Issuer**

Asseco South Eastern Europe S.A. is the parent of Asseco South Eastern Europe Group and concurrently a subsidiary of the higher-level parent Asseco International a.s. The Company's position within the Group's structure as well as its equity and organizational relationships and changes thereof that took place during the year 2022 have been presented in section 2.3 'Organizational Structure of Asseco South Eastern Europe Group' of this report, and also in section III of the Consolidated financial statements of ASEE Group for the year ended 31 December 2022.

**7.6. Related party transactions**

During 2022, neither Asseco South Eastern Europe S.A. nor any of its subsidiaries conducted any transactions with their related parties other than on an arm's length basis.

Information on related party transactions carried out during the period of 12 months ended 31 December 2022 has been presented in explanatory note 6.20 to the annual consolidated financial statements of ASEE Group, as well as in explanatory note 5.16 to the annual financial statements of ASEE S.A.



#### **7.7. Assessment of financial resources management**

During the year ended 31 December 2022, ASEE Group had no problems with timely settlement of its liabilities towards both suppliers and creditors, payment of state regulatory charges, or with fulfilling its investment commitments.

#### **7.8. Bank loans, borrowings, sureties and guarantees**

Bank loans and borrowings obtained and sureties and guarantees granted have been described in explanatory note 6.14 to the consolidated financial statements of ASEE Group for the year ended 31 December 2022, as well as in explanatory note 5.11 to the standalone financial statements of ASEE S.A. for the year ended 31 December 2022.

#### **7.9. Loans granted in 2022**

Information on loans granted by the Group companies during the financial year has been presented in explanatory note 6.6 to the consolidated financial statements of ASEE Group for the year ended 31 December 2022, as well as in explanatory note 5.8 to the standalone financial statements of ASEE S.A. for the year ended 31 December 2022.

#### **7.10. Utilization of proceeds from issuance of shares**

During the reporting period ended 31 December 2022, we did not issue any new shares.

#### **7.11. Financial forecasts**

Asseco South Eastern Europe S.A. did not publish any financial forecasts for the year reported.

#### **7.12. Opinion on feasibility of investment plans**

Referring to the above-described business strategy, the Group's investment plans include both equity investments in new entities as well as organic growth, which shall involve making expenditures for research and development in order to enhance innovation of our product portfolio, expenditures for infrastructure used in the provision of Software-as-a-Service solutions, expenditures for infrastructure used in the outsourcing of payment processes and in independent ATM networks, as well as expenditures for replacement and maintenance of infrastructure used in our operating activities.

Our capital expenditures are mostly financed from the Group's own funds, except for infrastructure used in the outsourcing of payment processes that is largely financed with bank loans.

It is also probable that any potential company acquisitions will be financed from external sources, including from bank loan facilities that are already available or from dedicated new financing.

Furthermore, ASEE Group may choose to finance its future investment expenditures through the issuance of new shares.

#### **7.13. Changes in the Group and Company management policies**

Changes in the Group's management principles, which were introduced in 2022, and further plans concerning the direction of such changes have been described in section 2.4 'Strategy and Directions of Development' in this report.

During the year 2022, the management practices of ASEE Group and ASEE S.A. remained unchanged.

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

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

#### **7.15. Monitoring of employee stock option plans**

On 23 September 2021, Asseco International a.s. and managers of ASEE Group companies signed agreements for the acquisition of shares in ASEE S.A. The whole incentive plan covers 547,550 shares of ASEE S.A. which represent 1.06% 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 341,336 shares in total.

Moreover, on 22 August 2022, ASEE S.A. signed agreements to sell shares in Payten Holding S.A. to the managers of ASEE Group companies. The whole incentive plan covers 426,571 shares of Payten Holding S.A. which represent 0.93% of the company's share capital.

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

Detailed information on the share-based payment plan has been presented in explanatory note 5.2 to the interim condensed consolidated financial statements of ASEE Group for the year ended 31 December 2022.

#### **7.16. Remuneration due to the Issuer's management and supervisory personnel**

Information on remuneration due to the Issuer's management and supervisory personnel has been disclosed in explanatory note 9.5 to the annual consolidated financial statements of ASEE Group for the year 2022, as well as in explanatory note 8.5 to the annual financial statements of ASEE S.A.

#### **7.17. Information on liabilities arising from pensions and benefits of a similar nature**

As at 31 December 2022, ASEE S.A. had no liabilities arising from pensions and benefits of a similar nature payable to former members of management and supervisory boards or to former members of administrative bodies.

#### **7.18. Agreement with the entity authorized to audit financial statements**

The agreement with the entity authorized to audit financial statements, namely BDO Sp. z o.o. (limited partnership), to carry out audits of the standalone and consolidated financial statements of ASEE S.A. drawn up for the year ended 31 December 2022 was signed on 17 August 2022.

#### **7.19. Remuneration of the entity authorized to audit financial statements**

Information on remuneration due to the entity authorized to audit financial statements has been presented in explanatory note 8.4 to the annual standalone financial statements of ASEE S.A. for the year 2022, as well as in explanatory note 9.4 to the annual consolidated financial statements of ASEE Group for the year 2022.

#### **7.20. Significant off-balance-sheet items**

Significant off-balance-sheet items have been described in explanatory note 9.1 to the annual consolidated financial statements of ASEE Group for the year 2022, as well as in explanatory note 8.1 to the annual financial statements of ASEE S.A. for the year 2022.

#### **7.21. Information on significant judicial proceedings**

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

#### **7.22. Significant events with impact on ASEE Group operations after 31 December 2022**

Significant events that took place after the reporting date of 31 December 2022 have been described in explanatory note 9.8 to the consolidated financial statements of ASEE Group for the year ended 31 December 2022, as well as in explanatory note 8.8 to the standalone financial statements of ASEE S.A. for the year ended 31 December 2022.

#### **7.23. Report on non-financial information**

The Parent Company has prepared a report on non-financial information: "Non-financial Report of Asseco South Eastern Europe Group for 2022", in the form of a separate document which is an integral part of the Annual Report of ASEE Group for the year 2022.



# Technology for business, solutions for people.

Asseco South Eastern Europe S.A.

14 Olchowa St., 35-322 Rzeszów, Poland

Phone: +48 22 574 86 30

Fax: +48 22 574 86 90

Email: [office@asseco-see.pl](mailto:office@asseco-see.pl)

**see.**[assecos.com](http://see.assecos.com)