Annual Report

of Asseco South Eastern Europe Group

for the year ended 31 December 2021

Present in
23 countries

PLN 1,147 million
in sales revenues

3,392
highly committed
employees

PLN 150.4 million
of net profit
for Shareholders
of the Parent Company

EUR 195.2 million
in order backlog
for 2021

PLN 2.8 billion
in market capitalization

PRESIDENT'S LETTER

Dear Shareholders,

2021 was a very favourable year for ASEE Group (including Payten). The Group grew both organically and through acquisitions, improved its profitability and expanded competence in many business areas.

ASEE Group generated more than EUR 250 million in sales revenues for 2021, achieving an increase by 9% compared to the previous year, while its operating profit improved by 22% and amounted to nearly EUR 40 million. Our key revenue driver was Payten Group which recorded a 12% growth in sales and also the highest increase in operating profit, by as much as 34%.

Expansion – new markets, new competences

Pursuing our expansion strategy, in 2021 we successfully carried out seven company acquisitions thanks to which we increased our expertise, market share and expanded our portfolio with new products and solutions in the following areas: artificial intelligence and machine learning, e-Commerce solutions for online and mobile stores and marketplace platforms, digitization and business process management, traffic management and Smart City solutions, as well as solutions for the telecommunications industry. In 2021, we also delivered organic growth by conquering new markets with our existing products and services. In Egypt, we participated in the digitization of a bank by implementing our solution Live Virtual Branch dedicated for virtual banks. In Portugal and Colombia, we launched a network of independent payment terminals Monri, and in Kyrgyzstan, we commenced the implementation of our Nestpay solution ver. ACS 2.0 at Demir Kyrgyz bank.

Digital transformation and consolidation

Last year, we continued to observe the increased demand for solutions that support banks in the digital transformation process. This gave us upward momentum in sales and implementations of our proprietary Digital Origination solution for offering bank products and services online, as well as security solutions. The region of Central and Eastern Europe saw the continuation of consolidation processes in the banking sector, where we provided technological support, among others, for the mergers of NLB Montenegro with Komercijalna Banka MNE, NLB Serbia with Komercijalna Banka, Raiffeisen banka Srbije with Credit Agricole, or Eurobank with Direktna Banka, and on the part of Payten, our subsidiary Chip Card completed comprehensive consolidation of the card processing business in the merger of OTP with Vojvodanska banka. Moreover, one of the major projects in the Banking Solutions segment was the implementation of a core banking system for Halkbank in Serbia.

Improving efficiency

In the Dedicated Solutions segment, we managed to both expand the scale of our operations and improve their efficiency. We signed more contracts to sell our proprietary solutions, such as BPM, Live, ABC, and Fidelity. For example, in addition to the above-mentioned implementation of Live Virtual Branch for a bank in Egypt, Anadolubank based in Turkey chose the ASEE Live Digital Customer Onboarding solution, Ziraat Participation Bank chose our Fidelity Asset Management solution, while our ABC solution that provides support in business process management was delivered for public administration clients in Serbia such as the Ministry of Finance, Pension Fund, Health Insurance Institution, and the Ministry of Social Affairs and Employment. Furthermore, it is worth noting that we have upgraded our ABC platform with AI tools thanks to the acquisition of Things Solver, a company specialized in artificial intelligence and machine learning. We are working to integrate AI and ML tools into our other strategic products.

Dynamic growth in e-Commerce

Within our Payten operations, the largest revenue growth in 2021 was recorded in the business line dealing with maintenance of POS terminals (by as much as EUR 4.4 million) and in e-Commerce. The pandemic period created favourable conditions for the development of e-Commerce. This translated into robust financial results of our online payments division in 2021, during which Payten processed more than 1.2 billion transactions. Also a significant increase of 130% was achieved by the business line responsible for sales to retailers, including the independent network of POS terminals (IPD) and electronic cash registers (ECR). I believe that solutions for creating online and mobile stores as well as marketplace platforms, which are complementary to our payment solutions and appeared in our product portfolio as a result of recent acquisitions, will contribute to further growth of the business line dedicated to non-financial customers.

Future outlook

In 2022, we will continue the strategy of growth in recurring revenue and transactional business, further increasing the share of our own products and services in the sales structure of ASEE Group, and strive to expand our business both organically and through acquisitions. We will also develop new products and add state-of-the-art functionalities to our existing solutions, in particular utilizing the potential of artificial intelligence and machine learning tools. In addition to implementing our expansion plans, we will also make continuous efforts to improve the efficiency of our operations.

Finally, I would like to thank our employees, customers and partners for an extremely successful year of 2021. I invite you to read the Management Report on Operations of ASEE Group where you can find more details about our accomplishments in 2021 and plans for the future.

Piotr Jeleński,
CEO of Asseco South Eastern Europe S.A.

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 2021

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.

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.

AUTHORITIES OF ASSECO SOUTH EASTERN EUROPE S.A.

As at the date of publication of this report, this is on 23 February 2022, 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		

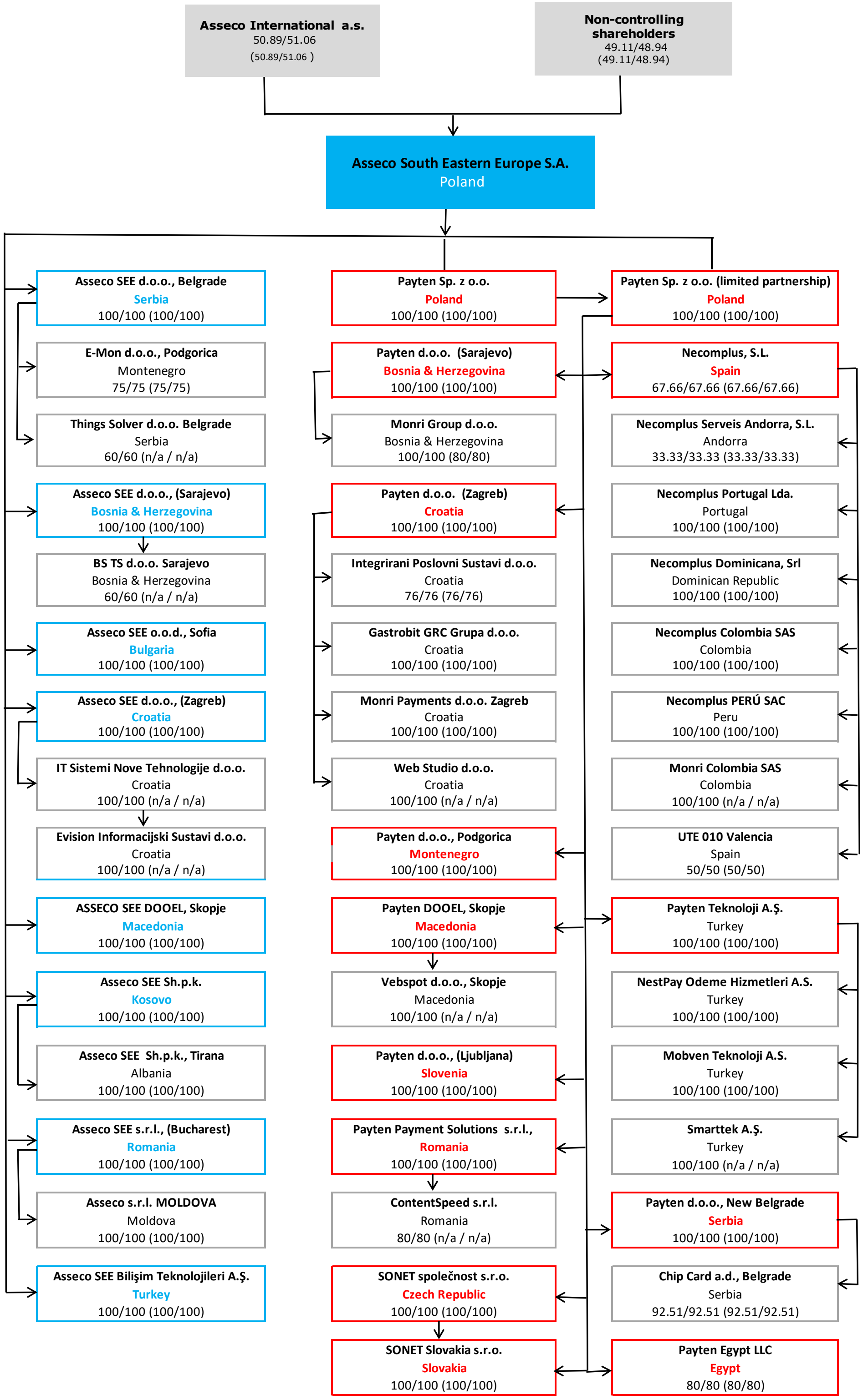
During the reporting period, the composition of the Company's management and supervisory bodies changed as follows:

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

During the period from 31 December 2021 till the publication of this report, this is till 23 February 2022, the compositions of the Company's management and supervisory bodies remained unchanged.

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 2021 and 31 December 2020:



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

The parent company of Asseco South Eastern Europe S.A. is Asseco International a.s., seated in Bratislava. As at 31 December 2021, Asseco International a.s. held a 51.06% stake in the share capital of ASEE S.A. During the reporting period, as a result of the sale of our Company's shares that was conducted outside of the regulated market on 23 September 2021, Asseco International a.s. decreased its equity interest in the Company from 51.06% to 50.89%.

All companies incorporated within the Group are controlled, either directly or indirectly, by ASEE S.A. and thus they are treated as subsidiaries and are subject to full consolidation.

Both as at 31 December 2021 and 31 December 2020, voting rights held by the Group in ASEE Group companies were equivalent to the Group's equity interests in these entities.

Changes in the Group structure

During the year ended 31 December 2021, the organizational structure of ASEE Group changed as described below.

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

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

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

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

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

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

- ***Acquisition of a minority interest in Monri Group d.o.o.***

On 10 June 2021, Payten d.o.o. (Sarajevo) acquired 20% of shares in the company Monri Group d.o.o. based in Sarajevo, thereby becoming the owner of 100% of shares in this company.

- ***Acquisition of shares in ContentSpeed s.r.l.***

On 22 July 2021, Payten Payment Solutions s.r.l. acquired 80% of shares in ContentSpeed s.r.l., a company based in Bucharest (Romania).

- ***Acquisition of shares in IT SISTEMI-NOVE TEHNOLOGIJE d.o.o.***

On 28 July 2021, Asseco SEE d.o.o., (Zagreb) signed an agreement to acquire 100% of shares in IT SISTEMI-NOVE TEHNOLOGIJE d.o.o., a company based in Split (Croatia). The Group obtained control over IT Sistemi d.o.o. on 8 September 2021 upon satisfying all the conditions precedent.

- **Establishing of a new company Monri Columbia SAS**

Monri Columbia SAS, based in Bogota, was established on 25 October 2021. 100% of shares in this company were acquired by Necomplus SL, based in Alicante (Spain).

- ***Acquisition of shares in Web Studio d.o.o.***

On 25 October 2021, Payten d.o.o. (Zagreb) acquired 100% of shares in Web Studio d.o.o., a company based in Rijeka (Croatia).

- ***Acquisition of shares in Smarttek A.Ş.***

On 1 December 2021, Payten Teknoloji A.Ş. based in Istanbul acquired 100% of shares in Smarttek Yazılım ve Endüstriyel Otomasyon Sanayi ve Ticaret A.Ş., a company based in Manisa (Turkey).

- ***Acquisition of shares in BS Telecom Solutions d.o.o. Sarajevo***

On 10 December 2021, Asseco SEE d.o.o. (Sarajevo) acquired 60% of shares in BS Telecom Solutions d.o.o. Sarajevo, a company based in Sarajevo (Bosnia and Herzegovina). The Group obtained control over BS Telecom Solutions d.o.o. Sarajevo on 16 December 2021 upon satisfying all the conditions precedent.

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 name of Payten, as well as on extending its geographical coverage and product portfolio.

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 2022, ASEE Group (including Payten) intends to focus on proprietary solutions of each operating segment, increasing the role of own software and services to be offered in subscription and outsourcing models for 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 objective for 2022 is to create the basic principles for carrying out such operations within our organization.

In 2022, 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 2022, we plan to continue work on the system for managing the 'service desk' (Live) support process. We carry on the implementation of consistent guidelines/principles 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.

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.

In 2022, 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 result in a considerable eradication of unprofitable projects and 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 2021, sales of our proprietary solutions reached PLN 831 million, reflecting an increase by almost PLN 120 million or 17% in relation to the previous year. Revenues from own solutions accounted for 72.4% of total sales generated by ASEE Group, up from 69.2% a year ago. We expect the value of revenues from our proprietary solutions to grow also in 2022.

In the process of further development of ASEE, the Management intends to focus on expanding and enhancing the portfolio of our proprietary products and services.

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 platform for customer service and sales support (Live), traffic management and Smart City solutions, as well as e-Commerce solutions, including payment processing services. Selected solutions will be offered in the Software-as-a-Service (SaaS) model.

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, Belgium, Morocco, Egypt, Kazakhstan, Kirgizstan, Nigeria, Malta, as well as in Saudi Arabia. In 2022, the Management plans to continue sales activities in markets outside the current area 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 2022, 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 (Software-as-a-Service, SaaS).

Regardless of the country of origin, each of the IT solutions offered by ASEE is available across the whole region. 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.

Another factor that may affect the segment's results in 2022 is the expected further improvement of its operational efficiency. The above-mentioned initiatives, aiming at high-quality project management and effective use of resources, should contribute to maintaining high margins of profit across the entire segment of banking solutions.

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.

Recently, we have observed a significant increase in the interest of our clients in Business Process Management (BPM) solutions, partly as a consequence of the pandemic and the need for remote work. We plan to increase investments in this business line and, based on software solutions available in the Group, to build a comprehensive BPM product to be offered in several markets of the region, including Romania, Serbia, Croatia, and Bosnia and Herzegovina.

Traffic management solutions and Smart City solutions are the second strategic area where the Group plans to significantly increase its presence starting from 2022. 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, the Momentum solution for quality assurance and development of mobile and web applications, 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 will be used by ASEE Group and which has already been offered to external customers. We also invest in the ABC solution that provides support in business process management. It was upgraded with tools based on artificial intelligence technology. 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.

Summary of goals for 2022 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, and Live platforms, as well as traffic management and Smart City solutions;
- Offering of selected solutions in the Software-as-a-Service model; Preparing additional solutions for shifting the sales model from the traditional implementation and maintenance to the subscription model (SaaS);
- 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 enable comprehensive processing of both physical and online payments. Our offering will be enriched through organic growth or potential acquisitions of companies with complementary business profiles. The Management also considers acquiring companies operating outside the current area of our business operations, which would additionally enable introduction of the segment's 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 (SaaS) model.

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 obtaining a license from the Payment Institution in Turkey, Payten offers online payment services under the Paratika brand 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, with the objective to improve the financial performance of this project and become one of the top five independent players in this business in Turkey.

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.

At the end of 2021, we commenced efforts to obtain the eMoney license for Croatia which could be used on all markets of 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 Software-as-a-Service model since 2020.

The pandemic period was conducive to the development of e-Commerce, which translated into very good results of the online payments division in 2021. During the year reported, Payten processed more than 1.2 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 2021, the pace of growth of our payment processing activities was as high as 31%. The Management believes that payment processing and authorization services will continue to grow in 2022 and in the coming years.

In 2021, the Group continued work on the concept of offering a comprehensive payment process service for retail points of sale. The portfolio of services for retailers currently includes: solutions supporting online payments, independent network of POS terminals and the SinglePOS solution, maintenance of POS terminals and hotline support, as well as electronic cash registers with software.

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 2022, the Management plans to keep on with sustainable development of the MoneyGet network, focusing on maintaining its footprint in Croatia and Serbia while increasing its presence in Montenegro and Albania.

Summary of goals for 2022 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;
- Sustainable development of our independent network of ATMs operating under the MoneyGet brand, while adjusting the level of investments in new locations to the intensity of tourist traffic in the 2022 season;
- Work on the consolidation of competence centers within various geographies in individual areas of Payten's business;
- Continuing promotion of the Payten brand under which the segment operates.

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 that account owners see, the administrative panel that the bankers see, 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**, **Digital Edge 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.
Experience Branch	**Experience 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 Brach 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.

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**
- **Bapo**

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 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.

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.

Solutions for advanced digital signature and encryption based on Public Key Infrastructure SmartCard technology: SecureSign, PKI VAS, PKI CMS

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.

PKI VAS (Validation Authority Suite) is a solution used for generating digital signatures using certificates stored on PKI smartcards/USB keys, as well as for encrypting documents shared over unsecure network (Internet, e-mail). The solution is easy to implement on existing web applications (i.e. Internet banking, web portals). PKI VAS can be used for secure authentication (login), signing transactions (one or more), and advanced electronic signature of documents (equal to handwritten signature). The solution is compatible with all modern web browsers and is operating system independent.

PKI 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). 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.

Solutions for advanced digital signature based on Public Key Infrastructure certificates stored in the cloud: PKI RDS	**PKI RDS** (Remote Digital Signature) is an independent solution for creating advanced digital signatures using RDS certificates stored in secure environment (cloud), secured by means of strong client authentication solutions. RDS enables creating advanced digital signatures for clients without the need for hardware PKI devices or additional installation on client side, and thus provides ultimate solutions for end user with maximum flexibility to reach best possible user experience.

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 software

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). ERDMS 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 a multi-functional platform for customer service and sales support. It integrates a wide range of technologies and modules which are part of standard omnichannel Contact Center solutions. Thanks to its smooth integration with CRM and internal IT systems within an organization, Live provides a 360° client image, taking into account all communication channels.
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: **Profile 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; **Data Lake** – consolidates data from different sources into a single dataset with the ultimate goal of providing users with consistent access and delivery of data across the spectrum solutions.
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.

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), 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

24/7 Service Support Center

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 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 payment card 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 3D Secure solution dedicated to card issuing and acquiring institutions who want to reduce the risk of fraudulent online transactions by using Strong Customer Authentication (SCA). Following the new EMV® 3D Secure Protocol, Trides2 enables enhanced authentication methods, including Biometry, 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.
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 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, WooComerce, 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 and Desktop applications. The software can be provided as a SaaS model or on-premise licensing. The software has two components which are Momentum Desktop: helps clients to identify the objects and manage devices and Momentum Dashboard: manages client's test scenarios and cases, runs or schedules tests and reports test results. The software has 3 main tools which are Momentum Automate - the test automation tool, Momentum Capture - error and feedback capture tool and Momentum Remote Device Control - a web-based solution that enables remote access and control of mobile devices running on IOS and Android platforms for mobile application testing on real devices. With the combination of these tools, the Momentum QA Suite is created to provide quality assurance.

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, Peru).

South Eastern Europe

In South Eastern Europe, the Group's biggest operations are conducted in the markets of Serbia, Croatia, Romania, Turkey, and North Macedonia. 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, is expected to adopt the euro and enter in the Eurozone as of 1st January 2023.

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

	Population (millions)	GDP forecast for 2021 (USD billions)	GDP growth forecast for 2021 (% per annum)	GDP growth forecast for 2022 (% per annum)	Inflation rate 2021 (% per annum)	Unemployment rate 2021 (%)
Albania	2.9	16.8	5.3	4.5	1.9	12.0
Bosnia and Herzegovina	3.3	21.7	2.8	3.3	1.8	15.8
Bulgaria	6.9	77.9	4.5	4.4	2.1	5.2
Croatia	4.0	63.4	6.3	5.8	2.0	8.4
Kosovo	1.8	9.0	6.0	4.5	3.1	25.8
Moldova	2.6	12.4	4.5	5.2	3.0	5.5
Montenegro	0.6	5.5	7.0	5.6	2.0	24.7
North Macedonia	2.1	13.9	4.0	4.2	3.1	15.9
Romania	19.3	287.3	7.0	4.8	4.3	4.9
Serbia	6.9	60.7	6.5	4.5	3.0	9.3
Slovenia	2.1	60.9	6.3	4.6	1.4	4.5
Turkey	84.6	796.0	9.0	3.3	36.0	12.2

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 a 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 2021 all the countries of South Eastern Europe were recovering from the consequences from the frozen business activities which resulted in decline in GDP in most of the countries. Namely, based on 2021 data, GDP in these countries grew within the range of 2.8% in Bosnia and Hercegovina as the country with lowest GDP growth rate and 9% in Turkey as the country with highest GDP growth rate. Looking at the outlook data for 2022-2026 based on International Monetary Fund estimates, these counties should expect growth but with a slower pace compared to that of 2021 (based on the data estimates for 2022 only Bosnia and Hercegovina, Moldova, North Macedonia should expect YoY growth). Presuming that such predictions do materialize, the analysis of our order backlog for 2022 suggests that the economic recovery and the strong competitive position of the Group companies should translate into further growth of ASEE Group revenues in the next year.

In 2021, all of the countries recorded an increase in inflation. The increase in inflation in these countries comes as a response of the fiscal and monetary measures of these countries to stimulate their economies which are still recovering from the COVID-19 pandemic. We can note that some 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 36% per annum. Based on Trading Economics data inflation in Turkey in January 2022 is 48.69 % which is an acceleration for the eighth consecutive month and highest inflation rate since April 2002. Such movements in inflation rates resulted in depreciation of Turkish lira compared to US dollar. Regarding the situation in Turkey, 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 Slovenia 4.5% and the highest rate in Kosovo 25.8%. Comparing with rates from previous year, we can conclude that there is a general trend of declining unemployment rates which is as a result of the recovery of the economies from the COVID-19 pandemic.

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	GDP forecast for 2021	GDP growth forecast for 2021	GDP growth forecast for 2022	Inflation rate 2021	Unemployment rate 2021
	(millions)	(USD billions)	(% per annum)	(% per annum)	(% per annum)	(%)
Czech Republic	10.7	276.9	3.8	4.5	2.7	3.4
Poland	37.8	655.3	5.1	5.1	4.4	3.5
Slovak Republic	5.5	116.7	4.4	5.2	2.4	6.8

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 of the limited business activity in response to the COVID-19 pandemic. In this region, all countries where ASEE operates recorded recovery in GDP growth rates. Looking at the outlook data for 2022-2026 based on International Monetary Fund estimates these counties should expect growth, but with a slower pace compared to that of 2021.

Western Europe

ASEE Group commenced its business in Spain and Portugal by acquiring Necomplus companies in January 2oku. 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	GDP forecast for 2021	GDP growth forecast for 2021	GDP growth forecast for 2022	Inflation rate 2021	Unemployment rate 2021
	(millions)	(USD billions)	(% per annum)	(% per annum)	(% per annum)	(%)
Spain	47.2	1,440.0	5.7	6.4	2.2	15.4
Portugal	10.3	251.7	4.4	5.1	1.2	6.9

Source: International Monetary Fund

Presented above are the basic statistics for the markets of Western Europe where ASEE Group operates. In Spain and Portugal, economies recovered from the 2020 recession in the similar manner as those in South Eastern and Central Europe. The outlook in 2022 in these countries looks more promising with an expected increase in Spain GDP from 5.7 % in 2021 to 6.4 % in 2022 and an increase in Portugal GDP from 4.4 % in 2021 to 5.1 % in 2022. Analysis of the other relevant macroeconomic indicators such as inflation and unemployment based on the International Monetary Fund indicates that those economies will recover from the 2020 downturn with reducing the inflation rate and unemployment.

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 (millions)	GDP forecast for 2021 (USD billions)	GDP growth forecast for 2021 (% per annum)	GDP growth forecast for 2022 (% per annum)	Inflation rate 2021 (% per annum)	Unemployment rate 2021 (%)
Colombia	51.0	300.8	7.6	3.8	3.2	14.5
Dominican Republic	10.5	89.5	9.5	5.5	7.8	7.4
Peru	33.8	225.9	10.0	4.6	3.1	8.7

Source: International Monetary Fund

South American countries who also suffered from the COVID-19 pandemic in 2020, have recovered in 2021 in similar manner as countries from Europe recording positive GDP growth rates. Based on the International Monetary Fund's growth outlook for 2022-2026, the pace of growth in these countries will be slower compared to that of 2021, with an average GDP growth rate of 3.49% in Colombia, 5.09% in the Dominican Republic, and 3.74% 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, Russia, the United Arab Emirates, Nigeria, Malta, and Saudi Arabia. In 2022, 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 2019-2021 and, apart from sales generated in the Spanish market (Western Europe), they did not change much in the revenue structure of the entire Group. There is an increase in revenues was generated in Croatia (South Eastern Europe), Turkey (South Eastern Europe), and in Germany (Other countries). The breakdown of our sales revenues in 2021 by the customer location is as follows:

- South Eastern Europe 76% (of which Serbia 27%; Romania 13%; Croatia 12%; Turkey 8%; North Macedonia 5%);
- Western Europe 13% (of which Spain 12%);
- Central Europe 3%;
- South America 2%;
- Other countries, where ASEE is not present through its subsidiaries 6%.

During the year ended 31 December 2021, 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.

SIGNIFICANT CONTRACTS CONCLUDED BY THE COMPANY AND THE GROUP

Contracts significant for the Group's operations that were signed during 2021 are presented below in a breakdown to individual operating segments:

Banking Solutions:

- General Ledger, Loans and Fixed Assets modules for a public institution in Serbia
- Banking licenses for a big bank in Serbia
- Digital Edge omnichannel solution for a bank in Serbia
- Digital Edge omnichannel solution for a bank in B&H
- Integrated Software System (reporting, dashboard development, datamart design) for an energy institution in Romania
- Mobile Banking redesign, positioning mobile in the top usage and preferences among the clients of a bank in Romania
- Swift XML Parameterization Module (AB-SOLUT) for a bank in Romania
- Digital Origination for one of the biggest banks in Serbia for the first time implemented in the SaaS model via ASEE Service Center
- Digital Edge in the SaaS model via ASEE Service Center, with new front-end channels for one of the banks in Serbia
- Adaptive Elements mobile banking platform for an international bank
- Licences of SxS for a two banks in Croatia
- SxS licences for a bank in Serbia
- PKI CMS for a financial institution in Croatia
- InACT Enterprise Anti-Fraud Solution "Internet and Card Platforms Merge" Project for the largest bank in Turkey
- Digital Edge HUB, web and mobile integration for a bank in Serbia, with the first implementation of IPS light corporate mobile app
- iBank Integral information system implementation and integration for a government institution in Serbia
- Mobile Banking licenses for a bank in Romania
- SxS and Adaptive Elements for a bank in Croatia
- HW and PKI VAS for a bank in Croatia
- Adaptive Elements mobile banking platform for a bank in Slovakia
- Digital Frontline, Core Solution and Regulatory Reporting applications for a bank in Serbia
- Front application for the factoring module applications for a big bank in Serbia
- Digital InCorso product for a bank in Serbia that includes portal, onboarding, video identification, web processing of requests and connection to the core system via backend connectors
- Core banking system for a bank in Bosnia & Hercegovina
- DigiCal mobile banking channel implementation + APIs integration in the core-banking for communicating with the new channel for an international banking group in Romania

Dedicated Solutions:

- Implementation of Live video identification module for a bank in Croatia
- Implementation of Live Contact Center and collection module for a bank in Croatia
- Implementation of Live collection module for a bank in Uzbekistan
- Equipment delivery and installation to serve the DMS system for a leading bank in Serbia
- ABC e-Office software upgrade for an agency in Serbia
- Signing a 3-year service level agreement for the complete infrastructure with one of the biggest banks in Serbia
- Providing 2 new customers with Performance Monitoring solution Dynatrace in Turkey
- Implementation of Remote Digital Signature (RDS) platform for existing retail and SME customers of a bank in Romania
- Implementation of system for management and publication of Financial Statements for the Business Registers Agency in Serbia
- Development of application for the administration of VAT system for the Tax Administration of Serbia
- Software – Establishment of electronic payments through the e-Taxes portal for the Tax Administration of Serbia
- BPM - ABC e-Archive pre-integrated with Digital Origination to support loan origination for one of the banks in Serbia
- LeaseFlex implementation for one of the biggest leasing companies and a financial services company in Turkey

- Dynatrace Intelligence projects for a large payment solutions company and a large bank in Turkey
- Implementation of Live Contact Centre solution for a bank in B&H and a bank in Macedonia
- BPM ABC solution with e-Registration system to allow electronic submission, monitoring and processing of applications and requests in the Business Registers Agency in Serbia
- Implementation of BPM ABC e-Archive based on a new platform for a bank in Serbia
- Supply of all modules of Fidelity Asset and Spend Management to Ziraat Participation bank, one of the biggest participation banks in Turkey
- Supply of Fidelity Mobile solution to Isbank in Turkey
- Application Performance Monitoring solution Dynatrace to a payment solutions company and one of the leading e-Commerce marketplace platforms in Turkey
- BPO CC contract with Solvia Servicios Inmobiliarios
- Live contact centre for a bank in Egypt
- Live contact centre for a bank in Croatia
- ABC Solution for the big bank in Serbia consisting of ABC eArchive Basic, ANC eSign and Hitachi HCP 20TB implementation. The solution is built on ASEE Digital Platform, enabling easy integration with other ASEE products
- Service desk for a public service company in Serbia
- NOP Software for E2E monitoring of unauthorized electricity consumption from usage to legal actions for a utility company in Serbia
- Dynatrace Application Performance Management projects at the first life insurance company of Turkey, two large financial leasing companies, a leading airline and travel IT solutions company, a telecommunications authority, a large payment solutions company – additional licenses on Q2 win.

Payment Solutions:

e-Commerce

- Risk based authentication method implementation for Trides (3D Secure)
- Trides with mToken authentication implementation
- E-commerce card acceptance with tokenization for a gaming company in Serbia
- MSU implementation for Hyatt in Turkey
- NestPay PGW service for a bank in Serbia
- NestPay Outsourcing integration for mid-sized bank in Turkey and for bank in Albania
- NestPay PGW Points and Instalments management added to the existing virtual POS application for a bank in Turkey
- NestPay PGW integration of the "Harvest Card" into the existing virtual POS application for bank in Turkey
- Card storage and payment gateway solutions MSU to Turkey’s leading security company Kale Security and to the Turkish headquarters of a leading insurance company Howden Broking Group
- Merchant Safe Unipay payment gateway solution at a medium size bank, at an insure-tech company and at a global leader in the formulation, sales and distribution of specialty chemicals and ingredients
- Merchant Portal in SaaS mode for a processing client in Czech Republic

Processing

- Acquiring the first processing client (MF Banka) in Bosnia and Hercegovina for migration of card issuing and acquiring as well as payment processing of Visa and MasterCard to ChipCard company
- Full processing services for 6 years for Nova Banka a.d. in Bosnia & Herzegovina

ATM and POS Related Services

- Enabling China Union Pay card acceptance on ATM & POS network for several banks in Serbia
- Services and support for POS and ATM network in a merging process of two banks
- POS outsourcing contract extension for a bank in Serbia
- First implementation of Diebold Nixdorf’s new generation of ATMs in Slovenia
- ProView ATM monitoring tool upgrade for 1000+ ATM units for a bank in Croatia
- ATM reporting solution for one of the biggest banks in Croatia, to align with the National Bank regulation
- ATM software delivery for a major bank in Croatia

- New product – SoftPOS merchant android mobile application for contactless payment acceptance in 2 banks in Serbia and Romania
- ATM Windows 10 and contactless upgrade as well as Microsoft Win 7 extended support for two major banks in Croatia
- ATM service and equipment deliveries for major banks in Bosnia and Hercegovina and in Bulgaria
- Contract for an independent network of POS terminals with a chain of retail stores headquartered in Germany, offering cosmetics, healthcare items, household products and health food and drinks
- Delivery of ATMs and related services for a major bank in Serbia
- ATM network optimisation for Intesa Sanpaolo Banka d.d. in Bosnia and Hercegovina
- POS outsourcing contract extension for NLB Prishtina
- Delivery of ATMs and related services for a bank in Romania
- ATM delivery and Win10 upgrade for 2 major banks in Croatia
- ATM delivery for Intesa Sanpaolo Banka d.d. in Bosnia and Herzegovina and Gorenjska banka in Slovenia
- ATM SW and HW maintenance for a bank in Macedonia
- SoftPOS solution that enables accepting contactless transactions on Android devices for two banks in Montenegro and one bank in Romania

FINANCIAL INFORMATION OF ASSECO SOUTH EASTERN EUROPE S.A.

Financial results of Asseco South Eastern Europe S.A.

	12 months ended 31 Dec. 2021 PLN'000	12 months ended 31 Dec. 2020 PLN'000
Dividend income	96,988	48,862
Revenues from sale of services	27,210	26,223
Cost of sales (-)	(22,677)	(20,653)
Selling costs (-)	(1,150)	(1,060)
General and administrative expenses (-)	(1,110)	(1,163)
Operating profit	99,433	52,096
Net profit for the reporting period	**100,371**	**58,337**

In comparison to the previous year, in 2021 income from dividends received from our subsidiaries increased by PLN 48.1 million, revenues from consulting and support services provided to our subsidiaries increased by PLN 0.3 million, while sales of IT services rose by PLN 0.7 million. As a consequence, operating profit of ASEE S.A. grew from PLN 52.1 million in 2020 to the level of PLN 99.3 million in 2021, making an improvement by PLN 47.3 million, while our net profit increased from PLN 58.3 million in 2020 to PLN 100.4 million in 2021, improving by PLN 42.9 million or 72%. The net profit increased more than operating profit due to the reversal of impairment losses on our investment in ASEE Kosovo which were recognized in financial income.

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

Other operating income	31 Dec. 2021 PLN'000	31 Dec. 2020 PLN'000	31 Dec. 2021 %	31 Dec. 2020 %
Non-current assets	**700,964**	**659,974**	**94%**	**96%**
Property, plant and equipment, and intangible assets	6,516	5,848	1%	1%
Right-of-use assets	181	290	0%	0%
Investments in subsidiaries	621,318	614,498	83%	89%
Long-term financial assets	72,162	38,211	10%	6%
Other	785	1,127	0%	0%
Current assets	**47,422**	**29,907**	**6%**	**4%**
Trade receivables and prepayments	3,450	8,028	0%	1%
Cash and bank deposits	16,142	14,491	2%	2%
Short-term financial assets	27,162	7,134	4%	1%
Other	668	254	0%	0%
TOTAL ASSETS	**748,386**	**689,881**	**100%**	**100%**

The structure of assets of ASEE S.A. is dominated by investments in subsidiaries. As at 31 December 2021, the value of our investments in subsidiaries reached PLN 621.3 thousand and was higher than a year ago primarily due to the reversal of impairment losses on investments in ASEE Kosovo.

Structure of equity and liabilities	31 Dec. 2021 PLN'000	31 Dec. 2020 PLN'000	31 Dec. 2021 %	31 Dec. 2020 %
Equity	706,478	657,955	94%	95%
Non-current liabilities	28,515	8,411	4%	1%
Current liabilities	13,392	23,515	2%	3%
TOTAL EQUITY AND LIABILITIES	**748,386**	**689,881**	**100%**	**100%**

The value of equity increased by PLN 48.5 million in relation to the previous year. Such change resulted from a higher net profit for the current year, which was partially offset by the dividend payment.

Non-current liabilities increased by PLN 20.1 million primarily as a result of obtaining a bank loan. This bank loan has been described in explanatory note 5.11 to the Company's annual financial statements for the year 2021.

Current liabilities decreased primarily due to the repayment of financial liabilities from the acquisition of shares in Necomplus amounting to PLN 4.9 million, repayment of a bank loan amounting to PLN 2.3 million, and a decline in accruals by PLN 1.8 million. In comparison with 2020, in 2021 we also observed a decrease in trade payables and contract liabilities by PLN 0.9 million, and an increase in liabilities to the state budget and other liabilities by PLN 0.2 million.

Structure of the statement of cash flows

	12 months ended 31 Dec. 2021 PLN'000	12 months ended 31 Dec. 2020 PLN'000
Net cash provided by (used in) operating activities	91,347	45,790
Net cash provided by (used in) investing activities	(54,988)	7,135
Net cash provided by (used in) financing activities	(34,708)	(49,478)
Net change in cash and cash equivalents	1,651	3,447
Cash and cash equivalents at the end of the period	**16,142**	**14,491**

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

In 2021, cash flows from operating activities amounted to PLN 91.3 million, increasing by PLN 45.6 million in comparison to the previous year. Dividends received from our subsidiaries reached PLN 93.4 million, growing by PLN 46.4 million year on year.

Cash flows from investing activities included primarily proceeds and outlays related to loans granted to our subsidiaries (resulting in net cash flows of PLN -54.9 million), as well as interest received on loans granted (PLN 1.2 million).

Cash flows from financing activities reflected basically the dividend payment to the shareholders of ASEE S.A. in the amount of PLN 51.9 million, as well as proceeds from bank loans obtained in the amount of PLN 17.6 million (net of bank loan repayments).

Analysis of financial ratios

Profitability ratios

	12 months ended 31 Dec. 2021 PLN'000	12 months ended 31 Dec. 2020 PLN'000
Return on equity (ROE)	14.7%	9.0%
Return on assets (ROA)	14.0%	8.5%

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 improved in 2021 as compared to those reported for 2020, following an increase in net profit for the reporting period.

Liquidity ratios

	12 months ended 31 Dec. 2021 PLN'000	12 months ended 31 Dec. 2020 PLN'000
Working capital	34,029	6,392
Current liquidity ratio	3.5	1.3
Quick liquidity ratio	3.4	1.2
Absolute liquidity ratio	1.2	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 = (bonds and securities held to maturity + cash and short-term bank deposits) / current liabilities

Our working capital as at 31 December 2021 increased in comparison to that reported at the end of the previous year primarily due to the higher balance of short-term loans granted to our subsidiary companies.

FINANCIAL INFORMATION OF ASSECO SOUTH EASTERN EUROPE GROUP

Financial results of Asseco South Eastern Europe Group for the fourth quarter of 2021

PLN'000	3 months ended 31 Dec. 2021 PLN'000	3 months ended 31 Dec. 2020 PLN'000	Change %	3 months ended 31 Dec. 2021 EUR'000	3 months ended 31 Dec. 2020 EUR'000	Change %
Sales revenues	356,588	334,667	7%	77,181	73,682	5%
Gross profit on sales	95,197	75,955	25%	20,595	16,676	24%
Net profit on sales	53,200	44,416	20%	11,507	9,765	18%
Operating profit	53,617	43,937	22%	11,597	9,657	20%
EBITDA	73,312	63,381	16%	15,847	13,908	14%
Net profit for the reporting period	49,271	34,985	41%	10,667	7,686	39%
Net profit attributable to Shareholders of the Parent Company	**47,854**	**34,347**	**39%**	**10,361**	**7,545**	**37%**

Financial results achieved by ASEE Group in the fourth quarter of 2021 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 356.6 million, reflecting an increase by PLN 21.9 million or 7% in relation to the fourth quarter of 2020. Operating profit reached PLN 53.6 million increasing by 22%, while EBITDA for the fourth quarter of 2021 amounted to PLN 73.3 million showing an improvement by 16%.

Our sales presented in euros equalled EUR 77.2 million, increasing by EUR 3.5 million or 5%. Operating profit reached EUR 11.6 million, while EBITDA amounted to EUR 15.8 million, both going up by 20% and 14%, respectively.

In the fourth quarter of 2021, the increase in the scale of operations measured by revenues was observed in the segments of Payment Solutions and Banking Solutions, with the most dynamic growth of 20% recorded by the Payment Solutions segment where the maintenance of POS terminals and ATMs as well as e-Commerce were the key revenue drivers. The increase in the Group's consolidated operating profit is also attributable to the Payment Solutions segment whose EBIT improved by nearly EUR 2.4 million. At the same time, operating profit of the Banking Solutions segment decreased by more than EUR 0.3 million or 6%, while the Dedicated Solutions segment reported a decline by EUR 0.2 million or 8%. It should be noted that the increase in operating profit of the Payment Solutions segment was partially due to a low base effect which resulted from a write-down on assets used in our independent network of ATMs MoneyGet, which was recognized in the last quarter of 2020.

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 only EUR 2.6 million to consolidated sales, EUR 0.8 million to EBIT (including depreciation from PPA), and EUR 0.9 million to EBITDA.

Results of the Payment Solutions segment

Payment Solutions	3 months ended 31 Dec. 2021 PLN'000	3 months ended 31 Dec. 2020 PLN'000	Change %	3 months ended 31 Dec. 2021 EUR'000	3 months ended 31 Dec. 2020 EUR'000	Change %
Sales revenues	147,843	122,757	20%	31,952	26,891	19%
Operating profit	22,201	10,917	103%	4,790	2,353	104%
EBITDA	36,695	26,038	41%	7,916	5,661	40%

In the fourth quarter of 2021, sales generated by the Payment Solutions segment reached EUR 32.0 million, improving by almost EUR 5.1 million or 19% in relation to the comparable period last year. The strongest revenue growth was achieved from the maintenance of POS terminals and ATMs, as well as from e-Commerce. Higher sales of maintenance services for POS terminals and infrastructure were generated, among others, by our subsidiaries Necomplus Spain, Payten Serbia, and Payten Croatia. Moreover, revenues reported by the business line dealing with maintenance of POS terminals include sales made directly to merchants, including independent network of POS terminals (IPD) and electronic cash registers (ECR), which were recognized mostly in the financial results of Payten Croatia. In the business line of e-Commerce, stronger sales were recorded mainly by our Turkish operations as well as by new online store solutions 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 more than four times higher than in euros. Other business lines of this segment reported similar or slightly weaker sales that those generated in the fourth quarter of 2020.

Operating profit of the Payment Solutions segment for the fourth quarter of 2021 amounted to EUR 4.8 million, surging by EUR 2.4 million or 104%. It should be noted that the results for the fourth quarter of 2020 were affected by the recognition of a one-off impairment write-down on assets used in our independent network of ATMs (MoneyGet), due to weaker than expected performance of this business line. Such write-down amounted to EUR 0.75 million. This amount was charged against the results of the business line dealing with maintenance of ATMs in Croatia, Montenegro and Albania, yet it weighed on the financial performance of this business line in the entire Group. In the fourth quarter of 2021, higher EBIT was achieved by the business lines offering e-Commerce solutions as well as maintenance of POS terminals and maintenance of ATMs. On the other hand, the business line responsible for processing of payment transactions reported slightly weaker results.

Consolidated EBITDA of the Payment Solutions segment for the fourth quarter of 2021 amounted to EUR 7.9 million, improving by EUR 2.3 million or 40% in relation to the comparable period last year.

Results of the Banking Solutions segment

Banking Solutions	3 months ended 31 Dec. 2021 PLN'000	3 months ended 31 Dec. 2020 PLN'000	Change %	3 months ended 31 Dec. 2021 EUR'000	3 months ended 31 Dec. 2020 EUR'000	Change %
Sales revenues	70,050	64,664	8%	15,152	14,222	7%
Operating profit	20,411	21,280	-4%	4,423	4,705	-6%
EBITDA	23,572	24,159	-2%	5,106	5,335	-4%

In the fourth quarter of 2021, the Banking Solutions segment generated EUR 15.2 million in sales revenues, achieving an increase by more than EUR 0.9 million or 7% in relation to the comparable period last year. Higher revenues were recorded by the business lines responsible for omni-channel solutions and security solutions, while the business line offering core banking systems and other software generated slightly lower sales.

Operating profit of the Banking Solutions segment for the fourth quarter of 2021 amounted to EUR 4.4 million, reflecting a decrease by EUR 0.3 million or 6% in relation to the comparable period last year. Weaker operating results were reported by the business line responsible for omni-channel solutions as well as the business line offering core banking systems and other software due to lower efficiency of their operations. The business line offering security solutions achieved stronger operating profit owing to the larger scale of operations and improved efficiency.

Consolidated EBITDA of the Banking Solutions segment for the fourth quarter of 2021 amounted to EUR 5.1 million, shrinking by EUR 0.2 million or 4% in the wake of slightly lower operating profit.

Results of the Dedicated Solutions segment

Dedicated Solutions	3 months ended 31 Dec. 2021 PLN'000	3 months ended 31 Dec. 2020 PLN'000	Change %	3 months ended 31 Dec. 2021 EUR'000	3 months ended 31 Dec. 2020 EUR'000	Change %
Sales revenues	138,695	147,246	-6%	30,077	32,569	-8%
Operating profit	11,005	11,740	-6%	2,384	2,599	-8%
EBITDA	13,045	13,184	-1%	2,825	2,912	-3%

In the fourth quarter of 2021, sales revenues generated by the Dedicated Solutions amounted to EUR 30.1 million, decreasing by EUR 2.5 million or 8% in relation to the comparable period last year. Such deterioration resulted from lower revenues of the business line offering infrastructure and third-party solutions as well as integration services mainly in Serbia. This decrease was partially offset by higher revenues from dedicated proprietary solutions, including BPM systems and BPO services, which are reported in the line of dedicated proprietary solutions.

Weaker sales translated into a lower amount of operating profit which amounted to EUR 2.4 million. This reflects a decline by EUR 0.2 million in relation to the comparable period last year, while maintaining a similar level of operating margin. The entire decline was basically suffered by the business line responsible for dedicated proprietary solutions mainly in Turkey.

EBITDA of the Dedicated Solutions segment in the fourth quarter of 2021 amounted to EUR 2.8 million, decreasing by EUR 0.1 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 10.6 million, increasing by EUR 3.0 million or 39% in relation to the comparable period last year and growing at a much faster pace than our operating profit. In the fourth quarter of 2021, net result on financial activities equalled EUR 2.4 million, as compared with EUR -0.4 million reported for the comparable period last year. Such financial income and its improvement by EUR 2.8 million year on year resulted primarily from positive foreign exchange differences recognized on the revaluation of dollar-denominated assets held by our Turkish subsidiaries. This was due to the depreciation of the Turkish lira which in the fourth quarter was higher than in the previous quarters. In addition, we recognized a gain of EUR 0.2 million on the revaluation of contingent liabilities arising from the acquisition of shares in subsidiaries, namely in the Turkish company Mobven.

In the fourth quarter of 2021, our effective tax rate equalled 23.8%, increasing by 6.8 percentage points in relation to the fourth quarter of 2020. The higher effective tax rate was basically due to the positive foreign exchange differences generated in Turkey which, according to local regulations, were taxed at 25% income tax rate, causing an increase in the effective tax rate by 2.8 percentage points. Moreover, income tax expense increased following two types of capital transactions that took place in the fourth quarter. The holding company received dividends from its subsidiaries located outside of the European Union which generated additional tax expenses and an increase in the effective tax rate by 1.3 percentage points. The second reason was the transaction of transferring the Croatian company Monri Payments that was carried out as part of reorganizing the Group's structure, as described in the section 'Organizational Structure of Asseco South Eastern Europe Group', which transaction increased our effective tax rate by 1.9 percentage point. Other changes resulted from our operating activities and the geographical structure of generated income.

Financial results of Asseco South Eastern Europe Group for the full year 2021 /cumulative/

	12 months ended 31 Dec. 2021 PLN'000	12 months ended 31 Dec. 2020 PLN'000	Change %	12 months ended 31 Dec. 2021 EUR'000	12 months ended 31 Dec. 2020 EUR'000	Change %
Sales revenues	1,146,649	1,026,490	12%	250,497	229,426	9%
Gross profit on sales	316,608	261,752	21%	69,166	58,503	18%
Net profit on sales	179,963	144,722	24%	39,315	32,346	22%
Operating profit	181,451	144,881	25%	39,640	32,382	22%
EBITDA	258,560	222,931	16%	56,485	49,826	13%
Net profit for the reporting period	155,223	117,542	32%	33,910	26,271	29%
Net profit attributable to Shareholders of the Parent Company	**150,430**	**115,988**	**30%**	**32,863**	**25,924**	**27%**

Annual sales revenues of ASEE Group for 2021 surpassed one billion Polish zlotys once again and amounted to PLN 1,146.6 million. This reflects an increase by PLN 120.2 million or 12% in relation to the previous year. Operating profit improved by PLN 36.3 million or 25% and reached the level of PLN 181.5 million. Net profit attributable to shareholders of the Parent Company for 2021 amounted to PLN 150.3 million, growing by PLN 34.3 million or 30% as compared to 2020. Whereas, EBITDA for the year 2021 equalled PLN 258.6 million as compared with PLN 222.9 million reported last year, going up by 16%.

In 2021, our consolidated sales revenues presented in euros increased by EUR 21.1 million or 9% and reached EUR 250.5 million. In the same period, our operating profit amounted to nearly EUR 39.6 million, improving by EUR 7.3 million or 22%. Whereas, EBITDA increased from the level of EUR 49.8 million reported last year to EUR 56.5 million, going up by 13%.

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, as well as by improving efficiency in the segments of Payment Solutions and Dedicated Solutions. ASEE Group achieved stronger financial results mainly owing to organic growth and, to a lesser extent, due to business acquisitions.

During the years 2020 and 2021, ASEE Group closed a number of takeover deals as described in explanatory note 6.4. to these consolidated financial statements. Contribution of the newly acquired subsidiaries to the financial results of ASEE Group for 2021 (calculated as the difference between their impact on the Group's consolidated results for 2021 and for 2020 in the periods of consolidation) amounted to EUR 6.9 million at the level of sales revenues, EUR 1.3 million in operating profit (including depreciation from purchase price allocation in the amount of EUR 0.26 million), and EUR 1.8 million in EBITDA.

Results of the Payment Solutions segment

Payment Solutions	12 months ended 31 Dec. 2021 PLN'000	12 months ended 31 Dec. 2020 PLN'000	Change %	12 months ended 31 Dec. 2021 EUR'000	12 months ended 31 Dec. 2020 EUR'000	Change %
Sales revenues	527,758	460,044	15%	115,294	102,822	12%
Operating profit	89,176	65,045	37%	19,482	14,538	34%
EBITDA	146,453	124,595	18%	31,994	27,848	15%

Sales generated by the Payment Solutions segment in the full year 2021 reached EUR 115.3 million, improving by EUR 12.5 million or 12% in relation to the previous year.

The strongest revenue growth of EUR 4.4 million was achieved by the business line responsible for maintenance of POS terminals. Our operations in Spain were the main engine of growth, both from the provision of own services and the resale of hardware. Revenues from own services increased due to gaining a new, large customer for maintenance of POS terminals, while higher sales of equipment were achieved by serving the existing customer base. Apart from Spain, sales increased also in Serbia primarily due to higher revenues from the supply of payment terminals and, to a lesser extent, the provision of related maintenance services. Such increases were partially offset by weaker revenues from hardware deliveries carried out in other countries, such as Bosnia and Herzegovina, Macedonia, Croatia, Colombia, and Romania.

Stronger sales were recorded also by the business line responsible for sales to retail customers including the independent network of POS terminals (IPD) and electronic cash registers (ECR). Such revenues surged by nearly 130% year on year. The year 2021 was also much better for our independent network of ATMs MoneyGet, which is partially focused on serving tourist traffic (Croatia, Montenegro, and Albania) and benefited from the recovering number of tourists in 2021.

Higher sales of the business line offering e-Commerce solutions resulted primarily from the growing volume of online transactions processed by Payten Turkey, as well as revenues from the online payment gateway operated by Monri Croatia which increased by nearly 50%. Sales of security solutions marketed by our company in Croatia also increased. However, increases in our results presented in EUR were affected by the weakening of the Turkish lira, which meant that increases presented in EUR were nearly 80% lower than those expressed in TRY. The growing volume of transactions processed by POS terminals and ATMs (including dynamic currency exchange transactions – DCC) contributed to an increase in revenues of the business line responsible for processing in 2021.

The business line dealing with maintenance of ATMs reported weaker revenues primarily due to the smaller volume of equipment deliveries in Serbia and Croatia, which was partially offset by higher revenues generated in Slovenia.

Operating profit earned by the Payment Solutions segment increased by more than EUR 4.9 million or 34% and reached EUR 19.5 million for the year 2021. Financial performance improved in all business lines of this segment, except for the line responsible for ATMs which generated a result at the same level as in 2020. It should be noted that the results for the fourth quarter of 2020 were affected by the recognition of a one-off impairment write-down on assets used in our independent network of ATMs (MoneyGet), due to weaker than expected performance of this business line. Such write-down amounted to EUR 0.75 million and was charged against the results of the business line dealing with maintenance of ATMs in Croatia, Montenegro and Albania.

EBITDA of the Payment Solutions segment for the year 2021 amounted to EUR 32.0 million, rising by EUR 4.1 million or 15% in relation to the previous year.

Results of the Banking Solutions segment

Banking Solutions	12 months ended 31 Dec. 2021 PLN'000	12 months ended 31 Dec. 2020 PLN'000	Change %	12 months ended 31 Dec. 2021 EUR'000	12 months ended 31 Dec. 2020 EUR'000	Change %
Sales revenues	235,887	207,667	14%	51,532	46,415	11%
Operating profit	60,125	53,041	13%	13,135	11,855	11%
EBITDA	71,916	64,219	12%	15,711	14,353	10%

Revenues generated by the Banking Solutions segment in 2021 reached EUR 51.5 million, showing an increase by EUR 5.1 or 11% in relation to the previous year. Such revenue growth was achieved primarily by our business lines offering omni-channel solutions as well as security solutions. Each year, the Group sells licenses for its proprietary software; however, in 2021, mainly in the first quarter and to a lesser extent in the following quarters, we conducted large one-off transactions for the sale of licenses for core banking systems, other software and multi-channel systems, which in total generated approx. EUR 3.5 million in revenue in Serbia, Croatia and Bulgaria. In addition to licenses, we recorded higher revenues from system implementations and maintenance services performed mainly in Serbia.

The segment's operating profit at the end of December 2021 amounted to EUR 13.1 million, increasing by EUR 1.3 million or 11%. Higher EBIT was achieved in the business line offering core banking systems and other software mainly by our operations in Serbia, as well as in the business line offering security solutions mainly in Croatia.

Stronger operating profit of the entire Banking Solutions segment translated into a higher amount of EBITDA. In 2021, it amounted to nearly EUR 15.7 million, increasing by EUR 1.4 million or 9% in relation to the previous year.

Results of the Dedicated Solutions segment

Dedicated Solutions	12 months ended 31 Dec. 2021 PLN'000	12 months ended 31 Dec. 2020 PLN'000	Change %	12 months ended 31 Dec. 2021 EUR'000	12 months ended 31 Dec. 2020 EUR'000	Change %
Sales revenues	383,004	358,779	7%	83,671	80,189	4%
Operating profit	32,150	26,795	20%	7,023	5,989	17%
EBITDA	40,191	34,117	18%	8,780	7,625	15%

Sales revenues generated by the Dedicated Solutions segment in the full year 2021 reached EUR 83.7 million, increasing by EUR 3.5 million or 4% as compared with the previous year. Stronger revenues were recorded by the business line responsible for dedicated proprietary solutions, while sales of the business line offering infrastructure and third-party solutions dropped. Within our proprietary solutions, the key revenue drivers were BPM solutions sold in Croatia and Serbia and, to a lesser extent, BPO services provided in Western Europe and Latin America. Whereas, lower sales of infrastructure and third-party solutions were a consequence of a weaker business in Serbia and Macedonia, which was partially offset by higher revenues achieved in Romania and Turkey.

In the wake of stronger revenues, operating profit of the Dedicated Solutions segment for the full year 2021 amounted to EUR 7 million, increasing by EUR 1.0 million or 17% as compared to the previous year. Such higher EBIT was achieved primarily due to the growing scale of operations and better efficiency in the business line responsible for the sale of dedicated proprietary solutions in Croatia, Turkey, as well as in Spain. The line offering third-party solutions and integration services also improved its operating profit in 2021.

EBITDA of the Dedicated Solutions segment for the year 2021 amounted to EUR 8.8 million, rising by EUR 1.2 million or 15% in relation to the previous year.

Net profit

Consolidated net profit of ASEE Group for 2021 amounted to EUR 33.9 million, increasing by EUR 7.6 million or 29% in relation to the previous year and growing at a faster pace than our operating profit. In 2021, net result on financial activities equalled EUR 2.7 million, as compared with EUR -0.9 million reported for the comparable period last year. Such financial income and its improvement by EUR 3.6 million year on year resulted primarily from positive foreign exchange differences recognized on the revaluation of dollar-denominated assets held by our Turkish subsidiaries. This was due to the depreciation of the Turkish lira which persisted throughout the year 2021 and accelerated sharply in the fourth quarter. In addition, gain on the revaluation of contingent liabilities arising from the acquisition of shares in subsidiaries increased by EUR 0.4 million following a decrease in the valuation of a conditional payment for shares in the Turkish company Mobven. The Group also earned higher interest income, mainly in Turkey, and reduced its interest expenses.

In 2021, our effective tax rate equalled 19.9%, increasing by 3.3 percentage points in relation to the previous year. The higher effective tax rate was basically due to the following three reasons. The first one involved the positive foreign exchange differences generated in Turkey which, according to local regulations, was taxed at 25% income tax rate. This translated into an increase in the effective tax rate by 1.0 percentage point. Moreover, in the fourth quarter, the Croatian company Monri Payments was transferred as part of reorganizing the Group's structure, as described in the section 'Organizational Structure of Asseco South Eastern Europe Group', which transaction increased our effective tax rate by 0.6 percentage point. The third reason was the higher amount of dividends obtained by the Holding Company from its subsidiaries located outside of the European Union. In 2021, dividends received from outside of the EU amounted to PLN 76.6 million, as compared with PLN 32.7 million in the comparable period of 2020. Such growing dividends caused a higher income tax expense and an increase in the effective tax rate by 1.3 percentage points. Other changes resulted from our operating activities and the geographical structure of generated income.

Analysis of financial ratios

	3 months ended 31 Dec. 2021	3 months ended 31 Dec. 2020	12 months ended 31 Dec. 2021	12 months ended 31 Dec. 2020
Gross profit margin	26.7%	22.7%	27.6%	25.5%
EBITDA margin	20.6%	18.9%	22.5%	21.7%
Operating profit margin	15.0%	13.1%	15.8%	14.1%
Net profit margin	13.4%	10.3%	13.1%	11.3%
Return on equity (ROE)			16.0%	13.6%
Return on assets (ROA)			10.4%	8.8%

In 2021, our gross profit margin equalled 27.6% and it was by 2.1 percentage point higher than in the previous year. This was driven by stronger performance in the segments of Payment Solutions and Dedicated Solutions owing to better utilization of resources and cost savings, as well as a higher share of our proprietary software and services in the revenue structure of ASEE Group.

Improved efficiency had a favourable impact on further margins of profit in 2021. Our EBITDA margin increased to 22.5% from the level of 21.7% realized in the comparable period last year. While operating profit margin expanded from 14.1% in 2020 to 15.8% in the year reported. The largest increase in operating profit margin was recorded in the Payment Solutions segment.

The net profit margin reached 13.1%, growing by 1.8 percentage points in comparison with the level achieved in 2020. The net profit margin grew more dynamically than the operating profit margin due to higher income from financial activities which was partially offset by higher income tax expense, as described above.

The improved financial performance of ASEE Group in recent quarters resulted in higher values of ROE and ROA ratios. Return on equity for the trailing 12 months ended 31 December 2021 equalled 16.0%, increasing by 2.4 percentage points, while return on assets reached the level of 10.4%, increasing by 1.6 percentage points.

	31 Dec. 2021	31 Dec. 2020
Working capital (in thousands of PLN)	174,534	205,326
Current liquidity ratio	1.4	1.6
Quick liquidity ratio	1.2	1.4
Absolute liquidity ratio	0.6	0.7

The above ratios have been computed using the following formulas:
Working capital = current assets - current liabilities
Current liquidity ratio = current assets / current liabilities
Quick liquidity ratio = (current assets – inventories – prepayments) / current liabilities
Absolute liquidity ratio = (short-term financial assets + cash and short-term bank deposits) / current liabilities

As at the end of December 2021, our working capital amounted to PLN 174.4 million, reflecting a decrease by PLN 30.9 million in relation to its level reported at the end of December 2020.

During the year 2021, the value of current assets increased by PLN 18.7 million, primarily due to increases in contract assets (by PLN 14.6 million), inventories (by PLN 8.7 million), prepayments and accrued income (by PLN 8.4 million), as well as in other assets (by PLN 7.1 million). Such increases were partially offset by decreases in cash and bank deposits (by PLN 18 million) and in trade receivables (by PLN 2.0 million).

In the same period, our total current liabilities increased by PLN 50.0 million. This resulted primarily from increases in other financial liabilities (by PLN 22.6 million), liabilities from contracts with customers (by PLN 19.2 million), bank loans and borrowings (by PLN 16.0 million), other contract liabilities (by PLN 11.9 million), as well as in lease liabilities (by PLN 1.8 million). This was partially offset by a decline in trade payables (by PLN 21.9 million).

Our liquidity ratios at the end of 2021 recorded a slight deterioration in relation to those reported at the end of 2020 but they remain at safe levels.

	31 Dec. 2021	31 Dec. 2020
Total debt ratio	36.0%	33.9%
Debt / equity ratio	14.4%	12.9%
Debt / (debt + equity) ratio	12.6%	11.5%

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

The total debt ratio increased from 33.9% reported as at the end of 2020 to the level of 35.7% as at 31 December 2021. Such change was caused by an increase in total liabilities by PLN 70.5 million, at the same time when total assets increased by PLN 128.9 million. Total liabilities were higher as a result of increases in other financial liabilities (by PLN 45 million in aggregate for long-term and short-term portion, primarily due to the valuation of put options arising from the acquisition of BSTS, Necomplus and ContentSpeed companies), bank loans and borrowings (by PLN 26.5 million), liabilities from contracts with customers (by PLN 15.9 million), other liabilities (by PLN 9.7 million), as well as in lease liabilities (by PLN 1.9 million). This was partially offset by a decline in trade payables (by PLN 21.9 million) in 2021. At the same time, total assets were higher due to an increase in non-current assets by PLN 110.2 million, primarily in the line of goodwill (by PLN 133.2 million) arising from new company acquisitions. Concurrently, current assets increased by PLN 18.7 million, primarily in the line of assets from contracts with customers (by PLN 14.6 million).

The total amount of bank loans and borrowings and lease liabilities increased from the level of PLN 118.1 million reported as at the end of 2020 to PLN 139.9 million at the end of 2021. The higher balance of bank loans and borrowings is mainly attributable to loans held by the Bosnia-based company BSTS (PLN 25.6 million) that was taken over. Such higher liabilities resulted in an increase in the ratio of debt to equity from 12.9% to 14.4%, as well as in the ratio of debt to total interest-bearing liabilities and equity from 11.5% to 12.6%.

Structure of the consolidated statement of financial position

Structure of assets	31 Dec. 2021 PLN'000	31 Dec. 2020 PLN'000	31 Dec. 2021 %	31 Dec. 2020 %
Non-current assets	**939,053**	**822,495**	**62%**	**59%**
Property, plant and equipment, and intangible assets	164,678	173,274	11%	13%
Right-of-use assets	51,008	55,711	3%	4%
Goodwill	709,419	569,835	47%	41%
Other financial assets	47	5,165	0%	0%
Other	13,901	18,510	1%	1%
Current assets	**578,805**	**560,008**	**38%**	**41%**
Inventories	36,576	27,912	2%	2%
Prepayments and accrued income	39,348	30,991	3%	2%
Trade receivables	205,631	207,672	14%	15%
Contract assets	44,233	29,625	3%	2%
Cash and bank deposits	231,003	249,028	15%	18%
Short-term financial assets	135	48	0%	0%
Other	21,879	14,732	1%	1%
TOTAL ASSETS	**1,517,858**	**1,382,503**	**100%**	**100%**

Non-current assets accounted for almost 62% of the balance sheet total of ASEE Group as at the end of December 2021 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 2021, goodwill increased by PLN 133.2 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 2021. The share of goodwill in the balance sheet total increased from 41% at the end of 2020 to 47% at the end of December 2021.

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 2021, the value of property, plant and equipment, and intangible assets decreased by PLN 8.6 million, to the total amount of PLN 164.7 million.

As at the end of 2021, the value of current assets equalled PLN 578.7 million, representing 38% of the balance sheet total of ASEE Group. Just as at the end of 2020, the largest components of current assets at the end of 2021 were cash and bank deposits which amounted to PLN 231 million following a decrease by PLN 18 million, as well as trade receivables which amounted to PLN 205.6 million having decreased by PLN 2.0 million.

Structure of equity and liabilities	31 Dec. 2021 PLN'000	31 Dec. 2020 PLN'000	31 Dec. 2021 %	31 Dec. 2020 %
Equity	**971,689**	**913,206**	**64%**	**66%**
Non-current liabilities	**141,906**	**114,615**	**9%**	**8%**
Bank loans and borrowings	39,614	29,139	3%	2%
Lease liabilities	33,312	39,847	2%	3%
Other financial liabilities	54,682	25,885	4%	2%
Other	14,298	19,744	1%	1%
Current liabilities	**404,263**	**354,682**	**27%**	**26%**
Bank loans and borrowings	46,155	30,145	3%	2%
Lease liabilities	20,822	18,995	1%	1%
Other financial liabilities	43,815	21,190	3%	2%
Trade payables	89,907	111,830	6%	8%
Contract liabilities	93,247	74,087	6%	5%
Other current liabilities	110,317	98,435	7%	7%
TOTAL EQUITY AND LIABILITIES	**1,517,858**	**1,382,503**	**100%**	**100%**

The share of equity in the structure of total equity and liabilities dropped from 66% as at 31 December 2020 to 64% at the end of 2021. However, the value of equity increased by PLN 58.4 million, primarily owing to the net profit for 2021 and retained earnings, which was partially offset by foreign exchange differences.

During the year 2021, total liabilities of ASEE Group increased by PLN 70.5 million and reached the level of PLN 539.8 million, accounting for 36% of the balance sheet total. During the year 2021, non-current liabilities rose by PLN 20.9 million, mainly due to an increase in other financial liabilities and 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 49.6 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 trade payables which were reduced by PLN 21.9 million during 2021. Changes in the amounts of liabilities have been described in more detail in the 'Analysis of debt' above.

Structure of the statement of cash flows

	12 months ended 31 Dec. 2021 PLN'000	12 months ended 31 Dec. 2020 PLN'000
Net cash provided by (used in) operating activities	234,843	204,622
Net cash provided by (used in) investing activities	(174,813)	(52,367)
Net cash provided by (used in) financing activities	(82,523)	(99,278)
Net change in cash and cash equivalents	(22,493)	52,977
Cash and cash equivalents at the end of the period	**205,871**	**248,860**

In 2021, our operating activities provided PLN 234.8 million of net cash inflows, reflecting an increase by PLN 30.2 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 174.8 million in 2021. Our investing cash flows were most considerably influenced by the acquisitions of subsidiary companies for PLN 142.7 million, as well as by the acquisitions of property, plant and equipment and intangible assets for the total amount of PLN 40.0 million. Expenditures for the acquisition of subsidiaries included payments for shares purchased in Necomplus and Mobven companies as well as for the takeovers of BSTS in Bosnia and Hercegovina, IT Sistemi, Evision, and Web Studio in Croatia, ContentSpeed in Romania, Vebspot in Macedonia, Things Solver in Serbia, and Smarttek in Turkey. The acquisitions of tangible and intangible assets included, among others, our expenditures for infrastructure used in the outsourcing of payment processes and setting up an independent network of ATMs. During the year 2021, we spent a total of PLN 16.9 million for this purpose, mainly in Payten companies operating in Serbia, Croatia and Romania.

In 2021, net cash used in our financing activities amounted to PLN 82.5 million, primarily due to scheduled repayments of bank loans and borrowings and lease liabilities along with interest in the amount of PLN 55.6 million, as well as the payment of a dividend to the shareholders of ASEE in the amount of PLN 51.9 million. Proceeds obtained from bank loans were primarily related to the financing of new acquisitions.

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 2021, in a breakdown by geographical area:

For the year ended 31 December 2021 in thousands of PLN	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Total
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)	(116,614)	(46,746)	(145,558)	(249,726)	(52,145)	(130,778)	(16,685)	(26,347)	(57,162)	36,412	**(828,084)**
Recognition (reversal) of impairment losses on financial instruments	(65)	460	(56)	(312)	424	(2,398)	(21)	22	18	(30)	1	**(1,957)**
Gross profit on sales	**12,657**	**61,826**	**21,335**	**26,409**	**89,918**	**48,226**	**24,317**	**5,415**	**9,738**	**20,152**	**(3,385)**	**316,608**
Selling costs	(2,754)	(13,914)	(4,395)	(9,400)	(19,846)	(9,016)	(2,553)	(1,069)	(3,984)	(3,542)	1,861	**(68,612)**
General and administrative expenses	(3,027)	(12,079)	(4,377)	(8,015)	(15,351)	(9,025)	(6,488)	(3,496)	(2,677)	(4,151)	653	**(68,033)**
Net profit (loss) on sales	**6,876**	**35,833**	**12,563**	**8,994**	**54,721**	**30,185**	**15,276**	**850**	**3,077**	**12,459**	**(871)**	**179,963**
Other operating income	82	1,303	261	253	594	254	202	40	9	154	(129)	**3,023**
Other operating expenses	(38)	(486)	(74)	(350)	(264)	(181)	(22)	(32)	(63)	(131)	106	**(1,535)**
Operating profit (loss)	**6,920**	**36,650**	**12,750**	**8,897**	**55,051**	**30,258**	**15,456**	**858**	**3,023**	**12,482**	**(894)**	**181,451**

For the year ended 31 December 2021 in thousands of EUR	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Total
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)	(25,475)	(10,212)	(31,799)	(54,555)	(11,392)	(28,570)	(3,645)	(5,756)	(12,487)	7,955	**(180,903)**
Recognition (reversal) of impairment losses on financial instruments	(14)	100	(12)	(68)	93	(524)	(5)	5	4	(6)	-	**(427)**
Gross profit on sales	**2,765**	**13,506**	**4,661**	**5,769**	**19,644**	**10,535**	**5,312**	**1,183**	**2,127**	**4,404**	**(739)**	**69,167**
Selling costs	(602)	(3,040)	(960)	(2,054)	(4,336)	(1,970)	(558)	(234)	(870)	(772)	407	**(14,989)**
General and administrative expenses	(661)	(2,639)	(956)	(1,751)	(3,354)	(1,972)	(1,417)	(764)	(585)	(906)	143	**(14,862)**
Net profit (loss) on sales	**1,502**	**7,827**	**2,745**	**1,964**	**11,954**	**6,593**	**3,337**	**185**	**672**	**2,726**	**(189)**	**39,316**
Other operating income	18	285	57	55	130	55	44	9	2	34	(28)	**661**
Other operating expenses	(8)	(106)	(16)	(76)	(58)	(40)	(5)	(7)	(14)	(29)	23	**(336)**
Operating profit (loss)	**1,512**	**8,006**	**2,786**	**1,943**	**12,026**	**6,608**	**3,376**	**187**	**660**	**2,731**	**(194)**	**39,641**

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.

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

For the year ended 31 December 2020 in thousands of PLN	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Czech Republic &Slovakia	Other	Eliminations	Total
Sales revenues	**41,428**	**152,840**	**72,397**	**146,310**	**338,343**	**84,392**	**116,573**	**19,802**	**35,563**	**65,738**	**(46,896)**	**1,026,490**
Cost of sales	(31,507)	(107,807)	(52,759)	(122,852)	(263,942)	(42,017)	(99,098)	(16,016)	(25,444)	(48,251)	44,872	**(764,821)**
Recognition (reversal) of impairment losses on financial instruments	20	(555)	(48)	(518)	1,643	(293)	-	(38)	(122)	(4)	(2)	**83**
Gross profit on sales	**9,941**	**44,478**	**19,590**	**22,940**	**76,044**	**42,082**	**17,475**	**3,748**	**9,997**	**17,483**	**(2,026)**	**261,752**
Selling costs	(2,228)	(8,934)	(3,634)	(8,263)	(16,681)	(7,765)	(2,850)	(896)	(2,590)	(3,044)	1,342	**(55,543)**
General and administrative expenses	(2,382)	(9,134)	(3,894)	(7,568)	(13,476)	(8,197)	(6,291)	(3,630)	(2,918)	(3,684)	(313)	**(61,487)**
Net profit (loss) on sales	**5,331**	**26,410**	**12,062**	**7,109**	**45,887**	**26,120**	**8,334**	**(778)**	**4,489**	**10,755**	**(997)**	**144,722**
Other operating income	72	1,083	140	78	809	361	465	22	84	354	(495)	**2,973**
Other operating expenses	(15)	(864)	(8)	(93)	(901)	(51)	(906)	(229)	(63)	(114)	430	**(2,814)**
Operating profit (loss)	**5,388**	**26,629**	**12,194**	**7,094**	**45,795**	**26,430**	**7,893**	**(985)**	**4,510**	**10,995**	**(1,062)**	**144,881**

For the year ended 31 December 2020 in thousands of EUR	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Czech Republic &Slovakia	Other	Eliminations	Total
Sales revenues	**9,259**	**34,161**	**16,181**	**32,701**	**75,622**	**18,862**	**26,055**	**4,426**	**7,949**	**14,691**	**(10,482)**	**229,425**
Cost of sales	(7,042)	(24,095)	(11,792)	(27,458)	(58,993)	(9,391)	(22,149)	(3,580)	(5,687)	(10,784)	10,029	**(170,942)**
Recognition (reversal) of impairment losses on financial instruments	4	(124)	(11)	(116)	367	(65)	-	(8)	(27)	-	-	**20**
Gross profit on sales	**2,221**	**9,942**	**4,378**	**5,127**	**16,996**	**9,406**	**3,906**	**838**	**2,235**	**3,907**	**(453)**	**58,503**
Selling costs	(498)	(1,997)	(812)	(1,847)	(3,728)	(1,736)	(637)	(200)	(579)	(681)	300	**(12,415)**
General and administrative expenses	(532)	(2,042)	(870)	(1,691)	(3,012)	(1,832)	(1,406)	(811)	(652)	(824)	(70)	**(13,742)**
Net profit (loss) on sales	**1,191**	**5,903**	**2,696**	**1,589**	**10,256**	**5,838**	**1,863**	**(173)**	**1,004**	**2,402**	**(223)**	**32,346**
Other operating income	16	242	31	17	181	81	104	5	19	78	(111)	**663**
Other operating expenses	(3)	(193)	(2)	(21)	(201)	(11)	(202)	(51)	(14)	(25)	96	**(627)**
Operating profit (loss)	**1,204**	**5,952**	**2,725**	**1,585**	**10,236**	**5,908**	**1,765**	**(219)**	**1,009**	**2,455**	**(238)**	**32,382**

The above figures have been converted at the average exchange rate for the period from 1 January 2020 to 31 December 2020: EUR 1 = PLN 4.4742.

Impact of the COVID-19 coronavirus pandemic on the business of ASEE and Payten

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

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

Ensuring safety of employees and business continuity

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

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

- *sending instructions to our employees on how to behave during the coronavirus epidemic;*
- *enabling our employees to work from home;*
- *suspending all training programmes that require personal participation and replacing them with remote online trainings;*
- *limiting foreign business trips to the necessary minimum.*

Business lines that have been directly affected by the pandemic

Observing the existing course of the pandemic and its impact on the social behaviour and economy, we have assessed that the current situation had a limited impact on the operations of ASEE Group in 2021. The pandemic mainly affected the following business lines of ASEE Group:

- **Maintenance of POS terminals settled per intervention**

Most contracts for the maintenance of POS terminals performed by Payten companies are settled on a monthly basis, in fixed amounts regardless of the number of transactions or technical interventions. In rare cases, maintenance service contracts provide for our remuneration depending on the number and type of interventions carried out. Agreements of this type constitute a majority of contracts in Necomplus companies, but only a small fraction of revenues in Payten companies operating in Macedonia and Slovenia and a portion of revenues in Sonet. The pandemic may potentially cause a decline in revenues from such contracts due to the lower number of service interventions ordered by customers. However, in 2021, fewer interventions only affected revenues in Sonnet companies.

- **MoneyGet independent ATM network**

Our independent network of ATMs operates under the brand of MoneyGet in Serbia, Croatia, Montenegro and Albania. Apart from Serbia, our ATMs are located in attractive tourist locations and are geared towards handling tourist traffic and offering dynamic currency conversion (DCC). In terms of tourist traffic, 2021 was much better than 2020. Especially in Croatia, the largest market covered by our tourism-oriented MoneyGet network, tourist traffic increased significantly from the level of 7.0 million visits in 2020 to 13.8 million visits. This was still below the record-breaking 2019 when Croatia was visited by 19.6 million people. These data indicate the potential for further growth of the volume of transactions handled by the MoneyGet network in 2022, assuming the risks of the pandemic spread and increased restrictions will not materialize.

- **Projects implemented with the use of equipment**

Some activities in the Dedicated Solutions segment, as well as in the business lines dealing with maintenance of POS terminals and ATMs, involve the sale of hardware or its components. The pandemic had a substantial impact on the global supply chains which may possibly lengthen the equipment delivery times and, consequently, the implementation of projects.

- **e-Commerce**

Revenues from e-Commerce are generated primarily by our payment gateway (NestPay and WebPay) that supports the settlement of online card transactions, as well as by security solutions (Trides 2). A portion of revenues is based on the volume of transactions processed. The pandemic triggered a significant acceleration in the number of e-Commerce transactions. In the Management's opinion, such a change in customer behaviour is permanent and will prevail even after the eventual loosening of the pandemic-related restrictions.

- **Multi-channel access**

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

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

The pandemic sparked a significant increase of interest in solutions supporting remote circulation of documents and business process automation. This is related to products such as: Live – Contact Center (solution enabling communication with customers over all communication channels), Video Chat, Office Point, ABC – Asseco Business Correspondence, DTH – Digital Transformation Hub, applications based on BPM – digital signature, scan from home, as well as LeaseFlex and SxS. We have noticed increased interest in the automation of processes that require multi-level acceptance within an organization and efficient contact with customers through social media channels (including mobile applications).

Possible long-term effects of the pandemic

As mentioned above, the situation related to the coronavirus pandemic is dynamic and its effects on the economy are difficult to estimate. A lot depends on the future decisions to be made by individual countries regarding restrictions and what will be their practical impact on the financial condition of our customers.

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

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

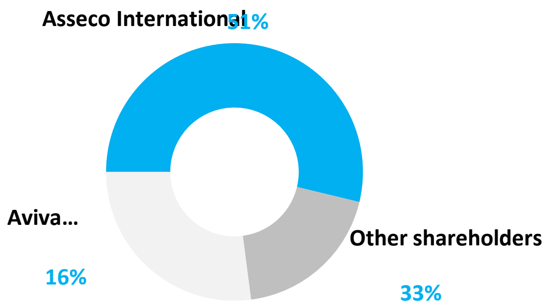
On the other hand, we expect a continued interest in software solutions that enable the digitization of processes as well as services that improve remote work and customer service, as described in paragraphs above.

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

SHARES AND SHAREHOLDERS

Shareholders structure

Major Shareholders as at 31 December 2021



As at 31 December 2021, 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 23 February 2022, as well 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 23 February 2022 and 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%
Total	**51,894,251**	**100.00%**

To the best knowledge of the Company's Management Board, as at 31 December 2020, the Shareholders who, either directly or through their subsidiaries, held at least 5.0% of total voting rights were as follows:

Major Shareholders as at 31 December 2020	Number of shares held	Percentage of total voting rights
Asseco International a.s.	26,494,676	51.06%
Aviva Pension Fund	8,594,000	16.56%
Other shareholders	16,805,575	32.38%
Total	**51,894,251**	**100.00%**

Shares held by the management and supervisory personnel

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

	23 February 2022	31 Dec. 2021	27 October 2021	31 Dec. 2020
Piotr Jeleński	1,253,492	1,253,492	1,253,492	973,492
Miljan Mališ [1)]	353,336	353,336	353,336	322,715
Michał Nitka	45,000	45,000	45,000	n/a
Marcin Rulnicki	n/a	n/a	n/a	30,000
Kostadin Slavkoski	44,315	44,315	44,315	35,600

1) Miljan Mališ, Member of the Management Board of ASEE S.A. is a shareholder in the company Mini Invest d.o.o. which in turn is a shareholder in ASEE S.A.

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.

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.

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE STANDARDS

Asseco South Eastern Europe S.A. (the "Company" or "Issuer") was, from 1 January 2016 till 30 June 2021, bound by the 'Best Practice for WSE Listed Companies 2016' as adopted by a resolution of the Board of the Warsaw Stock Exchange on 13 October 2015. Since 1 July 2021, the Company has 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. Therefore, in this Statement, the Company presents the provisions in which it departed from compliance with the set of rules stipulated in the 'Best Practice for WSE Listed Companies 2021' that have been effective since 1 July 2021 as well as in the 'Best Practice for WSE Listed Companies 2016' that used to be effective in the first half of 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

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 as set forth in the 'Best Practice for WSE Listed Companies 2021' which became effective on 1 July 2021 and since then have been binding on the Company:

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 partially met. The Company has appointed an internal auditor to manage the internal audit function. The Company has in place risk management and compliance systems which are the responsibility of specific departments or teams, including the finance department performing the risk management function and the legal department covering the compliance function. The Company is currently recruiting persons who will be responsible for each of the above-mentioned systems.

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

The Company has in place risk management and compliance systems which are the responsibility of specific departments or teams, including the finance department performing the risk management function and the legal department covering the compliance function. The Company is currently recruiting persons who will be individually responsible for each of the above-mentioned systems.

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.

The Management Board indicated that the Company departed from adhering to the following corporate governance rules as set forth in the 'Best Practice for WSE Listed Companies 2016' in the period when the Company was bound by those rules, this is until 30 June 2021:

- Recommendation II.R.2.

Decisions to elect members of the management board or the supervisory board of a company should ensure that the composition of these bodies is comprehensive and diverse among others in terms of gender, education, age and professional experience.
Members of the Company's Management Board and Supervisory Board are elected by an independent decision of the Supervisory Board and the General Meeting, respectively. Nonetheless, the main criteria for the election of persons to perform management and supervisory functions in the Company include the candidate's competence, professionalism and skills, while other factors, such as gender and age, are not taken into account in this respect.

- Recommendation IV.R.2.

If justified by the shareholders structure or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using means of electronic communication, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

1) real-time broadcast of a general meeting;

2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;

3) exercise of the right to vote during a general meeting either in person or through a proxy.

The Company does not enable its shareholders to participate in its general meetings by using means of electronic communication. Implementation of this principle would involve both technical and legal risks. Real-time broadcasting of general meetings, and in particular allowing the shareholders to speak during a general meeting without their physical presence at the meeting venue, by using means of electronic communication, would result in technical and legal risks for the proper and efficient conduct of such general meeting. In particular, it would create a real risk of technical disruptions that might prevent uninterrupted, bilateral communication with shareholders located in places other than the meeting room.

The present legal regulations do not provide direct rules for conducting general meetings through the means of electronic communication, including issues such as identification of shareholders or their proxies, raising an objection against a passed resolution, as well as for dealing with any broadcasting disruptions (preventing the proper participation of shareholders in a general meeting, or reception of a broadcast of the general meeting proceedings in real time). Such detailed rules for participation in a general meeting through the means of electronic communication shall only be determined by the Supervisory Board in the form of bylaws, in accordance with art. 406(5) §3 of the Commercial Companies Code.

Furthermore, there are no specific regulatory consequences of being responsible for the improper conduct of a general meeting, including, in particular for an interruption in electronic access to the general meeting proceedings, which may be caused either by the Company or reasons beyond its control. Concurrently, our shareholders did not express any expectations for conducting general meetings with the use of electronic means of communication. However, if the restrictions imposed in connection with the COVID-19 pandemic significantly impede conducting a general meeting in the stationary mode, the Company will consider making preparations to organize such general meeting through the means of electronic communication.

- Principle I.Z.1.15.

A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required by legal regulations: information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; if the company has not drafted or implemented a diversity policy, it should publish an explanation of its decision on its website.

The Company applies the above-mentioned principle to a limited extent. The Company's internal recruitment policy explicitly refers to the need of ensuring diversity (this policy is not published on the Company's website). Whereas, our labour regulations prohibit any forms of discrimination in employment. At the same time, the main criteria for hiring to key positions are competence and meeting the requirements for a given job.

Elements such as age or gender are not considered at the first place. While the election of the Company's governing bodies, including Members of the Management Board and the Supervisory Board, is a sovereign decision of the Supervisory Board and the General Meeting, respectively.

- Principle I.Z.1.16.

A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required by legal regulations: information about the planned transmission of a general meeting, not later than 7 days before the date of the general meeting.
Because the Company does not provide the ability to broadcast its general meetings due to reasons described above, in the commentary on Recommendation IV.R.2., information about the planned transmission is not posted on the Company's corporate website.

- Principle I.Z.1.20.

A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required by legal regulations: an audio or video recording of the course of a general meeting.

The Company does not record its general meetings in audio or video formats, and hence no recordings of the course of general meetings are published on its corporate website. This would make it necessary to ensure proper technical conditions and incur additional costs. The Company believes that current methods of documenting the proceedings of its general meetings ensure transparency of the Company's operations and protect the rights of all shareholders. The texts of resolutions adopted at the general meeting are published by the Company in the form of regulatory filings, as well as posted on its corporate website. In addition, detailed information on voting results and any objections raised against the adopted resolutions are made available in the same form. Investors therefore have the opportunity to learn about all the essential elements of the course of each general meeting. The Company does not exclude the possibility of applying this principle in the future.

- Principle IV.Z.2.

If justified by the shareholders structure, companies should ensure publicly available real-time broadcasts of general meetings.

The Company does not provide the ability to broadcast its general meetings, because it is not justified by the shareholders structure and for technical reasons. In the Company's opinion, failure to implement this principle will not affect the transparency of the Company's operations which is ensured by the current methods of documenting such proceedings (as described above, in section regarding Principle I.Z.1.20.). The Company does not exclude the possibility of applying this principle in the future.

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. 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.

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 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.

Shareholders who, directly or indirectly, hold significant stakes of shares

To the best knowledge of the Company's Management Board, based on the list of shareholders who participated in the Company's General Meeting and a subsequent shareholder notification received pursuant to art. 69 of the Act on public offering, conditions governing the introduction of financial instruments to organized trading, and on public companies (regulatory filing no. 17/2021), as at the date of publication of this report, this is on 23 February 2022, 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 24 February 2021		Number of shares held / Number of votes at GMS	Par value on shares held	Percentage of total voting rights
Asseco International		26,407,081	26,407,081	50.89%
AVIVA Open-End Pension Fund	Santander	8,544,000	8,544,000	16.46%
Other		16,943,170	16,943,170	32.65%
Total		**51,894,251**	**51,894,251**	**100.00%**

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.

Holders of any securities carrying special controlling rights

There are no holders of securities carrying special controlling rights.

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.

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.

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.

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.

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.

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 Register of the Management Board Work.

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.

During the period from 1 January to 30 April 2021, the Company's Management Board was composed of the following persons:

Piotr Jeleński	President of the Management Board
Marcin Rulnicki[1]	Member of the Management Board
Miljan Mališ	Member of the Management Board
Kostadin Slavkoski	Member of the Management Board

Since 1 May 2021, as at 31 December 2021 as well as on the date of publication of this report, this is on 23 February 2022, the Company's Management Board was composed of the following persons:

Piotr Jeleński	President of the Management Board
Michał Nitka[2]	Member of the Management Board
Miljan Mališ	Member of the Management Board
Kostadin Slavkoski	Member of the Management Board

[1] Mr. Marcin Rulnicki filed a resignation from the position of Member of the Management Board, with effect from 30 April 2021.

[2] Michał Nitka was appointed as Member of the Management Board by a resolution of the Supervisory Board of 18 January 2021, with effect from 1 May 2021.

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 250,000O 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 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 participated 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.

During the financial year 2021, the composition of the Supervisory Board remained unchanged. As at 31 December 2021 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).

In the current term of office of the Supervisory Board, the Audit Committee was appointed on 15 May 2017.

During the financial year 2021, the composition of the Supervisory Board remained unchanged. As at 31 December 2021 as well as on the date of publication of this report, the Company's 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 2017, item 1089).

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 sector 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 sector 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, 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 recommendation regarding the selection of an audit firm to carry out audits of the financial statements for the years 2020-2022 was issued upon completion of the selection procedure organized by the Company in line with the applicable criteria.

The audit firm that audited the financial statements did not provide any permitted non-audit services to the Issuer.

The Audit Committee held 5 meetings during the year 2021.

During these meetings, the Audit Committee met with representatives of the audit firm Deloitte Polska Sp. z o.o. Sp.k. prior to the publication of financial results for the year 2020 and for the first half of 2021, as well as prior to commencing the audit of financial statements for the year 2021 in order to discuss the scope and plan of the audit as well as the auditor's independence. At the first meeting of the Audit Committee in 2021, the auditor also presented the summary of the audit of financial statements for the year 2020 that was prepared for the Audit Committee.

At the same meeting held on 24 February 2021, 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 2020. The Audit Committee also verified the audit firm's compliance with the independence requirements.

At subsequent meetings, the Audit Committee discussed issues related to the publication of financial statements for the first quarter of 2021, for the first half of 2021, and for the third quarter of 2021.

In addition, the Audit Committee analyzed the results of audit procedures performed by the Internal Audit Department as well as the updated status of the implementation of corrective actions in this area, and also reviewed the compliance system in the Company. The agenda of the Audit Committee also included the analysis of the updated progress of development in the area of risk management at the companies of ASEE Group. At the meeting held on 25 October 2021, the Audit Committee approved changes to the methodology of internal auditing.

During the last meeting in 2021, the Audit Committee discussed the most important issues affecting the financial reporting of the Company and ASEE Group, determined the work plan of the Audit Committee for the next year, approved the Internal Auditing Plan and budget for the year 2022, assessed the independence of the audit firm and the Internal Audit Manager.

OTHER INFORMATION ON ASEE GROUP AND ASSECO SOUTH EASTERN EUROPE S.A.

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 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 2022. 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:

- Impact exerted by the COVID-19 pandemic on the operational efficiency of ASEE Group as well as on the economic situation in the markets where the Group operates. The pandemic-related restrictions had no significant impact on the financial results of ASEE Group in 2021. However, it is difficult to evaluate the long-term impact of the COVID-19 pandemic on the financial results of ASEE Group if the pandemic exacerbated causing significant intensification of restrictions. Our assessment of the impact of the coronavirus pandemic on the business operations of ASEE and Payten has been described in the item 'Impact of the COVID-19 coronavirus pandemic on the business of ASEE and Payten' in this report.
- Economic situation in the regions of ASEE Group operations, and particularly in South Eastern Europe and Turkey, Central Europe, Western Europe as well as in selected countries of South America. All the markets where ASEE Group operates experienced the effects of the COVID-19 pandemic in 2021, but this did not deteriorate their forecasted GDP growth. However, uncertainty as to the future pandemic situation translates into doubts about the ability to maintain the pace of GDP growth in the following years. Macroeconomic recovery in the coming years may translate into further improvement of the financial results of ASEE and Payten, while a possible economic slowdown may reduce the demand for the Group's products and services.
- 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;
- 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 Group's customers;
- Inflation and fluctuations in the currency exchange rates of countries in which the Group operates;
- Influence of inflation and growing popularity of remote work on the increase of labour costs;

- 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.

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 2021 and in the comparable period included the acquisitions of subsidiary companies as well as other organizational changes in the Group as described in the section 'Organizational Structure of Asseco South Eastern Europe Group'.

Furthermore, in 2021 all the markets where ASEE Group operates were still affected by the COVID-19 coronavirus pandemic. Description of the impact exerted by the COVID-19 coronavirus pandemic on ASEE Group's business operations is provided in the item 'Impact of the COVID-19 coronavirus pandemic on the business of ASEE and Payten'.

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 associated with the COVID-19 coronavirus pandemic

Description of the impact exerted by the COVID-19 coronavirus pandemic on ASEE Group's business operations is provided in the item 'Impact of the COVID-19 coronavirus pandemic on the business of ASEE and Payten'.

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.

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 dealing with 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 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 none of our clients exceeded 10% of total revenues generated by the Group in 2021, 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 loss of value 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.

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 2021.

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 2021 have been presented in the section '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 2021.

Related party transactions

During 2021, 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 2021 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.

Assessment of financial resources management

During the year ended 31 December 2021, 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.

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 2021, as well as in explanatory note 5.11 to the standalone financial statements of ASEE S.A. for the year ended 31 December 2021.

Loans granted in 2021

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 2021, as well as in explanatory note 5.8 to the standalone financial statements of ASEE S.A. for the year ended 31 December 2021.

Utilization of proceeds from issuance of shares

During the reporting period ended 31 December 2021, we did not issue any new shares.

Financial forecasts

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

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.

Changes in the Group and Company management policies

Changes in the Group's management principles, which were introduced in 2021, and further plans concerning the direction of such changes have been described in the section 'Strategy and Directions of Development' in this report.

During the year 2021, the management practices of ASEE Group and Company remained unchanged.

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.

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. The remaining 206,214 shares were acquired by the management staff of subsidiary companies of ASEE Group.

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

Detailed information on the share-based payment plan has been presented in explanatory note 5.2 to the annual consolidated financial statements of the Group for the year 2021.

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 2021, as well as in explanatory note 8.5 to the annual financial statements of ASEE S.A.

Information on liabilities arising from pensions and benefits of a similar nature

As at 31 December 2021, 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.

Agreement with the entity authorized to audit financial statements

The agreement with the entity authorized to audit financial statements, namely Deloitte Audyt 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 2021 was signed on 5 August 2020.

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 2021, as well as in explanatory note 9.4 to the annual consolidated financial statements of ASEE Group for the year 2021.

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 2021, as well as in explanatory note 8.1 to the annual financial statements of ASEE S.A. for the year 2021.

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.

Significant events with impact on ASEE Group operations after 31 December 2021

Significant events that took place after the reporting date of 31 December 2021 have been described in explanatory note 9.8 to the consolidated financial statements of ASEE Group for the year ended 31 December 2021, as well as in explanatory note 8.8 to the standalone financial statements of ASEE S.A. for the year ended 31 December 2021.

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 2021", in the form of a separate document which is an integral part of the Annual Report of ASEE Group for the year 2021.

STATEMENT BY THE MANAGEMENT BOARD OF ASSECO SOUTH EASTERN EUROPE S.A. TO THE ANNUAL REPORT

Statement by the Management Board of Asseco South Eastern Europe S.A. made pursuant to §70 sect. 1 item 6 and §71 sect. 1 item 6 of the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent the information required by laws of non-EU member states.

The Management Board of Asseco South Eastern Europe S.A. hereby declares that, to the best of its knowledge, the consolidated financial statements of Asseco South Eastern Europe Group for the year ended 31 December 2021 and comparable data contained therein, as well as the standalone financial statements of Asseco South Eastern Europe S.A. for the year ended 31 December 2021 and comparable data contained therein, have been prepared in compliance with the applicable accounting standards, namely the International Financial Reporting Standards as endorsed by the European Union. The standalone financial statements of Asseco South Eastern Europe S.A. for the year ended 31 December 2021 as well as the consolidated financial statements of Asseco South Eastern Europe Group for the year ended 31 December 2021 give a true, reliable and fair view of the assets and financial position of ASEE S.A. and ASEE Group and their financial performance.

Furthermore, the Management Board declares that the report on operations of ASEE S.A. and ASEE Group provides a fair description of the development, achievements and position of ASEE S.A. and ASEE Group, inclusive of major risks and threats to their operations.

We hereby approve the Management Report on Operations of Asseco South Eastern Europe Group and Asseco South Eastern Europe S.A. and confirm the accuracy of the above statement.

Management Board:

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

Technology for business,
solutions for people.

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