



Asseco South Eastern Europe Annual Report

for the year ended 31 December 2020

ASSECO
SOUTH EASTERN EUROPE



Present in
23 countries



PLN 1,027 million
in sales revenues



2,978
highly committed
employees



PLN 117 million
in net profit for
Shareholders of
the Parent Company



EUR 165 million
in order backlog
for 2021



PLN 2.2 billion
in market capitalization

PRESIDENT'S LETTER

Dear Shareholders,

Last year was the best one in the history of ASEE Group's operations, despite challenges related to the global COVID-19 pandemic. Sales revenues increased by 12% compared to the previous year, reaching more than EUR 229 million, while our operating profit improved by 28% and amounted to EUR 32.6 million. At the same time, EBITDA increased by 22% to the level of EUR 49.9 million. Such a robust financial performance in relation to the previous year was accomplished mainly by implementing major efficiency improvements in the segments of Banking Solutions and Dedicated Solutions, as well as by expanding the scale of operations of the Payment Solutions segment.

Support during the pandemic

During this extraordinary year, we supported our customers by providing them with solutions that enable remote yet safe business management in the area of e-Commerce and digital banking, as well as with solutions for remote communication, streamlining the remote flow of documents, and helping solve the pandemic-related problems. Regulatory changes related to the implementation of financial aid packages in different countries often required modification of IT systems in banks and public administration bodies. For instance, our multi-functional customer service platform called Live was deployed in the North Macedonia government information center that supports businesses and citizens in economic issues related to the problems caused by COVID-19. Another example was to enrich our ATM offering with the mobile bank branch functionality, including a mobile ATM ensuring the same range of services as a stationary one. In Romania, on the other hand, we were involved in minimizing the effects of the pandemic through cooperation with the Daruieste Viata foundation that supports COVID-19 treatment hospitals by providing e-Learning programs. More examples of our activities in the area of corporate social responsibility can be found in the Non-financial Report. Below, I will focus primarily on our business achievements, expanding competence and product portfolio, impressive contracts gained during 2020, and outline our strategic directions of development for the near future.

Robust revenues from maintenance of POS terminals and ATMs

In 2020, the most dynamic revenue growth was achieved by Payten which exceeded its 2019 turnover by as much as 20 %. The largest increase of EUR 12.3 million was recorded by the business line responsible for maintenance of POS terminals which consolidated most of sales generated by new subsidiaries of Payten. In 2020, higher revenues from servicing of POS terminals were recorded by the companies of Necomplus Group, especially in Spain, Portugal and Colombia, as well as by Payten companies in Serbia, Montenegro, Macedonia, Albania, and Romania.

Sales of the business line responsible for maintenance of ATMs also increased by EUR 2.9 million, due to the consolidation of the results of Basilichi companies in Serbia and in Bosnia and Herzegovina, as well as new contracts gained by Payten companies in Serbia, Montenegro, Macedonia, Albania, and Romania. The total number of POS terminals increased to 1,000,000 units in 20 countries, while the total number of ATMs increased to 10,000 units in 12 countries where we are present.

Expanding and strengthening the portfolio of services for retail customers

One of the strategic goals of Payten is to 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. As part of this business concept, in 2020 we expanded our product portfolio by taking over the companies of Integrirani Poslovni Sustavi and Gastrobit-GRC Group. Following these acquisitions, our portfolio currently includes: electronic cash registers with software, independent network of POS terminals, SinglePOS solution, maintenance of POS terminals and hotline support, as well as solutions supporting online payments. We plan to offer these products to retailers across the entire region of ASEE Group's operations.

Dynamic growth in e-Commerce

The global pandemic had an impact on huge expansion of the e-Commerce industry. In the Turkish market, where we offer payment solutions for e-Commerce, the volume of purchases over the Internet surged by 64% in the first half of 2020. For us, November turned out to be the best month when we recorded a 35% increase in processed transactions as compared to November last year, although we observed strong increases throughout the year. In turn, in the South Eastern European markets where e-Commerce is less developed, the number of transactions handled by our Monri company tripled in 2020. The entire Payten organization processed over a billion of e-Commerce transactions during the year which translated into solid financial performance of the division offering settlement of online payments in 2020 (increase by EUR 2.3 million).

Contribution to digital transformation

Another growth driver in 2020 was the increasing demand of customers for our multi-channel banking solutions and mobile solutions. Under the Mobile first 2.0 project, we successfully implemented already the seventh version of our Adaptive Elements mobile banking platform for our pan-European client – UniCredit banking group. Thanks to this implementation, the bank's customers have access to mobile banking that combines user-friendly experience with top security. Another great seller was

our proprietary solution for offering financial products via digital channels called Digital Origination which we implemented, among others, for Crédit Agricole bank in Serbia, as well as for Addiko bank in Croatia as part of our Virtual branch solution (along with the Live platform). In turn, our multi-channel online banking platform Digital Edge was deployed at Halkbank in Serbia, while in Omniasig Insurance company, which is a member of Vienna Insurance Group, we carried out one of the most advanced digital transformation projects in the insurance sector in the region, by implementing our Digital Transformation Hub (DTH) and Live solutions.

New contracts in new markets

In 2020, we were also very active in new markets. We signed contracts for the implementation of Trides2 at Credem Banca in Italy, for the integration of Trides and Nestpay in CMI Morocco, SxS and Mobile Token in three banks in Nigeria and in East Timor, as well as for the implementation of our multi-functional customer management platform Live in Lithuania and at one of the largest banks in Uzbekistan where, due to the pandemic, the implementation process was performed completely on a remote basis in just 4 months.

Looking ahead

In 2021, we will continue to pursue our strategy for growth driven by even greater independence of each of the three business segments of the Group, as well as by boosting the share of our proprietary products in the revenue structure. It will be possible, among others, by focusing efforts on the development and distribution of our strategic solutions and products.

We intend to enhance our product portfolio with artificial intelligence (AI) solutions in all business segments (ASEE and Payten). In addition, we will further develop our solutions that support remote document flow and process automation (BPM and ABC, DTH), solutions in the field of digital transformation of banks (DE, DO), mobile solutions (Adaptive Elements, Momentum), security systems (InAct, AML, SxS), as well as the Live multi-functional customer service and sales support platform. In the Payten division, we will develop the portfolio of e-Commerce products and services (NestPay, MSU, Trides). We are also going to offer selected solutions in the Software-as-a-Service (SaaS) model.

The expansion and strengthening of our offer will be accomplished both through organic growth and acquisitions, also outside the current geographical area of the company's operations.

I am convinced that our operational strategy and the solutions we offer will continue to effectively support our customers in developing their businesses, as well as in minimizing the economic and social effects of the pandemic.

Finally, I would like to thank our customers, business partners and employees for a successful year and wish us all to emerge stronger from the global pandemic situation.

First and foremost, I wish you good health in the new year.

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



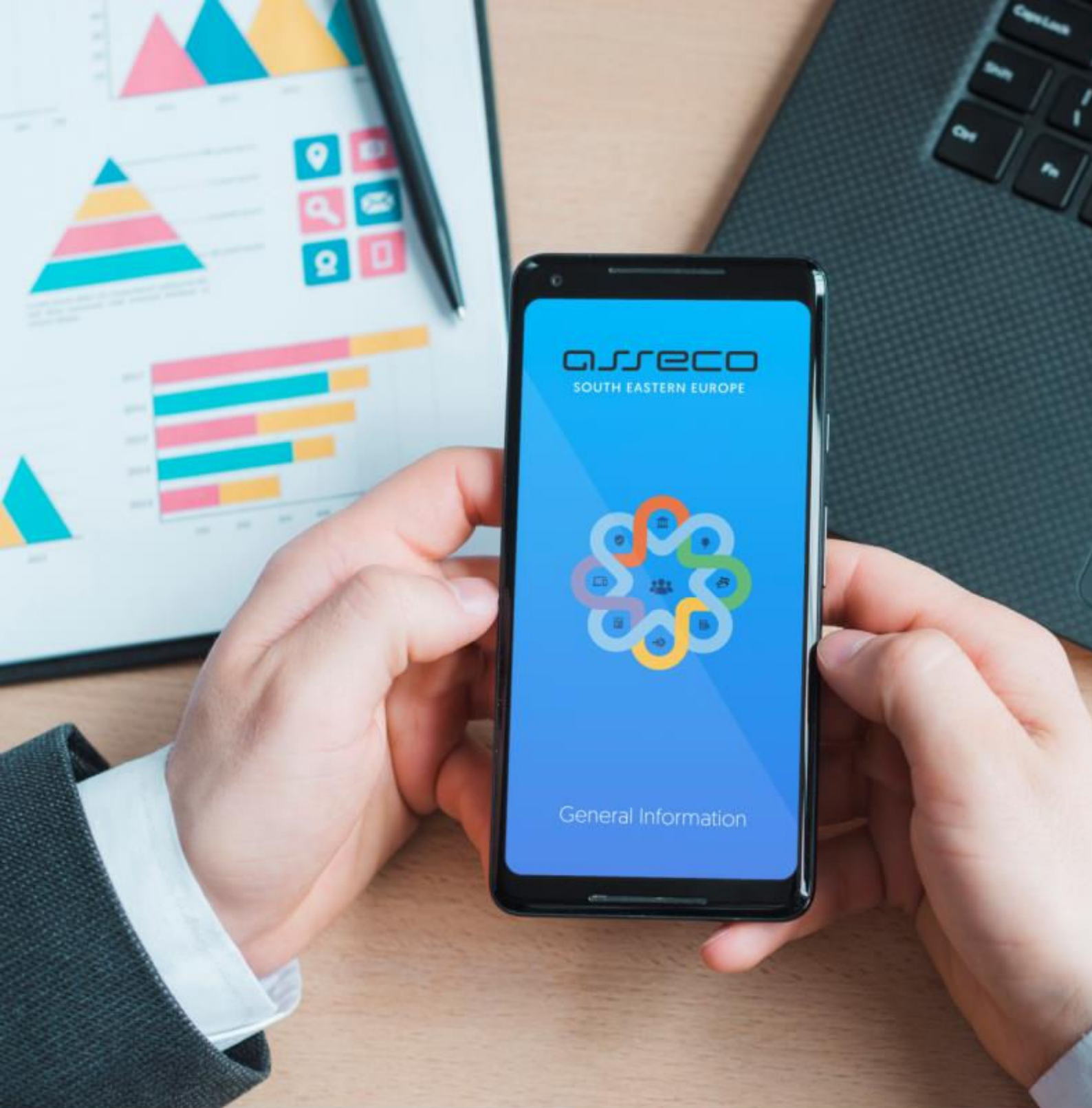
Management Report on Operations of Asseco South Eastern Europe Group and Asseco South Eastern Europe S.A.

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

for the year ended 31 December 2020

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General Information **on Asseco South Eastern Europe** **and Asseco South Eastern Europe Group**

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 operations and focuses on managing the Group of companies as well as on extending its geographical coverage and product portfolio. Its operating activities also include the sale of services and software to support customer communication channels and business processes (contact center).

ASEE Group is engaged in the sale of its own and third-party software as well as in the provision of implementation, integration and outsourcing services. The Group is a provider of IT solutions, authentication solutions, online payment settlement systems, and transaction processing services, while it is also engaged in the sale, outsourcing and maintenance of ATMs and POS terminals, and provides integration and implementation services for IT systems and hardware.

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

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

These reportable segments correspond to the Group’s operating segments.

The **Banking Solutions** segment portfolio includes the omnichannel solution designed to distribute banking products and services over new, alternative distribution channels and to improve business relations and communication with the customer, as well as integrated core banking systems based on the Oracle and Microsoft platforms. This segment also offers authentication security solutions, reporting systems for regulatory compliance and managerial information, as well as risk management and anti-fraud systems. The Group also offers its clients online 24x7 maintenance services and consultancy in the area of digital banking and digital transformation.

The **Payment Solutions** segment provides complete payment industry solutions, for financial and non-financial institutions, supporting card and card-less transactions. Our payment solutions are marketed under the Payten brand and include solutions for e-Commerce (NestPay®, MSU, Paratika), mobile payments (mPOS), payment card processing, as well as ATM and POS related services. The Group delivers software, services including outsourcing and equipment, providing the highest level of expertise, maintenance and support through the entire portfolio. This segment also operates an independent network of ATMs under the brand name of MoneyGet. Furthermore, the segment offers comprehensive point-of-sale solutions that help merchants reduce the number of vendors and increase recurring revenues. These are the SinglePOS service enabling merchants to replace two or more EFT POS terminals at a point of sale with a single device connected to a number of acquirers (usually banks) and ECR (Electronic Cash Registers).

The **Dedicated Solutions** segment serves the sectors of finance, industry and public administration with the following business lines: development of IT infrastructure, implementation and support services, ensuring continuity of business processes, automation of operations, and customized software development. This segment also includes a group of proprietary solutions of ASEE. Such solutions include the Live multi-functional customer service and sales support platform, ABC content management solution, as well as the Fidelity asset lifecycle management solution. Furthermore, the product portfolio of the Dedicated Solutions segment includes LeaseFlex, a fully-fledged lease and asset lifecycle management solution, and document management solutions (BPM).

AUTHORITIES OF ASSECO SOUTH EASTERN EUROPE S.A.

As at the date of publication of this report, this is on 24 February 2021, the Company's Management Board, Supervisory Board and Audit Committee were composed of the following persons:

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

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

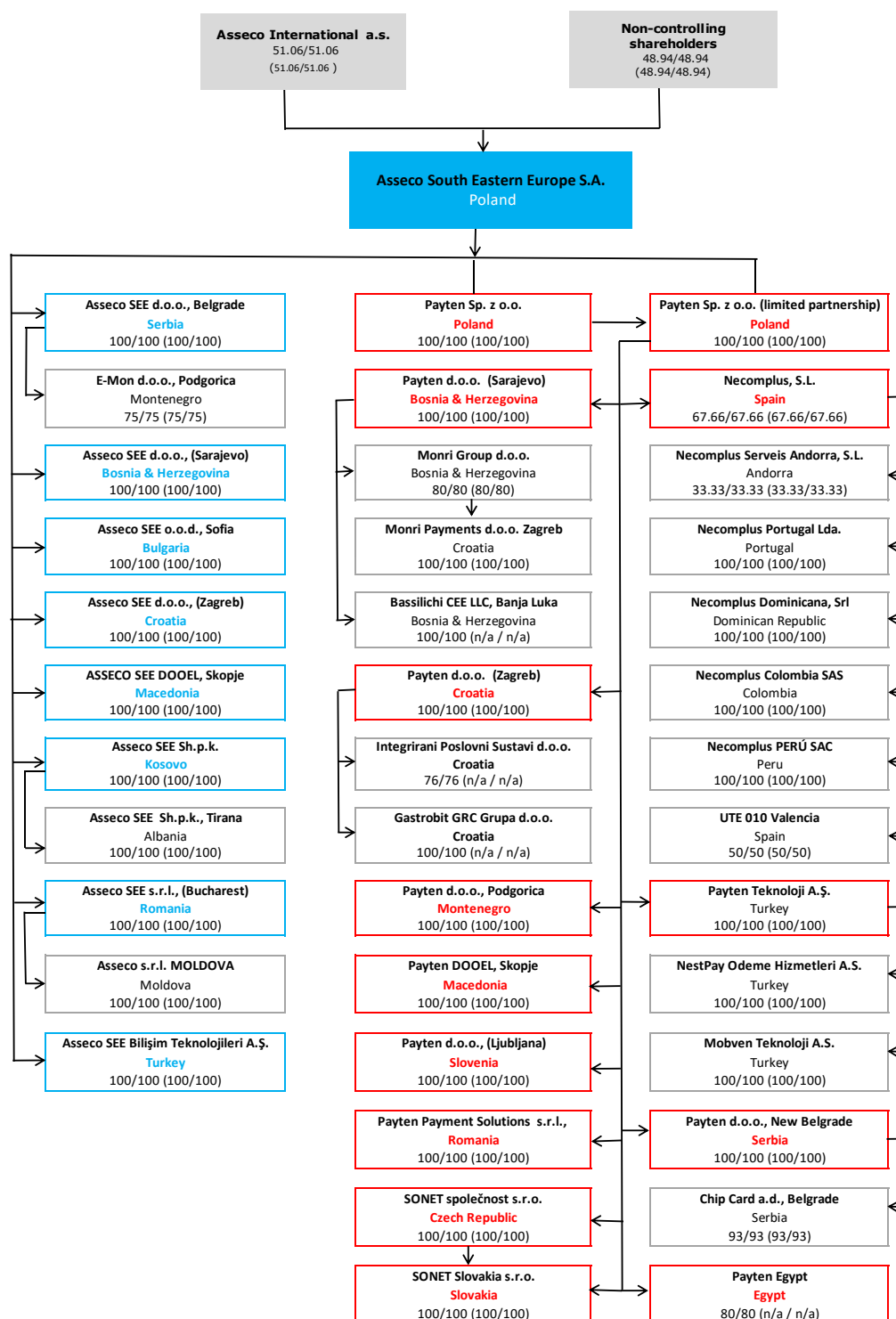
In the period from 31 December 2020 till the publication of this report, this is till 24 February 2021, the composition of the Company's Management Board changed as follows:

- 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.

In the period from 31 December 2020 till the publication of this report, this is till 24 February 2021, the compositions of the Company's Supervisory Board and Audit Committee 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 2020 and 31 December 2019:



100/100 voting rights / equity interest as at 31 December 2020 (in %)
(100/100) voting rights / equity interest as at 31 December 2019 (in %)

The parent company of Asseco South Eastern Europe S.A. is Asseco International a.s., seated in Bratislava. Both as at 31 December 2020 and 31 December 2019, Asseco International a.s. held a 51.06% stake in the share capital of ASEE S.A.

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 2020 and 31 December 2019, 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 2020, the organizational structure of ASEE Group changed as described below.

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

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

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

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

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

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

- **Acquisition of shares in Integrirani Poslovni Sustavi d.o.o., based in Oroslavje**

On 4 June 2020, Payten d.o.o. Zagreb signed an agreement to acquire 76% of shares in the company Integrirani Poslovni Sustavi d.o.o., based in Oroslavje.

- **Transfer of shares in Payten d.o.o., New Belgrade**

On 26 June 2020, ASEE S.A. made a non-cash contribution to Payten Sp. z o.o. sp.k. of shares in the company Payten d.o.o., New Belgrade. This transaction consisted in making a contribution of our investment in one subsidiary to another subsidiary company of ASEE S.A. and therefore it had no impact on the financial position and financial results of the Group.

- **Acquisition of shares in Gastrobit**

On 23 July 2020, Payten d.o.o. Zagreb signed an agreement to acquire 100% of shares in the company Gastrobit – GRC Grupa d.o.o., based in Dugo Selo.

- **Merger of Basilichi CEE d.o.o., Belgrade with Payten d.o.o., New Belgrade**

The merger of Basilichi CEE d.o.o., Belgrade (the acquired company) with Payten d.o.o., New Belgrade (the taking-over company) was registered on 2 November 2020.

- **Merger of Payten d.o.o. Podgorica with B Services d.o.o. Podgorica**

The merger of Payten d.o.o. Podgorica (the taking-over company) with B Services d.o.o. Podgorica (the acquired company) was registered on 31 December 2020.

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 operations, directions of the Company's development need to be examined taking into account the development and operations of the entire ASEE Group.

In 2021, ASEE Group (including Payten) intends to focus on expanding economic and organizational independence of each of the Group's operating segments, adapting the strategy to the opportunities and prospects for growth of each segment in our

present and new geographical regions, while focusing on proprietary solutions, increasing the role of own software to be offered in subscription and outsourcing models for both large customers (enterprises) and retailers (merchants).

Strengthening of Coherent Corporate Structure

ASEE Group was created through acquisitions and integration of IT companies operating in the markets of South Eastern Europe and Turkey. Owing to our acquisitions of Necomplus and Sonet companies during 2019, the geographical coverage of ASEE (and Payten) has been extended to further markets, including Spain, Portugal, Peru, Colombia, Czech Republic and Slovakia. At the beginning of 2020, we registered the company Payten Egypt in order to offer Payten products on the Egyptian market.

We made efforts aimed at deepening the integration of business operations acquired, as a result of which ASEE Group has evolved from a federation of loosely related companies into a coherent corporate structure with multidimensional management related to:

1. Geographical location
2. Products / competence
3. Functions

The **Geographical dimension** of management is based on our local organizational structures.

The **Competence dimension** of management is based on our key business segments:

- Payment Solutions
- Banking Solutions
- Dedicated Solutions (including the sale of own solutions and services as well as third-party solutions).

The **Functional dimension** of management refers to processes carried out as part of the key functions within our organization (sales, research and development, project execution, support, human resources, marketing, finance, and legal issues).

Both the Competence and Function-related management along with relevant standard procedures are centralized and cover all geographical locations of our business.

Sales-oriented Organization

For several years already, the main task of sales force at ASEE (including Payten) has been to expand our business into new markets as well as to provide greater support for our most promising products and solutions.

We continue to invest in resources that are necessary to serve international clients, who have centralized organizational structures and are present in the region of ASEE and Payten operations.

We have undertaken a big challenge to engage selected persons from other departments, such as business line managers and product managers, 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 is to create the basic principles for functioning of this part of our organization in 2021.

In 2021, the Group intends to continue its sales activities aimed at increasing revenues from the existing territory of operations, including Central Europe, South Eastern Europe, Spain, Portugal and Latin America, as well as from new markets.

Improving the Efficiency of Operations

One of the key elements in introducing the functional dimension of management in the Group is to unify the standards adopted in managing our projects and implementation resources.

In 2020, we carried on the harmonization of standards and tools that are used in the implementation and support of software solutions. Moreover, already in 2019, we began to implement the standard for testing our software in the mobile and Internet domain based on our proprietary solution called Momentum, as well as the 'service desk' standard based on our proprietary solution called Live. This work was continued in 2020 when the standardized tools were deployed to our subsequent operations. We also continue to unify our existing methods applied for project management as well as for measuring the efficiency of our resources.

We gradually 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).

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.

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.

Our work on improving the efficiency and unifying the standards and tools used in the implementation of projects was additionally accelerated due to the pandemic situation in 2020 and the need to work remotely. It turned out that ASEE Group was well prepared to work on a remote basis and we did not experience any significant delays in the implementation of projects due to this reason.

In 2021, 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 the elimination 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 2020, sales of our proprietary solutions reached PLN 711 million, reflecting an increase by almost PLN 118 million or 20% in relation to the previous year. Revenues from own solutions accounted for 69.3% of total sales generated by ASEE Group, up from 67.3% a year ago. We expect the value of revenues from our proprietary solutions to grow also in 2021.

In the process of further development of ASEE, the Management intends to focus on continuing expansion and enhancement of the portfolio of our own products and services. Therefore, it may be necessary to concentrate more on the Group's key competencies, and as a result we may need to resign from offering certain solutions, which are not strategically important for ASEE.

In the longer term, the Group plans to go global with several of its key software solutions, in the areas where the know-how and expertise of ASEE and Payten allow us to compete with major vendors in the market.

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) solutions, content management and business process management (BPM) solutions, multi-functional platform for customer service and sales support (Live), and e-Commerce solutions. Selected solutions will be offered in the Software-as-a-Service (SaaS) model.

Irrespective of the planned concentration on our key products, the Management intends to leverage on the strong position of ASEE and Payten in the region, their expertise, experience and good customer relations in order to build our competence as a professional advisor and service provider for important customers of the Group.

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, Nigeria, Malta, as well as in Saudi Arabia. In 2021, the Management plans to continue sales activities in markets outside the current area of operations.

Within the Payment Solutions segment (Payten), the Management anticipates the possibility of going beyond the current region of the Group's operations, also through acquisitions of companies whose products are complementary to the existing portfolio of solutions that are marketed under the brand name of Payten. This is well exemplified by our acquisitions of Necomplus and Sonet companies in 2019, thanks to which the Group has significantly expanded the territory where it offers its solutions and services.

From among the markets in which the Group is currently present, the largest potential for growth is seen in Spain, Peru, and Colombia. The Group will also strive to strengthen its market position in Central and Eastern Europe, especially in the Czech Republic and Slovakia. In 2020, we managed to carry out several banking projects in the Italian market. The Management plans to continue sales activities in Italy. Whereas, our subsidiary Payten Egypt will try to offer the Group's software solutions in North Africa.

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 selective investments in the development of chosen products, as well as maintaining or strengthening the position of this segment in the countries in which the Group operates.

The epitome of reinforcing the Banking Solutions segment position in a given market is the major reorganization of our team in Romania in recent years, which appears to have regained full operational efficiency and sales capacity. The Management of ASEE hopes this will bring further improvement in the financial performance of our Romanian operations in 2021 and in the coming years.

While in the area of selective investments in the pipeline of IT products for banking, in 2021 we will continue to develop the products 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 justified cases, they will be offered to our customers in the Software-as-a-Service (SaaS) model.

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 2021 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. 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. Just as in the case of the Banking Solutions segment, we verify the optimum sales model for our proprietary dedicated 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 2021 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 Momentum, Digital Origination, Digital Edge, Live, ABC and DTH 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);
- 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 organizational structure called Payten. This process has been completed in 2020.

Apart from the segment's separation, the strategic plans of this business line include expanding the segment's portfolio with new products and services in order to enable comprehensive processing of both physical and virtual payments. Our offering will be enriched through organic growth or by way of potential acquisition of companies with desirable 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. This is well exemplified by our acquisitions of Necomplus and Sonet companies in 2019. In turn, the takeovers carried out in 2020 of the companies Integrirani Poslovni Sustavi and Gastrobit GRC Group, being providers of electronic cash registers along with software, supplemented the Payten's offer addressed to retailers.

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

Most of the segment's revenues are still generated from services related to the **maintenance of POS terminals and ATMs**. In this business, our most important markets are Croatia, Serbia, Romania, Bosnia and Herzegovina, Slovenia, Macedonia, and Montenegro. Further important markets of the Group include Spain, Portugal, Peru and Colombia as a consequence of the acquisition of Necomplus in February 2019, as well as the Czech Republic and Slovakia following the takeover of Sonnet in September 2019. Apart from that, Payten is consistently building its market share in Albania and Kosovo, and strives to reinforce its presence in Bulgaria.

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.

Since 2018, the Company has invested in building an independent network of ATMs, also supporting dynamic currency conversion (DCC), operating under the brand name of MoneyGet. The operations of MoneyGet have been developed in Croatia, Montenegro, Serbia, and in Albania. Due to the coronavirus pandemic and restrictions in tourist traffic, in 2020 we suspended new investments in this business line and took measures in order to cut operating costs and reduce losses resulting from a much smaller volume of transactions processed by MoneyGet ATMs. In 2021, the Management plans to keep on with sustainable development of the MoneyGet network, focusing on maintaining the current market position, while making any larger investments will depend on the course of the pandemic and its impact on tourist traffic in the region.

In 2020, the Group continued work on the concept of offering a comprehensive payment process service for retail points of sale. Owing to the acquisition of Monri, Integrirani Poslovni Sustavi and Gastrobit-GRC Group, as well as based on the competence developed by Payten earlier, we managed to prepare such an offer and sign the first contracts with retail chains. The portfolio of services for retail outlets currently includes: electronic cash registers with software, an independent network of POS terminals and the SinglePOS solution, maintenance of POS terminals and hotline support, as well as solutions supporting online payments. 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.

The division of **online payment** systems focuses on offering the NestPay® solution which is used primarily by Payten customers in Turkey, as well as the WebPay solution produced by Monri. We adopted a strategy to provide our online payment gateways in the outsourcing model. Hence, our sales revenues depend on the number of retailers supported by banks who are the clients of Payten, as well as on the volume of generated 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 response to this trend, the Management is looking for new sources of revenue in the area of settlement of online payments. Leveraging on our experience gained with NestPay®, we developed Merchant Safe Unipay (MSU) solution that enables secure storing of credit card data of website customers and automates payments for online purchases, as well as Paratika solution which supports the settlement of online payments and is dedicated directly to retailers. In August 2017, our Turkish subsidiary obtained a license to carry out such activities and, since then, has completed successive implementations of Paratika solution and provided regular services for customers. Currently, the local team efforts are focused on acquiring further clients and increasing the number of transactions processed, which should translate into stronger financial performance of this project.

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 also in the Software-as-a-Service model since 2020.

The period of the pandemic was conducive to the development of e-Commerce, which translated into very good results of the online payments division in 2020. During the year reported, Payten processed over a billion of online payments. The Management believes the patterns of customer behaviour in this respect will not change even after the pandemic restrictions are lifted, and expects the volume of internet transactions processed to be increasingly larger, although the growth dynamics from 2020 will not be easy to repeat.

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 2017, the Group took over Chip Card company which offered services in the field of processing and authorization of payment transactions. During 2017 and subsequent years, we signed several contracts with new customers, benefiting from the infrastructure and experience of Chip Card. As a consequence of the pandemic, we observed a slight slowdown in Processing operations in 2020, mainly due to a lower number of dynamic currency conversion (DCC) transactions. Yet, thanks to cost savings, we were able to slightly improve the financial results of this business line. The Management believes that payment processing and authorization services very well complement the product portfolio of the Payment Solutions segment, and expects this business line to generate higher sales in 2021 and in the coming years.

Summary of goals for 2021 in the payment 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 the Payment Gateway solution and intensification of sales of the MSU solution. This will be supported by acquisitions in order to strengthen and expand our product portfolio for e-Commerce;
- Development of the business line offering payment solutions directly to retailers, providing customers with the comfort of working with a one-stop-shop vendor.
- 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 2021 season;
- Continuing promotion of the Payten brand under which the segment operates.

KEY PRODUCTS, GOODS FOR RESALE, AND SERVICES

BANKING SOLUTIONS

ASEE's offer within banking software ranges from an omnichannel solution designed to distribute banking products and services over new, alternative distribution channels and improve business relations and communication with the customer, through integrated core banking systems based on the Oracle and Microsoft platforms, to authentication security solutions, reporting systems for regulatory compliance and managerial information, as well as risk management systems. We also offer our clients online 24x7 services and consultancy in the area of digital banking and digital transformation. Our key products are described below.

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. The platform is characterized by rich UI, 3-tier architecture, strong and flexible input validations, high security standards, multi-language support, context-sensitivity, common workplace functionality, and a wide range of integration options. Products are developed using model-driven approach, on top of customized IBM IFW models which represent world's leading practice in banking domain.

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 Business unit 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.

Asseco 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.

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'.

IaaS – Infrastructure as a Service

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

DEDICATED SOLUTIONS

Full range of integration services

ASEE Group is a top player on the market of integration services in Kosovo, Macedonia, Romania and Serbia. The Group serves the financial, industry and public administration sectors with the following business lines: development of IT infrastructure, implementations and support, ensuring continuity of business processes, automation of operations, and customized software development. The Dedicated Solutions segment also presents a group of proprietary solutions of ASEE which, due to their profile, have been classified neither to the Banking Solutions segment nor to the Payment Solutions segment.

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.

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.

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.

PAYMENT SOLUTIONS

Payten provides complete payment industry solutions, for financial and non-financial institutions, supporting card and card-less transactions. Our offering includes e-Commerce related solutions, mPayments, Processing as well as ATM and POS related services. We deliver software, services including outsourcing and equipment, providing highest level of expertise, maintenance and support through the entire portfolio.

ATMs and POS terminals

- installation
- maintenance
- replacement

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

24/7 Service Support Center

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 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 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 merchants

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.

Monri 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, WooCommerce, PrestaShop and OpenCart.

SinglePOS

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

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, Macedonia, Moldova, Romania, Serbia, Slovenia, Turkey), Central Europe (Czech Republic, Poland, Slovakia), 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 Macedonia. We have also managed to develop a significant scale of business in Bosnia and Herzegovina. As far as other markets are concerned, the scale of our operations will be gradually expanded by launching comprehensive offerings of products from all of our business segments.

Four countries in this region, namely Slovenia, Romania, Bulgaria and Croatia are member states of the European Union. Other countries are at various stages of applying for membership in the European Union.

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

	Population (millions)	GDP forecast for 2020 (USD billions)	Real GDP growth forecast for 2020 (% per annum)	Real GDP growth forecast for 2021 (% per annum)	Inflation rate 2020 (% per annum)	Unemployment rate (%)
Albania	2.9	14.0	-7.5	6.1	1.4	11.8
Bosnia and Herzegovina	3.3	18.9	-6.5	5.0	-0.8	19.0
Bulgaria	6.9	67.9	-4.0	4.1	1.2	5.6
Croatia	4.0	56.8	-9.0	6.0	0.3	9.3
Kosovo	1.8	7.5	-7.5	6.0	0.8	24.6
Moldova	2.6	11.2	-4.5	4.1	2.8	8.0
Montenegro	0.6	4.9	-12.0	5.5	-0.1	20.5
North Macedonia	2.1	12.5	-5.4	5.5	0.9	20.2
Romania	19.4	248.6	-4.8	4.6	2.9	7.9
Serbia	6.9	52.0	-2.5	5.5	1.5	13.4
Slovenia	2.1	51.8	-6.7	5.2	0.5	8.0
Turkey	84.2	649.4	-5.0	5.0	11.9	14.6

Source: International Monetary Fund, tradingeconomics.com

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 2020 all the countries of South Eastern Europe recorded a decline in GDP, the depth of which ranged from 2.5% in the case of Serbia to even 12% in the case of Montenegro. The contraction of economies was a direct consequence of the freezing of business activities in those countries in response to the COVID-19 pandemic. The forecasts quoted in the table above were prepared in October 2020, this is before the fourth quarter which was stronger than most economists expected, hence the final data for the full year 2020 may be better.

In 2020, all countries in the region recorded a decline in inflation and an increase in the unemployment rate. The latter factor slightly weakened the salaries pressure on our companies operating in the region, although the statistical unemployment in the country does not always reflect the actual situation on the labour market in the IT sector.

Very difficult macroeconomic situation in the region has not yet caused a downturn in the IT sector and payment services, hence the results of ASEE and Payten for 2020 were very good.

The International Monetary Fund predicts a rebound in real GDP of not less than 4.1% in 2021, which should largely compensate for the declines suffered by the economies in the previous year. Of course, the materialization of these assumptions will largely depend

on the development of the COVID-19 pandemic. Presuming the pandemic-related restrictions are released, the analysis of our order backlog for 2021 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.

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 the Czech Republic 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.

	Population (millions)	GDP forecast for 2020 (USD billions)	Real GDP growth forecast for 2020 (% per annum)	Real GDP growth forecast for 2021 (% per annum)	Inflation rate 2020 (% per annum)	Unemploy-ment rate (%)
Czech Republic	10.7	242.0	-6.5	5.1	3.3	3.1
Poland	38.0	580.9	-3.6	4.6	3.3	3.8
Slovakia	5.5	101.9	-7.1	6.9	1.5	7.8

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 a decline in real GDP, but also all of them are expected to see a dynamic recovery in 2021.

In the coming years, the Management plans to use the Group's presence in the Czech Republic and Slovakia to offer additional ASEE solutions available in other markets to the local clients of Sonet companies, as well as to gain new contracts and increase the Group's share in the Czech and Slovak market by supporting sales processes. On the other hand, IT solutions developed by Sonnet, in particular software for POS terminals, will be offered to the Group's customers located outside Central Europe.

Western Europe

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

	Population (millions)	GDP forecast for 2020 (USD billions)	Real GDP growth forecast for 2020 (% per annum)	Real GDP growth forecast for 2021 (% per annum)	Inflation rate 2020 (% per annum)	Unemploy-ment rate (%)
Spain	46.5	1,247.5	-12.8	7.2	-0.2	16.8
Portugal	10.3	221.7	-10.0	6.5	0.0	8.1

Source: International Monetary Fund

Presented above are the basic statistics for the markets of Western Europe where ASEE Group operates. In Spain and Portugal, the declines in GDP for 2020 were even steeper than in the countries of South Eastern Europe or Central Europe.

The Management anticipates that ASEE Group's presence in Spain and Portugal will allow to expand the offering of Necomplus with additional solutions from the product portfolio of Payten in the coming years. With such enhancement of the offering and sales support provided by the Group, Necomplus should be able to win new contracts and increase its market share.

South America

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

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

	Population	GDP forecast for 2020	Real GDP growth forecast for 2020	Real GDP growth forecast for 2021	Inflation rate 2020	Unemployment rate
	(millions)	(USD billions)	(% per annum)	(% per annum)	(% per annum)	(%)
Colombia	50.9	264.9	-8.2	4.0	2.4	17.3
Dominican Republic	10.5	77.9	-6.0	4.0	3.3	16.0
Peru	33.5	195.8	-13.9	7.3	1.8	12.5

Source: International Monetary Fund

South American countries also suffered from the COVID-19 pandemic in 2020, as a result of which the pace of growth of ASEE operations in Peru, Colombia and the Dominican Republic was lower than expected. Despite that, the Management continues to believe the presence of ASEE in South America creates a significant potential for the Group's development. In the coming years, the Management intends to expand the portfolio of solutions offered to customers in this region, first of all in the field of payment solutions. Building up on the existing organizational structure, the Group will also try to gain new projects in other countries of the region.

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, Hungary, Morocco, Great Britain, Egypt, Kazakhstan, Russia, the United Arab Emirates, Nigeria, Malta, and Saudi Arabia. In 2021, 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 and, apart from sales generated in the Spanish market, they did not change much in the revenue structure of the entire Group. The breakdown of our sales revenues in 2020 by the customer location is as follows:

- South Eastern Europe 77.7% (of which Serbia 25.4%; Romania 14.4%; Croatia 10.5%; Turkey 6.1%; Macedonia 5.0%);
- Western Europe 11.3% (of which Spain 9.8%);
- Central Europe 3.4%;
- South America 1.9%;
- Other countries, where ASEE is not present through its subsidiaries 5.7%.

During the year ended 31 December 2020, 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 2020 are presented below in a breakdown to individual operating segments:

Banking Solutions:

- Implementation of Digital Origination solution at an international bank in Serbia;
- Implementation of Digital Edge solution at an international bank in Serbia;
- Supply of Tezauri DWH solution for one of the banks in Serbia;
- Licenses for Mobile Banking solution and 1-year support for a bank in Romania;
- Implementation of Apple Pay functionality at a bank in Romania;
- Consulting agreement with a bank in Romania;
- Implementation of SxS and mToken solutions for a bank in Nigeria;
- Modification of SxS solution at an international bank in Croatia;
- Delivery of Payment module being part of a core banking system for a bank in Serbia;
- Implementation of Product delivery solution at a bank in Serbia;
- Regulatory reporting and data warehouse for one of the banks in Serbia;
- Implementation of Digital Edge solution at Halkbank in Serbia;
- Implementation of Aggregator API PSD2 for a bank in Romania;
- Implementation of Digital Edge and SxS solutions at a bank in Romania;
- Implementation Digital Edge and Digital Loan Origination solutions for one of the banks in Croatia;
- Modification of Mobile Banking Jimba solution at an international bank in Croatia;
- Licenses and maintenance of PFM solution for a bank in Italy;
- Implementation of new Mobile Banking system along with Adaptive Elements platform for an international banking group;
- Implementation of Trade Finance Platform for ING Bank in Romania;
- Supply of Digital Origination solution for a bank in Serbia;
- Expanding the scope of implementation of Adaptive Elements platform to new countries and branches, as well as additional modules, as part of a project implemented for two international banking groups;
- Implementation of Digital Origination solution at a bank in Serbia;
- Supply of licenses for Mobile Banking solution and PKI tokens for an international bank in Croatia;
- Delivery of authentication tokens for a bank in Austria;
- Implementation of Instant Payment solution for an international bank in Romania;
- Implementation of Tezauri DWH regulatory reporting solution at a bank in Serbia.

Payment Solutions:

- Implementation of TriDES solution at an international bank in Croatia;
- New implementations of MSU solution for Turkish entities implemented in the first quarter of 2020, among others, for an energy company, payment processing company, hospital (MLP Care), and an insurance company (Sampo Japan Sigorta);
- Implementation of B2B and Payment gateway solutions for a Turkish automotive manufacturer (BriSA);
- Implementation of anti-fraud solution for a Turkish e-Commerce platform (N11);
- Implementation of Mobile Payment solution for a financial institution in Croatia;
- Implementation of Mobile Branch solution at Banka Postanska Stedionica in Serbia;
- Providing services for UTMS solutions and Gateway System for a customer in Romania;
- Extension of ATMs outsourcing contract with Podravska Banka in Croatia;
- Delivery of ATMs along with related services for bank, among others, in Croatia and Bosnia and Herzegovina;
- Migration of POS terminals at Nova Ljubljanska Banka in Slovenia;
- Implementation of MSU solution for a car rental network, fintech company, and a telecommunications company in Turkey;
- Development of the independent network of POS terminals (IPD): delivery of 750 terminals to Tommy retail network and 650 terminals to Studenac markets in Croatia, delivery of 22 terminals and 30 standalone devices to Zagreb-Macelj motorway operator;
- Contract for sale and maintenance of POS terminals for Bancolumbia (acquirer) and Redeban (processor) in Colombia;
- Contract for sale and maintenance of POS terminals for Cardnet (acquirer/processor) in the Dominican Republic;

- Gaining customers for izipay in Peru as the first step in the transition to the payment intermediary model;
- Contract for outsourcing of POS terminals with a bank in Slovenia;
- Implementation of TermHost/CashIn software for an international bank in Serbia;
- Expanding the scope of a contract for outsourcing of ATMs for Podravska Banka in Croatia;
- Contract with Komercijalna Banka Belgrade for monitoring and maintenance of ATMs and software in the largest ATM network in Serbia;
- Contract for outsourcing of POS terminals for SKB Banka in Slovenia;
- Supply of TETRA terminals to Credins Bank in Albania;
- Implementation of TriDES and NestPay solutions at CMI Morocco;
- Implementation of MSU solution for a provider of security alarms (Tepe Security) and a producer of liquid fuels (Petrol Ofisi) in Turkey;
- Supply of NestPay solution to Halkbank Belgrade in Serbia;
- Implementation of NestPay and MSU solutions for Altabank and an international bank in Serbia;
- Implementation of Nestpay vPOS solution at a Turkish bank in Germany;
- Implementation of 3DSv2 solution at Komercijalna Banka in Montenegro;
- New contracts for processing of payment card transactions with an international bank in Serbia and a provider of micro-loans in Macedonia;
- Delivery of ATMs along with related services for a bank in Macedonia;
- UPI certification of ATMs operated by Unicredit Serbia in order to enable the acceptance of cards issued by China Union Pay.

Dedicated Solutions:

- Implementation of Live Contact Centre solution for the Pension Insurance Institute in Croatia;
- Implementation of Live GDPR module at an insurance company in Croatia;
- Contract for supply of Live Contact Centre solution for an insurance company;
- Implementation of Java BPM solution – MSFT AI client identification at a medical center in Romania;
- Implementation of Dynatrace solution for a bank in Turkey;
- Supply of Collaborative, HelpDesk and Contact Center module for Live solution at a bank in Uzbekistan;
- Implementation of document management solution (DMS) at a bank in Serbia;
- Supply of process support solutions (including electronic data archive) for the National Employment Office in Serbia;
- Implementation of document management solution (DMS) at the social insurance fund in Serbia;
- Delivery of an integrated software security platform for a utilities sector company in Serbia;
- Implementation of Java BPM solution – electronic signature for an insurance company in Romania;
- Development of e-Government tools for the General Secretariat of the Government in Romania;
- Implementation of Dynatrace 3P solution for an insurance company and an IT company in Turkey;
- Implementation of an office administration solution at the Office responsible for IT and e-Government in Serbia;
- Implementation of drug list management solution for the National Healthcare Fund in Serbia;
- Implementation of Service bus platform with components for integration with other work environments, licenses and hardware, for the Ministry of Finance in Serbia;
- Implementation of JAVA BPM and Kofax solutions for E.ON Energy Romania in order to automate the sending of electronic correspondence;
- Implementation of Live solution at a hospital in Croatia;
- Implementation of Live solution at a bank in Bosnia and Herzegovina;
- Implementation of proprietary BPM solution for a water supply company in Romania;
- Two new implementations of Dynatrace solution in Turkey: for in an international manufacturer of household appliances, and for a payment service company.



Financial Information of Asseco South Eastern Europe S.A in 2020

FINANCIAL INFORMATION OF ASSECO SOUTH EASTERN EUROPE S.A.

Financial results of Asseco South Eastern Europe S.A.

	12 months ended 31 Dec. 2020	12 months ended 31 Dec. 2019
	PLN'000	PLN'000
Dividend income	48,862	39,554
Revenues from sale of services	26,766	25,175
Cost of sales (-)	(21,117)	(20,082)
Selling costs (-)	(1,362)	(828)
General and administrative expenses (-)	(940)	(1,163)
Operating profit	52,096	42,675
Net profit for the reporting period	58,337	40,245

In comparison with the previous year, in 2020 income from dividends received from our subsidiaries increased by PLN 9.3 million, revenues from consulting and support services provided to our subsidiaries increased by PLN 0.4 million, while sales of IT services rose by PLN 1.1 million. As a consequence, operating profit of ASEE S.A. grew from PLN 42.7 million in 2019 to the level of PLN 52.1 million in 2020, reflecting an improvement by PLN 9.4 million or 22%, while our net profit increased from PLN 40.2 million in 2019 to PLN 58.3 million in 2020, improving by PLN 18.1 million or 45%. The net profit increased more than operating profit due to the reversal of impairment losses on investments in ASEE Bulgaria and ASEE Kosovo which were recognized in financial income.

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

Other operating income	31 Dec. 2020 PLN'000	31 Dec. 2019 PLN'000	31 Dec. 2020 %	31 Dec. 2019 %
Non-current assets	659,974	646,229	96%	95%
Property, plant and equipment, and intangible assets	5,848	6,011	1%	1%
Right-of-use assets	290	376	0%	0%
Investments in subsidiaries	614,498	606,812	89%	89%
Long-term financial assets	38,211	31,738	6%	5%
Other	1,127	1,292	0%	0%
Current assets	29,907	33,526	4%	5%
Trade receivables and prepayments	8,028	4,845	1%	1%
Cash and bank deposits	14,491	11,044	2%	2%
Short-term financial assets	7,134	15,995	1%	2%
Other	254	1,642	0%	0%
TOTAL ASSETS	689,881	679,755	100%	100%

The structure of assets of ASEE S.A. is dominated by investments in subsidiaries. As at 31 December 2020, the value of our investments in subsidiaries reached PLN 615 thousand and was higher than a year ago, primarily due to the reversal of impairment losses on investments in ASEE Kosovo and ASEE Bulgaria.

Structure of equity and liabilities	31 Dec. 2020 PLN'000	31 Dec. 2019 PLN'000	31 Dec. 2020 %	31 Dec. 2019 %
Equity	657,955	637,685	95%	94%
Non-current liabilities	8,411	20,002	1%	3%
Current liabilities	23,515	22,068	3%	3%
TOTAL EQUITY AND LIABILITIES	689,881	679,755	100%	100%

The value of equity increased by PLN 14.2 million in relation to the previous year. Such change resulted from a higher net profit for the current year, which was partially offset by payment of dividends, as well as the costs of employee share-based payment plan.

Non-current liabilities decreased by PLN 11.6 million primarily as a result of lower liabilities under a bank loan by PLN 6.6 million, as well as lower liabilities under deferred payments for shares in subsidiaries by almost PLN 5 million. The bank loan has been described in explanatory note 5.11, while liabilities arising from the acquisition of shares have been described in explanatory note 5.13 to the Company's annual financial statements for the year 2020.

A slight increase in current liabilities was primarily caused by higher contract liabilities by PLN 1.6 million and higher accruals by PLN 2 million, which were partially offset by lower liabilities under a bank loan by PLN 2 million. In comparison with 2019, in 2020 we also observed a decrease in trade payables by PLN 0.7 million and an increase in liabilities to the state and local budgets by PLN 0.4 million.

Structure of the statement of cash flows

	12 months ended	12 months ended
	31 Dec. 2020	31 Dec. 2019
	PLN'000	PLN'000
Net cash provided by (used in) operating activities	45,790	18,820
Net cash provided by (used in) investing activities	7,135	(29,696)
Net cash provided by (used in) financing activities	(49,478)	(15,047)
Net change in cash and cash equivalents	3,447	(25,923)
Cash and cash equivalents at the end of period	14,491	11,044

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 2020, cash flows from operating activities amounted to PLN 45.8 million, increasing by PLN 27 million in comparison to the previous year. Dividends received from our subsidiaries reached PLN 47 million, increasing by PLN 9.1 million in relation to the previous year. Concurrently, expenditures for the acquisition of shares in subsidiaries dropped by PLN 19 million.

Cash flows from investing activities were primarily related to proceeds and outlays related to loans granted to our subsidiaries (resulting in net cash flows of PLN 7 million), as well as interest received on loans granted (PLN 0.9 million).

Cash flows from financing activities reflected basically the dividend payment to the shareholders of ASEE S.A. (PLN 38.4 million) as well as repayments of bank loans (PLN 10.6 million).

Analysis of financial ratios

Profitability ratios

	12 months ended 31 Dec. 2020 PLN'000	12 months ended 31 Dec. 2019 PLN'000
Return on equity (ROE)	9.0%	6.4%
Return on assets (ROA)	8.5%	6.1%

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 2020 as compared to those reported for 2019, following an increase in net profit for the reporting period.

Liquidity ratios

	12 months ended 31 Dec. 2020 PLN'000	12 months ended 31 Dec. 2019 PLN'000
Working capital	6,392	11,458
Current liquidity ratio	1.3	1.5
Quick liquidity ratio	1.2	1.5
Absolute liquidity ratio	0.6	0.5

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

The decline in our working capital and liquidity ratios as at 31 December 2020 in comparison to those reported at the end of the previous year was primarily due to a decrease in the total amount of loans granted to subsidiaries as they were repaid.



**Financial Information and Significant Events
with Impact on Business Operations of
[Asseco South Eastern Europe Group](#)**

FINANCIAL INFORMATION OF ASSECO SOUTH EASTERN EUROPE GROUP

Financial results of Asseco South Eastern Europe Group for the fourth quarter of 2020

PLN'000	3 months ended	3 months ended	Change	3 months ended	3 months ended	Change
	31 Dec. 2020	31 Dec. 2019		31 Dec. 2020	31 Dec. 2019	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	334,667	275,560	21%	73,682	64,279	15%
Gross profit on sales	76,339	66,751	14%	16,761	15,571	8%
Net profit on sales	44,800	34,303	31%	9,850	8,001	23%
Operating profit	44,321	34,736	28%	9,742	8,102	20%
EBITDA	63,381	53,587	18%	13,908	12,502	11%
Net profit for the reporting period	35,300	28,138	26%	7,756	6,564	18%
Net profit attributable to Shareholders of the Parent Company	34,624	27,912	24%	7,607	6,511	17%

Financial results achieved by ASEE Group in the fourth quarter of 2020 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 334.7 million, reflecting an increase by PLN 59.1 million or 21% in relation to the fourth quarter of 2019. Operating profit reached PLN 44.3 million increasing by 28%, while EBITDA for the fourth quarter of 2020 amounted to PLN 63.4 million showing an improvement by 18%.

Our sales presented in euros equalled EUR 73.7 million, increasing by EUR 9.4 million or 15%. Operating profit reached EUR 9.7 million, while EBITDA amounted to EUR 13.9 million, both going up by 20% and 11%, respectively.

In the fourth quarter of 2020, all of our operating segments experienced a larger scale of operations, while the most dynamic revenue growth of 30% was recorded by the Dedicated Solutions segment where sales of both product lines grew at a similar pace. The increase in the Group's consolidated operating profit is also attributable mostly to the Dedicated Solutions segment whose EBIT increased by nearly EUR 1.8 million. At the same time, operating profit of the Banking Solutions segment increased by more than EUR 0.3 million or 8%, while the Payment Solutions segment reported a decline by EUR 0.5 million or 16%. It should be noted that operating profit of the Payment Solutions segment decreased as a result of a partial write-down of assets used in MoneyGet, our independent network of ATMs, due to weaker than expected performance of this product line.

The above described increase in revenues and operating profit of ASEE Group was driven primarily by organic growth. In the fourth quarter of 2020, the Group's new subsidiaries contributed only EUR 1.3 million to consolidated sales, EUR 98 thousand to EBIT (including depreciation from PPA), and EUR 132 thousand to EBITDA.



Results of the **Payment Solutions** segment

Payment Solutions	3 months ended	3 months ended	Change	3 months ended	3 months ended	Change
	31 Dec. 2020	31 Dec. 2019		31 Dec. 2020	31 Dec. 2019	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	122,757	108,570	13%	26,891	25,333	6%
Operating profit	11,301	12,405	-9%	2,438	2,899	-16%
EBITDA	26,038	26,688	-2%	5,661	6,233	-9%

In the fourth quarter of 2020, sales generated by the **Payment Solutions** segment reached EUR 26.9 million, improving by almost EUR 1.6 million or 6% in relation to the comparable period last year. The strongest revenue growth was achieved from maintenance of POS terminals. Growing sales of services related to maintenance of POS terminals were reported, among others, by Necomplis companies in Spain and Portugal, ASEE Albania, as well as by Payten Bosnia and Herzegovina which integrated its newly acquired providers of such services. Moreover, revenues reported by the business line dealing with maintenance of POS terminals include sales of new business lines that were not consolidated by ASEE Group in the comparable period, namely our independent network of POS terminals (IPD) and electronic cash registers (ECR), recognized mostly in the financial results of Payten Croatia. Other business lines of this segment reported similar or slightly weaker sales than those generated in the fourth quarter of 2019.

Operating profit of the Payment Solutions segment for the fourth quarter of 2020 amounted to EUR 2.4 million, showing a decrease by EUR 0.5 million or 16%. It should be noted that the fourth quarter results 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 2020, higher EBIT was achieved by the business line responsible for processing of payment transactions, while the business lines offering e-Commerce solutions and maintenance of POS terminals reported a bit weaker results than a year ago.

Consolidated EBITDA of the Payment Solutions segment for the fourth quarter of 2020 amounted to almost EUR 5.7 million, decreasing by EUR 0.6 million or 9% in relation to the comparable period last year.



Results of the **Banking Solutions** segment

Banking Solutions	3 months ended	3 months ended	Change	3 months ended	3 months ended	Change
	31 Dec. 2020	31 Dec. 2019		31 Dec. 2020	31 Dec. 2019	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	64,664	59,134	9%	14,222	13,793	3%
Operating profit	21,280	18,782	13%	4,705	4,374	8%
EBITDA	24,160	21,282	14%	5,336	4,957	8%

In the fourth quarter of 2020, the **Banking Solutions** segment generated EUR 14.2 million in sales revenues, achieving an increase by more than EUR 0.4 million or 3% in relation to the comparable period last year. Higher revenues were recorded by the business line responsible for mobile solutions, while the business lines offering core banking systems, other software and security solutions generated slightly lower sales. Sales of solutions mobile increased owing to projects carried out by ASEE companies in Croatia, Bulgaria and Romania.

Operating profit of the Banking Solutions segment for the fourth quarter of 2020 amounted to EUR 4.7 million, reflecting an increase by EUR 0.3 million or 8% in relation to the comparable period last year. The larger scale of operations, higher share of licensing revenues as well as good utilization of our team's capacity contributed to the achievement of higher operating profit in the mobile solutions business. Efficiency improvements also translated into a slight increase in operating profit of the business line responsible for core banking systems and other software. Whereas, the business line offering security solutions reported a weaker EBIT than in the fourth quarter of 2019.

Consolidated EBITDA of the Banking Solutions segment for the fourth quarter of 2020 amounted to more than EUR 5.3 million, improving by EUR 0.4 million or 8%.



Results of the **Dedicated Solutions** segment

Dedicated Solutions	3 months ended	3 months ended	Change	3 months ended	3 months ended	Change
	31 Dec. 2020	31 Dec. 2019		31 Dec. 2020	31 Dec. 2019	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	147,246	107,856	37%	32,569	25,153	30%
Operating profit	11,740	3,549	231%	2,599	829	214%
EBITDA	13,183	5,617	135%	2,911	1,312	122%

Sales generated by the **Dedicated Solutions** segment in the fourth quarter of 2020 amounted to EUR 32.6 million, increasing by EUR 7.4 million or almost 30% in relation to the comparable period last year. The fourth quarter of 2020 was very prosperous for the Dedicated Solutions segment, with revenues growing at a similar pace in both of its business lines. Higher sales of the business line offering infrastructure, third-party solutions and integration services were generated primarily by ASEE Serbia. In turn, revenues from proprietary dedicated solutions increased in several operations, including in Serbia, Romania and Turkey. These increases were partially offset by a reduction in the scale of BPO activities conducted by Necomplus companies in Spain and Portugal which are also reported as part of dedicated solutions.

The dynamic increase in sales and improved efficiency in the line offering proprietary dedicated solutions allowed the Dedicated Solutions segment to achieve an operating profit of EUR 2.6 million. This reflects an increase by almost EUR 1.8 million in relation to the comparable period last year. The entire increase in the segment's EBIT was basically generated by the business line offering proprietary solutions. We also recorded improved profitability of projects implemented by several operations, including in Serbia, Turkey and Romania, as well as in Spain, where the downsizing of BPO activities allowed for cost savings and better financial performance of this operation. Despite stronger revenues, operating profit of the business line responsible for third-party solutions and integration services was slightly weaker than in the corresponding period a year ago, which means that margins realized on the resale were lower.

EBITDA of the Dedicated Solutions segment in the fourth quarter of 2020 amounted to EUR 2.9 million, increasing by EUR 1.6 million or in relation to the comparable period last year.

Net profit

Consolidated **net profit** of ASEE Group for the fourth quarter of 2020 amounted to nearly EUR 7.8 million, increasing by EUR 1.2 million or 18% in relation to the comparable period last year. In the fourth quarter of 2020, our net result on financial operations equalled EUR -0.4 million, as compared with EUR -0.3 million reported for the comparable period last year. The loss on financial operations in the fourth quarter of 2020 was caused mainly by interest expenses incurred on bank loans and lease contracts recognized in accordance with IFRS 16, as well as negative foreign currency translation differences recognized mainly by the Group companies in Turkey. In the fourth quarter of 2020, our effective tax rate equalled 16.9%, increasing by 1.3 percentage points in relation to the fourth quarter of 2019. Such an increase in the effective tax rate was the result of higher income tax rates in selected companies of the Group, including in Macedonia, Serbia and Turkey. During the fourth quarter of 2020, the holding company did not receive any dividend income from operations located outside the European Union, which partially offset the relatively higher amount of income tax on operating activities.

Financial results of Asseco South Eastern Europe Group for the full year 2020 /cumulative/

	12 months ended	12 months ended		12 months ended	12 months ended	
	31 Dec. 2020	31 Dec. 2019	Change	31 Dec. 2020	31 Dec. 2019	Change
	PLN'000	PLN'000	%	EUR'000	EUR'000	%
Sales revenues	1,026,490	881,336	17%	229,426	204,876	12%
Gross profit on sales	262,518	214,295	23%	58,674	49,815	18%
Net profit on sales	145,488	107,475	35%	32,517	24,984	30%
Operating profit	145,647	109,744	33%	32,553	25,511	28%
EBITDA	222,931	175,887	27%	49,826	40,887	22%
Net profit for the reporting period	118,170	90,950	30%	26,412	21,142	25%
Net profit attributable to Shareholders of the Parent Company	116,528	89,647	30%	26,045	20,839	25%

Annual sales revenues of ASEE Group presented in Polish zlotys surpassed one billion for the first time ever and amounted to PLN 1,026.5 million. This reflects an increase by PLN 145.2 million or 17% in relation to the previous year. Operating profit improved by PLN 35.9 million or 33%, reaching the level of PLN 145.6 million. Net profit attributable to shareholders of the Parent Company for 2020 amounted to PLN 116.5 million, growing by PLN 26.9 million or 30% as compared to 2019. Whereas, EBITDA for the year 2020 amounted to PLN 222.9 million as compared to PLN 175.9 million reported last year, going up by 27%.

In 2020, our consolidated sales revenues presented in euros increased by EUR 24.5 million or 12% and reached EUR 229.4 million. In the same period, our operating profit amounted to nearly EUR 32.6 million, improving by EUR 7 million or 28%. Whereas, EBITDA increased from the level of EUR 40.9 million reported last year to EUR 49.8 million, going up by 22%.

Such a robust financial performance in relation to the previous year was accomplished mainly by implementing major efficiency improvements in the segments of Banking Solutions and Dedicated Solutions, as well as by expanding the scale of operations of the Payment Solutions segment. ASEE Group achieved stronger financial results mainly owing to organic growth and, to a lesser extent, due to business acquisitions.

During 2019 and 2020, ASEE Group carried out a number of acquisitions that affected its current financial results. Since 1 May 2019, ASEE Group has fully consolidated the financial results of Multicard Serbia which used to be earlier accounted for using the equity method. Furthermore, since 1 August 2019, ASEE Group has fully consolidated the financial results of B Services Montenegro and Basilichi Serbia, and since 1 September 2019, also the financial results of Sonet (Czech Republic and Slovakia) and Mobven in

Turkey. In the fourth quarter of 2019, ASEE Group finalized the acquisition of Monri companies in Bosnia and Herzegovina and in Croatia which have been subsequently subject to consolidation since 1 November 2019. In addition, in January 2020 the Group acquired the company Bassilichi Bosnia and Herzegovina, whose financial results have been consolidated since 1 February 2020, and in June 2020 completed the acquisition of IPS Croatia which has been consolidated since 1 June 2020. Furthermore, in July 2020 we finalized the acquisition of Gastrobit GRC Group in Croatia, whose financial results have been consolidated since August. The contribution of the newly acquired subsidiaries of ASEE Group to its financial results for 2020, calculated as the difference between their impact on the Group's consolidated results for 2020 and for 2019, amounted to EUR 11.9 million at the level of sales revenues, EUR 70 thousand in operating profit (including depreciation from purchase price allocation in the amount of EUR 434 thousand), and EUR 1.4 million in EBITDA.



Results of the **Payment Solutions** segment

Payment Solutions	12 months ended	12 months ended	Change	12 months ended	12 months ended	Change
	31 Dec. 2020	31 Dec. 2019		31 Dec. 2020	31 Dec. 2019	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	460,044	368,041	25%	102,822	85,555	20%
Operating profit	65,811	54,877	20%	14,709	12,757	15%
EBITDA	124,595	104,365	19%	27,848	24,261	15%

Sales generated by the **Payment Solutions** segment in the full year 2020 reached EUR 102.8 million, improving by EUR 17.3 million or 20% in relation to the previous year.

The strongest revenue growth (by EUR 12.3 million) was achieved by the segment's business line dealing with maintenance of POS terminals which consolidated most of revenues generated by new Payten subsidiaries, including Bassilichi Serbia, Bassilichi Bosnia and Herzegovina and Monri, as well as all revenues generated by the companies of Sonet, B Services, IPS and GRC Croatia. During 2020, higher revenues from maintenance of POS terminals were recorded also by the companies of Necomplus Group, especially in Spain, Portugal and Colombia. This resulted from signing new contracts for maintenance and outsourcing of POS terminals, as well as for deliveries of infrastructure. New contracts also contributed to higher sales of POS maintenance services by Payten companies operating in Serbia, Montenegro, Macedonia, Albania and Romania.

Stronger revenues were generated also by the segment's business lines responsible for maintenance of ATMs (by EUR 2.9 million) and e-Commerce solutions (by EUR 2.3 million). Growing revenues from maintenance of ATMs were partially due to the consolidation of results of Bassilichi Serbia and Bosnia and Herzegovina, signing new maintenance and outsourcing contracts, as well as the completion of software implementations and deliveries of hardware to customers of Payten companies, mainly in Serbia and Bulgaria. Such increases were partially offset by weaker performance of our independent ATM network (MoneyGet) that was directly affected by tourist traffic restrictions due to the Covid-19 pandemic in Croatia, Montenegro and Albania. 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. Sales of security solutions marketed by our company in Croatia also increased.

The shrinking volume of POS terminal transactions processed (including dynamic currency exchange transactions – DCC) caused a decline in revenues of the business line responsible for processing in 2020.

Operating profit earned by the Payment Solutions segment increased by more than EUR 1.9 million or 15% and reached EUR 14.7 million for the year 2020. Higher EBIT was recorded by all business lines of this segment. 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 2020 amounted to EUR 27.8 million, rising by EUR 3.6 million or 15% in relation to the previous year.



Results of the **Banking Solutions** segment

Banking Solutions	12 months ended	12 months ended	Change	12 months ended	12 months ended	Change
	31 Dec. 2020	31 Dec. 2019		31 Dec. 2020	31 Dec. 2019	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	207,667	187,909	11%	46,415	43,681	6%
Operating profit	53,041	39,197	35%	11,855	9,112	30%
EBITDA	64,220	48,972	31%	14,354	11,384	26%

The **Banking Solutions** segment generated sales of EUR 46.4 million in 2020, achieving an increase by EUR 2.7 million or 6% in relation to the previous year. The highest increase in revenues was recorded by the business line offering mobile solutions, primarily on the back of new projects carried out in Croatia, but also in Bulgaria and Romania. Higher sales were reported also by the business line responsible for core banking systems and other software. Such sales increased basically in Serbia, Macedonia, and Bosnia and Herzegovina, but they were partially offset by lower proceeds from several other operations, including in Bulgaria, Croatia, Romania and Turkey. Whereas, the segment's line responsible for security solutions generated weaker sales than in 2019, mainly due to delays in the implementation of projects and in signing new contracts.

Thanks to the better utilization of resources, the efficiency of the Banking Solutions segment improved significantly in 2020. The segment's operating profit at the end of December 2020 reached almost EUR 11.9 million, increasing by more than EUR 2.7 million or 30%. Higher EBIT was achieved in the business lines offering mobile solutions, as well as core banking systems and other software. At the same time, operating performance of the business line responsible for security solutions was weaker.

Stronger operating profit of the entire Banking Solutions segment translated into a higher amount of EBITDA. In 2020, it amounted to nearly EUR 14.4 million, increasing by EUR 3 million or 26% in relation to the previous year.



Results of the **Dedicated Solutions** segment

Dedicated Solutions	12 months ended	12 months ended	Change	12 months ended	12 months ended	Change
	31 Dec. 2020	31 Dec. 2019		31 Dec. 2020	31 Dec. 2019	
	PLN'000	PLN'000		EUR'000	EUR'000	
Sales revenues	358,779	325,386	10%	80,189	75,639	6%
Operating profit	26,795	15,670	71%	5,989	3,641	64%
EBITDA	34,116	22,550	51%	7,624	5,242	45%

Sales revenues generated by the **Dedicated Solutions** segment in the full year 2020 reached EUR 80.2 million. This reflects an increase by EUR 4.5 million or 6% in relation to the previous year. Higher sales were reported by both business lines of this segment, while revenues from the resale of infrastructure and third-party solutions grew a bit more dynamically. The biggest contributors to this growth were ASEE companies operating in Serbia, Macedonia and Croatia. On the other hand, higher revenues from proprietary dedicated solutions were achieved mainly in Turkey, where sales of Mobven company have been consolidated since September 2019, as well as in Macedonia, Romania and Serbia. Whereas, the reduction of BPO activities conducted by Necomplus companies in Spain and Portugal had a negative impact on revenues from dedicated solutions.

In the wake of stronger revenues, operating profit of the Dedicated Solutions segment for the full year 2020 amounted to EUR 6 million, increasing by EUR 2.3 million or 64% as compared to the previous year. Higher EBIT was primarily the result of improved efficiency in the line offering proprietary dedicated solutions, which was achieved in many companies of the Group, including in Serbia, Romania and Turkey, as well as in Spain, where the reduction of the scale of operations allowed to minimize the loss of this business. The line offering third-party solutions and integration services also improved its operating profit in 2020.

EBITDA of the Dedicated Solutions segment for the year 2020 amounted to EUR 7.6 million, rising by EUR 2.4 million or 45% in relation to the previous year.

Net profit

Consolidated **net profit** of ASEE Group for 2020 amounted to EUR 26.4 million, increasing by EUR 5.3 million or 25% in relation to the previous year.

The Group's net result on financial operations in 2020 equalled EUR -891 thousand. The loss on financial activities was mainly the effect of interest expenses incurred on bank loans and lease liabilities and the revaluation of contingent liabilities arising from the acquisition of shares (mainly in Mobven in Turkey), which in aggregate exceeded the total of interest income and positive foreign currency translation differences. The Group's net result on financial operations in 2019 equalled EUR +54 thousand. Our result on financial operations in 2020 deteriorated due to the revaluation of contingent liabilities arising from the acquisition of shares (EUR 416 thousand), lower interest income (EUR 242 thousand), higher interest expenses bank loans and lease liabilities (EUR 112 thousand), as well as due to the year-ago recognition of a financial gain of EUR 467 thousand as a consequence of the revaluation of shares in Multicard after Payten Serbia obtained control over that company on 17 April 2019. The above-mentioned changes were partially offset by a better result on foreign currency translation differences.

In 2020, our effective tax rate equalled 16.6%, decreasing by 0.7 percentage points in relation to the year 2019. The effective tax rate of ASEE Group decreased primarily as a result of lower effective tax rates in its major operations (Turkey, Romania), as well as a considerably lower tax rate in Croatia where we accounted for the effect of a positive tax treatment decision received by ASEE Croatia in June 2020, concerning income tax reliefs for 2019 in connection with capital expenditures made. The positive impact of the lower tax rate on our operating activities partially compensated for income tax paid on dividends received by ASEE S.A. from its subsidiaries located outside of the European Union. In 2020, dividends received from outside of the EU amounted to PLN 32.7 million, as compared with PLN 29.5 million in the comparable period of 2019.

Analysis of financial ratios

	3 months ended 31 Dec. 2020	3 months ended 31 Dec. 2019	12 months ended 31 Dec. 2020	12 months ended 31 Dec. 2019
Gross profit margin	22.8%	24.2%	25.6%	24.3%
EBITDA margin	18.9%	19.4%	21.7%	20.0%
Operating profit margin	13.2%	12.6%	14.2%	12.5%
Net profit margin	10.3%	10.1%	11.4%	10.2%
Return on equity (ROE)			13.6%	11.5%
Return on assets (ROA)			8.9%	8.0%

In 2020, our gross profit margin equalled 25.6% and it was by 1.3 percentage point higher than in the previous year. This was driven by stronger performance in the segments of Banking Solutions and Dedicated Solutions owing to better utilization of resources and cost savings, as well as a higher share of our own software and services in the revenue structure of ASEE Group which reached 69.3% in the year 2020. In the previous year, proprietary software and services accounted for 67.3% of total sales of ASEE Group.

Improved efficiency had a favourable impact on the next margins of profit in 2020. Our EBITDA margin increased to 21.7% from the level of 20.0% achieved in the comparable period last year. While operating profit margin expanded from 12.5% in 2019 to 14.2% the year reported. The largest increase in operating profit margin was recorded in the Banking Solutions segment.

The net profit margin reached 11.4%, growing by 1.2 percentage points in comparison with the level achieved in 2019. The slightly less dynamic increase in the net profit margin as compared to the EBIT and EBITDA margins was due to a weaker result on financial operations, which was partially offset by a lower effective tax rate.

The improved financial results of ASEE Group for recent quarters resulted in higher values of ROE and ROA ratios. Return on equity for the trailing 12 months ended 31 December 2020 equalled 13.6%, increasing by 2.1 percentage points, while return on assets reached the level of 8.9%, increasing by 0.9 percentage points.

	31 Dec. 2020	31 Dec. 2019
Working capital (in thousands of PLN)	205,327	142,676
Current liquidity ratio	1.6	1.4
Quick liquidity ratio	1.4	1.3
Absolute liquidity ratio	0.7	0.6

The above ratios have been computed using the following formulas:

Working capital = current assets - current liabilities

Current liquidity ratio = current assets / current liabilities

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

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

At the end of December 2020, our working capital amounted to PLN 205.3 million, reflecting an increase by PLN 62.6 million in relation to its level reported at the end of 2019.

During the year 2020, the value of current assets increased by PLN 91.7 million, primarily due to increases in cash and bank deposits (by PLN 49.4 million) as well as in receivables, and particularly in trade receivables (by PLN 43.1 million). Such increases were partially offset by decreases in inventories (by PLN 9.3 million) as well as in other non-financial assets (by PLN 6.7 million).

In the same period, our total current liabilities increased by PLN 29.1 million. This resulted primarily from increases in contract liabilities (by PLN 15.4 million), liabilities to the state and local budgets (by PLN 10.8 million), other liabilities (by PLN 7.9 million) as well as in other financial liabilities (by PLN 7.3 million). This was partially offset by a decrease in the amount of bank loans and borrowings (by PLN 19.6 million).

Our liquidity ratios at the end of 2020 recorded a slight improvement in relation to those reported at the end of 2019 and they remain at safe levels.

	31 Dec. 2020	31 Dec. 2019
Total debt ratio	33.9%	36.1%
Debt / equity ratio	11.6%	19.9%
Debt / (debt + equity) ratio	11.5%	16.6%

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

The total debt ratio decreased from 36.1% reported at the end of 2019 to the level of 33.9% as at 31 December 2020. Such change was caused by an increase in total liabilities by PLN 16.6 million, at the same time when total assets increased by PLN 129 million. Total liabilities were higher as a result of increases in contract liabilities (which in the long-term and short-term portion increased by a total of PLN 24 million), liabilities to the state and local budgets (by PLN 10.8 million), other liabilities (by PLN 11.5 million) as well as in other financial liabilities (by PLN 7.3 million), mainly due to the recognition of a deferred conditional payment and the valuation of put options arising from the acquisition of IPS Croatia and Gastrobot. This was partially offset by decrease in bank loans and borrowings as well as in lease liabilities, which dropped by a total of PLN 41.3 million in 2020. At the same time, total assets were higher due to an increase in current assets by (PLN 91.7 million), as described above, which was accompanied by an increase in non-current assets (by PLN 37.3 million), primarily in the line of goodwill (by PLN 43.4 million) arising from new company acquisitions, as well as from the remeasurement of this item using the current exchange rate.

The total amount of bank loans and borrowings as well as lease liabilities decreased from the level of PLN 159.4 million reported as at 31 December 2019 to PLN 118.1 million at the end of 2020. This decrease by PLN 41.3 million was the effect of planned repayments of interest-bearing debt, which was partially offset by the revaluation of liabilities denominated in EUR. The lower balance of liabilities under bank loans and borrowings and lease liabilities resulted in a decrease in the ratio of debt to equity from 19.9% to 11.6%, as well as in the ratio of debt to total interest-bearing liabilities and equity from 16.6% to 11.5%.

Structure of the consolidated statement of financial position

Structure of assets	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	PLN'000	PLN'000	%	%
Non-current assets	821,082	783,815	59%	63%
Property, plant and equipment, and intangible assets	166,170	171,039	12%	14%
Right-of-use assets	55,711	65,055	4%	5%
Goodwill	575,526	532,139	42%	42%
Other financial assets	5,165	4,670	0%	0%
Other	18,510	10,912	1%	1%
Current assets	560,008	468,284	41%	37%
Inventories	27,912	37,215	2%	3%
Prepayments and accrued income	30,991	21,746	2%	2%
Trade receivables	207,672	164,530	15%	13%
Contract assets	29,625	28,050	2%	2%
Cash and bank deposits	249,028	199,663	18%	16%
Short-term financial assets	48	572	0%	0%

Other	14,732	16,508	1%	1%
TOTAL ASSETS	1,381,090	1,252,099	100%	100%

Non-current assets accounted for almost 60% of the balance sheet total of ASEE Group as at the end of December 2020, 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 2020, goodwill increased by PLN 43.4 million due to new acquisitions and foreign currency translation differences, to the total amount of PLN 575.5 million. 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 2020. The share of goodwill in the balance sheet total decreased from 42.5% at the end of 2019 to 41.7% at the end of December 2020.

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 2020, the value of property, plant and equipment, and intangible assets decreased by PLN 4.9 million, to the total amount of PLN 166.2 million.

As at the end of 2020, the value of current assets equalled PLN 560 million, representing a bit more than 40% of the balance sheet total of ASEE Group. Just as at the end of 2019, the largest components of current assets at the end of 2020 were cash and cash equivalents which amounted to PLN 249 million following an increase by PLN 49.4 million, as well as trade receivables which to PLN 207.7 million having increased by PLN 43.1 million.

Structure of equity and liabilities	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	PLN'000	PLN'000	%	%
Equity	913,072	800,712	66%	64%
Non-current liabilities	113,337	125,779	8%	10%
Bank loans and borrowings	29,139	43,255	2%	3%
Lease liabilities	39,847	47,489	3%	4%
Other financial liabilities	25,885	28,557	2%	2%
Other	18,466	6,478	1%	1%
Current liabilities	354,681	325,608	26%	26%
Bank loans and borrowings	30,145	49,742	2%	4%
Lease liabilities	18,995	18,923	1%	2%
Other financial liabilities	21,190	13,879	2%	1%
Trade payables	111,830	109,977	8%	9%
Contract liabilities	74,087	58,707	5%	5%
Other current liabilities	98,434	74,380	7%	6%
TOTAL EQUITY AND LIABILITIES	1,381,090	1,252,099	100%	100%

The share of equity in the structure of total equity and liabilities increased from 64% as at 31 December 2019 to 66% at the end of 2020. The value of equity increased by PLN 112.4 million, primarily owing to the net profit for the year 2020, which was partially offset by the distribution of a dividend to the shareholders of ASEE as well as by differences on foreign currency translation of subsidiaries.

During the year 2020, total liabilities of ASEE Group increased by PLN 16.6 million and reached the level of PLN 468 million, accounting for 34% of the balance sheet total. During the year 2020, non-current liabilities decreased by PLN 12.4 million, mainly due to the lower amounts of bank loans and borrowings as well as lease liabilities, which were partially offset by higher contract liabilities and other liabilities. Whereas, current liabilities increased by PLN 29.1 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 bank loans and borrowings which were reduced by PLN 19.6 million during 2020. 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	12 months ended
	31 Dec. 2020	31 Dec. 2019
	PLN'000	PLN'000
Net cash provided by (used in) operating activities	204,616	158,356
Net cash provided by (used in) investing activities	(52,367)	(103,118)
Net cash provided by (used in) financing activities	(99,278)	(24,910)
Net change in cash and cash equivalents	52,971	30,328
Cash and cash equivalents at the end of period	248,860	190,661

In 2020, our operating activities provided PLN 204.6 million of net cash inflows, reflecting an increase by PLN 46.2 million in relation to the previous year. Operating cash flows increased on the back of stronger financial performance and higher amount of depreciation charges in 2020, as well as due to slightly lower expenditures for working capital than a year ago, primarily owing to a decrease in inventories and an increase in current liabilities.

Net cash outflows from our investing activities amounted to PLN 52.4 million in 2020. Our investing cash flows were most considerably influenced by the acquisitions of property, plant and equipment and intangible assets for the total amount of PLN 35.6 million, as well as by the acquisitions of subsidiary companies for PLN 18.7 million. The acquisitions of tangible and intangible assets included, among others, our expenditures for infrastructure used in the outsourcing of payment processes and setting up an independent network of ATMs. During the year 2020, we spent a total of PLN 24.4 million for this purpose, mainly in Payten companies operating in Serbia, Croatia and Romania. Expenditures for the acquisition of subsidiaries included payments for the purchases of shares in the companies of Necomplis, Sonet, Mobven and Monri, as well as for takeovers of IPS and Gastrobit companies in Croatia.

In 2020, net cash used in our financing activities amounted to PLN 99.3 million, primarily due to the planned repayments of bank loans and borrowings and lease liabilities, along with interest (PLN 70.1 million), as well as the payment of a dividend to the shareholders of ASEE (PLN 38.4 million). Proceeds from bank loans were related to the financing of new outsourcing projects carried out by Payten, mainly in Serbia.

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 2020, in a breakdown by geographical area:

For the year ended 31 December 2020	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Total
in thousands of PLN												
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)	(107,040)	(52,759)	(122,852)	(263,942)	(42,017)	(99,098)	(16,016)	(25,444)	(48,252)	44,872	(764,055)
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	45,245	19,590	22,940	76,044	42,082	17,475	3,748	9,997	17,482	(2,026)	262,518
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)	(3,686)	(311)	(61,487)
Net profit (loss) on sales	5,331	27,177	12,062	7,109	45,887	26,120	8,334	(778)	4,489	10,752	(995)	145,488
Other operating income	72	1,083	140	78	809	361	465	22	84	355	(496)	2,973
Other operating expenses	(15)	(864)	(8)	(93)	(901)	(51)	(906)	(229)	(63)	(113)	429	(2,814)
Share of profits of associates	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit (loss)	5,388	27,396	12,194	7,094	45,795	26,430	7,893	(985)	4,510	10,994	(1,062)	145,647

For the year ended 31 December 2020	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Total
in thousands of EUR												
Sales revenues	9,259	34,161	16,181	32,701	75,622	18,862	26,055	4,426	7,949	14,692	(10,482)	229,426
Cost of sales	(7,042)	(23,924)	(11,792)	(27,458)	(58,993)	(9,391)	(22,149)	(3,580)	(5,687)	(10,785)	10,029	(170,772)
Recognition (reversal) of impairment losses on financial instruments	4	(124)	(11)	(116)	367	(65)	-	(8)	(26)	(1)	-	20
Gross profit on sales	2,221	10,113	4,378	5,127	16,996	9,406	3,906	838	2,236	3,906	(453)	58,674
Selling costs	(498)	(1,997)	(812)	(1,847)	(3,728)	(1,736)	(637)	(200)	(579)	(680)	300	(12,414)

General and administrative expenses	(532)	(2,042)	(870)	(1,691)	(3,012)	(1,832)	(1,406)	(811)	(652)	(825)	(70)	(13,743)
Net profit (loss) on sales	1,191	6,074	2,696	1,589	10,256	5,838	1,863	(173)	1,005	2,401	(223)	32,517
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)
Share of profits of associates	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit (loss)	1,204	6,123	2,725	1,585	10,236	5,908	1,765	(219)	1,010	2,454	(238)	32,553

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.

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

For the year ended 31 December 2019	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Czech Republic & Slovakia	Other	Eliminations	Total
in thousands of PLN												
Sales revenues	32,064	137,725	57,874	145,606	275,806	67,722	17,329	18,205	63,262	104,659	(38,916)	881,336
Cost of sales	(22,725)	(96,438)	(38,170)	(122,931)	(221,535)	(32,821)	(13,553)	(11,149)	(48,151)	(93,595)	37,059	(664,009)
Recognition (reversal) of impairment losses on financial instruments	-	(260)	(123)	(544)	(1,483)	(631)	(9)	-	22	-	(4)	(3,032)
Gross profit on sales	9,339	41,027	19,581	22,131	52,788	34,270	3,767	7,056	15,133	11,064	(1,861)	214,295
Selling costs	(1,892)	(7,554)	(4,303)	(7,885)	(15,582)	(7,806)	(978)	(1,962)	(3,239)	(2,791)	953	(53,039)
General and administrative expenses	(2,385)	(8,487)	(3,688)	(7,381)	(11,353)	(7,677)	(1,287)	(1,014)	(3,541)	(7,019)	51	(53,781)
Net profit (loss) on sales	5,062	24,986	11,590	6,865	25,853	18,787	1,502	4,080	8,353	1,254	(857)	107,475
Other operating income	42	71	493	168	2,213	1,143	8	24	148	91	(148)	4,253
Other operating expenses	(77)	(7)	(317)	(155)	(323)	(835)	(109)	(70)	(111)	(62)	143	(1,923)
Share of profits of associates	-	-	-	-	(61)	-	-	-	-	-	-	(61)
Operating profit (loss)	5,027	25,050	11,766	6,878	27,682	19,095	1,401	4,034	8,390	1,283	(862)	109,744

For the year ended 31 December 2019	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Czech Republic & Slovakia	Other	Eliminations	Total
in thousands of EUR												
Sales revenues	7,454	32,016	13,453	33,848	64,114	15,743	4,028	4,232	14,706	24,327	(9,046)	204,875
Cost of sales	(5,283)	(22,418)	(8,873)	(28,577)	(51,498)	(7,630)	(3,151)	(2,592)	(11,192)	(21,756)	8,615	(154,355)
Recognition (reversal) of impairment losses on financial instruments	-	(60)	(29)	(126)	(345)	(147)	(2)	-	6	-	(1)	(704)
Gross profit on sales	2,171	9,538	4,551	5,145	12,271	7,966	875	1,640	3,520	2,571	(432)	49,816
Selling costs	(440)	(1,756)	(1,000)	(1,833)	(3,622)	(1,815)	(227)	(456)	(753)	(649)	222	(12,329)
General and administrative expenses	(554)	(1,973)	(857)	(1,716)	(2,639)	(1,785)	(299)	(236)	(823)	(1,632)	12	(12,502)
Net profit (loss) on sales	1,177	5,809	2,694	1,596	6,010	4,366	349	948	1,944	290	(198)	24,985
Other operating income	10	17	115	39	514	266	2	6	34	21	(37)	987
Other operating expenses	(18)	(2)	(74)	(36)	(75)	(194)	(25)	(16)	(26)	(14)	33	(447)
Share of profits of associates	-	-	-	-	(14)	-	-	-	-	-	-	(14)
Operating profit (loss)	1,169	5,824	2,735	1,599	6,435	4,438	326	938	1,952	297	(202)	25,511

The above figures have been converted at the average exchange rate for the period from 1 January 2019 to 31 December 2019: EUR 1 = PLN 4.3018.

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

Ensuring safety of employees and business continuity

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

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

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

Business lines that have been directly affected by the pandemic

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

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

As part of this service, our company cooperates with a number of firms whose operations depend on the current economic situation, including tourist traffic (e.g. real estate brokerage). As expected, the decline in the scale of operations of our customers resulted in a reduction of Payten's revenues from business process outsourcing in Spain, which decreased by almost 35% in 2020. At the same time, our BPO activities in Portugal were shut down, but this was not a direct consequence of the pandemic. We managed to limit the negative impact of the smaller scale of operations on our BPO results by taking measures aimed at reducing costs, including the use of public aid programs allowing for temporary dismissal of redundant employees.

• **Maintenance of POS terminals settled for each 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 the majority of contracts in Necomplus companies, but only a small portion of revenues in Payten companies operating in Macedonia and Slovenia. In the first weeks of the pandemic, the number of service interventions dropped significantly because we performed critical repairs only. It turned out, however, that the temporary decline in revenues from interventions was offset by revenues from other activities and, as a result, revenues of this business line for the whole year 2020 increased, despite the impact of the pandemic. In the case of maintenance services carried out by our own human resources, we tried to reduce the related costs among others by sending employees to temporary layoffs financed from the state aid funds, or by using outstanding holiday leaves. Whereas, in the case of using subcontractors to perform our contracts, the smaller scale of interventions was reflected in settlements with our partners. Owing to cost savings and income from other activities, the said temporary decline in the volume of interventions did not adversely affect the results of the entire business line.

• **Processing of card payment transactions made at POS terminals by Payten Serbia**

In this business line, the remuneration of Payten depends on the volume of transactions processed. In the first weeks of the pandemic, immediately after the introduction of local restrictions, we observed a significant decline in the number of transactions conducted at POS terminals. This was partially attributable to the lower number of transactions involving dynamic currency conversion (DCC). Along with loosening of restrictions and returning to business as usual, the volume of transactions processed was restored to normal levels, except for DCC transactions which are related to the intensity of tourist traffic. Ultimately, our Processing revenues in 2020 were comparable to those achieved in the previous year. Yet, thanks to cost savings, we were able to slightly improve the financial results of this business line.

• **MoneyGet independent ATM network**

Our independent network of ATMs operates under the brand of MoneyGet in Serbia, Croatia, Montenegro and Albania. Apart from Serbia, our ATMs are located in attractive tourist locations and are geared towards handling tourist traffic and DCC transactions. The restrictions imposed on tourist traffic in 2020 directly affected the number of transactions conducted in our ATMs and caused a decline in revenues of the MoneyGet network by 40% year on year. In response to such market situation, we took a number of actions aiming to reduce our operating costs, including uninstallation of some ATMs and resignation from selected locations,

as well as attempts to renegotiate our contracts in order to temporarily suspend or limit the payment of rental fees. We have also suspended the expansion of our independent ATM network that was planned for 2020. Despite these actions, the financial results of MoneyGet for 2020 were considerably worse than in the previous year, which was also attributable to the partial write-downs on assets used in this project due to lower than expected cash flows generated from these activities.

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

In the first weeks after the announcement of the pandemic, we noticed a slowdown in purchases of new equipment for processing centers due to difficulties in deliveries communicated by many manufacturers, as well as limitations of physical access to premises and human resources on the part of our customers. In some cases, this caused a delay in the implementation of projects involving the supply of infrastructure and third-party products, and related own services. Along with loosening of the pandemic-related restrictions, the significance of this risk has diminished. Concurrently, we see an increased demand for equipment and services that enable customers to efficiently switch to remote work. The obligation to work in remote mode often entails the need to expand the network infrastructure and its security, and to purchase additional license applications for virtual communication and group work. As a result, sales and financial results of our business line responsible for the resale of third-party solutions remained unaffected by the pandemic and improved in relation to the previous year.

- **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 3DSecure 2.0). Transaction-based revenues (NestPay and MSU) are generated primarily on the Turkish market and in part depend on the volume of processed transactions. As a consequence of the pandemic, we have observed a significant decrease in the number of transactions at some of our customer businesses (including airlines, travel companies, and gym networks). At the same time, the volume of online transactions has increased significantly in grocery stores, bookstores, pharmacies, etc. We also see increased interest in our transaction security solution called Trides (3DSecure 2.0). The cumulative impact of the above changes in customer behaviour on our revenues from e-Commerce in 2020 turned out to be positive – the increasing volume of online transactions translated into higher revenues and stronger financial results of this business line. In the Management's opinion, the new model of customer behaviour is permanent and will not change 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). Sales of these solutions should increase revenues in the segments of Banking Solutions and Dedicated Solutions.

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

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

- **Modifications due to regulatory changes**

Regulatory changes related to the implementation of financial aid packages in different countries often required modification of IT systems in banks and public administration bodies. The introduction of such changes helped us generate additional revenues, especially in the Banking Solutions segment.

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

Possible long-term effects of the pandemic

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

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

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

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

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

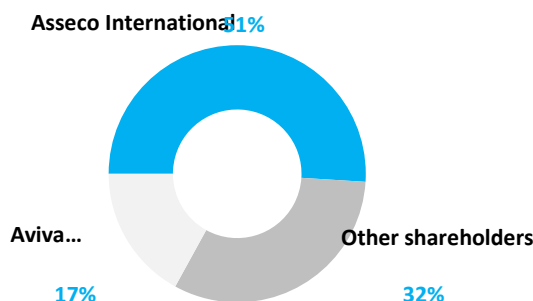


Shares and Shareholders of **Asseco South Eastern Europe**

SHARES AND SHAREHOLDERS

Shareholders structure

Major Shareholders as at 31 December 2020



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

To the best knowledge of the Company's Management Board, as at the date of publication of this report, this is on 24 February 2021, as well 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 24 February 2021, 31 December 2020, and 28 October 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%

To the best knowledge of the Company's Management Board, as at 31 December 2019, 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 2019	Number of shares held	Percentage of total voting rights
Asseco International a.s.	26,494,676	51.06%
Aviva Pension Fund	9,610,000	18.52%
Aviva Investors Poland TFI S.A.	2,679,355	5.16%
Other shareholders	13,110,220	25.26%
Total	51,894,251	100.00%

Shares held by the management and supervisory personnel

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

	24 Feb. 2021	31 Dec. 2020	28 Oct. 2020	31 Dec. 2019
Piotr Jeleński	973,492	973,492	973,492	973,492
Miljan Mališ ¹⁾	322,715	322,715	322,715	322,715
Marcin Rulnicki	30,000	30,000	30,000	30,000
Kostadin Slavkoski	35,600	35,600	35,600	35,600

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

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.



Corporate Governance

STATEMENT ON COMPLIANCE WITH THE CORPORATE GOVERNANCE STANDARDS

Asseco South Eastern Europe S.A. (the “Company” or “Issuer”) has, since 1 January 2016, been 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.

The set of corporate governance standards is 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 has pointed out that the Company departed from applying the following corporate governance principles set forth in 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:

- 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) 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. 11/2020), as at the date of publication of this report, this is on 24 February 2021, 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 of shares held	Percentage of total voting rights
Asseco International		26,494,676	264,946,760	51.06%
AVIVA Open-End Pension Fund	Santander	8,594,000	85,940,000	16.56%
Other		16,805,575	168,055,750	32.38%
Total		51,894,251	518,942,510	100%

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.

The composition of the Management Board remained unchanged throughout the financial year 2020. As at 31 December 2020 as well as on the date of publication of this report, this is on 24 February 2021, the Company's Management Board was composed of the following persons:

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

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. Subsequently, on 18 January 2021, the Supervisory Board appointed Mr. Michał Nitka as Member of the Company's Management Board 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 and 18 October 2017.

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 250,0000 or its equivalent in other currencies, in a single transaction or in a series of related transactions that have not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
- 14) giving consent to the Company to grant any guarantees or sureties, or to assume other off-balance-sheet liabilities or an obligation to repair a damage, if such an action has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
- 15) giving consent to disposal, rental, pledge or registered pledge, mortgage or any other encumbrance or transfer of any part of the Company's assets, if such an action has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
- 16) giving consent to the Company to purchase or acquire shares in other commercial companies as well as to enter into any personal or civil law partnerships;

- 17) giving consent to disposal of the Company's assets with a value exceeding 10% (ten percent) of the total net book value of property, plant and equipment of the seller's entity to be determined on the basis of the latest financial statements examined by certified auditors, if such a transaction has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
- 18) giving consent to disposal, encumbrance, or free-of-charge transfer of copyrights and rights in inventions, industrial property rights, or other intellectual property rights, and in particular rights in the software source codes and trademarks, if such a transaction has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
- 19) giving consent to conclude agreements between the Company, its subsidiaries or associates, and Members of Company's Management Board or Supervisory Board, the Company's shareholders or their related parties, where the total annual expenses exceed PLN 100,000 or its equivalent in other currencies, in a single transaction or in a series of related transactions that have not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association. For the purposes of this provision the "related party" means a person, company, or other entity that has either financial or family ties to any Member of the Company's Management Board or Supervisory Board, or to the Company's shareholder. The "related party" shall in particular include: (i) spouse, (ii) children, (iii) grandchildren, (iv) parents, (v) grandparents, or (vi) brothers and sisters, as well as (vii) any entity indirectly or directly controlled by the persons specified above, or from which the persons specified above obtain significant economic benefits;
- 20) giving consent to the Company to hire any advisors or other persons, who are not employees of the Company, in the capacity of consultants, lawyers, agents, etc. if the annual cost of hiring such a person exceeds EUR 100,000 or its equivalent in other currencies;
- 21) giving consent to concluding transactions, as referred to in art. 90h sect. 1 item 1 of the Act on public offering, conditions governing the introduction of financial instruments to organized trading, and on public companies (consolidated text: Journal of Laws of 2019, item 623 of 22 February 2019), with related parties (understood as the Group companies and corporate officers) with a value exceeding 5.00% (five percent) of the amount of total assets of the last approved annual financial statements of the Company;
- 22) preparation of annual remuneration reports presenting a comprehensive overview of remuneration, including all benefits, regardless of their form, received by or payable to individual Members of the Management Board and Supervisory Board in the last financial year, in accordance with the 'Policy for remuneration of Members of the Management Board and Supervisory Board' of the Company.

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

Organization of the Supervisory Board Operation:

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

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

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

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

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

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

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

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

If all Members of the Supervisory Board are present at the meeting, each Member of the Supervisory Board or Member of the Management Board attending the meeting may request the meeting agenda to be supplemented with new issues that were not included in the meeting agenda as distributed before the meeting. Such a motion may also be submitted in spite of absence of some Members of the Supervisory Board, but then only and solely concerning actions that must be taken by the Supervisory Board in order to protect the Company against suffering a loss, or in the event it is necessary to pass a resolution on determining whether there is any conflict of interest between a Member of the Supervisory Board and the Company. The motion shall be put to vote and adopted/rejected by a simple majority of votes.

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

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

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

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

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

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

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

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

Meetings of the Supervisory Board may be 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 2020, the composition of the Supervisory Board remained unchanged. As at 31 December 2020 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 2020, the composition of the Supervisory Board remained unchanged. As at 31 December 2020 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 7 meetings during the year 2020.

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 2019 and for the first half of 2020, as well as prior to commencing the audit of financial statements for the year 2020, 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 2020, the auditor also presented the summary of the audit of financial statements for the year 2019 that was prepared for the Audit Committee.

At the same meeting held on 24 February 2020, 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 2019 and adopted the work plan of the Audit Committee for 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 2020, for the first half of 2020, and for the third quarter of 2020.

In addition, the Audit Committee analyzed the results of audit procedures performed by the Internal Audit Department as well as the updated status of implementation of corrective actions in this area. 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.

During the last meeting in 2020, 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 2021, assessed the independence of the Internal Audit Manager, and reviewed disputes and insurance matters in ASEE Group.



Other Information on
Asseco South Eastern Europe Group
and Asseco South Eastern Europe S.A.

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 operations, 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 2021. 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. Restrictions related to the pandemic had a negative impact on the financial results only in a few product lines in 2020, while the increased demand for some of ASEE Group's solutions and cost savings more than compensated for the effects of the pandemic. However, it is difficult to evaluate the long-term impact of the COVID-19 pandemic on the financial results of ASEE Group if the restrictions imposed on the functioning of economies will be prolonged. 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 in which ASEE Group operates experienced the effects of the COVID-19 pandemic in 2020 as they suffered declines in GDP, higher unemployment, etc. The weaker economy has not yet caused deterioration in the results of ASEE Group; however, in the longer run, the financial condition of the Group's customers and thus their willingness to invest in IT solutions will depend on favourable business environment. 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;
- 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 2020 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 2020 all the markets where ASEE Group operates have been 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.

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 2020, 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 our consolidated assets is represented by goodwill arising from the acquisition of companies that currently comprise ASEE Group, as well as by proprietary software resulting from capitalized software development expenditures. 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. During 2020, ASEE Group recognized the costs of liquidation and impairment losses on its proprietary software and licenses in the amount of PLN 1,532 thousand, which has been described in explanatory note 6.2 to the consolidated financial statements of the Group. There is a risk that in the future we will have to recognize further write-downs on intangible assets.

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 51.06% 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 2020.

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 2020 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 2020.

Related party transactions

During 2020, 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 2020 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 2020, 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 2020, as well as in explanatory note 5.11 to the standalone financial statements of ASEE S.A. for the year ended 31 December 2020.

Loans granted in 2020

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 2020, as well as in explanatory note 5.8 to the standalone financial statements of ASEE S.A. for the year ended 31 December 2020.

Utilization of proceeds from issuance of shares

During the reporting period ended 31 December 2020, 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 outsourcing of payment processes and within 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.

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 2020, 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 2020, 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 June 2017, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of 2,221,356 shares in ASEE S.A., representing 4.28% of the company's share capital. Members of the Management Board of ASEE S.A. as well as parties related through Members of the Management Board of ASEE S.A. acquired 1,572,424 shares in total. The remaining 648,932 shares were acquired by the management staff of subsidiary companies of ASEE Group.

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

Detailed information on the share-based payment plan has been presented in explanatory note 5.2 to the annual consolidated financial statements of the Group for the year 2020.

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 2020, 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 2020, 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 2020 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 2020, as well as in explanatory note 9.4 to the annual consolidated financial statements of ASEE Group for the year 2020.

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 2020, as well as in explanatory note 8.1 to the annual financial statements of ASEE S.A. for the year 2020.

Information on significant judicial proceedings

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

Significant events with impact on ASEE Group operations after 31 December 2020

Significant events that took place after the reporting date of 31 December 2020 have been described in explanatory note 9.7 to the consolidated financial statements of ASEE Group for the year ended 31 December 2020, as well as in explanatory note 8.7 to the standalone financial statements of ASEE S.A. for the year ended 31 December 2020.

Statement on non-financial information

The Parent Company has prepared a report on non-financial information: “Non-financial Statement of Asseco South Eastern Europe Group”, in the form of a separate document which is an integral part of the annual report of ASEE Group for the year 2020.

Solutions for demanding business.

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