Management Report on Operations of Asseco South Eastern Europe Group

for the period of 6 months ended 30 June 2023

Present in
23 countries

PLN 755.6 million
in sales revenues

3,789
highly committed employees

PLN 92.5 million
of net profit for Shareholders of the Parent Company

Management Report on Operations
of Asseco South Eastern Europe Group

for the period of 6 months ended 30 June 2023

General Information on
Asseco South Eastern Europe Group

PODSTAWOWE INFORMACJE O 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 GROUP OF COMPANIES

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

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

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

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

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

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

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

AUTHORITIES OF ASSECO SOUTH EASTERN EUROPE S.A.

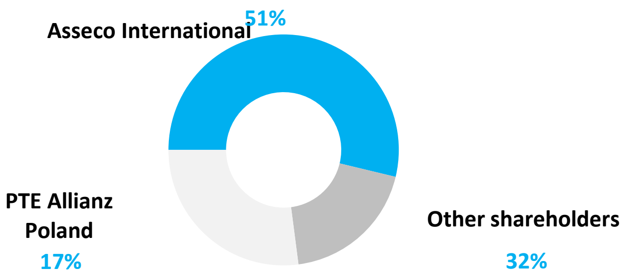
As at the date of publication of this report, this is on 2 August 2023, the Company's Management Board, Supervisory Board and Audit Committee were composed of the following persons:

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

During the reporting period as well as in the period from 30 June 2023 till the publication of this report, this is till 2 August 2023, the compositions of the Company's management and supervisory bodies remained unchanged.

SHARES AND SHAREHOLDERS

Major shareholders as at 30 June 2023



As at 30 June 2023, Asseco International a.s. (our higher-level parent) held 26,407,081 shares representing 50.89% in the share capital of our Company, which carried 26,407,081 votes or 50.89% of total voting rights at the Company's General Meeting of Shareholders. The parent company of Asseco International is Asseco Poland S.A.

To the best knowledge of the Company's Management Board, as at the date of publication of this report, this is on 2 August 2023, as well as on 30 June 2023, 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 2 August 2023 and 30 June 2023	Number of shares held	Percentage of total voting rights
Asseco International a.s.	26,407,081	50.89%
Pension Funds managed by PTE Allianz Poland S.A.*	8,738,000	16.84%
Other shareholders	16,749,170	32.28%
Total	**51,894,251**	**100%**

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

As at 31 December 2022, the Shareholders who, either directly or through their subsidiaries, held at least 5.0% of total voting rights were as follows:

Major Shareholders as at 31 December 2022	Number of shares held	Percentage of total voting rights
Asseco International a.s.	26,407,081	50.89%
Pension Funds managed by PTE Allianz Poland S.A.*	8,748,258	16.86%
Other shareholders	16,738,912	32.26%
Total	**51,894,251**	**100%**

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:

	2 August 2023	30 June 2023	26 April 2023	31 December 2022
Piotr Jeleński	1,253,492	1,253,492	1,253,492	1,253,492
Miljan Mališ*)	348,336	348,336	348,336	348,336
Michał Nitka	45,000	45,000	45,000	45,000
Kostadin Slavkoski	44,315	44,315	44,315	44,315

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

Members of the Supervisory Board did not hold any shares in Asseco South Eastern Europe S.A. in any of the above-mentioned periods.

ORGANIZATIONAL STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP

Current structure of the Group

The parent company of Asseco South Eastern Europe S.A. is Asseco International a.s., seated in Bratislava. Both as at 30 June 2023 and 31 December 2022, Asseco International a.s. held a 50.89% stake in the share capital of ASEE S.A. Both as at 30 June 2023 and 31 December 2022, voting rights held by ASEE Group in its subsidiaries were equivalent to the Group's equity interests in these entities.

Changes in the Group structure

During the period of 6 months ended 30 June 2023, the organizational structure of ASEE Group changed as follows:

- ***Sale of shares in Payten Holding S.A. to ASEE S.A. by Payten Sp. z o.o.***

On 9 January 2023, Payten Sp. z o.o. signed an agreement to sell 242 shares in Payten Holding to ASEE S.A. The said transaction had no impact on the consolidated financial statements of the Group.

- ***Merger of Integrirani Poslovni Sustavi, Gastrobit, Web Studio and Monri Payments***

The companies of Integrirani Poslovni Sustavi d.o.o., Gastrobit d.o.o., Web Studio d.o.o. and Monri Payments d.o.o. merged on 14 February 2023 and from that date they have operated as one company called Monri Payments d.o.o. The said transaction had no impact on the consolidated financial statements of the Group.

- ***Acquisition of shares in AFusion d.o.o. Belgrade***

On 10 March 2023, Payten d.o.o. Belgrade acquired an additional 15% stake in AFusion from its non-controlling shareholders, increasing its equity interest in AFusion to 95%. This transaction had no impact on the Group's financial results. The difference between the purchase price paid and the value of net assets acquired has been recognized in equity of the Parent Company, under 'Transactions with non-controlling interests'.

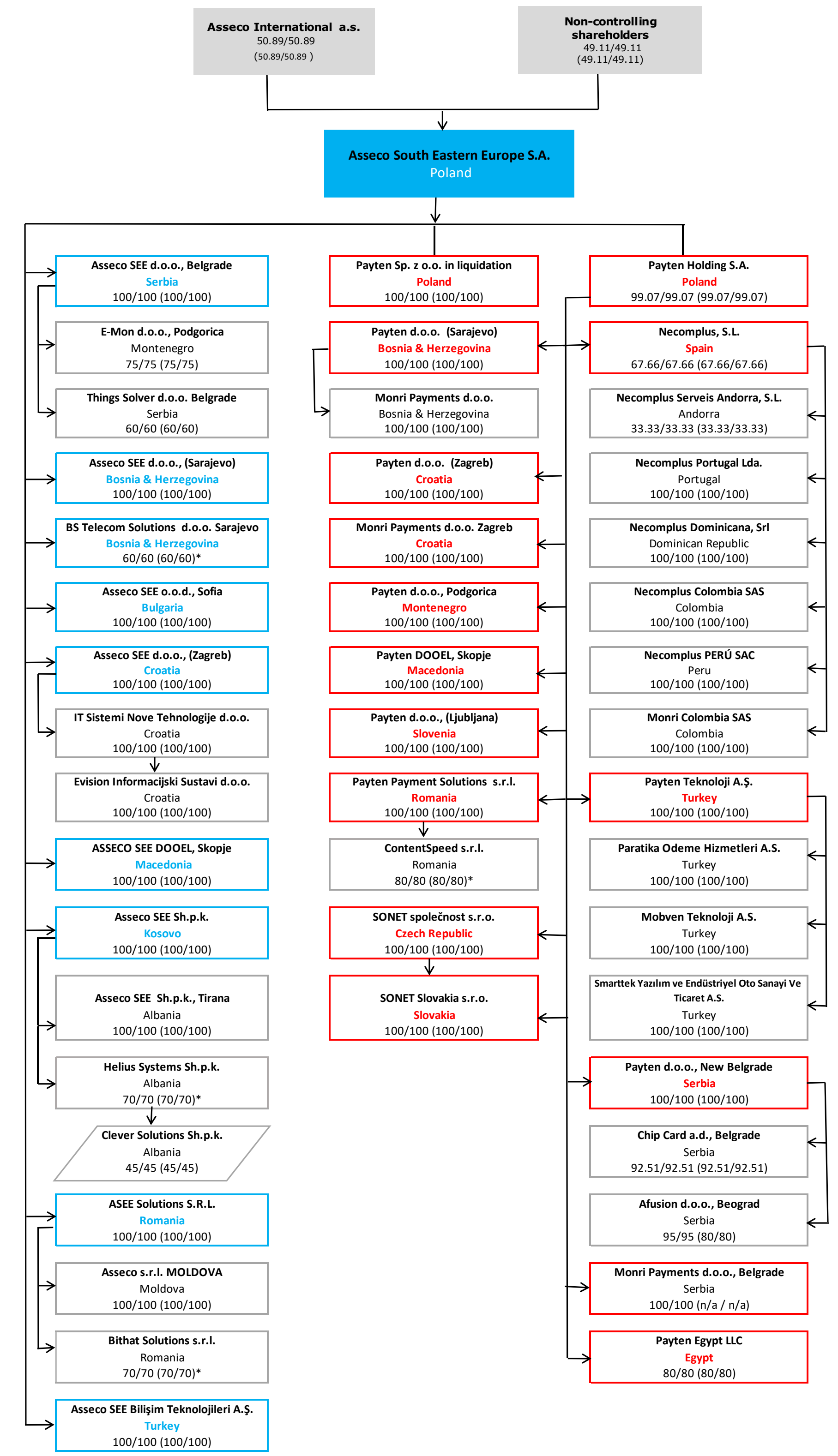
- ***Establishing of a new company Monri Payments d.o.o., Belgrade***

The establishment of Monri Payments d.o.o., based in Belgrade, was registered on 7 April 2023. 100% of shares in this company were acquired by Payten Holding S.A.

- ***Commencing the liquidation of Payten Sp. z o.o.***

On 27 April 2023, the shareholders of Payten Sp. z o.o. adopted a resolution to liquidate this company.

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 30 June 2023 and 31 December 2022:



100/100 voting rights / equity interest as at 30 June 2023 (in %)
(100/100) voting rights / equity interest as at 31 December 2022 (in %)

subsidiary company
associated company

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

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 second quarter of 2023

	3 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	Change %	3 months ended 30 June 2023 EUR'000	3 months ended 30 June 2022 EUR'000	Change %
Sales revenues	375,527	349,433	8%	82,938	75,331	10%
Gross profit on sales	99,844	95,729	4%	22,041	20,637	7%
Net profit on sales	53,778	51,193	5%	11,859	11,036	8%
Operating profit	54,093	51,580	5%	11,928	11,120	7%
EBITDA	75,224	74,822	1%	16,600	16,130	3%
Net profit for the reporting period	49,105	65,815	-25%	10,834	14,185	-24%
Net profit attributable to Shareholders of the Parent Company	**47,110**	**64,273**	**-27%**	**10,395**	**13,852**	**-25%**

Financial results achieved by ASEE Group from operating activities in the second quarter of 2023, presented in EUR, were stronger than in the comparable period of the previous year. The Group manged to boost revenues while maintaining similar margins of profit as a year ago. Sales revenues presented in EUR totalled EUR 82.9 million, growing by EUR 7.6 million or 10% in relation to the second quarter of 2022. Operating profit reached EUR 11.9 million increasing by 7%, while EBITDA for the second quarter of 2023 amounted to EUR 16.6 million showing an improvement by 3%. Net profit attributable to Shareholders of the Parent Company for the second quarter of 2023 amounted to EUR 10.4 million, reflecting a decrease by EUR 3.5 million or -25% as a consequence of recognizing the impact of hyperinflation as shown in the table below.

The said improvement of financial performance in operating activities is mainly due to the growing sales across all of our segments. The increase in revenues in the Banking Solutions segment was generated owing to stronger sales of proprietary services and software, while in the segments of Payment Solutions and Dedicated Solutions due to higher sales of both third-party hardware and solutions and own services and software.

The growing scale of operations is also partly attributable to several new companies that joined ASEE Group, the consolidation of which began in the second half of 2022. The newly acquired subsidiaries of ASEE Group generated EUR 1.4 million of sales revenues in the second quarter of 2023. Our new subsidiaries contributed EUR 0.2 million to EBIT and EUR 0.3 million to EBITDA, inclusive of depreciation and amortization of assets recognized in the purchase price allocation process.

The above-mentioned results for the second quarter of 2023 also include the effects of hyperinflation related to our Turkish operations, recognized in accordance with IAS 29. These effects are presented in the table below.

	3 months ended 30 June 2023 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	3 months ended 30 June 2023 According to IFRS PLN'000	3 months ended 30 June 2023 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	3 months ended 30 June 2023 According to IFRS EUR'000
Sales revenues	390,793	(15,266)	375,527	86,242	(3,304)	82,938
Gross profit on sales	105,810	(5,966)	99,844	23,335	(1,293)	22,041
Net profit on sales	56,824	(3,046)	53,778	12,519	(661)	11,859
Operating profit	57,082	(2,989)	54,093	12,576	(648)	11,928
EBITDA	78,292	(3,069)	75,223	17,264	(664)	16,600
Net profit for the reporting period	52,209	(3,104)	49,105	11,470	(634)	10,834
Net profit attributable to Shareholders of the Parent Company	**50,214**	**(3,104)**	**47,110**	**11,030**	**(634)**	**10,395**

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

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

Results of the Payment Solutions segment

Payment Solutions (data without the impact of IAS 29)	3 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	Change %	3 months ended 30 June 2023 EUR'000	3 months ended 30 June 2022 EUR'000	Change %
Sales revenues	193,913	177,963	9%	42,729	38,364	11%
Operating profit	30,298	27,363	11%	6,663	5,899	13%
EBITDA	44,987	43,269	4%	9,909	9,328	6%

In the second quarter of 2023, sales generated by the Payment Solutions segment reached EUR 42.7 million, improving by EUR 4.4 million or 11% in relation to the comparable period last year. Stronger revenues were recorded by all the business lines of the Payment Solutions segment, except for the business line responsible for sale and maintenance of ATMs. The key revenue driver was the business line responsible for maintenance and sale of POS terminals, whose sales were higher by EUR 3.7 million than in the comparable period last year. Such increase resulted primarily from larger deliveries of hardware devices in Western Europe, Bosnia and Herzegovina, as well as in Central Europe. The business line responsible for maintenance of POS terminals also reports revenues from the sale of solutions dedicated to non-financial customers, such as electronic fiscal cash registers (ECR) and Single POS solutions. Revenues of these business lines increased by 38% year on year. The e-Commerce business line recorded the second largest revenue growth by EUR 1.1 million, which was achieved mainly in Turkey in spite of further devaluation of the Turkish lira. Our operations in Croatia, Serbia and Romania also reported stronger sales, although to a smaller extent.

Operating profit of the Payment Solutions segment for the second quarter of 2023 amounted to EUR 6.7 million, improving by EUR 0.8 million or 13%. Higher EBIT was generated primarily by the POS terminals business line owing to better results from Single POS solutions and electronic cash registers, as well as from traditional terminal maintenance and supply activities. The business line engaged in processing of payment transactions for banks also recorded consecutive quarterly growth. These increases were partially offset by weaker profits of the e-Commerce business line mainly due to its Turkish operations, and the business line responsible for maintenance and supply of ATMs due to smaller deliveries of hardware in Serbia, Croatia, Macedonia and Kosovo, which was only partly compensated for by bigger deliveries in Romania.

Consolidated EBITDA of the Payment Solutions segment for the second quarter of 2023 amounted to EUR 9.9 million, improving by EUR 0.6 million or 6% in relation to the comparable period last year.

Results of the Banking Solutions segment

Banking Solutions (data without the impact of IAS 29)	3 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	Change %	3 months ended 30 June 2023 EUR'000	3 months ended 30 June 2022 EUR'000	Change %
Sales revenues	78,028	63,342	23%	17,206	13,656	26%
Operating profit	17,818	13,905	28%	3,933	2,998	31%
EBITDA	20,801	16,849	24%	4,593	3,633	26%

In the second quarter of 2023, the Banking Solutions segment generated EUR 17.2 million in sales revenues, achieving an increase by EUR 3.6 million or 26% in relation to the comparable period last year. Stronger revenues were recorded across all three business lines, with the largest improvement achieved in the business lines offering core banking systems (EUR 1.4 million) and multi-channel solutions (EUR 1.4 million). In both cases, the increase was mostly generated by revenues from implementation services provided in ongoing implementation projects mainly, but not only, in Serbia and Croatia.

Operating profit of the Banking Solutions segment for the second quarter of 2023 amounted to EUR 3.9 million, reflecting an increase by EUR 0.9 million or 31% in relation to the comparable period last year. All three business lines of this segment improved their operating performance.

Consolidated EBITDA of the Banking Solutions segment for the second quarter of 2023 increased by EUR 1.0 million or 26%, to the level of EUR 4.6 million.

Results of the Dedicated Solutions segment

Dedicated Solutions (data without the impact of IAS 29)	3 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	Change %	3 months ended 30 June 2023 EUR'000	3 months ended 30 June 2022 EUR'000	Change %
Sales revenues	118,852	105,003	13%	26,308	22,638	16%
Operating profit	8,966	9,833	-9%	1,980	2,119	-7%
EBITDA	12,504	13,492	-7%	2,762	2,908	-5%

In the second quarter of 2023, the Dedicated Solutions segment generated EUR 26.3 million in sales revenues, achieving an increase by EUR 3.7 million or 16%. The main engines of growth were third-party solutions provided along with related services primarily in Serbia, Kosovo, and Romania.

Operating profit of the Dedicated Solutions segment for the second quarter of 2023 reached EUR 2.0 million and was lower by EUR 0.1 million or 7% than in the comparable period last year.

EBITDA of the Dedicated Solutions segment for the second quarter of 2023 amounted to EUR 2.8 million, decreasing by EUR 0.1 million or 5%.

Net profit

Consolidated net profit of ASEE Group for the second quarter of 2023 amounted to EUR 10.8 million, showing a decrease by EUR 3.4 million or 24% in relation to the comparable period last year. In the second quarter of 2023, net result on financial activities equalled EUR 1.1 million, as compared to EUR 4.9 million reported for the comparable period a year ago. Financial income declined basically as a result of a much lower gain on the net monetary position recognized due to the inflation-related revaluation of non-monetary items in the statement of financial position and the statement of profit and loss (which changed by EUR -4.1 million year on year). Such decline resulted from the lower rate of inflation in 2023 as well as a significant depreciation of the Turkish lira as at 30 June 2023 in relation to its average exchange rate since the beginning of the year. To a lesser extent, financial income dropped due to the lower balance of positive and negative exchange rate differences, which shrank by EUR 0.4 million. These decreases were partially offset by a gain on the revaluation of contingent liabilities arising from the acquisition of shares and from put options held by minority shareholders (EUR 0.6 million).

In the second quarter of 2023, our effective tax rate equalled 17.0%, increasing by 5.6 percentage points in relation to the comparable period of 2022. The effective tax rate changed primarily due to a change in the amount of recognized non-taxable gain on the net monetary position and, to a lesser extent, taxes on dividends paid out within the Group.

	3 months ended 30 June 2023 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	3 months ended 30 June 2023 According to IFRS PLN'000	3 months ended 30 June 2023 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	3 months ended 30 June 2023 According to IFRS EUR'000
Financial activities	6,694	(1,599)	5,095	1,444	(308)	1,135
Pre-tax profit	63,776	(4,588)	59,188	14,019	(956)	13,063
Corporate income tax	(11,567)	1,484	(10,083)	(2,550)	322	(2,228)
Net profit for the reporting period	**52,209**	**(3,104)**	**49,105**	**11,470**	**(634)**	**10,834**

Financial results of Asseco South Eastern Europe Group for the first half of 2023 /cumulative/

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000	Change %	6 months ended 30 June 2023 EUR'000	6 months ended 30 June 2022 EUR'000	Change %
Sales revenues	755,591	661,098	14%	163,795	142,396	15%
Gross profit on sales	198,514	179,520	11%	43,033	38,667	11%
Net profit on sales	103,690	97,075	7%	22,478	20,909	8%
Operating profit	104,145	97,504	7%	22,576	21,002	8%
EBITDA	147,983	142,985	4%	32,079	30,798	4%
Net profit for the reporting period	96,165	105,532	-9%	20,846	22,731	-8%
Net profit attributable to Shareholders of the Parent Company	**92,482**	**102,721**	**-10%**	**20,048**	**22,125**	**-9%**

Financial results achieved by ASEE Group in the first half of 2023, presented in EUR, were stronger than in the comparable period of the previous year. The Group manged to boost revenues while achieving only a bit lower margins of profit than a year ago. Sales revenues totalled EUR 163.8 million, growing by EUR 21.4 million or 15% in relation to the comparable period of 2022. Operating profit reached EUR 22.6 million increasing by 8%, while EBITDA for the first half of 2023 amounted to EUR 32.1 million showing an improvement by 4%. Net profit attributable to Shareholders of the Parent Company for the first half of 2023 amounted to EUR 20.0 million, reflecting a decrease by EUR 2.1 million or 9%.

The highest growth in the semi-annual results was generated by the Banking Solutions segment, primarily from implementation services for banking systems. The Payment Solutions segment achieved a slightly smaller improvement, while the Dedicated Solutions segment reported results at a similar level as in the previous year.

The growing scale of operations is also partly attributable to the consolidation of several new companies by ASEE Group. Subsidiaries that were acquired by ASEE Group in 2022 generated EUR 0.3 million of operating profit in the first half of 2023. These results include amortization charges on intangible assets recognized in the process of purchase price allocation. The contribution of our new subsidiaries to EBITDA amounted to EUR 0.5 million in 2023.

The above-mentioned results for the first half of 2023 also include the effects of hyperinflation related to our Turkish operations, recognized in accordance with IAS 29. These effects are presented in the table below.

	6 months ended 30 June 2023 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	6 months ended 30 June 2023 According to IFRS PLN'000	6 months ended 30 June 2023 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	6 months ended 30 June 2023 According to IFRS EUR'000
Sales revenues	769,466	(13,875)	755,591	166,803	(3,008)	163,795
Gross profit on sales	204,457	(5,943)	198,514	44,322	(1,288)	43,033
Net profit on sales	106,766	(3,076)	103,690	23,144	(667)	22,478
Operating profit	107,157	(3,012)	104,145	23,229	(653)	22,576
EBITDA	150,714	(2,731)	147,983	32,671	(592)	32,079
Net profit for the reporting period	89,796	6,369	96,165	19,466	1,381	20,846
Net profit attributable to Shareholders of the Parent Company	**86,113**	**6,369**	**92,482**	**18,667**	**1,381**	**20,048**

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

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

Results of the Payment Solutions segment

Payment Solutions (data without the impact of IAS 29)	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000	Change %	6 months ended 30 June 2023 EUR'000	6 months ended 30 June 2022 EUR'000	Change %
Sales revenues	365,646	329,588	11%	79,264	70,991	12%
Operating profit	53,834	51,946	4%	11,670	11,189	4%
EBITDA	83,963	83,541	1%	18,201	17,994	1%

Sales generated by the Payment Solutions segment in the first half of 2023 reached EUR 79.3 million, improving by EUR 8.3 million or 12% in relation to the comparable period last year. Just as indicated above, in the commentary to the second quarter results, all the business lines of this segment recorded stronger revenues, except for the business of maintenance and sale of ATMs. The key revenue driver was the business line responsible for maintenance and sale of POS terminals, whose sales were higher by EUR 6.8 million than in the comparable period last year. Revenues from the provision of traditional POS terminal services reached nearly EUR 4.9 million with the largest improvement recorded in Western Europe, which resulted from completed deliveries of POS terminals as well as, to a smaller extent, from higher sales of own maintenance services and additional services. Higher revenues were generated also by our operations in Latin America and the Czech Republic, which were partially offset by weaker sales of equipment in Serbia that are subject to natural fluctuations. The business line responsible for maintenance of POS terminals also reports revenues from the sale of solutions dedicated to non-financial customers, such as electronic fiscal cash registers (ECR) and Single POS solutions. Revenues from these business lines increased by nearly EUR 2.0 million. In the first half of 2023, sales of our business line dealing with e-Commerce solutions and the business line engaged in processing of payment transactions increased by EUR 2.5 million and EUR 0.9 million, respectively. The pace of growth in e-Commerce revenues expressed in EUR was negatively affected by the weakening of the Turkish lira during the first half of 2023.

Operating profit earned by the Payment Solutions segment in the first two quarters of 2023 amounted to EUR 11.7 million, improving by EUR 0.5 million or 4%. The increase in EBIT was primarily generated by the business line responsible for maintenance of POS terminals and, to a smaller extent, by the business line engaged in payment processing, while the business lines responsible for sale and maintenance of ATMs and for e-Commerce reported weaker operating profits.

Consolidated EBITDA of the Payment Solutions segment for the first half of 2023 reached EUR 18.2 million, improving by EUR 0.2 million or 1% in relation to the comparable period last year. EBITDA increased less than EBIT due to lower depreciation charges recognized by our business lines responsible for POS terminals and ATMs.

Results of the Banking Solutions segment

Banking Solutions (data without the impact of IAS 29)	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000	Change %	6 months ended 30 June 2023 EUR'000	6 months ended 30 June 2022 EUR'000	Change %
Sales revenues	150,234	119,895	25%	32,567	25,825	26%
Operating profit	35,252	26,551	33%	7,642	5,719	34%
EBITDA	41,457	32,344	28%	8,987	6,967	29%

Sales generated by the Banking Solutions segment in the first half of 2023 reached EUR 32.6 million, improving by EUR 6.7 million or 26% in relation to the comparable period last year. Stronger revenues were recorded across all three business lines, with the largest improvement achieved in the business lines offering core banking systems and multi-channel solutions. The key revenue drivers were implementation services provided by our operations Serbia and Croatia.

Operating profit earned by the Banking Solutions segment in the first six months of 2023 amounted to EUR 7.6 million, reflecting an increase by EUR 1.9 million or 34% in relation to the comparable period last year, which was accompanied by slightly higher margins of profit.

Consolidated EBITDA of the Banking Solutions segment for the first six months of 2023 increased by EUR 2.0 million, to the level of nearly EUR 9.0 million.

Results of the Dedicated Solutions segment

Dedicated Solutions *(data without the impact of IAS 29)*	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000	Change %	6 months ended 30 June 2023 EUR'000	6 months ended 30 June 2022 EUR'000	Change %
Sales revenues	253,586	208,490	22%	54,972	44,907	22%
Operating profit	18,071	18,528	-3%	3,917	3,990	-2%
EBITDA	25,293	25,888	-2%	5,483	5,576	-2%

Sales revenues generated by the Dedicated Solutions segment in the first half of 2023 reached EUR 55.0 million, reflecting an increase by EUR 10.1 million or 22%. The main engines of growth were third-party solutions provided along with related services primarily in Serbia, Kosovo, Czech Republic, and Romania.

Operating profit of the Dedicated Solutions segment for the first half of 2023 amounted to EUR 3.9 million and was EUR 0.1 million or 2% lower than in the comparable period last year.

EBITDA of the Dedicated Solutions segment for the first half of 2023 reached EUR 5.5 million, declining by EUR 0.1 million or 2%.

Net profit

Consolidated net profit of ASEE Group for the first half of 2023 amounted to EUR 20.8 million, showing a decrease by EUR 1.9 million or 8% in relation to the comparable period last year.

In the first half of 2023, net result on financial activities equalled EUR 2.8 million, as compared to EUR 5.7 million reported for the comparable period a year ago. Financial income declined basically as a result of a much lower gain on the net monetary position recognized due to the inflation-related revaluation of non-monetary items in the statement of financial position and the statement of profit and loss (which changed by EUR -2.0 million year on year). Such decline resulted from the lower rate of inflation in 2023 as well as a significant depreciation of the Turkish lira as at 30 June 2023 in relation to its average exchange rate since the beginning of the year. Financial income also dropped due to the lower balance of positive and negative exchange rate differences, which shrank by EUR 1.5 million. These decreases were partially offset by a gain on the revaluation of contingent liabilities arising from the acquisition of shares and from put options held by minority shareholders (EUR 0.6 million).

In the first half of 2023, our effective tax rate equalled 17.7%, increasing by 3 percentage points in relation to the comparable period of 2022. Such increase was mainly attributable to the recognition of a lower non-taxable gain on the net monetary position arising from hyperinflation restatements, as well as one-time earthquake-related income tax charged in Turkey in the amount of nearly EUR 0.5 million. In addition, our earnings were affected by higher income tax on dividends received by ASEE S.A. and Payten Holding S.A. from their subsidiaries located outside of the European Union. Income from operating activities was taxed at a similar level as in the previous year.

	6 months ended 30 June 2023 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	6 months ended 30 June 2023 According to IFRS PLN'000	6 months ended 30 June 2023 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	6 months ended 30 June 2023 According to IFRS EUR'000
Financial activities	4,736	7,952	12,688	1,027	1,724	2,750
Pre-tax profit	111,893	4,940	116,833	24,256	1,071	25,327
Corporate income tax	(22,097)	1,429	(20,668)	(4,790)	310	(4,480)
Net profit for the reporting period	**89,796**	**6,369**	**96,165**	**19,466**	**1,381**	**20,846**

Analysis of financial ratios

	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
Gross profit margin	26.6%	27.4%	26.3%	27.2%
EBITDA margin	20.0%	21.4%	19.6%	21.6%
Operating profit margin	14.4%	14.8%	13.8%	14.7%
Net profit margin	12.5%	18.4%	12.2%	15.5%
Return on equity (ROE)			17.1%	19.3%
Return on assets (ROA)			10.2%	12.2%

In the first half of 2023, our gross profit margin equalled 26.3% and it was by 0.9 percentage point lower than in the corresponding period last year. Gross profit margin decreased in the Dedicated Solutions segment by 2.7 pp and in the Payment Solutions segment by 0.5 pp, while the Banking Solutions segment achieved an improvement by 2.7 pp.

Such weaker performance affected further margins of profit in the first half of 2023. Our EBITDA margin equalled 19.6% as compared to 21.6% realized in the comparable period last year. While operating profit margin dropped from 14.7% in the first six months of 2022 to 13.8% this year. EBIT margin declined in the Dedicated Solutions segment by 2.0 pp and in the Payment Solutions segment by 1.0 pp. On the other hand, the Banking Solutions segment recorded an increase in operating profit margin by 1.7 pp.

The net profit margin reached 12.2%, falling by 3.3 percentage points in comparison with the first six months of 2022.

The weaker profitability of ASEE Group in recent quarters resulted in lower values of ROE and ROA ratios. Return on equity for the period of 6 months ended 30 June 2023 equalled 17.1%, decreasing by 2.1 percentage points, while return on assets dropped by 2 percentage points to the level of 10.2%.

	30 June 2023	31 December 2022
Working capital (in thousands of PLN)	208,646	247,484
Current liquidity ratio	1.4	1.4
Quick liquidity ratio	1.2	1.3
Absolute liquidity ratio	0.5	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 = (short-term financial assets + cash and short-term bank deposits) / current liabilities

At the end of June 2023, our working capital amounted to PLN 208.6 million, reflecting a decrease by PLN 38.8 million in relation to its level reported at the end of 2022.

In the first six months of 2023, the value of current assets declined by PLN 45.8 million, primarily due to a decrease in trade receivables (by PLN 88.7 million). Such decrease was partially offset by increases in contract assets (by PLN 38.2 million) and in inventories (by PLN 13.9 million).

In the same period, our total current liabilities declined by PLN 6.9 million. This resulted primarily from decreases in contract liabilities (by PLN 29.1 million), trade payables (by PLN 19.4 million), liabilities to the state and local budgets (by PLN 22.4 million), as well as in other liabilities (by PLN 17.4 million). Such decreases were mostly offset by an increase in other financial liabilities (by PLN 80.1 million), which was mainly due to the higher amount of dividends payable (by PLN 75.8 million).

Our liquidity ratios at the end of the second quarter of 2023 remained at similar levels as at the end of 2022.

	30 June 2023	31 December 2022
Total debt ratio	40.3%	40.1%
Debt / equity ratio	13.5%	14.3%
Debt / (debt + equity) ratio	11.9%	12.5%

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

The total debt ratio increased slightly from 40.1% reported at the end of 2022 to the level of 40.3% as at 30 June 2023, mainly because our assets decreased a bit more than liabilities.

Our debt to equity ratio decreased by 0.8 percentage point while the ratio of debt to total interest-bearing liabilities plus equity dropped by 0.6 percentage point as compared to the end of 2022. In the first half of 2023, our debt ratios dropped mainly due to a decrease in the total amount of bank loans and borrowings from PLN 115.1 million reported as at 31 December 2022 to PLN 95 million at the end of the first half of 2023 (a decrease by PLN 20.1 million). Such decrease resulted from repayments of existing bank loans in line with the planned schedules.

Structure of the statement of cash flows

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Net cash provided by (used in) operating activities	82,403	68,118
Net cash provided by (used in) investing activities	(28,642)	(40,761)
Net cash provided by (used in) financing activities	(31,804)	8,973
Net change in cash and cash equivalents	21,957	36,330
Cash and cash equivalents at the end of the period	**264,719**	**238,852**

In the first half of 2023, our operating activities provided PLN 82.4 million of net cash inflows, reflecting an increase by PLN 14.3 million in relation to the comparable period of the previous year. The increase in operating cash flows is primarily attributable to higher gross profit adjusted for the effects of hyperinflation and a favourable change in working capital. Such change in working capital resulted from the cycle of contracts performed and their invoicing, as well as from purchases of equipment to be resold in the coming months.

Net cash outflows from our investing activities amounted to PLN 28.6 million in the first half of 2023. 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 26.4 million, as well as by the acquisitions of subsidiary companies for PLN 2.7 million. The acquisitions of tangible and intangible assets included, among others, our expenditures for infrastructure used in the outsourcing of payment processes. Expenditures for the acquisition of subsidiaries included the settlement of conditional/deferred portions of consideration for shares in companies that were acquired in previous years: Smarttek, Bithat Solutions, and Helius Systems.

In the first half of 2023, net cash used in our financing activities amounted to PLN 31.8 million, primarily due to repayments of bank loans and borrowings (PLN 15.6 million) and payment of lease liabilities along with interest (PLN 11.2 million). Cash inflows presented under financing activities included basically proceeds from bank loans and borrowings in the amount of PLN 1.4 million.

The above-mentioned changes in cash flows resulted in an increase in cash and cash equivalents by PLN 22 million during the first half of 2023.

Information on geographical structure of financial results

The table below presents the basic financial data from the statement of profit and loss for the period of 6 months ended 30 June 2023, in a breakdown by geographical area:

For the period of 6 months ended 30 June 2023 in thousands of PLN	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Hyperinflation	Total
Sales revenues	**53,924**	**110,110**	**27,547**	**116,688**	**205,568**	**76,311**	**113,891**	**17,028**	**30,635**	**48,851**	**(31,087)**	**(13,875)**	**755,591**
Cost of sales	(37,564)	(78,735)	(19,130)	(98,832)	(142,715)	(49,144)	(94,693)	(13,465)	(23,850)	(35,342)	32,141	7,932	**(553,397)**
Recognition / reversal of allowances for trade receivables	(219)	(367)	97	(1,187)	(1,292)	(301)	-	(30)	(15)	(366)	-	-	**(3,680)**
Gross profit on sales	**16,141**	**31,008**	**8,514**	**16,669**	**61,561**	**26,866**	**19,198**	**3,533**	**6,770**	**13,143**	**1,054**	**(5,943)**	**198,514**
Selling costs	(3,465)	(10,596)	(2,094)	(6,504)	(12,235)	(8,078)	(2,108)	(874)	(1,516)	(2,612)	765	1,730	**(47,587)**
General and administrative expenses	(3,658)	(8,024)	(2,761)	(5,417)	(10,141)	(6,428)	(3,606)	(1,730)	(1,838)	(2,654)	(2,117)	1,137	**(47,237)**
Net profit (loss) on sales	**9,018**	**12,388**	**3,659**	**4,748**	**39,185**	**12,360**	**13,484**	**929**	**3,416**	**7,877**	**(298)**	**(3,076)**	**103,690**
Other operating income	106	940	125	43	179	133	79	20	2	107	(601)	(27)	**1,106**
Other operating expenses	(118)	(314)	(15)	(17)	(63)	(437)	(1)	(25)	(35)	(29)	294	91	**(669)**
Share of profits of associates	-	-	-	-	-	-	-	-	-	18	-	-	**18**
Operating profit (loss)	**9,006**	**13,014**	**3,769**	**4,774**	**39,301**	**12,056**	**13,562**	**924**	**3,383**	**7,973**	**(605)**	**(3,012)**	**104,145**

For the period of 6 months ended 30 June 2023 in thousands of EUR	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Hyperinflation	Total
Sales revenues	**11,689**	**23,869**	**5,972**	**25,295**	**44,562**	**16,542**	**24,689**	**3,691**	**6,641**	**10,592**	**(6,739)**	**(3,008)**	**163,795**
Cost of sales	(8,143)	(17,068)	(4,147)	(21,425)	(30,937)	(10,653)	(20,527)	(2,919)	(5,170)	(7,661)	6,967	1,719	**(119,964)**
Recognition / reversal of allowances for trade receivables	(47)	(80)	21	(257)	(280)	(65)	-	(7)	(3)	(80)	-	-	**(798)**
Gross profit on sales	**3,499**	**6,721**	**1,846**	**3,613**	**13,345**	**5,824**	**4,162**	**765**	**1,468**	**2,851**	**228**	**(1,289)**	**43,033**
Selling costs	(751)	(2,297)	(454)	(1,410)	(2,652)	(1,751)	(457)	(189)	(329)	(567)	166	375	**(10,316)**
General and administrative expenses	(793)	(1,739)	(599)	(1,174)	(2,198)	(1,393)	(782)	(375)	(398)	(576)	(459)	246	**(10,240)**
Net profit (loss) on sales	**1,955**	**2,685**	**793**	**1,029**	**8,495**	**2,680**	**2,923**	**201**	**741**	**1,708**	**(65)**	**(668)**	**22,477**
Other operating income	23	204	27	9	39	29	17	4	-	24	(130)	(6)	**240**
Other operating expenses	(26)	(68)	(3)	(4)	(14)	(95)	-	(5)	(8)	(6)	64	20	**(145)**
Share of profits of associates	-	-	-	-	-	-	-	-	-	4	-	-	**4**
Operating profit (loss)	**1,952**	**2,821**	**817**	**1,034**	**8,520**	**2,614**	**2,940**	**200**	**733**	**1,730**	**(131)**	**(654)**	**22,576**

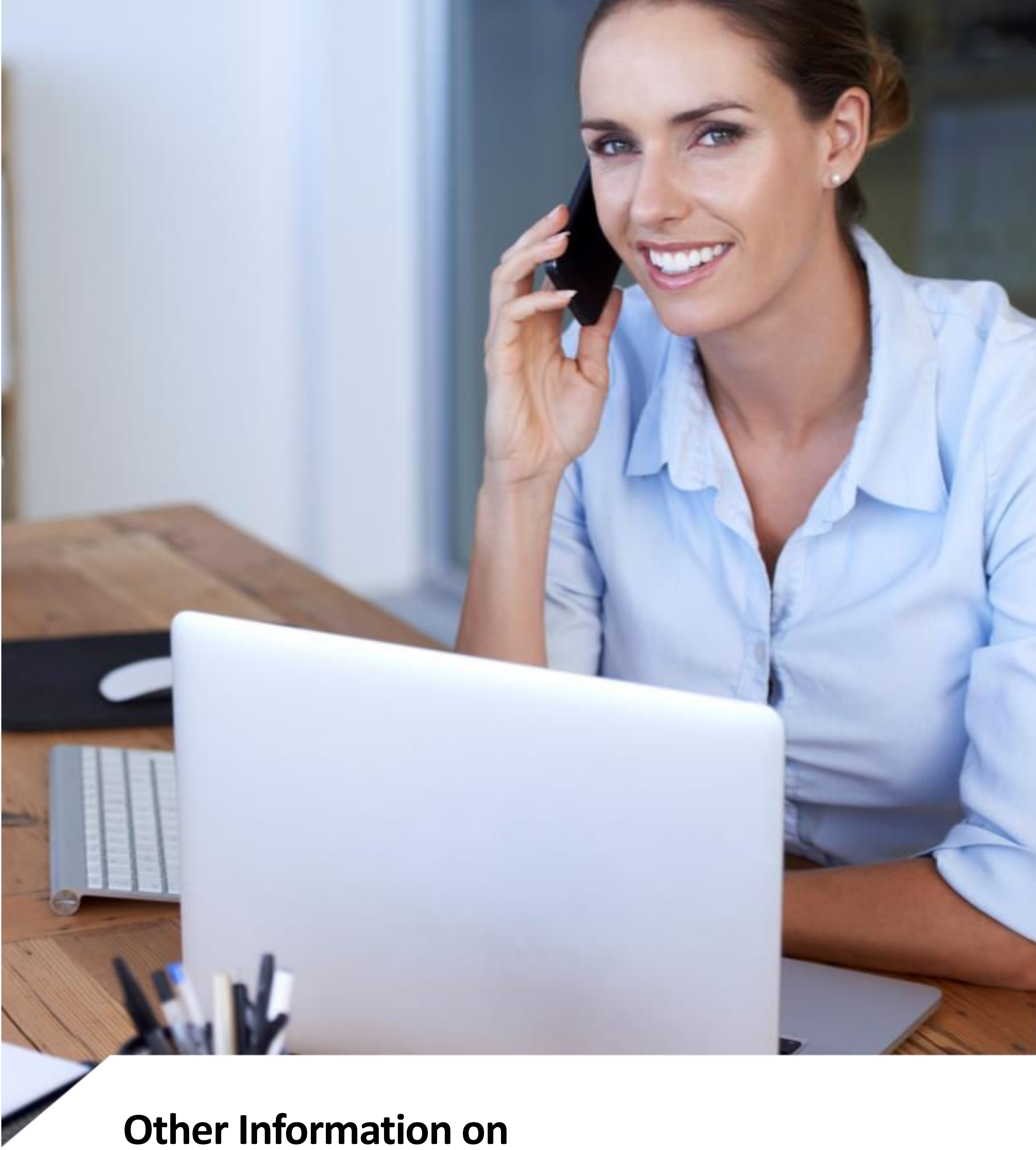
The above figures have been converted at the average exchange rate for the period from 1 January 2023 to 30 June 2023: EUR 1 = PLN 4.6130

The table below presents the basic financial data from the statement of profit and loss for the period of 6 months ended 30 June 2022, in a breakdown by geographical area:

For the period of 6 months ended 30 June 2022 (restated) in thousands of PLN	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Hyperinflation	Total
Sales revenues	**60,729**	**98,418**	**31,917**	**95,364**	**172,553**	**59,432**	**93,025**	**12,030**	**20,540**	**36,830**	**(22,865)**	**3,125**	**661,098**
Cost of sales	(42,611)	(74,590)	(22,200)	(81,177)	(126,911)	(28,789)	(74,728)	(8,788)	(15,111)	(25,896)	21,691	(1,915)	**(481,025)**
Recognition / reversal of allowances for trade receivables	21	(249)	(47)	(197)	(57)	14	-	12	(35)	(15)	-	-	**(553)**
Gross profit on sales	**18,139**	**23,579**	**9,670**	**13,990**	**45,585**	**30,657**	**18,297**	**3,254**	**5,394**	**10,919**	**(1,174)**	**1,210**	**179,520**
Selling costs	(3,435)	(9,565)	(2,510)	(5,525)	(9,491)	(5,551)	(2,227)	(960)	(1,329)	(2,171)	544	(269)	**(42,489)**
General and administrative expenses	(3,152)	(6,979)	(2,478)	(4,467)	(7,691)	(4,362)	(4,531)	(1,679)	(1,783)	(2,307)	(69)	(458)	**(39,956)**
Net profit (loss) on sales	**11,552**	**7,035**	**4,682**	**3,998**	**28,403**	**20,744**	**11,539**	**615**	**2,282**	**6,441**	**(699)**	**483**	**97,075**
Other operating income	91	501	100	116	189	27	32	2	3	160	(116)	2	**1,107**
Other operating expenses	(24)	(163)	(24)	(43)	(228)	(59)	(49)	(23)	(33)	(122)	97	(7)	**(678)**
Share of profits of associates	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Operating profit (loss)	**11,619**	**7,373**	**4,758**	**4,071**	**28,364**	**20,712**	**11,522**	**594**	**2,252**	**6,479**	**(718)**	**478**	**97,504**

For the period of 6 months ended 30 June 2022 (restated) in thousands of EUR	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Hyperinflation	Total
Sales revenues	**13,081**	**21,199**	**6,875**	**20,541**	**37,167**	**12,801**	**20,037**	**2,591**	**4,424**	**7,932**	**(4,925)**	**673**	**142,396**
Cost of sales	(9,178)	(16,066)	(4,782)	(17,485)	(27,336)	(6,201)	(16,096)	(1,893)	(3,255)	(5,578)	4,672	(412)	**(103,610)**
Recognition / reversal of allowances for trade receivables	5	(54)	(10)	(42)	(12)	3	-	3	(8)	(3)	-	-	**(118)**
Gross profit on sales	**3,908**	**5,079**	**2,083**	**3,014**	**9,819**	**6,603**	**3,941**	**701**	**1,161**	**2,351**	**(253)**	**261**	**38,668**
Selling costs	(740)	(2,060)	(541)	(1,190)	(2,044)	(1,196)	(480)	(207)	(286)	(467)	117	(58)	**(9,152)**
General and administrative expenses	(679)	(1,503)	(534)	(962)	(1,657)	(940)	(976)	(362)	(384)	(495)	(15)	(99)	**(8,606)**
Net profit (loss) on sales	**2,489**	**1,516**	**1,008**	**862**	**6,118**	**4,467**	**2,485**	**132**	**491**	**1,389**	**(151)**	**104**	**20,910**
Other operating income	20	108	22	25	41	6	7	-	1	33	(25)	-	**238**
Other operating expenses	(5)	(35)	(5)	(9)	(49)	(13)	(11)	(5)	(7)	(26)	21	(2)	**(146)**
Share of profits of associates	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Operating profit (loss)	**2,504**	**1,589**	**1,025**	**878**	**6,110**	**4,460**	**2,481**	**127**	**485**	**1,396**	**(155)**	**102**	**21,002**

The above figures have been converted at the average exchange rate for the period from 1 January 2022 to 30 June 2022: EUR 1 = PLN 4.6427



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.

Factors which in the Management's opinion will affect the Group's financial performance at least till the end of this financial year

Because Asseco South Eastern Europe S.A. is primarily engaged in holding activities, factors significant for theCompany'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 2023. However, there are numerous factors, of both internal and external nature, which may directly or indirectly affect the Group's financial performance in the next quarters.

External factors with a bearing on the future financial performance of ASEE Group include:

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

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

- Quality and comprehensive offering of ASEE and Payten;

- Research and development expenditures made by ASEE Group;
- Prospects for expansion of the product portfolio of ASEE and Payten on the back of organic growth or potential future acquisitions;
- The Group's ability to run efficient operations 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 the first half of 2023 and in the comparable period included the acquisitions of subsidiary companies as well as other organizational changes in the Group as described in the section 'Organizational Structure of Asseco South Eastern Europe Group'.
Moreover, due to the existence of hyperinflation in Turkey, the Group has applied IAS 29 and made the inflation-related revaluation of non-monetary assets and liabilities as well as the statement of profit and loss. The impact of hyperinflation on our interim condensed financial statements has been described in detail in explanatory note 2.10 to the interim condensed consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2023.

Discussion of significant risk factors and threats

ASEE Group constantly monitors major factors posing risk to its operations in order to identify, prevent and mitigate their possible effects. For this purpose, the Parent Company and its subsidiaries have implemented a number of management systems as well as internal control and audit procedures.
The utilized systems, including our integrated management structures and efficient internal audits, are effective in reducing the negative impact of the below-mentioned risk factors and threats to the operations of both the Company and the Group.

Major risk factors involved in the Group's business environment

- **Risk related to the macroeconomic situation**
  ASEE S.A. is the parent company of the Group which runs operations in South Eastern Europe, Central Europe, Western Europe, as well as in South America. The Company's and the Group's strategy assumes reinforcement of our position in each of these regions as well as further expansion in selected regions and beyond their borders. In connection with our current operations and planned business development, the financial results achieved by ASEE and Payten may be influenced by factors related to economic and political stability. Development of the IT services and payment services sectors as well as IT spending of our customers are closely related to the overall economic situation. Therefore, our financial results depend on the level of capital expenditures made by enterprises, pace of GDP growth, inflation rate etc.
- **Risk associated with the lack of political stability**
  Potential changes in governments of the countries where ASEE and Payten operate as well as any civil unrest may initiate periods of political instability, which may result in a reduction of public spending and lower inclination towards investments among enterprises.
- **Risk related to intensified competition**
  The market of information technology infrastructure and services is becoming more and more competitive. With a variety of services and products in our portfolio, we are tough competition to large consulting firms,

multinational technological tycoons, IT outsourcing providers as well as software houses, inclusive of internal IT departments of large corporations operating in the region. The IT industry undergoes rapid changes resulting from investments in new technologies made primarily by large companies and acquisitions of local businesses by international players. Furthermore, the biggest global corporations, which have been so far active only in the large enterprises market, expand their offerings with solutions and implementation methodologies dedicated also to medium-sized enterprises, which increases the competitive pressure.

- **Risk associated with the condition of the banking sector**
  The provision of IT solutions and services to banks and other financial institutions is one of our core businesses. The financial sector experiences a lack of stability and is under strong pressure to cut investment spending and optimize operating costs, which may have an adverse impact on the Group's operations. The banking sector around the world undergoes intensive processes of consolidation where much attention is paid to the standardization of solutions and optimization of costs at the corporate level. Headquarters of various banks may possibly decide to choose other IT market participants to provide for their technological needs, which may adversely affect the Group's operations.
- **Risk of potential legal disputes concerning copyrights**
  Development of the Group's operations in the market of IT products depends to a large degree on the ownership of intellectual property rights, and especially copyrights to computer programs. Because of a variety of legal regulations pertaining to the protection of intellectual property applicable in the countries where our subsidiaries operate, there is a risk that in some circumstances there may be doubts as to the effectiveness of assignment of copyrights in software codes compiled by employees in favour of their employers.
  Furthermore, there is also a risk that in some countries where the Group operates, local regulations may not provide adequate protection of copyrights in computer programs owned by our subsidiaries. Taking advantage of such situation by other local firms with a similar business profile may lead to the loss of ASEE's competitive edge in a given market.
- **Risk related to technological changes in the industry and development of new products**
  The IT sector is characterized by rapid development of new solutions and technologies, which shorten the lifecycle of products. Therefore, the future success of ASEE Group will largely depend upon our capability to incorporate the latest technological solutions into our products and services. In order to maintain the competitive advantage in this market, it is necessary to conduct research work and invest in new products. ASEE Group monitors the present information technology trends and develops and upgrades its business offer accordingly. However, there is always some risk that newly launched solutions will be more attractive than the products or services offered by ASEE Group, which might become less profitable than expected. Additionally, it cannot be taken for granted that new solutions to be created or developed by ASEE Group companies in the future will satisfy the technological requirements, and whether they will be positively accepted by potential users. Such circumstances might have a significant adverse impact on the operations, financial position, financial results and development outlook of ASEE Group.
- **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 one client only exceeded 10% of total revenues generated by the Group in the first half of 2023, 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 goodwill and 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.
- **Risk of low liquidity and depreciation of our shares**
  Investors considering the purchase of ASEE shares should take into account that the trading price of our shares may change in the future and that they may not be able to recover all invested funds. Furthermore, any purchase or sale of ASEE shares depend on the market liquidity, hence the execution of an investment decision may not be possible at a given time.

- **Risk related to dividends**
  Our potential investors should be aware of the fact that distribution of any dividends by ASEE will depend on a number of factors, such as the Group's operating results, its financial standing as well as the current and anticipated demand for cash. The Company's dividend policy stipulates that 30 to 50% of consolidated profits

shall be distributed in dividends, and it is the Management's intention to allocate an appropriate portion of net earnings to dividend payments in the future. However, the Company is not in the position to guarantee that such plans will be actually implemented nor to determine the amounts of expected dividend payments.

- **Risk of data leakage**
  As a result of deliberate actions of third parties or dishonest employees, as well as mistakes or carelessness of our employees or contractors, confidential data of the Group or of its clients may be disclosed to unauthorized persons. Such circumstances might have an adverse impact on the perception of ASEE Group by our clients, and consequently on the Group's operations, financial position, financial results and development outlook.
- **Risk related to influence exerted by the Company's majority shareholder**
  As at the date of publication of this report, Asseco International a.s., our majority shareholder and a subsidiary of Asseco Poland S.A., holds 50.89% of shares in our Company. We expect that Asseco International a.s. will maintain its position as a majority shareholder and retain significant influence on our Company's business operations. Asseco International a.s. is entitled to exercise broad rights and powers with respect to its shareholding in the Company, and it must be taken into consideration that in the present situation Asseco International a.s. has a decisive impact on the Company's strategic decisions.
- **Risk of property damage**
  As a result of abuse or errors committed by employees, the Group companies may suffer damage to their property. Such circumstances might have an adverse impact on the financial condition and business continuity of our companies, and consequently weigh on the Group's operations, financial position, financial results and development outlook.

Related party transactions

Transactions with our related parties have been presented in explanatory note 6.17 to the interim condensed consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2023. All transactions with related parties are carried out on an arm's length basis.

Bank loans, borrowings, sureties and guarantees

Bank loans and borrowings obtained, sureties and guarantees granted, as well as off-balance-sheet liabilities have been disclosed in explanatory notes 6.12 and 8.1 to the interim condensed consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2023, as well as in explanatory notes 5.11 and 7.1 to the interim condensed financial statements of ASEE S.A. for the period of 6 months ended 30 June 2023.

Information on loans granted

Information on loans granted during the current reporting period has been provided in explanatory note 6.6 to the interim condensed consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2023, as well as in explanatory note 5.8 to the interim condensed financial statements of ASEE S.A. for the period of 6 months ended 30 June 2023.

Financial forecasts

The Management Board of Asseco South Eastern Europe S.A. did not publish any financial forecasts for the year 2023 nor for subsequent reporting periods.

Monitoring of employee stock option plans

On 23 September 2021, Asseco International a.s. and managers of ASEE Group companies signed agreements for the acquisition of shares in ASEE S.A. The whole incentive plan covers 547,550 shares of ASEE S.A. which represent 1.06% of the Company's share capital. Members of the Management Board of ASEE S.A. as well as parties related through Members of the Management Board of ASEE S.A. acquired 341,336 shares in total.

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

The above-mentioned agreements constitute an equity-settled share-based payment transaction as defined by IFRS 2. Detailed information on the share-based payment plan has been presented in explanatory note 5.2 to the interim condensed consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2023.

Significant off-balance-sheet items

Significant off-balance-sheet items have been described in explanatory note 8.1 to the interim condensed consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2023, as well as in explanatory note 7.1 to the interim condensed financial statements of ASEE S.A. for the period of 6 months ended 30 June 2023.

Information on significant judicial proceedings

Both as at 30 June 2023 and the date of publication of this report, neither Asseco South Eastern Europe S.A. nor Asseco South Eastern Europe Group were party to any proceedings pending before any court, arbitration authority or public administration.

Significant events with impact on ASEE Group operations after 30 June 2023

Significant events that took place after the reporting date of 30 June 2023 have been described in explanatory note 8.4 to the interim condensed consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2023, as well as in explanatory note 7.4 to the interim condensed financial statements of ASEE S.A. for the period of 6 months ended 30 June 2023.

Other factors significant for the assessment of human resources, assets and financial position

Except for the information provided above, we are not aware of any events the disclosure of which might significantly affect the assessment of human resources, assets and financial position of Asseco South Eastern Europe Group.

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

Statement by the Management Board of Asseco South Eastern Europe S.A. made pursuant to §68 sect. 1 item 4 and §69 sect. 1 item 4 of the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent the information required by laws of non-EU member states.

The Management Board of Asseco South Eastern Europe S.A. hereby declares that, to the best of its knowledge, the interim condensed financial statements of Asseco South Eastern Europe S.A. for the period of 6 months ended 30 June 2023 and comparable data contained therein, as well as the interim condensed consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2023 and comparable data contained therein, have been prepared in compliance with the applicable accounting standards, namely the International Financial Reporting Standards as endorsed by the European Union. The interim condensed financial statements of Asseco South Eastern Europe S.A. for the period of 6 months ended 30 June 2023, as well as the interim condensed consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2023, give a true, reliable and fair view of the assets and financial position of ASEE S.A. and ASEE Group and their financial performance.

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

We hereby approve the Management Report on Operations of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2023 and confirm the accuracy of the above statement.

Management Board:

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

Technology for business, solutions for people.

Asseco South Eastern Europe S.A.
14 Olchowa St., 35-322 Rzeszów, Poland
Phone: +48 22 574 86 30
Fax: +48 22 574 86 90
Email: office@asseco-see.pl

see.asseco.com