Management Report on Operations of Asseco South Eastern Europe Group

for the period of 6 months ended 30 June 2024

Present in
23 countries

PLN 764.7 million
in sales revenues

3,957
highly committed
employees

PLN 87.0 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 2024

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General Information

on 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 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.

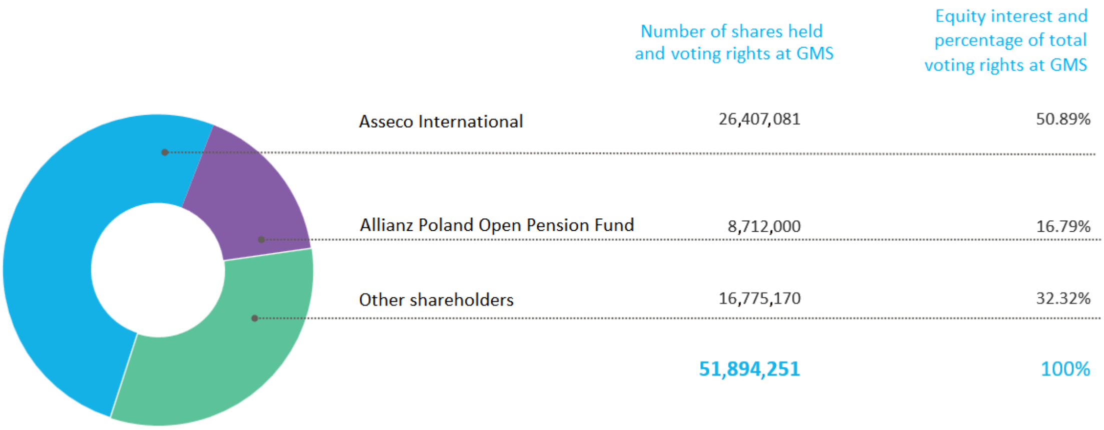
As at the date of publication of this report, this is on 2 August 2024, the Company's Management Board, Supervisory Board and Audit Committee were composed of the following persons:

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 2024 till the publication of this report, this is till 2 August 2024, the compositions of the Company's management and supervisory bodies remained unchanged.

SHARES AND SHAREHOLDERS

Major shareholders as at 30 June 2024



As at 30 June 2024, 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 2024, as well as on 30 June 2024, 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 2024 and 30 June 2024	Number of shares held	Percentage of total voting rights
Asseco International a.s.	26,407,081	50.89%
Allianz Poland Open Pension Fund	8,712,000	16.79%
Other shareholders	16,775,170	32.32%
Total	**51,894,251**	**100%**

As at 31 December 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 31 December 2023	Number of shares held	Percentage of total voting rights
Asseco International a.s.	26,407,081	50.89%
Allianz Poland Open Pension Fund	8,738,000	16.84%
Other shareholders	16,749,170	32.28%
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 2024	30 June 2024	24 April 2024	31 December 2023
Piotr Jeleński*)	1,253,492	1,253,492	1,253,492	1,253,492
Miljan Mališ**)	298,436	298,436	318,436	338,436
Michał Nitka	45,000	45,000	45,000	45,000
Kostadin Slavkoski	44,315	44,315	44,315	44,315

*) Piotr Jeleński, President of the Management Board of ASEE S.A. holds 1,253,492 shares through the Piotr Jeleński Family Foundation
**) 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 2024 and 31 December 2023, Asseco International a.s. held a 50.89% stake in the share capital of ASEE S.A. Both as at 30 June 2024 and 31 December 2023, 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 2024, the organizational structure of ASEE Group changed as follows:

- ***Merger of IT Sistemi Nove Tehnologije d.o.o. and Evision Informacijski Susteavi d.o.o.***

The companies of IT Sistemi Nove Tehnologije d.o.o. and Evision Informacijski Susteavi d.o.o. merged on 16 January 2024 and from that date they have operated as one company called IT Sistemi Nove Tehnologije d.o.o. The said transaction had no impact on the consolidated financial statements of the Group.

- ***Changing the name of a subsidiary company to ASEE Solutions d.o.o. Belgrade***

On 1 April 2024, the name of our Serbia-based subsidiary company Asseco SEE d.o.o. Belgrade was changed to ASEE Solutions d.o.o. Belgrade.

- ***Merger of Payten Teknoloji A.Ş. and Payten Mobil Teknolojileri A.S.***

The companies of Payten Teknoloji A.Ş. and Payten Mobil Teknolojileri A.S. merged on 29 April 2024 and from that date they have operated as one company called Payten Teknoloji A.Ş. The said transaction had no impact on the consolidated financial statements of the Group.

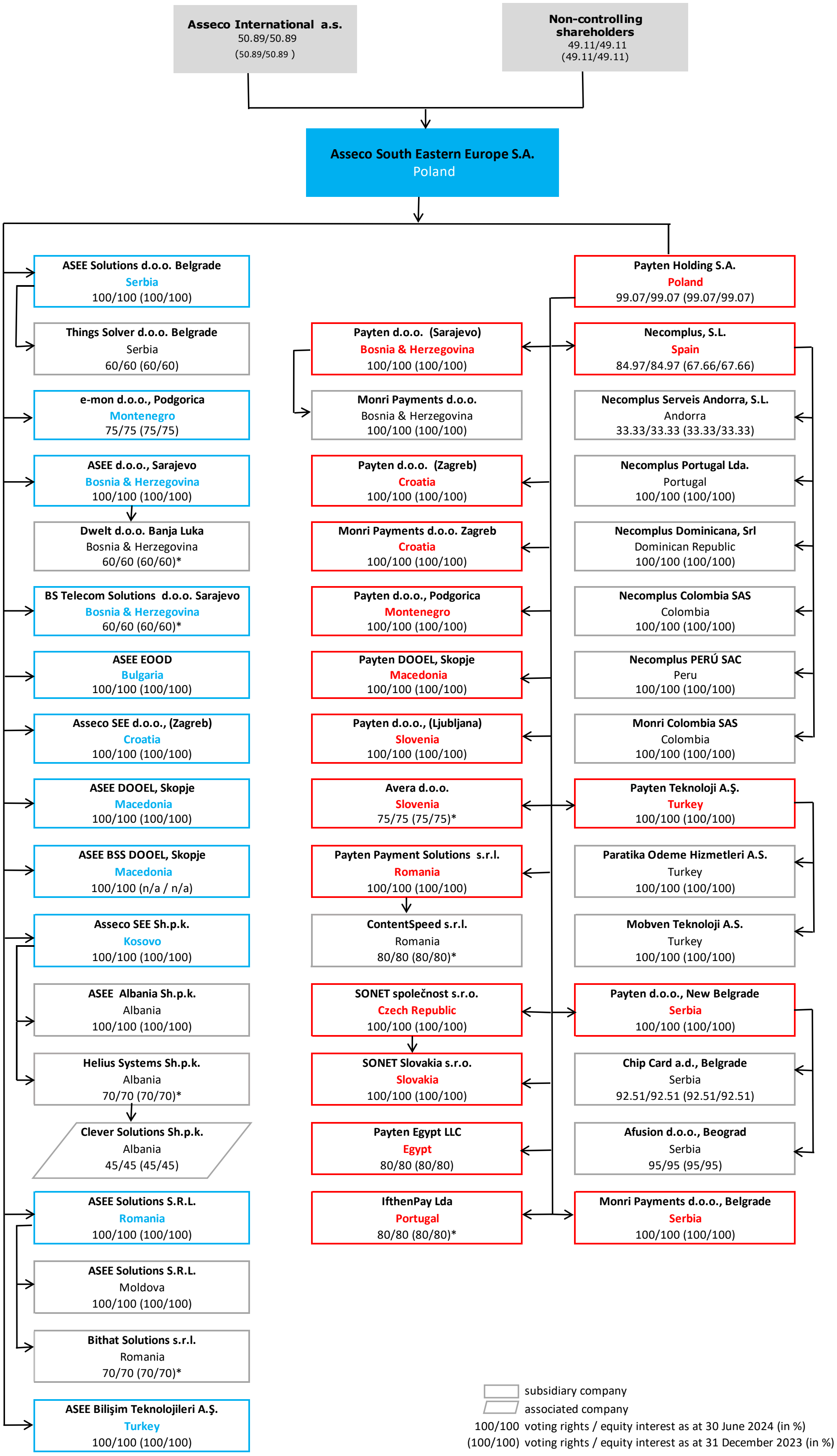
- ***Establishing of ASEE BSS DOOEL, Skopje***

On 29 May 2024, ASEE S.A. established a new company called ASEE BSS DOOEL, Skopje in Macedonia and acquired 100% of its shares.

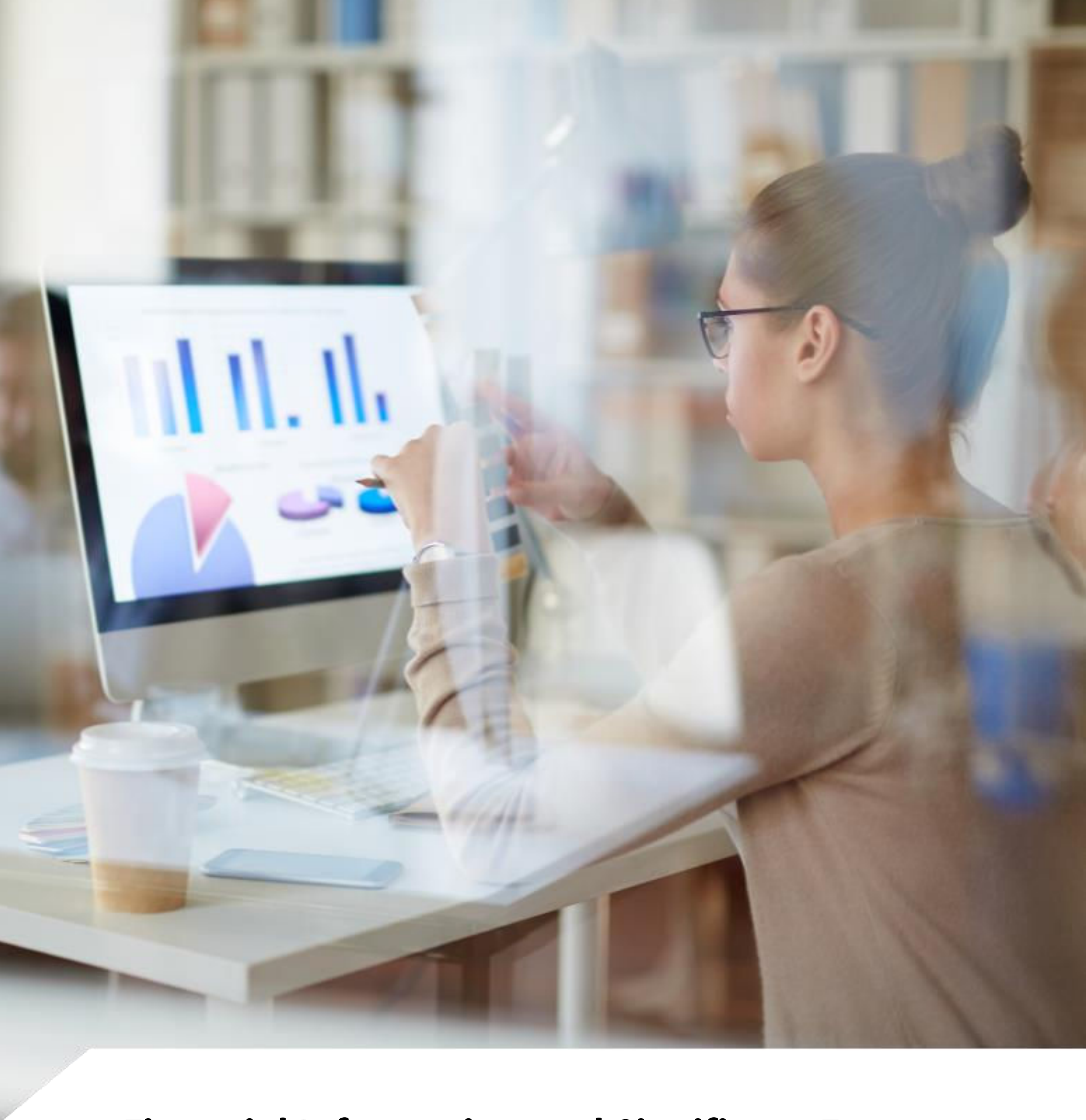
- ***Merger of Asseco SEE d.o.o., (Zagreb) and IT Sistemi Nove Tehnologije d.o.o.***

The companies of Asseco SEE d.o.o., (Zagreb) and IT Sistemi Nove Tehnologije d.o.o. merged on 5 June 2024 and from that date they have operated as one company called Asseco SEE d.o.o., (Zagreb). The said transaction had no impact on the consolidated financial statements of the Group.

Presented below is the organizational 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 2024 and 31 December 2023:



* 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 2024

	3 months ended 30 June 2024 PLN'000	3 months ended 30 June 2023 (restated) PLN'000	Change %	3 months ended 30 June 2024 EUR'000	3 months ended 30 June 2023 (restated) EUR'000	Change %
Sales revenues	397,610	375,527	6%	92,435	82,938	12%
Gross profit on sales	92,972	99,596	-7%	21,619	21,987	-2%
Net profit on sales	42,335	53,530	-21%	9,846	11,805	-17%
Operating profit	43,229	53,845	-20%	10,054	11,873	-15%
EBITDA	67,241	75,224	-11%	15,637	16,600	-6%
Net profit for the reporting period	40,136	48,871	-18%	9,337	10,783	-13%
Net profit attributable to Shareholders of the Parent Company	**40,074**	**46,876**	**-15%**	**9,322**	**10,344**	**-10%**

Financial results achieved by ASEE Group from operating activities in the second quarter of 2024, presented in EUR, were weaker than in the comparable period of the previous year although sales revenues increased by EUR 9.5 million or 12%. Operating profit reached EUR 10.1 million decreasing by 15%, while EBITDA for the second quarter of 2024 amounted to EUR 15.6 million showing a decline by 6%. Net profit attributable to Shareholders of the Parent Company for the second quarter of 2024 amounted to EUR 9.3 million, decreasing by EUR 1.0 million or 10% which was mainly due to the lower operating profit.

The differences in growth/decline rates of individual items between the amounts presented in EUR and those presented in PLN, as shown in the table above, are due to the appreciation of PLN against EUR on a year-on-year basis. The exchange rates used in currency translation are indicated in the 'Financial Highlights' section of the interim condensed financial statements.

The said deterioration of financial performance in operating activities is mainly attributable to the Dedicated Solutions segment which is described in detail below. The Banking Solutions segment managed to generate revenues and profits at a similar level as a year ago, while the Payment Solutions segment achieved improvement on the back of stronger revenues from own payment processing services as well as from the provision of a network of independent POS terminals and cash registers, which also translated into a higher operating profit.

The growing scale of operations is also partly attributable to the consolidation of new companies by ASEE Group, which began in the second half of 2023. The newly acquired subsidiaries of ASEE Group generated EUR 2.9 million of sales revenues in the second quarter of 2024. Our new subsidiaries contributed EUR 0.5 million to EBIT and EUR 0.9 million to EBITDA, taking into account depreciation and amortization of assets recognized in the purchase price allocation process.

The above-mentioned results for the second quarter of 2024 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 2024 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	3 months ended 30 June 2024 According to IFRS PLN'000	3 months ended 30 June 2024 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	3 months ended 30 June 2024 According to IFRS EUR'000
Sales revenues	391,258	6,352	397,610	90,961	1,474	92,435
Gross profit on sales	91,387	1,585	92,972	21,252	367	21,619
Net profit on sales	41,687	648	42,335	9,696	150	9,846
Operating profit	42,581	648	43,229	9,904	150	10,054
EBITDA	65,728	1,513	67,241	15,285	351	15,637
Net profit for the reporting period	34,102	6,034	40,136	7,932	1,405	9,337
Net profit attributable to Shareholders of the Parent Company	**34,128**	**5,946**	**40,074**	**7,937**	**1,384**	**9,322**

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 2024 PLN'000	3 months ended 30 June 2023 (restated) PLN'000	Change %	3 months ended 30 June 2024 EUR'000	3 months ended 30 June 2023 (restated) EUR'000	Change %
Sales revenues	199,683	193,913	3%	46,418	42,729	9%
Operating profit	36,021	30,299	19%	8,371	6,663	26%
EBITDA	50,960	44,987	13%	11,844	9,909	20%

In the second quarter of 2024, sales generated by the Payment Solutions segment reached EUR 46.4 million, improving by EUR 3.7 million or 9% 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 POS terminals. The strongest revenue growth was achieved by the business line engaged in eCommerce+Processing, whose sales were EUR 3.8 million higher than in the comparable period last year. Such growth was accomplished primarily by our operations in Turkey and Western Europe and to a lesser extent in Serbia and Croatia. In all of the aforementioned markets, revenue growth was driven by our proprietary services of payment transaction processing. The second highest increase in revenues, by the amount of EUR 3.6 million, was achieved by the business line responsible for maintenance and sale of ATMs. This increase was generated mainly due to larger deliveries of equipment to customers in Serbia, Bosnia and Herzegovina, and Montenegro. Revenue growth was also recorded by the business line offering solutions dedicated to non-financial customers, such as electronic cash registers (ECR) and InStore payments (IPD) solutions, whose sales increased by EUR 1.0 million to the level of EUR 4.7 million year on year, particularly in the territory of Croatia, Czech Republic and Slovenia. Weaker revenues were reported by the business line responsible for sale and maintenance of POS terminals, whose sales declined by EUR 4.7 million primarily due to smaller deliveries of hardware in Western Europe.

Operating profit of the Payment Solutions segment for the second quarter of 2024 amounted to EUR 8.4 million, improving by EUR 1.7 million or 26%. The increase in EBIT was generated primarily by the business line engaged in eCommerce+Processing (+94%), and to a lesser extent by the business line offering solutions for non-financial customers (+67%), and the business line dealing with ATMs (+61%). Such increases were partially offset by weaker performance of the business line responsible for maintenance and sale of POS terminals, whose EBIT dropped by 45% year on year.

Consolidated EBITDA of the Payment Solutions segment for the second quarter of 2024 amounted to EUR 11.8 million, improving by EUR 1.9 million or 20% 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 2024 PLN'000	3 months ended 30 June 2023 (restated) PLN'000	Change %	3 months ended 30 June 2024 EUR'000	3 months ended 30 June 2023 (restated) EUR'000	Change %
Sales revenues	73,089	78,028	-6%	16,994	17,206	-1%
Operating profit	16,918	17,676	-4%	3,934	3,901	1%
EBITDA	20,075	20,801	-4%	4,668	4,593	2%

In the second quarter of 2024, the Banking Solutions segment generated EUR 17.0 million in sales revenues, showing a decrease by EUR 0.2 million or 1% in relation to the comparable period last year, while its revenue structure changed among individual business lines. Revenues of the business line responsible for core banking systems dropped by EUR 0.9 million following the completion of several major implementation projects, while the other two business lines generated higher sales, with the largest improvement of EUR 0.7 million achieved by the business line offering multi-channel solutions.

Operating profit of the Banking Solutions segment for the second quarter of 2024 amounted to EUR 3.9 million, remaining at the same level as in the comparable period last year. The operating profit composition changed analogically to the revenue structure.

Consolidated EBITDA of the Banking Solutions segment for the second quarter of 2024 increased by EUR 0.1 million or 2%, to the level of EUR 4.7 million.

Results of the Dedicated Solutions segment

Dedicated Solutions *(data without the impact of IAS 29)*	3 months ended 30 June 2024 PLN'000	3 months ended 30 June 2023 (restated) PLN'000	Change %	3 months ended 30 June 2024 EUR'000	3 months ended 30 June 2023 (restated) EUR'000	Change %
Sales revenues	118,486	118,852	0%	27,549	26,308	5%
Operating profit	(10,358)	8,858	-217%	(2,401)	1,956	-223%
EBITDA	(5,307)	12,505	-142%	(1,227)	2,762	-144%

In the second quarter of 2024, the Dedicated Solutions segment generated EUR 27.5 million in sales revenues, achieving an increase by EUR 1.2 million or 5%. The main engines of growth were third-party solutions provided along with related services primarily in Serbia and Turkey.

Operating profit of the Dedicated Solutions segment for the second quarter of 2024 amounted to EUR -2.4 million and was lower by EUR 4.4 million or 223% than in the comparable period last year. The segment's results were unfavourably affected by two transactions of a non-recurring nature: i) due to the risk of non-completion of a project carried out for a telecom customer, previously recognized revenues of EUR 1.7 million were reversed, ii) due to the lack of expected positive cash flows from selected intangible assets, the carrying value of these assets was written down by EUR 0.5 million. The remaining decrease in operating profit was caused by delays in signing new projects and was mainly related to our companies operating in Serbia and Romania.

EBITDA of the Dedicated Solutions segment for the second quarter of 2024 amounted to EUR -1.2 million, decreasing by EUR 4.0 million or 144%.

Net profit

Consolidated net profit of ASEE Group for the second quarter of 2024 amounted to EUR 9.3 million, showing a decrease by EUR 1.4 million or 13% in relation to the comparable period last year. In the second quarter of 2024, net result on financial activities equalled EUR 1.2 million, remaining nearly the same as in the comparable period a year ago. However, there was a change in the source of this income. In the second quarter of this year, financial income came mainly from a 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 amounted to EUR 1.2 million, compared to EUR 0.3 million in the corresponding period last year. Whereas, in the comparable period, financial income was derived from the excess of positive foreign exchange differences over negative differences (EUR 0.6 million), as well as a gain on the revaluation of conditional payments arising from the acquisition of shares and put options held by minority shareholders (EUR 0.3 million).

In the second quarter of 2024, our effective tax rate equalled 17.0%, remaining virtually at the same level as in the comparable period last year when it was 17.1%.

	3 months ended 30 June 2024 PLN'000	3 months ended 30 June 2023 PLN'000	3 months ended 30 June 2024 EUR'000	3 months ended 30 June 2023 EUR'000
Financial activities	5,130	5,101	1,195	1,136
Pre-tax profit	48,353	58,940	11,248	13,009
Corporate income tax	(8,217)	(10,069)	(1,912)	(2,226)
Effective tax rate	17.0%	17.1%	17.0%	17.1%
Net profit for the reporting period	**40,136**	**48,871**	**9,337**	**10,783**

Financial results of Asseco South Eastern Europe Group for the first half of 2024 /cumulative/

	6 months ended 30 June 2024 PLN'000	6 months ended 30 June 2023 (restated) PLN'000	Change %	6 months ended 30 June 2024 EUR'000	6 months ended 30 June 2023 (restated) EUR'000	Change %
Sales revenues	764,666	755,591	1%	177,380	163,795	8%
Gross profit on sales	188,853	198,020	-5%	43,808	42,926	2%
Net profit on sales	89,685	103,196	-13%	20,804	22,371	-7%
Operating profit	90,579	103,651	-13%	21,012	22,469	-7%
EBITDA	138,294	147,983	-7%	32,080	32,079	0%
Net profit for the reporting period	88,636	95,697	-7%	20,561	20,745	-1%
Net profit attributable to Shareholders of the Parent Company	**86,998**	**92,014**	**-6%**	**20,181**	**19,947**	**1%**

Financial results achieved by ASEE Group in the first half of 2024, presented in EUR, were weaker than in the comparable period of the previous year although sales revenues increased by EUR 13.6 million or 8%, to the level of EUR 177.4 million. Such increase in sales came with a change in the structure of our business activities. The Group generated stronger revenues from proprietary solutions and services, whereas revenues from third-party activities declined. Operating profit reached EUR 21.0 million decreasing by 7%, while EBITDA for the first half of 2024 amounted to EUR 32.1 million remaining at a similar level as a year ago. Net profit attributable to Shareholders of the Parent Company for the first half of 2024 amounted to EUR 20.2 million, reflecting an increase by EUR 0.2 million or 1%.

The highest growth in the semi-annual results was generated by the Payment Solutions segment, primarily from payment processing services provided by the business line of eCommerce+Processing. The Banking Solutions segment achieved a slightly smaller improvement, while the Dedicated Solutions segment reported weaker results than 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 2023 generated EUR 1.2 million of operating profit in the first half of 2024. 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 2.1 million in 2024.

The above-mentioned results for the first half of 2024 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 2024 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	6 months ended 30 June 2024 According to IFRS PLN'000	6 months ended 30 June 2024 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	6 months ended 30 June 2024 According to IFRS EUR'000
Sales revenues	756,591	8,075	764,666	175,507	1,873	177,380
Gross profit on sales	187,554	1,299	188,853	43,507	301	43,808
Net profit on sales	89,498	187	89,685	20,761	43	20,804
Operating profit	90,391	188	90,579	20,968	44	21,012
EBITDA	136,578	1,716	138,294	31,682	398	32,080
Net profit for the reporting period	72,911	15,725	88,636	16,913	3,648	20,561
Net profit attributable to Shareholders of the Parent Company	**71,361**	**15,637**	**86,998**	**16,554**	**3,627**	**20,181**

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 2024 PLN'000	6 months ended 30 June 2023 (restated) PLN'000	Change %	6 months ended 30 June 2024 EUR'000	6 months ended 30 June 2023 (restated) EUR'000	Change %
Sales revenues	377,591	365,646	3%	87,590	79,264	11%
Operating profit	64,371	53,834	20%	14,932	11,670	28%
EBITDA	94,031	83,963	12%	21,812	18,201	20%

Sales generated by the Payment Solutions segment in the first half of 2024 reached EUR 87.6 million, improving by EUR 8.3 million or 11% 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 POS terminals.

The strongest revenue growth was achieved by the business line engaged in eCommerce+Processing, whose sales were EUR 7.5 million higher than in the comparable period last year. Such growth was accomplished primarily by our operations in Western Europe and Turkey and to a lesser extent in Serbia and Croatia. In all of the aforementioned markets, revenue growth was driven by our proprietary services of payment transaction processing. The second highest increase in revenues, by the amount of EUR 5.4 million, was achieved by the business line responsible for maintenance and sale of ATMs. This increase was generated mainly due to larger deliveries of equipment to customers in Serbia, Bosnia and Herzegovina, Croatia, Bulgaria, and Montenegro. Revenue growth was also recorded by the business line offering solutions dedicated to non-financial customers, such as electronic cash registers (ECR) and InStore payments (IPD) solutions, whose sales increased by EUR 1.6 million to the level of EUR 4.7 million year on year, particularly in the territory of Czech Republic, Croatia, Slovakia, and Slovenia. Weaker revenues were reported by the business line responsible for sale and maintenance of POS terminals, whose sales declined by EUR 6.1 million primarily due to smaller deliveries of hardware in Western Europe.

Operating profit of the Payment Solutions segment for the first half of 2024 amounted to EUR 14.9 million, improving by EUR 3.3 million or 28%. The increase in EBIT was generated primarily by the business line engaged in eCommerce+Processing (+102%), and to a lesser extent by the business line offering solutions for non-financial customers (+111%), and the business line dealing with ATMs (+35%). Such increases were partially offset by weaker performance of the business line responsible for maintenance and sale of POS terminals, whose EBIT dropped by 30% year on year.

Consolidated EBITDA of the Payment Solutions segment for the first half of 2024 reached EUR 21.8 million, improving by EUR 3.6 million or 20% in relation to the comparable period last year.

Results of the Banking Solutions segment

Banking Solutions (data without the impact of IAS 29)	6 months ended 30 June 2024 PLN'000	6 months ended 30 June 2023 (restated) PLN'000	Change %	6 months ended 30 June 2024 EUR'000	6 months ended 30 June 2023 (restated) EUR'000	Change %
Sales revenues	145,369	150,234	-3%	33,721	32,567	4%
Operating profit	34,447	34,972	-2%	7,991	7,582	5%
EBITDA	40,906	41,457	-1%	9,489	8,987	6%

Sales generated by the Banking Solutions segment in the first half of 2024 reached EUR 33.7 million, improving by EUR 1.2 million or 4% in relation to the comparable period last year. Stronger revenues were reported by the business line responsible for multi-channel solutions (EUR +2.1 million) as well as by the business line offering security solutions (EUR +0.6 million). Whereas, revenues of the business line responsible for core banking systems dropped by EUR 1.6 million in the wake of completion of several major implementation projects.

Operating profit earned by the Banking Solutions segment in the first six months of 2024 amounted to EUR 8.0 million, reflecting an increase by EUR 0.4 million or 5% 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 2024 increased by EUR 0.5 million, to the level of nearly EUR 9.5 million.

Results of the Dedicated Solutions segment

Dedicated Solutions *(data without the impact of IAS 29)*	6 months ended 30 June 2024 PLN'000	6 months ended 30 June 2023 (restated) PLN'000	Change %	6 months ended 30 June 2024 EUR'000	6 months ended 30 June 2023 (restated) EUR'000	Change %
Sales revenues	233,631	253,586	-8%	54,196	54,972	-1%
Operating profit	(8,427)	17,857	-147%	(1,954)	3,870	-151%
EBITDA	1,641	25,294	-94%	381	5,483	-93%

Sales revenues generated by the Dedicated Solutions segment in the first half of 2024 reached EUR 54.2 million, reflecting a decrease by EUR 0.8 million or 1%. This decline was attributable to the business line responsible for proprietary solutions and related services.

Operating profit of the Dedicated Solutions segment for the first half of 2024 amounted to EUR -2.0 million and was lower by EUR 5.8 million or 151% than in the comparable period last year. As described above, in the commentary to the second quarter results, the segment's results were unfavourably affected by two one-time transactions with a total negative impact of EUR 2.3 million. The remaining decrease in operating profit was caused by delays in signing new projects and was mainly related to our companies operating in Serbia, Romania, and in Bosnia and Herzegovina.

EBITDA of the Dedicated Solutions segment for the first half of 2024 equalled EUR 0.4 million, declining by EUR 5.1 million or 93%.

Net profit

Consolidated net profit of ASEE Group for the first half of 2024 amounted to EUR 20.6 million, showing a decrease by EUR 0.2 million or 1% in relation to the comparable period last year.

In the first half of 2024, net result on financial activities equalled EUR 3.6 million, as compared to EUR 2.8 million reported for the comparable period a year ago, showing an increase by EUR 0.8 million. Financial income improved basically as a result of a higher 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 increased by EUR 1.3 million to reach EUR 3.6 million in the first half of 2024, up from the level of EUR 2.3 million recognized in the comparable period. Such stronger gain on hyperinflationary revaluation resulted from the higher rate of inflation in the first half of 2024 as compared to the comparable period last year, which was accompanied by a small depreciation of the Turkish lira as at 30 June 2024 in relation to its average exchange rate since the beginning of the year. In addition, in the first half of 2024, interest income on loans granted and bank cash deposits amounted to EUR 0.7 million, increasing by EUR 0.4 million in relation to the comparable period last year, while the result on revaluation of conditional payments and put options decreased from EUR 0.1 million to EUR -0.8 million, this is by EUR 0.9 million.

In the first half of 2024, our effective tax rate equalled 16.4%, decreasing by 1.3 percentage points in relation to the comparable period of 2023. Such decrease is mainly attributable to the one-time earthquake-related income tax charged in Turkey in the amount of nearly EUR 0.5 million which was recognized at the beginning of 2023. In addition, in the current reporting period, income tax on dividends received by ASEE S.A. and Payten Holding S.A. from their subsidiaries located outside of the European Union was lower than in the comparable period.

	6 months ended 30 June 2024 PLN'000	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2024 EUR'000	6 months ended 30 June 2023 EUR'000
Financial activities	15,465	12,700	3,587	2,753
Pre-tax profit	106,033	116,339	24,596	25,220
Corporate income tax	(17,397)	(20,642)	(4,036)	(4,475)
Effective tax rate	16.4%	17.7%	16.4%	17.7%
Net profit for the reporting period	**88,636**	**95,697**	**20,561**	**20,745**

Analysis of financial ratios

	3 months ended 30 June 2024	3 months ended 30 June 2023 (restated)	6 months ended 30 June 2024	6 months ended 30 June 2023 (restated)
Gross profit margin	23.4%	26.5%	24.7%	26.2%
EBITDA margin	16.9%	20.0%	18.1%	19.6%
Operating profit margin	10.9%	14.3%	11.8%	13.7%
Net profit margin	10.1%	12.5%	11.4%	12.2%
Return on equity (ROE)			18.2%	17.1%
Return on assets (ROA)			10.3%	10.2%

Profitability ratios

In the first half of 2024, our gross profit margin equalled 24.7% and it was by 1.5 percentage points lower than in the corresponding period last year. Gross profit margin declined in the Dedicated Solutions segment only, by 10.4 pp. In the Banking Solutions segment this margin remained at a similar level as in the comparable period, while the Payment Solutions segment improved its gross profit margin by 2.7 pp.

Such weaker performance affected further margins of profit in the first half of 2024. Our EBITDA margin equalled 18.1% as compared to 19.6% realized in the comparable period last year. While operating profit margin dropped from 13.7% in the first six months of 2023 to 11.8% this year. EBIT margin declined in the Dedicated Solutions segment only, by 10.6 pp. Whereas, the Banking Solutions segment and the Payment Solutions segment both achieved a higher EBIT margin by 2.3 pp and 0.4 pp, respectively.

The net profit margin reached 11.4%, falling by 0.8 percentage points in comparison with the first six months of 2023.

Both return on equity and return on assets metrics improved in relation to the comparable period by 1.1 pp and 0.1 pp, respectively. This is because these ratios are calculated based on the net profit for the trailing 12 months, and the net profit for the last 12 months ended 30 June 2024 was higher than the net profit for 12 months ended 30 June 2023.

Liquidity ratios

	30 June 2024	31 December 2023 (restated)
Working capital (in thousands of PLN)	217,621	235,217
Current liquidity ratio	1.3	1.3
Quick liquidity ratio	1.1	1.1
Absolute liquidity ratio	0.4	0.4

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 2024, our working capital amounted to PLN 217.6 million, reflecting a decrease by PLN 17.6 million in relation to its level reported at the end of 2023.

In the first six months of 2024, the value of current assets decreased by PLN 107.2 million, primarily due to decreases in trade receivables (by PLN 86.4 million) and in cash and cash equivalents (by PLN 90.0 million). Such decline was partially offset by increases in other receivables (by PLN 37.4 million) and in contract assets (by PLN 20.5 million).

In the same period, our total current liabilities declined by PLN 89.6 million. This resulted primarily from decreases in trade payables (by PLN 70.7 million), in contract liabilities (by PLN 47.1 million), as well as in liabilities to the state and local budgets (by PLN 33.7 million).

Our liquidity ratios at the end of the second quarter of 2024 remained at similar levels as at the end of 2023.

Debt ratios

	30 June 2024	31 December 2023 (restated)
Total debt ratio	45.4%	47.0%
Debt / equity ratio	23.1%	13.6%
Debt / (debt + equity) ratio	18.8%	12.0%

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 declined from 47.0% reported at the end of 2023 to the level of 45.4% as at 30 June 2024.

Our debt to equity ratio increased by 9.5 percentage points, while the ratio of debt to total interest-bearing liabilities plus equity increased by 6.8 percentage points as compared to the end of 2023. The debt ratios increased in the first half of 2024, mainly due to an increase in the balance of bank loans and borrowings from the level of PLN 105.7 million as at 31 December 2023 to PLN 196.1 million at the end of the first half of 2024 (an increase by PLN 90.4 million). Such increase resulted from additional bank loans obtained by the Group in order to finance its acquisition and operational needs.

Structure of the statement of cash flows

	6 months ended 30 June 2024 PLN'000	6 months ended 30 June 2023 PLN'000
Net cash provided by (used in) operating activities	(3,261)	82,403
Net cash provided by (used in) investing activities	(60,342)	(28,642)
Net cash provided by (used in) financing activities	(52,429)	(31,804)
Net change in cash and cash equivalents	(116,032)	21,957
Cash and cash equivalents at the end of the period	**164,434**	**264,719**

In the first half of 2024, net cash flows from our operating activities amounted to PLN -3.3 million, reflecting a decrease by PLN 85.7 million in relation to the comparable period of the previous year. The decrease in operating cash flows is primarily attributable to lower gross profit adjusted for the effects of hyperinflation and an unfavourable 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 60.3 million in the first half of 2024. Our investing cash flows were most considerably influenced by the acquisitions of subsidiary companies for PLN 37.9 million, as well as by the acquisitions of property, plant and equipment and intangible assets for the total amount of PLN 24.6 million. 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: Dwelt, IfthenPay, Avera, and ContentSpeed. The acquisitions of tangible and intangible assets included, among others, our expenditures for infrastructure used in the outsourcing of payment processes.

In the first half of 2024, net cash flows from our financing activities amounted to PLN -52.4 million, primarily due to the distribution of a dividend to the shareholders of ASEE S.A. (PLN 85.6 million), repayment of bank loans and borrowings (PLN 23.2 million), payment of lease liabilities (PLN 10.8 million), as well as payment of dividends to non-controlling shareholders of our subsidiaries (PLN 6.7 million). Cash inflows presented under financing activities included basically proceeds from bank loans and borrowings in the amount of PLN 83.2 million.

The above-mentioned changes in cash flows caused a decrease in cash and cash equivalents by PLN 116 million during the first half of 2024.

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 2024, in a breakdown by geographical area:

For the period of 6 months ended 30 June 2024 in thousands of PLN	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Hyperinflation	Total
Sales revenues	**52,333**	**114,521**	**27,774**	**96,284**	**206,986**	**88,983**	**90,532**	**20,691**	**19,884**	**56,996**	**(18,393)**	**8,075**	**764,666**
Cost of sales	(46,415)	(80,905)	(19,005)	(84,742)	(154,402)	(51,439)	(71,643)	(16,213)	(14,929)	(43,902)	18,230	(6,776)	**(572,141)**
Recognition / reversal of allowances for trade receivables	23	(1,394)	(183)	(1,050)	(483)	(146)	28	-	11	(478)	-	-	**(3,672)**
Gross profit on sales	**5,941**	**32,222**	**8,586**	**10,492**	**52,101**	**37,398**	**18,917**	**4,478**	**4,966**	**12,616**	**(163)**	**1,299**	**188,853**
Selling costs	(2,644)	(11,499)	(1,786)	(6,015)	(12,247)	(7,712)	(1,773)	(1,080)	(1,619)	(3,026)	421	(534)	**(49,514)**
General and administrative expenses	(4,466)	(8,617)	(2,600)	(5,706)	(10,223)	(6,745)	(3,796)	(1,720)	(1,749)	(2,901)	(553)	(578)	**(49,654)**
Net profit (loss) on sales	**(1,169)**	**12,106**	**4,200**	**(1,229)**	**29,631**	**22,941**	**13,348**	**1,678**	**1,598**	**6,689**	**(295)**	**187**	**89,685**
Other operating income	134	251	279	76	412	176	339	-	50	60	(160)	2	**1,619**
Other operating expenses	(30)	(117)	(11)	(11)	(212)	(10)	(350)	(18)	(25)	(18)	26	(1)	**(777)**
Share of profits of associates	-	-	-	-	-	-	-	-	-	52	-	-	**52**
Operating profit (loss)	**(1,065)**	**12,240**	**4,468**	**(1,164)**	**29,831**	**23,107**	**13,337**	**1,660**	**1,623**	**6,783**	**(429)**	**188**	**90,579**

For the period of 6 months ended 30 June 2024 in thousands of EUR	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Hyperinflation	Total
Sales revenues	**12,140**	**26,565**	**6,443**	**22,335**	**48,015**	**20,641**	**21,001**	**4,800**	**4,612**	**13,222**	**(4,267)**	**1,873**	**177,380**
Cost of sales	(10,767)	(18,768)	(4,409)	(19,658)	(35,817)	(11,932)	(16,619)	(3,761)	(3,463)	(10,182)	4,229	(1,572)	**(132,719)**
Recognition / reversal of allowances for trade receivables	5	(323)	(42)	(244)	(112)	(34)	6	-	3	(112)	-	-	**(853)**
Gross profit on sales	**1,378**	**7,474**	**1,992**	**2,433**	**12,086**	**8,675**	**4,388**	**1,039**	**1,152**	**2,928**	**(38)**	**301**	**43,808**
Selling costs	(613)	(2,667)	(414)	(1,395)	(2,841)	(1,789)	(411)	(251)	(376)	(703)	98	(124)	**(11,486)**
General and administrative expenses	(1,036)	(1,999)	(603)	(1,324)	(2,371)	(1,565)	(881)	(399)	(406)	(672)	(128)	(134)	**(11,518)**
Net profit (loss) on sales	**(271)**	**2,808**	**975**	**(286)**	**6,874**	**5,321**	**3,096**	**389**	**370**	**1,553**	**(68)**	**43**	**20,804**
Other operating income	31	58	65	18	96	41	79	-	12	13	(37)	-	**376**
Other operating expenses	(7)	(27)	(3)	(3)	(49)	(2)	(81)	(4)	(6)	(4)	6	-	**(180)**
Share of profits of associates	-	-	-	-	-	-	-	-	-	12	-	-	**12**
Operating profit (loss)	**(247)**	**2,839**	**1,037**	**(271)**	**6,921**	**5,360**	**3,094**	**385**	**376**	**1,574**	**(99)**	**43**	**21,012**

The above figures have been converted at the average exchange rate for the period from 1 January 2024 to 30 June 2024: EUR 1 = PLN 4.3109.

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 (restated) 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)	(35,836)	32,141	7,932	**(553,891)**
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**	**12,649**	**1,054**	**(5,943)**	**198,020**
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**	**7,383**	**(298)**	**(3,076)**	**103,196**
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**	**7,479**	**(605)**	**(3,012)**	**103,651**

For the period of 6 months ended 30 June 2023 (restated) 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)	(7,769)	6,967	1,720	**(120,071)**
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**	**2,743**	**228**	**(1,288)**	**42,926**
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**	**1,600**	**(65)**	**(667)**	**22,370**
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**	**1,622**	**(131)**	**(653)**	**22,469**

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.

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 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 2024. 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. It is difficult to assess the further development of the war, and thus its long-term economic consequences 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 and, in particular, the risks arising from the economy operating in hyperinflationary conditions, namely Turkey;
- 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 expanding 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 the first half of 2024 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 2024.

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 large and key areas of our business. 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 rights applicable in the countries where our subsidiaries operate, there is a risk that in some circumstances there may be doubts as to the effectiveness of assignment of copyrights in software codes compiled by employees in favour of their employers.

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

Risk of changes in local tax regulations

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

Foreign currency risk

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

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

Risk of interest rate hikes in the Eurozone

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

Risk of supply chain disruptions

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

Risk involved in insufficient insurance coverage
Business activities conducted by the Group, including production and supply of software as well as implementation of integration projects, give rise to a risk of damages that may be incurred by the Group contractors or their end customers as a result of defective operation or failure of the products delivered by our company, whether attributable to its negligence or not. Agreements concluded by companies of ASEE Group provide for contractual penalties in the event of non-performance or improper performance of obligations. Any claims for compensation in excess of the guarantee amounts under the carried insurance policies might have a significant adverse impact on the operations, financial position, financial results and development outlook of ASEE companies.
Risks associated with the warfare in Ukraine
The Russian invasion of Ukraine, launched on 24 February 2022, caused a radical change in the geopolitical situation of the region where ASEE Group operates. At this point, we have not identified any significant impact of the warfare on the Group's operations; however, due to the dynamically changing situation, it is difficult to assess the long-term economic effects for the region where ASEE is present, as well as potential impact on the overall macroeconomic situation which indirectly affects the financial results of the Group.
Risk related to competition on the labour market
An indirect effect of the COVID-19 pandemic is the growing popularity of remote work. Employees and employers have found out about the possibility of working on a remote basis. This intensifies competition between employers in the search for well-qualified employees, which generates the risk of increased employee turnover and consequently temporary shortages of personnel. Such shortages may adversely affect the timely implementation of projects. Another effect may be increased salary demands and hence the reduction of profit margins to be realized in the future.

Major risk factors involved in the Group's business operations

Risk of fluctuations in revenues and expenditures
Due to the project-driven nature of IT investments, sales revenues generated by the Group companies may be subject to considerable fluctuations from period to period. It is possible that in the future our revenues and operating results will fall short of the market expectations because of the completion of work performed under large-scale projects. Moreover, due to technological changes, the Group's existing technology and products may become obsolete and will require making sizeable new investments. The above processes may have negative impact on the rate of return on investment or the amount of dividends to be paid out.
Risk of non-performance or improper performance of projects and losing the clients' trust
In each area of our business, the provision of services by the Group depends on the clients' trust and the quality of our products and services. Proper performance of an IT project, which is mission critical for the operations of our client, in most cases results in signing a long-term contract. The quality of solutions and customer service provided to our clients determines their confidence in our Group.
Risk associated with fixed-price contracts
The majority of contracts for provision of IT services or products concluded by the Group determine a fixed remuneration. Therefore, they are not settled on a time-and-material basis. If we misevaluate the resources and time required for the project performance, future salary increases, inflation or foreign exchange rates, or if we fail to perform our contractual obligations within the agreed deadline, this may have an adverse impact on the Group's financial results and cash flows.
Risk associated with gaining new IT contracts
Some of the Group's revenues are generated from projects that are awarded through tendering procedures organized by state institutions and companies as well as by large private enterprises. Most of such tenders are attended by leading IT players in the region and major foreign companies, which results in considerably high competition. Our business depends on the access to reliable information about the future investment plans of prospective customers, as well as on appropriate competence and experience that would enable us to win tenders.
Risk of becoming dependent on the key customers
The Group's business is to a great extent based on the execution of long-term projects which require a large work effort. Implementation of the key account contracts will impact the level of our sales revenues in the coming years. Although sales to none of our clients exceeded 10% of total revenues generated by the Group in the first half of 2024, our customers in various countries are often members of international banking groups and a potential loss of such an entire group could have a noticeable impact on revenues of ASEE companies and Payten.

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

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

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

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

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

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

Risk involved in the Group integration process
The Group is exposed to a risk associated with the effective integration of ASEE and Payten subsidiaries, especially as the Group companies operate in different markets and in various countries. It is our strategy to integrate our subsidiary undertakings into operating segments as well as to make further company acquisitions. Nonetheless, we cannot entirely exclude the risks of delays, partial completion or failure to complete the intended integration process.
Apart from that, even if our subsidiaries and further potentially acquired entities are successfully integrated with the Group, we may still be unable to fully integrate the products and services portfolios of particular companies, or to continue the development processes in line with our present corporate practices.

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

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

Risk of low liquidity and depreciation of our shares
Investors considering the purchase of ASEE shares should take into account that the trading price of our shares may change in the future and that they may not be able to recover all invested funds. Furthermore, any purchase or sale of ASEE shares depend on the market liquidity, hence the execution of an investment decision may not be possible at a given time.
Risk related to dividends
Our potential investors should be aware of the fact that distribution of any dividends by ASEE will depend on a number of factors, such as the Group's operating results, its financial standing as well as the current and anticipated demand for cash. The Company's dividend policy stipulates that 30 to 50% of consolidated profits shall be distributed in dividends, and it is the Management's intention to allocate an appropriate portion of net earnings to dividend payments in the future. However, the Company is not in the position to guarantee that such plans will be actually implemented nor to determine the amounts of expected dividend payments.
Risk related to influence exerted by the Company's majority shareholder
As at the date of publication of this report, Asseco International a.s., our majority shareholder and a subsidiary of Asseco Poland S.A., holds 50.89% of shares in our Company. We expect that Asseco International a.s. will maintain its position as a majority shareholder and retain significant influence on our Company's business operations. Asseco International a.s. is entitled to exercise broad rights and powers with respect to its shareholding in the Company, and it must be taken into consideration that in the present situation Asseco International a.s. has a decisive impact on the Company's strategic decisions.
Risk of data leakage
As a result of deliberate actions of third parties or dishonest employees, as well as mistakes or carelessness of our employees or contractors, confidential data of the Group or of its clients may be disclosed to unauthorized persons. Such circumstances might have an adverse impact on the perception of ASEE Group by our clients, and consequently on the Group's operations, financial position, financial results and development outlook.
Risk of property damage
As a result of abuse or errors committed by employees of Asseco Group companies, they may suffer damage to property. Such circumstances might have an adverse impact on the Group's financial condition and business continuity, and consequently on the Group's operations, financial position, financial results and development outlook.

Related party transactions

Transactions with our related parties have been presented in explanatory note 6.18 to the interim condensed consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2024. 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 2024, as well as in explanatory notes 5.10 and 7.1 to the interim condensed financial statements of ASEE S.A. for the period of 6 months ended 30 June 2024.

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 2024, 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 2024.

Financial forecasts

The Management Board of Asseco South Eastern Europe S.A. did not publish any financial forecasts for the year 2024 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 2024.

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 2024, 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 2024.

Information on significant judicial proceedings

Both as at 30 June 2024 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 2024

Significant events that took place after the reporting date of 30 June 2024 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 2024, 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 2024.

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 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 2024 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 2024 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 2024, as well as the interim condensed consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2024, 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 2024 and confirm the accuracy of the above statement.

Management Board:

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

Technology for business,
solutions for people.

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