



Semi-Annual Report of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2022



Present in
23 countries



PLN 661.1 million
in sales revenues



3,605
highly committed
employees



PLN 104.3 million
of net profit
for Shareholders
of the Parent Company

Semi-Annual Report of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2022

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Interim Condensed Consolidated Financial Statements
of Asseco South Eastern Europe Group
for the period of 6 months ended 30 June 2022

Financial Highlights

Asseco South Eastern Europe Group

The following table presents the selected financial data of Asseco South Eastern Europe Group:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2022 EUR'000	6 months ended 30 June 2021 EUR'000
Sales revenues	661,098	525,741	142,396	115,619
Operating profit	99,260	80,742	21,380	17,757
Pre-tax profit	125,492	82,086	27,030	18,052
Net profit for the reporting period	107,073	67,140	23,063	14,765
Net profit attributable to Shareholders of the Parent Company	104,262	64,842	22,457	14,260
Net cash provided by (used in) operating activities	68,116	79,021	14,672	17,378
Net cash provided by (used in) investing activities	(40,761)	(25,683)	(8,780)	(5,648)
Net cash provided by (used in) financing activities	8,973	(30,269)	1,933	(6,657)
Cash and cash equivalents at the end of the period (comparable data as at 31 December 2021)	269,819	229,761	57,646	49,955
Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	2.01	1.25	0.43	0.27
Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	2.01	1.25	0.43	0.27

The selected financial data disclosed in these interim condensed consolidated financial statements have been translated into euros (EUR) in the following way:

- Items of the interim condensed consolidated statement of profit and loss and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
 - for the period from 1 January 2022 to 30 June 2022: EUR 1 = PLN 4.6427
 - for the period from 1 January 2021 to 30 June 2021: EUR 1 = PLN 4.5472
- The Group's cash and cash equivalents as at the end of the reporting period and the comparable period of the previous year have been translated into EUR at the mid exchange rates as published by the National Bank of Poland. These exchange rates were as follows:
 - exchange rate effective on 30 June 2022: EUR 1 = PLN 4.6806
 - exchange rate effective on 31 December 2021: EUR 1 = PLN 4.5994

In this report, all figures are presented in thousands of Polish zlotys (PLN), unless stated otherwise.

Interim Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income

Asseco South Eastern Europe Group

STATEMENT OF PROFIT AND LOSS		3 months ended 30 June 2022	6 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2021
	Note	PLN'000	PLN'000	PLN'000	PLN'000
Operating revenues	<u>5.1</u>	349,433	661,098	272,975	525,741
Cost of sales	<u>5.2</u>	(253,084)	(479,269)	(199,890)	(382,572)
Allowances for trade receivables	<u>5.2</u>	262	(553)	(806)	(421)
Gross profit on sales		96,611	181,276	72,279	142,748
Selling costs	<u>5.2</u>	(23,134)	(42,489)	(14,135)	(31,010)
General and administrative expenses	<u>5.2</u>	(21,402)	(39,956)	(16,237)	(31,867)
Net profit on sales		52,075	98,831	41,907	79,871
Other operating income	<u>5.3</u>	732	1,107	525	1,274
Other operating expenses	<u>5.3</u>	(345)	(678)	(195)	(403)
Share of profits of associates and joint ventures		-	-	-	-
Operating profit		52,462	99,260	42,237	80,742
Financial income	<u>5.4</u>	25,856	32,125	1,862	6,834
Financial expenses	<u>5.4</u>	(3,077)	(5,883)	(2,010)	(5,490)
Impairment loss on financial instruments		(10)	(10)	-	-
Pre-tax profit		75,231	125,492	42,089	82,086
Corporate income tax (current and deferred tax expense)	<u>5.5</u>	(8,643)	(18,419)	(7,256)	(14,946)
Net profit for the reporting period		66,588	107,073	34,833	67,140
<i>Attributable to:</i>					
Shareholders of the Parent Company		65,046	104,262	33,413	64,842
Non-controlling interests		1,542	2,811	1,420	2,298
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)					
	<u>5.6</u>	1.25	2.01	0.64	1.25
OTHER COMPREHENSIVE INCOME					
Net profit for the reporting period		66,588	107,073	34,833	67,140
Components that may be reclassified to profit or loss		38,349	43,211	(29,094)	(20,723)
Net gain/loss on valuation of financial assets		11	7	3	3
Differences on foreign currency translation of subsidiaries		5,120	9,986	(29,097)	(20,726)
Restatement of non-monetary assets as at 1 January – impact of hyperinflation		33,218	33,218	-	-
Components that will not be reclassified to profit or loss		-	-	-	-
Actuarial gains/losses		-	-	-	-
Total other comprehensive income		38,349	43,211	(29,094)	(20,723)
TOTAL COMPREHENSIVE INCOME attributable to:		104,937	150,284	5,739	46,417
Shareholders of the Parent Company		103,629	147,375	4,828	44,483
Non-controlling interests		1,308	2,909	911	1,934

Interim Condensed Consolidated Statement of Financial Position

Asseco South Eastern Europe Group

ASSETS	Note	30 June 2022	31 Dec. 2021
		PLN'000	(*restated) PLN'000
Non-current assets			
Property, plant and equipment	6.1	133,191	129,349
Intangible assets	6.2	48,404	51,035
Right-of-use assets	6.3	46,099	51,216
Investment property		566	573
Goodwill	6.4	791,900	696,113
Other receivables	6.8	627	634
Deferred tax assets		12,698	10,747
Other financial assets	6.6	1,315	1,289
Prepayments and accrued income	6.7	2,564	2,056
		1,037,364	943,012
Current assets			
Inventories	6.9	57,667	36,576
Prepayments and accrued income	6.7	50,534	39,348
Trade receivables	6.8	203,943	205,631
Contract assets	6.8	82,986	44,233
Corporate income tax receivable	6.8	3,187	2,818
Receivables from the state and local budgets	6.8	4,177	3,993
Other receivables	6.8	13,067	9,766
Other non-financial assets		2,793	5,302
Other financial assets	6.6	271	135
Cash and bank deposits	6.10	269,819	229,761
		688,444	577,563
TOTAL ASSETS		1,725,808	1,520,575

*The restatement has been disclosed in detail in explanatory note 2.9 to these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Financial Position

Asseco South Eastern Europe Group

EQUITY AND LIABILITIES	Note	30 June 2022	31 Dec. 2021
		PLN'000	(*restated) PLN'000
Equity <i>(attributable to shareholders of the Parent Company)</i>			
Share capital		518,943	518,943
Share premium		38,826	38,826
Transactions with non-controlling interests		(34,476)	(19,887)
Other capitals		(349)	(500)
Differences on foreign currency translation of subsidiaries		(73,022)	(116,128)
Retained earnings		583,030	545,193
		1,032,952	966,447
Non-controlling interests		3,697	4,157
Total equity		1,036,649	970,604
Non-current liabilities			
Bank loans and borrowings	<u>6.12</u>	51,147	39,614
Lease liabilities	<u>6.11</u>	28,963	33,312
Other financial liabilities	<u>6.13</u>	73,842	54,682
Deferred tax liabilities		7,294	6,338
Provisions	<u>6.15</u>	2,841	2,311
Contract liabilities	<u>6.14</u>	8,202	6,118
Other liabilities	<u>6.14</u>	1,122	2,246
		173,411	144,621
Current liabilities			
Bank loans and borrowings	<u>6.12</u>	64,085	46,206
Lease liabilities	<u>6.11</u>	19,784	20,822
Other financial liabilities	<u>6.13</u>	131,996	43,764
Trade payables	<u>6.14</u>	103,955	89,907
Contract liabilities	<u>6.14</u>	101,438	92,703
Corporate income tax payable	<u>6.14</u>	7,485	11,005
Liabilities to the state and local budgets	<u>6.14</u>	22,050	36,783
Other liabilities	<u>6.14</u>	22,793	33,329
Provisions	<u>6.15</u>	4,271	4,053
Deferred income		2,052	1,631
Accruals	<u>6.16</u>	35,839	25,147
		515,748	405,350
TOTAL LIABILITIES		689,159	549,971
TOTAL EQUITY AND LIABILITIES		1,725,808	1,520,575

*The restatement has been disclosed in detail in explanatory note 2.9 to these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

Asseco South Eastern Europe Group

	Note	Share capital	Share premium	Transactions with non-controlling interests	Other capitals	Differences on foreign currency translation of subsidiaries	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2022 (restated)		518,943	38,826	(19,887)	(500)	(116,128)	545,193	966,447	4,157	970,604
Net profit for the reporting period		-	-	-	-	-	104,262	104,262	2,811	107,073
Restatement of non-monetary assets as at 1 January – impact of hyperinflation		-	-	-	-	33,218	-	33,218	-	33,218
Other comprehensive income for the reporting period		-	-	-	7	9,888	-	9,895	98	9,993
Total comprehensive income for the reporting period		-	-	-	7	43,106	104,262	147,375	2,909	150,284
Share-based payment transactions with employees		-	-	-	144	-	-	144	-	144
Obtaining control over subsidiaries		-	-	-	-	-	-	-	4	4
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	(14,589)	-	-	-	(14,589)	194	(14,395)
Dividend for the year 2021	5.7	-	-	-	-	-	(66,425)	(66,425)	(3,567)	(69,992)
As at 30 June 2022		518,943	38,826	(34,476)	(349)	(73,022)	583,030	1,032,952	3,697	1,036,649

Interim Condensed Consolidated Statement of Changes in Equity

Asseco South Eastern Europe Group

	Note	Share capital	Share premium	Transactions with non-controlling interests	Other capitals	Differences on foreign currency translation of subsidiaries	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2021		518,943	38,826	(11,624)	(584)	(82,533)	447,718	910,746	2,460	913,206
Net profit for the reporting period		-	-	-	-	-	149,369	149,369	4,793	154,162
Other comprehensive income for the reporting period		-	-	-	4	(33,595)	-	(33,591)	(125)	(33,716)
Total comprehensive income for the reporting period		-	-	-	4	(33,595)	149,369	115,778	4,668	120,446
Share-based payment transactions with employees		-	-	-	80	-	-	80	-	80
Obtaining control over subsidiaries		-	-	-	-	-	-	-	976	976
Increase of share capital in subsidiaries		-	-	(459)	-	-	-	(459)	459	-
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	(7,804)	-	-	-	(7,804)	(214)	(8,018)
Dividend for the year 2020	5.7	-	-	-	-	-	(51,894)	(51,894)	(4,192)	(56,086)
As at 31 December 2021 (restated)		518,943	38,826	(19,887)	(500)	(116,128)	545,193	966,447	4,157	970,604

Interim Condensed Consolidated Statement of Changes in Equity

Asseco South Eastern Europe Group

	Note	Share capital	Share premium	Transactions with non-controlling interests	Other capitals	Differences on foreign currency translation of subsidiaries	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2021		518,943	38,826	(11,624)	(584)	(82,533)	447,718	910,746	2,460	913,206
Net profit for the reporting period		-	-	-	-	-	64,842	64,842	2,298	67,140
Other comprehensive income for the reporting period		-	-	-	3	(20,362)	-	(20,359)	(364)	(20,723)
Total comprehensive income for the reporting period		-	-	-	3	(20,362)	64,842	44,483	1,934	46,417
Obtaining control over subsidiaries		-	-	-	-	-	-	-	976	976
Increase of share capital in subsidiaries		-	-	(459)	-	-	-	(459)	459	-
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	8,161	-	-	-	8,161	(1,846)	6,315
Dividend for the year 2020	5.7	-	-	-	-	-	(51,894)	(51,894)	(489)	(52,383)
As at 30 June 2021		518,943	38,826	(3,922)	(581)	(102,895)	460,666	911,037	3,494	914,531

Interim Condensed Consolidated Statement of Cash Flows

Asseco South Eastern Europe Group

	Note	6 months ended 30 June 2022	6 months ended 30 June 2021
		PLN'000	PLN'000
Cash flows – operating activities			
Pre-tax profit		125,492	82,086
Total adjustments:		(34,626)	14,327
Depreciation and amortization	5.2	43,725	37,903
Change in inventories		(23,025)	(7,290)
Change in receivables and other non-financial assets		(32,866)	42,205
Change in liabilities, accruals and provisions		(4,589)	(61,144)
Interest income/expenses		1,845	1,492
Gain/loss on foreign exchange differences		(812)	(558)
Gain/loss on financial assets (valuation, disposal, etc.)		122	-
Other financial income/expenses		2,115	2,218
Gain/loss on sale, disposal and impairment of property, plant and equipment, and intangible assets		621	(535)
Costs of share-based payment transactions with employees		144	-
Other adjustments to pre-tax profit		-	36
Impact of hyperinflation		(21,906)	-
Cash provided by (used in) operating activities		90,866	96,413
Corporate income tax paid		(22,750)	(17,392)
Net cash provided by (used in) operating activities		68,116	79,021
Cash flows – investing activities			
Inflows			
Disposal of property, plant and equipment, and intangible assets		537	1,021
Disposal/settlement of financial assets carried at fair value through other comprehensive income		3	-
Disposal of investments in other debt securities carried at amortized cost (cash deposits)		-	4,807
Loans collected		32	-
Interest received		8	3
Outflows			
Acquisition of property, plant and equipment, and intangible assets (including R&D expenditures)	7.2	(26,741)	(18,545)
Expenditures for acquisition of subsidiaries and associates, net of cash and cash equivalents in companies acquired	7.2	(14,326)	(12,766)
Acquisition/settlement of financial assets carried at fair value through profit or loss		(115)	(2)
Loans granted		(159)	(201)
Net cash provided by (used in) investing activities		(40,761)	(25,683)
Cash flows – financing activities			
Inflows			
Proceeds from issuance of shares		4	-
Proceeds from bank loans and borrowings	7.3	35,029	1,813
Received grants related to assets and/or development projects		391	-
Outflows			
Repayments of bank loans and borrowings	7.3	(12,902)	(17,999)
Payments of lease liabilities	7.3	(11,057)	(9,862)
Interest paid	7.3	(1,734)	(1,333)
Acquisition of non-controlling interests		(198)	(2,495)
Dividends paid out to non-controlling shareholders	7.3	(560)	(393)
Net cash provided by (used in) financing activities		8,973	(30,269)
Net increase (decrease) in cash and cash equivalents		36,328	23,069
Net foreign exchange differences		(2,105)	(8,081)
Net cash and cash equivalents as at 1 January		204,629	248,860
Net cash and cash equivalents as at 30 June	6.10	238,852	263,848

Explanatory notes to the Interim Condensed Consolidated Financial Statements

I. General information

Asseco South Eastern Europe Group ("ASEE Group", "Group", "ASEE") is a group of companies, the Parent Company of which is Asseco South Eastern Europe S.A. ("Parent Company", "ASEE S.A.", "Company", "Issuer") seated at 14 Olchowa St., Rzeszów, Poland.

General information on the Parent Company

Name	Asseco South Eastern Europe S.A.
Registered seat	Rzeszów, 14 Olchowa St.
National Court Register number	0000284571
Statistical ID number (REGON)	180248803
Tax Identification Number (NIP)	813-351-36-07
Core business	Activities of head offices and holdings, production of software

The Parent Company Asseco South Eastern Europe S.A. based in Rzeszów, Poland, was established on 10 April 2007 as a joint stock company called Asseco Adria S.A. 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 KRS 0000284571. The Parent Company has been assigned the statistical number REGON 180248803. On 11 February 2008, the Parent Company's corporate name was changed from Asseco Adria S.A. to Asseco South Eastern Europe S.A.

Since 28 October 2009, the Company's shares have been listed on the main market of the Warsaw Stock Exchange S.A.

ASEE S.A. is the Parent Company of Asseco South Eastern Europe Group. The Parent Company shall operate within the territory of the Republic of Poland as well as abroad. The time of duration of both the Parent Company and the entities incorporated in the Group is indefinite.

The Group delivers complete solutions and proprietary software necessary to run a bank, as well as state-of-the-art payment solutions helping shape the payments market in the region, and provides integration and implementation services for IT systems and hardware from the world's major vendors. The Group conducts business operations in the countries of Central Europe, South Eastern Europe, Iberian Peninsula, as well as in Turkey, Colombia, Peru, and Dominican Republic.

The scope of Asseco South Eastern Europe Group's core business broken down by relevant segments is described in section IV of these interim condensed consolidated financial statements.

II. Basis for the preparation of financial statements

2.1. Basis for preparation

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost convention, except for financial assets carried at fair value through profit or loss or through other comprehensive income, financial assets carried at amortized cost, as well as financial liabilities carried at fair value through profit or loss. In addition, our subsidiaries operating in a hyperinflationary economy (Turkey) restated their financial data, taking into account the change in purchasing power based on the general price index, so that they were expressed in the measuring units current at the end of the reporting period. The impact of hyperinflation on our consolidated financial statements has been described in explanatory note 2.10.

These interim condensed consolidated financial statements do not include all information and disclosures required for annual consolidated financial statements, and therefore they should be read together with the Group's consolidated financial statements for the year ended 31 December 2021 which were published on 23 February 2022.

These interim condensed consolidated financial statements have been prepared on a going-concern basis, assuming the Group will continue its business activities in the foreseeable future. As at the date of approving these interim condensed consolidated financial statements for publication, the Management has considered the impact of economic and political situation in the territory of Ukraine on business operations conducted by the Group and all of its companies and found no circumstances that would threaten the Group's ability to continue as a going concern.

Economic and political situation on the territory of Ukraine

On 24 February 2022, the Russian invasion of Ukraine caused a radical change in the geopolitical situation of the entire region in which the Parent Company and other companies of our Group are located.

ASEE Group does not conduct any significant business operations in Russia, Belarus or in Ukraine. In the period of 6 months ended 30 June 2022, the Group's total sales to the above-mentioned countries represented just 0.05% of our total revenues, as compared to 0.19% in the whole year 2021. The Group does not hold any cash at bank accounts in Russia. This situation had no material impact on these financial statements.

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 the situation is dynamic and therefore it is difficult to assess the long-term economic effects for our region and impact on the overall macroeconomic situation, which indirectly affects the Group's financial results.

Hyperinflation

In 2022, Turkey was recognized as a country with a hyperinflationary economy. The Group consolidates the financial data of several subsidiaries operating in Turkey, including ASEE Turkey, Payten Turkey, NestPay, Mobven, and Smarttek, whose functional currency is that of a hyperinflationary economy. Therefore, in the current reporting period, the Group has for the first time applied IAS 29 'Financial Reporting in Hyperinflationary Economies'. IAS 29 requires the financial statements of entities that report in the currency of a hyperinflationary economy to be restated by applying an appropriate price index. As a consequence, the financial data of our subsidiaries operating in Turkey were adjusted for the rate of inflation before being translated into PLN and included in the consolidated financial statements of the Group. The Group's comparable data have not been restated. The effects of hyperinflation related adjustments have been described in explanatory note 2.10.

2.2. Compliance statement

These interim condensed consolidated financial statements have been prepared in conformity with the requirements set forth in the International Accounting Standard 34 'Interim Financial Reporting' as endorsed by the European Union (IAS 34).

The scope of these interim condensed consolidated financial statements is in accordance with 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 (consolidated text: Journal of Laws of 2018, item 757) ("Regulation"), and covers the interim reporting period from 1 January to 30 June 2022 and the comparable period from 1 January to 30 June 2021 in case of the statement of profit and loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows, as well as the financial position data as at 30 June 2022 and the comparable data as at 31 December 2021 in case of the statement of financial position.

The cumulative data presented for the period of 6 months ended 30 June 2022 as well as for the comparable period have been reviewed by a certified auditor. Whereas, the quarterly data disclosed for the period from 1 April to 30 June 2022 and for the corresponding period of 2021 have not been subject to such a review. These data have been calculated as the difference between the semi-annual cumulative data and the data presented in the quarterly condensed consolidated financial statements of ASEE Group for the interim period ended 31 March 2022 which were published on 27 April 2022.

Some of the Group companies maintain their accounting books in accordance with the accounting policies set forth in their respective local regulations. The interim condensed consolidated financial statements include adjustments not disclosed in the accounting books of the Group's entities which were introduced to adjust the financial statements of those entities to IFRS.

2.3. Functional currency, presentation currency and hyperinflation

The presentation currency of these interim condensed consolidated financial statements is the Polish zloty (PLN) and all figures are presented in thousands of PLN (PLN'000), unless stated otherwise. Any inaccuracies in totals, amounting to PLN 1 thousand, are due to the adopted rounding of numbers.

The functional currency applied by the Parent Company and, at the same time, the presentation currency used in these interim condensed consolidated financial statements is the Polish zloty (PLN). Functional currencies applied by our subsidiaries consolidated in these financial statements are the currencies of primary business environments in which they operate. For consolidation purposes, financial statements of our foreign subsidiaries are translated into PLN using the respective currency exchange rates as quoted by the National Bank of Poland at the end of the reporting period in case of the statement of financial position, or using the arithmetic average of exchange rates as published by the National Bank of Poland and effective on the last day of each month during the reporting period in case of the statement of comprehensive income as well as the statement of cash flows. The effects of such conversion are recognized in equity as 'Differences on foreign currency translation of subsidiaries'.

As regards our subsidiaries operating in a hyperinflationary economy, individual items of the statement of comprehensive income are translated into PLN using the respective currency exchange rates as quoted by the National Bank of Poland at the end of the reporting period. The difference resulting from the translation of the statement of comprehensive income at the exchange rate effective on the reporting date, instead of using the average exchange rate for the reporting period, is disclosed in the line 'Differences on foreign currency translation of subsidiaries'.

2.4. Professional judgement and estimates

Preparation of consolidated financial statements in accordance with IFRS requires making estimates and assumptions which have an impact on the data disclosed in such financial statements. Although the adopted assumptions and estimates have been based on the Group's management best knowledge on the current activities and occurrences, the actual results may differ from those anticipated.

In the period of 6 months ended 30 June 2022, our approach to making estimates was not subject to any substantial modification in relation to the principles described in the consolidated financial statements for the year ended 31 December 2021.

Professional judgement and estimates additionally covered the operations conducted by our foreign subsidiaries in a hyperinflationary economy. It needed to be assessed whether the financial statements of such entities must be restated as required by IAS 29. The Management analyzed qualitative and quantitative factors (including whether the three-year cumulative inflation rate is approaching or exceeds 100%) which indicate the existence of hyperinflation and concluded that Turkey is a country with a hyperinflationary economy.

As a consequence, the financial data of our subsidiaries operating in Turkey, including ASEE Turkey, Payten Turkey, NestPay, Mobven, and Smarttek, have been restated taking into account the change in purchasing power based on the general price index, so that they were expressed in the measuring units current at the end of the reporting period. The impact of hyperinflation on our consolidated financial statements has been described in explanatory note 2.10.

2.5. Accounting policies applied

Significant accounting policies adopted by the Parent Company have been described in its consolidated financial statements for the year ended 31 December 2021 which were published on 23 February 2022.

Accounting policies adopted in the preparation of these interim condensed consolidated financial statements have remained unchanged in relation to those followed when preparing the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the changes described below.

Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements to IFRS Standards 2018-2020 have come into effect from the beginning of the reporting period. Amendments to these standards were published on 14 May 2020 and are effective for annual periods beginning on or after 1 January 2022. These amendments, among others, prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while testing in the process of generating and bringing that asset to intended use, and clarify what costs an entity considers in assessing whether a contract is onerous. These amendments had no significant impact on the consolidated financial statements of the Group.

Moreover, in the current reporting period, the Group has for the first time applied IAS 29 'Financial Reporting in Hyperinflationary Economies' in the wake of recognizing Turkey as a country with a hyperinflationary economy. In accordance with IAS 29, the standard has been implemented since 1 January 2022, without restating the Group's comparable data. However, the financial data of the Group's operations in Turkey were adjusted for the rate of inflation before being translated into PLN which is the presentation currency of these consolidated financial statements.

Operating revenues and costs of our Turkish subsidiaries for the whole reporting period have been translated into PLN using the TRY/PLN exchange rate effective on the reporting date. Before converting into PLN, the statement of profit and loss as well as non-monetary assets associated with Turkey are restated taking into account changes in the purchasing power (inflation) of the Turkish lira from their initial recognition up to the reporting date. The effects of restating the statement of profit and loss and non-monetary assets for the inflation rate in the current financial year are recognized in financial income or expenses, in the line 'Gain/Loss on the net monetary position'. The effects of adjusting non-monetary assets for the inflation rate from their initial recognition in the prior financial year till the end of the prior financial year are disclosed in other comprehensive income and in equity, in the line 'Differences on foreign currency translation of subsidiaries'. The impact of hyperinflation on our consolidated financial statements has been described in explanatory note 2.10.

2.6. New standards and interpretations published but not in force yet

The following standards and interpretations were issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC), but have not yet come into force:

- IFRS 14 'Regulatory Deferral Accounts' (issued on 30 January 2014) – the European Commission has decided not to initiate the process of endorsement of this standard until the release of its final version – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture' (issued on 11 September 2014) – work for the endorsement of these amendments has been postponed by the EU – the effective date of these amendments has been deferred indefinitely by the IASB;
- IFRS 17 'Insurance Contracts' (issued on 18 May 2017) including Amendments to IFRS 17 (issued on 25 June 2020) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1 'Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current' – deferral of effective date (issued on 23 January 2020 and 15 July 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (issued on 12 February 2021) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 8 'Definition of Accounting Estimates' (issued on 12 February 2021) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 12 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' (issued on 7 May 2021) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IFRS 17 'Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information' (issued on 9 December 2021) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023.

The specified effective dates have been set forth in the standards published by the International Accounting Standards Board. The actual dates of adopting these standards in the European Union may differ from those set forth in the standards and they shall be announced once they are approved for application by the European Union.

The Group did not decide on early adoption of any standard, interpretation or amendment which has been published but has not yet become effective.

The Group is currently conducting an analysis of how the above-mentioned amendments are going to impact its financial statements.

2.7. Changes in the presentation methods applied

During the reporting period, the methods of presentation were not subject to any change.

2.8. Correction of errors

In the reporting period, no events occurred that would require making corrections of any misstatements.

2.9. Changes in the comparable data

The Group has changed the comparable data disclosed as at 31 December 2021 due to changes in the values of assets acquired in subsidiaries that were recognized in the purchase price allocation process.

Detailed information on the acquired assets and liabilities has been presented in explanatory note 6.4 to these interim condensed consolidated financial statements.

The impact of the said changes on the comparable data has been presented in the tables below.

	31 Dec. 2021	Purchase price allocation of subsidiaries	31 Dec. 2021 (restated)
ASSETS	PLN'000	PLN'000	PLN'000
Non-current assets			
Property, plant and equipment	129,557	(208)	129,349
Intangible assets	35,121	15,914	51,035
Right-of-use assets	51,008	208	51,216
Investment property	573	-	573
Goodwill	709,419	(13,306)	696,113
Other receivables	634	-	634
Deferred tax assets	10,638	109	10,747
Other financial assets	47	1,242	1,289
Prepayments and accrued income	2,056	-	2,056
	939,053	3,959	943,012
Current assets			
Inventories	36,576	-	36,576
Prepayments and accrued income	39,348	-	39,348
Trade receivables	205,631	-	205,631
Contract assets	44,233	-	44,233
Corporate income tax receivable	2,818	-	2,818
Receivables from the state and local budgets	3,993	-	3,993
Other receivables	9,766	-	9,766
Other non-financial assets	5,302	-	5,302
Other financial assets	135	-	135
Cash and bank deposits	231,003	(1,242)	229,761
	578,805	(1,242)	577,563
TOTAL ASSETS	1,517,858	2,717	1,520,575

	31 Dec. 2021	Purchase price allocation of subsidiaries	31 Dec. 2021 (restated)
EQUITY AND LIABILITIES	PLN'000	PLN'000	PLN'000
Equity <i>(attributable to shareholders of the Parent Company)</i>			
Share capital	518,943	-	518,943
Share premium	38,826	-	38,826
Transactions with non-controlling interests	(19,887)	-	(19,887)
Other capitals	(500)	-	(500)
Differences on foreign currency translation of subsidiaries	(116,104)	(24)	(116,128)
Retained earnings	546,254	(1,061)	545,193
	967,532	(1,085)	966,447
Non-controlling interests	4,157	-	4,157
Total equity	971,689	(1,085)	970,604
Non-current liabilities			
Bank loans and borrowings	39,614	-	39,614
Lease liabilities	33,312	-	33,312
Other financial liabilities	54,682	-	54,682
Deferred tax liabilities	3,623	2,715	6,338
Provisions	2,311	-	2,311
Contract liabilities	6,118	-	6,118
Other liabilities	2,246	-	2,246
	141,906	2,715	144,621
Current liabilities			
Bank loans and borrowings	46,155	51	46,206
Lease liabilities	20,822	-	20,822
Other financial liabilities	43,815	(51)	43,764
Trade payables	89,907	-	89,907
Contract liabilities	93,247	(544)	92,703
Corporate income tax payable	11,005	-	11,005
Liabilities to the state and local budgets	36,783	-	36,783
Other liabilities	33,329	-	33,329
Provisions	4,053	-	4,053
Deferred income	-	1,631	1,631
Accruals	25,147	-	25,147
	404,263	1,087	405,350

TOTAL LIABILITIES	546,169	3,802	549,971
TOTAL EQUITY AND LIABILITIES	1,517,858	2,717	1,520,575

2.10. Accounting effects of Turkey's status as a hyperinflationary economy

The assessment whether the Group companies operate in a hyperinflationary economy is based on qualitative and quantitative factors. The rates of inflation in Turkey have been high for some time and the significant monthly increases in inflation recorded by the Turkish Statistical Institute from December 2021 up to the present have brought the three-year cumulative inflation rate above the level of 100 percent in April 2022. Moreover, qualitative indicators of hyperinflation are also present in Turkey. Consequently, Turkey has been recognized as a hyperinflationary economy and the Group has applied IAS 29 'Financial Reporting in Hyperinflationary Economies' retrospectively from 1 January 2022 for its subsidiaries based in Turkey, as if the Turkish economy was always hyperinflationary. Financial data of our subsidiaries whose functional currency is the Turkish lira were restated taking into account the change in purchasing power based on the consumer price index (CPI), so that they were expressed in the measuring units current at the end of the reporting period.

In line with IAS 29, the financial data of our Turkish subsidiaries have been restated to reflect the purchasing power at the end of the reporting period. Accordingly, non-monetary items in the statement of financial position as well as the statement of profit and loss should be restated to reflect the purchasing power at the reporting date. Monetary items such as receivables, liabilities, bank debt, etc. already reflect the purchasing power at the reporting date because these items are composed of balances, amounts of receivables or payables in respective monetary units. IAS 29, in conjunction with IAS 21 on foreign currency translation, also requires all transactions carried out in a hyperinflationary currency, i.e. Turkish lira (TRY), to be translated into the Group's presentation currency, i.e. the Polish zloty (PLN), using the exchange rate effective on the reporting date. Therefore, all transactions conducted in Turkey have been converted into PLN using the exchange rate of 30 June 2022, while the Group usually translates transactions in the statement of profit and loss at the average exchange rate for the reporting period.

As the Group's presentation currency (PLN) is not hyperinflationary, IAS 21 and IAS 29 do not require a restatement of the Group's comparable data in order to reflect the purchasing power at the end of June 2022. Hence, the Group's financial data for prior years have not been restated. The cumulative effect of applying IAS 29 as at 1 January 2022 has been recognized in the Group's other comprehensive income.

Basis of restatements due to hyperinflation

- Price index:

Hyperinflation restatements of the financial data of our subsidiaries operating in Turkey have been based on officially available data on changes in the consumer price index (CPI) as published by the Turkish Statistical Institute. According to this index, the inflation rate for the period of 6 months ended 30 June 2022 reached 42 percent.

The rates of inflation for particular reporting periods are presented in the table below:

Inflation rate for particular periods	
June 2022 – December 2021	42%
June 2021 – December 2020	8%
December 2021 – December 2020	36%
June 2022 – June 2021	79%
Three-year cumulative inflation rate	
June 2022 – June 2019	136%
December 2021 – December 2018	74%

- Currency exchange rate:

All financial data of our subsidiary operations in Turkey, both in the statement of financial position and the statement of profit and loss are translated into the Group's presentation currency (PLN) using the TRY/PLN exchange rate effective on the reporting date, which is contrary to the Group's usual practice of translating the statement of profit and loss at the average exchange rate for the reporting period. As at 30 June 2022, this exchange rate was: TRY 1 = PLN 0.2689.

Assumptions for the approach and timing of hyperinflation restatements:

- Hyperinflation restatements in the local currency
 - The Group has analyzed items of the statement of financial position of its subsidiaries in Turkey and divided them into monetary and non-monetary assets/liabilities. Monetary items have not been restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.
 - Significant non-monetary items existing in our Turkish subsidiaries include: goodwill arising from the acquisition of these companies, property, plant and equipment, intangible assets, right-of-use asset, prepayments, and liabilities from contracts with customers. Right-of-use assets have not been additionally revalued because they are periodically indexed by the inflation rate. Other non-monetary items have been restated to reflect the effects of inflation based on changes in the price index in the period from their initial recognition till 30 June 2022 or until the date of disposal. The restatements were made as at the date of initial recognition of non-monetary items, but not earlier than as at the date of acquisition of subsidiaries by the Group, because it is assumed that non-monetary items were then translated and recognized in the consolidated financial statements at fair value, reflecting the purchasing power as at the acquisition date. The restatement significantly increased the value of goodwill, property, plant and equipment, and intangible assets. Such restatement also resulted in higher costs in the statement of profit and loss, in the form of higher depreciation and amortization charges due to the restated gross value of property, plant and equipment and intangible assets.
 - Due to the revaluation of non-monetary assets and liabilities, deferred tax calculated as the difference between the tax value and the book value was also revalued.
 - Equity of our Turkey-based subsidiaries has been adjusted for the effects of inflation based on changes in the price index in the first half of 2022 to reflect the purchasing power at the end of the reporting period. In correspondence to the revaluation of equity based on changes in the price index, the Group has recognized a gain/loss on the net monetary position, disclosed in financial income or expenses in the statement of profit and loss.
 - All transactions included in the statement of profit and loss for the period of 6 months ended 30 June 2022 have been restated to reflect changes in the price index from the month when recognized till 30 June 2022, except for depreciation charges on property, plant and equipment and amortization charges on intangible assets that have been remeasured based on the adjusted gross value of these assets. The remeasurement of depreciation and amortization charges has been based on the normal periods of useful life of relevant assets. The restatement of the statement of profit and loss for the inflation rate resulted in an increase in the value of individual items presented in the local currency due to changes in the price index from the date of their recognition till 30 June 2022.
 - In correspondence to the restatement of the statement of profit and loss and the statement of financial position for the inflation rate in the current reporting period, the Group has recognized a gain/loss on the net monetary position, disclosed financial income/expenses in the statement of profit and loss. In correspondence to the revaluation of items in the statement of financial position for the inflation rate from the date of their initial recognition till the end of 2021, the Group has recognized differences on foreign currency translation of subsidiaries disclosed separately in other comprehensive income for 2022 and in equity.
- Translation of financial data into the Group's presentation currency

- Once the financial statements of our subsidiaries operating in Turkey were restated for the effects of inflation in the local currency, they have been translated into PLN which involved translating the statement of financial position and all items of the statement of profit and loss for the reporting period, using the TRY/PLN exchange rate effective on the reporting date. As at 30 June 2022, this exchange rate was: TRY 1 = PLN 0.2689. Translation of the statement of financial position has remained unchanged compared to the Group's usual practice, while the new principle of translating the statement of profit and loss has had a significant impact on its individual items. The effect of translating the statement of comprehensive income using the closing exchange rate of the reporting period has been recognized in correspondence in differences on foreign currency translation of subsidiaries.
- Time of recognition
 - IAS 29 has been implemented by the Group from 1 January 2022 and the first hyperinflation restatements have been made in these interim financial statements.
 - Because the three-year cumulative inflation rate exceeded 100% in April 2022, the already published data for the first quarter of 2022 have not been changed.

The impact of adopting IAS 29 on the consolidated financial statements for 2022 is summarized below:

STATEMENT OF PROFIT AND LOSS	6 months ended	Impact of hyperinflation	6 months ended
	30 June 2022		30 June 2022
	without impact of IAS 29		according to IAS/IFRS
	PLN'000	PLN'000	PLN'000
Operating revenues	657,973	3,125	661,098
Cost of sales	(477,355)	(1,914)	(479,269)
Allowances for trade receivables	(553)	-	(553)
Gross profit on sales	180,065	1,211	181,276
Selling costs	(42,220)	(269)	(42,489)
General and administrative expenses	(39,499)	(457)	(39,956)
Net profit on sales	98,346	485	98,831
Other operating income	1,105	2	1,107
Other operating expenses	(671)	(7)	(678)
Share of profits of associates and joint ventures	-	-	-
Operating profit	98,780	480	99,260
Financial income	11,314	20,811	32,125
Financial expenses	(5,727)	(156)	(5,883)
Impairment loss on financial instruments	(10)	-	(10)
Pre-tax profit	104,357	21,135	125,492
Corporate income tax (current and deferred tax expense)	(18,220)	(199)	(18,419)
Net profit for the reporting period	86,137	20,936	107,073
<i>Attributable to:</i>			
Shareholders of the Parent Company	83,326	20,936	104,262
Non-controlling interests	2,811	-	2,811
OTHER COMPREHENSIVE INCOME			
Net profit for the reporting period	86,137	20,936	107,073
Components that may be reclassified to profit or loss	8,343	34,868	43,211
Net gain/loss on valuation of financial assets	7	-	7
Differences on foreign currency translation of subsidiaries	8,336	1,650	9,986
Restatement of non-monetary assets as at 1 January – impact of hyperinflation	-	33,218	33,218
Total other comprehensive income	8,343	34,868	43,211
TOTAL COMPREHENSIVE INCOME attributable to:	94,480	55,804	150,284
Shareholders of the Parent Company	91,571	55,804	147,375
Non-controlling interests	2,909	-	2,909

ASSETS	30 June 2022 without impact of IAS 29 PLN'000	Impact of hyperinflation PLN'000	30 June 2022 according to IAS/IFRS PLN'000
Non-current assets			
Property, plant and equipment	130,850	2,341	133,191
Intangible assets	47,898	506	48,404
Right-of-use assets	46,099	-	46,099
Investment property	566	-	566
Goodwill	736,860	55,040	791,900
Other receivables	627	-	627
Deferred tax assets	11,191	1,507	12,698
Other financial assets	1,315	-	1,315
Prepayments and accrued income	2,096	468	2,564
	977,502	59,862	1,037,364
Current assets			
Inventories	57,667	-	57,667
Prepayments and accrued income	46,309	4,225	50,534
Trade receivables	203,943	-	203,943
Contract assets	82,986	-	82,986
Corporate income tax receivable	3,187	-	3,187
Receivables from the state and local budgets	4,177	-	4,177
Other receivables	13,067	-	13,067
Other non-financial assets	2,793	-	2,793
Other financial assets	271	-	271
Cash and bank deposits	269,819	-	269,819
	684,219	4,225	688,444
TOTAL ASSETS	1,661,721	64,087	1,725,808

EQUITY AND LIABILITIES	30 June 2022 without impact of IAS 29 PLN'000	Impact of hyperinflation PLN'000	30 June 2022 according to IAS/IFRS PLN'000
Equity <i>(attributable to shareholders of the Parent Company)</i>			
Share capital	518,943	-	518,943
Share premium	38,826	-	38,826
Transactions with non-controlling interests	(34,476)	-	(34,476)
Other capitals	(349)	-	(349)
Differences on foreign currency translation of subsidiaries	(107,890)	34,868	(73,022)
Retained earnings	562,094	20,936	583,030
	977,148	55,804	1,032,952
Non-controlling interests	3,697	-	3,697
Total equity	980,845	55,804	1,036,649
Non-current liabilities			
Bank loans and borrowings	51,147	-	51,147
Lease liabilities	28,963	-	28,963
Other financial liabilities	73,842	-	73,842
Deferred tax liabilities	5,560	1,734	7,294
Provisions	2,841	-	2,841
Contract liabilities	7,500	702	8,202
Other liabilities	1,122	-	1,122
	170,975	2,436	173,411
Current liabilities			
Bank loans and borrowings	64,085	-	64,085
Lease liabilities	19,784	-	19,784
Other financial liabilities	131,996	-	131,996
Trade payables	103,955	-	103,955
Contract liabilities	95,591	5,847	101,438
Corporate income tax payable	7,485	-	7,485
Liabilities to the state and local budgets	22,050	-	22,050
Other liabilities	22,793	-	22,793
Provisions	4,271	-	4,271
Deferred income	2,052	-	2,052
Accruals	35,839	-	35,839
	509,901	5,847	515,748
TOTAL LIABILITIES	680,876	8,283	689,159
TOTAL EQUITY AND LIABILITIES	1,661,721	64,087	1,725,808

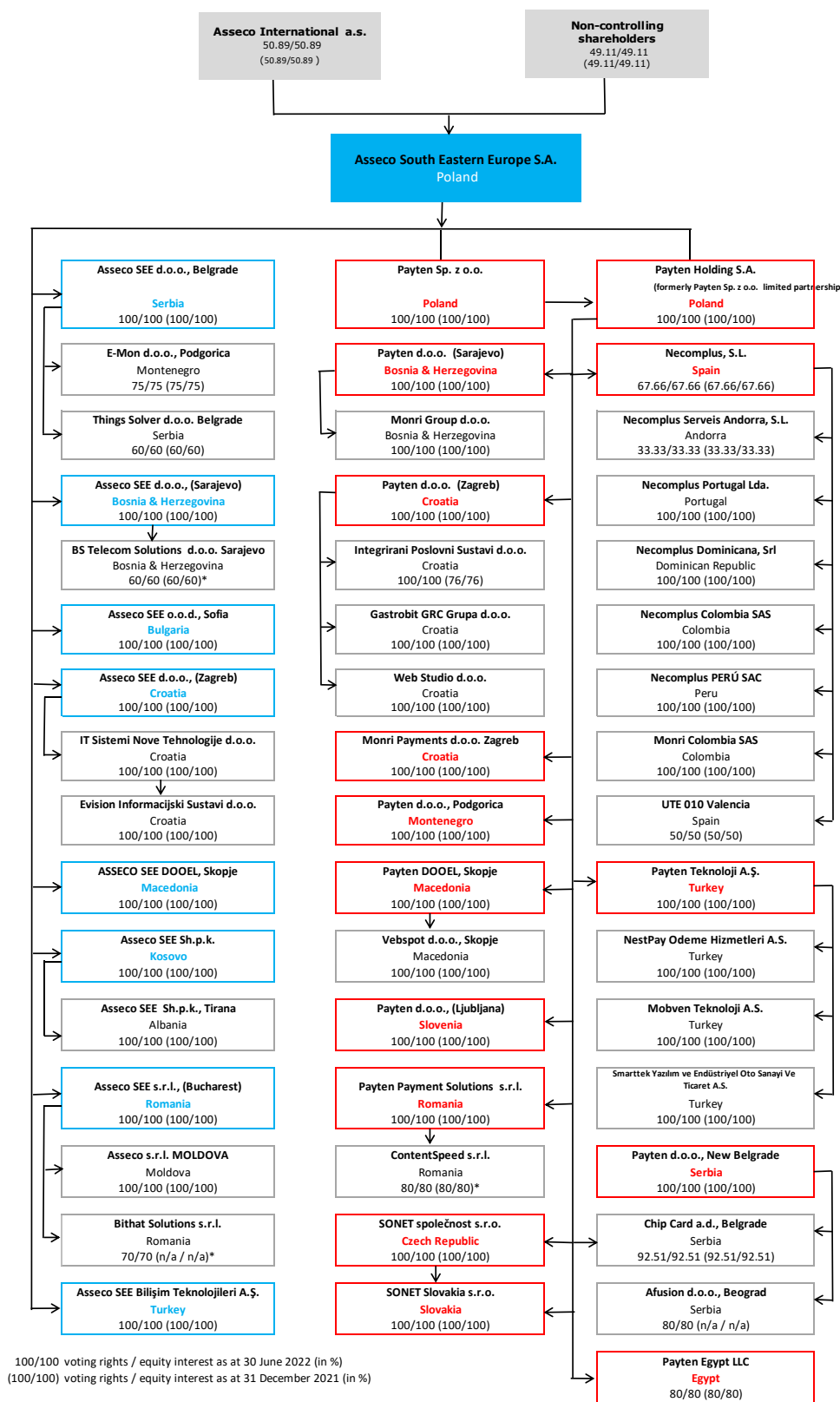
As described in section IV. Information on operating segments, the Management analyzes the operations of individual segments and their financial performance without the impact of hyperinflation-related revaluations. Therefore, in the explanatory note on operating segments, the impact of hyperinflation has been disclosed in a separate column in order to reconcile the financial data of segments with the data presented elsewhere in the consolidated financial statements.

The table below presents the financial data of segments in two variants: without the impact of IAS 29, and also in accordance with IFRS.

6 months ended 30 June 2022	Banking Solutions		Payment Solutions		Dedicated Solutions	
	without impact of IAS 29	according to IAS/IFRS	without impact of IAS 29	according to IAS/IFRS	without impact of IAS 29	according to IAS/IFRS
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Sales to external customers	119,895	119,949	329,588	331,500	208,490	209,649
Gross profit on sales	44,887	44,894	91,227	92,113	43,951	44,269
Selling costs	(7,445)	(7,469)	(20,675)	(20,832)	(14,100)	(14,188)
General and administrative expenses	(10,836)	(10,868)	(18,152)	(18,392)	(10,511)	(10,696)
Net profit on sales	26,606	26,557	52,400	52,889	19,340	19,385
Other operating activities	(34)	(34)	15	11	453	452
Operating profit	26,572	26,523	52,415	52,900	19,793	19,837
Goodwill as at 30 June 2022	209,061	214,151	204,048	231,439	323,752	346,310

III. Organization and changes in the structure of Asseco South Eastern Europe Group, including the entities subject to consolidation

Organizational structure of Asseco South Eastern Europe Group is presented in the chart below:



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

During the period of 6 months ended 30 June 2022, the Group's composition changed as follows:

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

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

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

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

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

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

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

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

IV. Information on operating segments

According to IFRS 8, an operating segment is a separable component of the Group's business for which separate financial information is available and regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Asseco South Eastern Europe Group has identified the following reportable segments reflecting the structure of its business operations:

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

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

The **Banking Solutions** 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.

The Group's financing activities as well as income taxes are monitored at the whole group level and therefore they are not allocated to individual operating segments. The Management also does not analyze assets and liabilities or cash flows in a breakdown by segments. The table below presents the key financial information reviewed by the chief operating decision maker in the Company.

Revenues from none of our clients exceeded 10% of total sales generated by the Group in the period of 6 months ended 30 June 2022.

Selected financial data for the period of 6 months ended 30 June 2022, in a breakdown by operating segments:

6 months ended 30 June 2022	Banking Solutions	Payment Solutions	Dedicated Solutions	Eliminations	Hyperinflation	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Sales revenues:	128,385	341,733	210,720	(22,865)	3,125	661,098
Sales to external customers	119,895	329,588	208,490	-	3,125	661,098
Sales between and/or within segments	8,490	12,145	2,230	(22,865)	-	-
Gross profit on sales	44,887	91,227	43,951	-	1,211	181,276
Selling costs	(7,445)	(20,675)	(14,100)	-	(269)	(42,489)
General and administrative expenses	(10,836)	(18,152)	(10,511)	-	(457)	(39,956)
Net profit on sales	26,606	52,400	19,340	-	485	98,831
Other operating activities	(34)	15	453	-	(5)	429
Operating profit	26,572	52,415	19,793	-	480	99,260
Goodwill as at 30 June 2022	209,060	204,048	323,752	-	55,040	791,900

6 months ended 30 June 2022	Banking Solutions	Payment Solutions	Dedicated Solutions	Eliminations	Hyperinflation	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Sales revenues:	27,654	73,607	45,387	(4,925)	673	142,396
Sales to external customers	25,825	70,991	44,907	-	673	142,396
Sales between and/or within segments	1,829	2,616	480	(4,925)	-	-
Gross profit on sales	9,668	19,650	9,467	-	261	39,046
Selling costs	(1,604)	(4,453)	(3,037)	-	(58)	(9,152)
General and administrative expenses	(2,334)	(3,910)	(2,264)	-	(98)	(8,606)
Net profit on sales	5,730	11,287	4,166	-	105	21,288
Other operating activities	(7)	3	97	-	(1)	92
Operating profit	5,723	11,290	4,263	-	104	21,380
Goodwill as at 30 June 2022	44,665	43,594	69,169	-	11,759	169,187

The financial results of segments presented above have been converted at the average exchange rate for the period of 6 months ended 30 June 2022: EUR 1 = PLN 4.6427, whereas the financial position data have been converted at the exchange rate effective on 30 June 2022: EUR 1 = PLN 4.6806.

In the current reporting period, the financial data of our subsidiaries operating in Turkey were restated due to hyperinflation. The Management analyzes the operations of individual segments and their financial performance without the impact of hyperinflation-related revaluations. Therefore, the impact of hyperinflation has been disclosed in a separate column in order to reconcile the financial data of segments with the data presented elsewhere in the consolidated financial statements.

Selected financial data for the period of 6 months ended 30 June 2021, in a breakdown by operating segments:

6 months ended 30 June 2021	Banking Solutions	Payment Solutions	Dedicated Solutions	Eliminations	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Sales revenues:	120,547	265,743	157,056	(17,605)	525,741
Sales to external customers	112,074	257,974	155,693	-	525,741
Sales between and/or within segments	8,473	7,769	1,363	(17,605)	-
Gross profit on sales	44,474	69,318	28,956	-	142,748
Selling costs	(7,272)	(13,475)	(10,263)	-	(31,010)
General and administrative expenses	(9,473)	(15,320)	(7,074)	-	(31,867)
Net profit on sales	27,729	40,523	11,619	-	79,871
Other operating activities	137	524	210	-	871
Operating profit	27,866	41,047	11,829	-	80,742
Goodwill at 31 December 2021 (restated)	205,431	202,224	288,458	-	696,113

6 months ended 30 June 2021	Banking Solutions EUR'000	Payment Solutions EUR'000	Dedicated Solutions EUR'000	Eliminations EUR'000	Total EUR'000
Sales revenues:	26,510	58,441	34,540	(3,872)	115,619
Sales to external customers	24,647	56,732	34,240	-	115,619
Sales between and/or within segments	1,863	1,709	300	(3,872)	-
Gross profit on sales	9,781	15,244	6,368	-	31,393
Selling costs	(1,599)	(2,964)	(2,257)	-	(6,820)
General and administrative expenses	(2,083)	(3,369)	(1,556)	-	(7,008)
Net profit on sales	6,099	8,911	2,555	-	17,565
Other operating activities	30	116	46	-	192
Operating profit	6,129	9,027	2,601	-	17,757
Goodwill at 31 December 2021 (restated)	44,665	43,967	62,716	-	151,348

The financial results of segments presented above have been converted at the average exchange rate for the period of 6 months ended 30 June 2021: EUR 1 = PLN 4.5472, whereas the financial position data have been converted at the exchange rate effective on 31 December 2021: EUR 1 = PLN 4.5994.

V. Explanatory notes to the consolidated statement of profit and loss

5.1. Structure of operating revenues

Operating revenues generated during the periods of 3 and 6 months ended 30 June 2022 and in the comparable periods were as follows:

	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Operating revenues by type of products				
Proprietary software and services	248,302	466,468	191,590	379,556
Third-party software and services	28,288	63,795	25,795	47,136
Hardware and infrastructure	72,843	130,835	55,590	99,049
Total	349,433	661,098	272,975	525,741

i. Operating revenues of segments in a breakdown by type of products

Operating revenues of individual segments from sales to external customers by type of products during the period of 6 months ended 30 June 2022 and in the comparable period were as follows:

	Banking Solutions PLN'000	Payment Solutions PLN'000	Dedicated Solutions PLN'000	Total PLN'000
6 months ended 30 June 2022				
Proprietary software and services	115,360	230,765	120,343	466,468
Third-party software and services	2,305	1,313	60,177	63,795
Hardware and infrastructure	2,284	99,422	29,129	130,835
Total operating revenues	119,949	331,500	209,649	661,098

	Banking Solutions PLN'000	Payment Solutions PLN'000	Dedicated Solutions PLN'000	Total PLN'000
6 months ended 30 June 2021				
Proprietary software and services	108,140	186,372	85,044	379,556
Third-party software and services	2,250	2,357	42,529	47,136
Hardware and infrastructure	1,684	69,245	28,120	99,049
Total operating revenues	112,074	257,974	155,693	525,741

ii. Revenues from contracts with customers by the method of recognition in the statement of profit and loss

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Revenues from contracts with customers recognized in accordance with IFRS 15, of which:	615,273	480,913
From goods and services transferred at a specific point in time	192,893	157,836
From goods and services transferred over the passage of time	422,380	323,077
Other operating revenues (mainly from leases)	45,825	44,828
Total operating revenues	661,098	525,741

Operating revenues, which are not recognized in accordance with IFRS 15, represent primarily revenues generated by the Group from the provision of ATMs and POS terminals outsourcing services. Such contracts are treated as operating lease contracts and revenues generated therefrom are recognized in accordance with IFRS 16.

iii. *Operating revenues in a breakdown by countries in which they were generated*

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Operating revenues by countries		
Austria	8,886	9,224
Bosnia and Herzegovina	46,288	15,430
Bulgaria	7,172	6,031
Croatia	84,758	58,820
Montenegro	13,646	7,622
Czech Republic	10,742	8,435
Spain	83,315	77,266
Colombia	4,630	4,531
Kosovo	7,167	7,864
Macedonia	29,310	27,550
Peru	6,991	4,301
Poland	5,897	6,301
Portugal	8,500	7,080
Romania	91,184	67,270
Serbia	159,110	137,254
Slovak Republic	3,738	3,231
Slovenia	10,556	16,060
Turkey	56,827	43,946
Italy	5,794	5,293
Other countries	16,587	12,232
Total operating revenues	661,098	525,741

iv. *Outsourcing contracts – the Group acting as a lessor*

The Group implements a number of contracts for outsourcing of payment transaction processes. The total amounts of future minimum lease payments receivable under such contracts have been estimated as follows:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Future minimum lease payments		
(i) within 1 year	93,487	88,750
(ii) within 1 to 5 years	79,905	71,339
(iii) within more than 5 years	367	3,988
Total	173,759	164,077

5.2. Structure of operating costs

The table below presents operating costs incurred in the periods of 3 and 6 months ended 30 June 2022 and in the comparable periods:

Operating costs	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Cost of goods, materials and third-party services sold (COGS)	(121,192)	(227,672)	(97,174)	(178,960)
Employee benefits	(116,765)	(223,264)	(90,536)	(183,286)
Third-party non-project services and outsourcing of employees	(15,664)	(27,980)	(9,598)	(19,276)
Depreciation and amortization	(22,360)	(43,725)	(18,905)	(37,903)
Maintenance costs of property and company cars	(12,215)	(23,564)	(9,550)	(17,796)
Business trips	(2,111)	(2,997)	(348)	(559)
Advertising	(2,610)	(4,388)	(819)	(1,491)
Other operating expenses	(4,441)	(8,677)	(4,138)	(6,599)
Total	(297,358)	(562,267)	(231,068)	(445,870)
Cost of sales	(253,084)	(479,269)	(199,890)	(382,572)
Selling costs	(23,134)	(42,489)	(14,135)	(31,010)
General and administrative expenses	(21,402)	(39,956)	(16,237)	(31,867)
Recognition/reversal of allowances for trade receivables	262	(553)	(806)	(421)
Total	(297,358)	(562,267)	(231,068)	(445,870)

Third-party non-project services include consulting services which are not related to specific projects, as well as auditing, legal, banking, postal, courier services, and stock exchange fees.

Maintenance costs of property and company cars include the costs of equipment repairs and spare parts used for the executed projects, costs of repairs and maintenance of tangible assets (including infrastructure provided under our outsourcing contracts), maintenance costs of intangible assets, office space rental and maintenance fees, as well as maintenance of company cars.

Share-based payment transactions with employees

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

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

The purchase rights were vested on 23 September 2021. The shares acquisition price was set at the market price on the acquisition date and amounted to PLN 40 per share. According to the concluded agreements, the managers shall exercise all the rights attached to shares acquired (dividend rights, voting rights, etc.) since the shares acquisition date, this is from 23 September 2021. The payment for shares shall be made in 9 instalments, the first one after signing the agreements and subsequently in 8 annual instalments, payable from 31 July 2022. Interest will be charged starting from the shares acquisition date till making the payment, in the amount of 1.5% + max (EURIBOR12M,0) on an annual basis. The amount of such variable component will be determined at the beginning of each subsequent annual interest period. The accrued interest will be paid each year along with the payment of consecutive instalments of the price. The right to pay the acquisition price in instalments is granted to persons participating in this plan provided they continue to serve in a managerial position at the Group and do not violate any material conditions of the agreement (among others, make timely payments according to the schedule, establish a pledge on shares acquired, refrain from selling these shares during the lock-up period, etc.). The managers are not allowed to sell these shares over a lock-up period of 5 years. The managers shall be entitled to make an early payment for all the shares acquired at the agreed price of PLN 40 per share upon expiry of a 4-year period, i.e. from 23 September 2025. An unpaid portion of the selling price shall be secured by establishing a pledge on shares purchased by each buyer.

The agreements also provide for put and call options, enabling the parties to resell or repurchase any unpaid shares.

The fair value of this incentive plan was estimated based on the Black-Scholes Merton model. The value of option rights was measured the use of Monte Carlo simulation techniques combined with the linear least squares regression, i.e. the Longstaff-Schwartz method. The total fair value of the plan as at the rights vesting

date amounted to PLN 1,984 thousand. The incentive plan costs will be accounted for, along with the corresponding increase in equity, as the costs of employee benefits and recognized in the financial results of ASEE Group for the years 2021-2029.

The fair value of equity instruments awarded under the incentive plan has been measured based on the following assumptions:

Market price of 1 share of ASEE on the acquisition date	PLN 40
Acquisition price of 1 share	PLN 40
Expected volatility in share price	29%
Expected volatility in EUR/PLN exchange rate	6%
Interest rate on PLN	1.5% to 1.7%
Interest rate on EUR	-0.54% to - 0.40%

The expected share price volatility of 29% was computed based on historical quotes of our shares in the period of six months preceding the date of the shares sale transaction, taking into account their average prices.

During the valuation, possible changes in the asset value resulting from the payment of dividends were taken into account. As at the valuation date, it is expected that dividends to be paid over the exercise period of options for ASEE shares will amount to PLN 1.00 per share annually.

The options may be exercised within 1 year for shares to be paid up in 2026, 2 years for shares to be paid up in 2027, and 3 years for shares to be paid up in 2028. These periods were correlated with the lock-up period applicable to the sale of shares.

The costs of share-based payment plan disclosed in the interim condensed consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2022 amounted to PLN 144 thousand, of which PLN 90 thousand were related to shares acquired by Members of the Management Board. In correspondence, this transaction was recognized as a separate item of the Company's equity, in the same amount as disclosed in remuneration costs.

Reconciliation of depreciation and amortization charges

The table below presents the reconciliation of depreciation and amortization charges recognized in the statement of profit and loss with those disclosed in the tables of changes in property, plant and equipment, as well as in intangible assets:

	6 months ended 30 June 2022	6 months ended 30 June 2021
	PLN'000	PLN'000
Depreciation charges as disclosed in the table of changes in property, plant and equipment	(24,184)	(22,918)
Amortization charges as disclosed in the table of changes in intangible assets	(8,845)	(4,594)
Depreciation charges as disclosed in the table of changes in right-of-use assets	(10,679)	(10,374)
Depreciation charges on investment property	(17)	(17)
Total depreciation and amortization charges disclosed in the statement of profit and loss and in the statement of cash flows	(43,725)	(37,903)

5.3. Other operating income and expenses

Other operating income and expenses recognized in the periods of 3 and 6 months ended 30 June 2022 and in the comparable periods were as follows:

Other operating income	3 months ended 30 June 2022	6 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2021
	PLN'000	PLN'000	PLN'000	PLN'000
Gain on disposal of property, plant and equipment	135	209	348	573
Income from letting of own office space	14	29	14	28
Reversal of a provision for the costs of court litigation relating to other operations	3	71	-	-
Other	580	798	163	673
Total	732	1,107	525	1,274

Other operating expenses	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Loss on disposal of property, plant and equipment	(95)	(97)	(2)	(2)
Charitable contributions to unrelated parties	(90)	(162)	(34)	(37)
Provisions created, including for the costs of court litigation relating to other operations	20	-	-	-
Other	(180)	(419)	(159)	(364)
Total	(345)	(678)	(195)	(403)

5.4. Financial income and expenses

Financial income earned during the periods of 3 and 6 months ended 30 June 2022 and in the comparable periods was as follows:

Financial income	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Interest income on loans granted and bank deposits	417	844	795	1,292
Positive foreign exchange differences	5,098	10,821	583	5,303
Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss	-	81	481	219
Gain on the net monetary position – hyperinflation	20,338	20,338	-	-
Other financial income	3	41	3	20
Total financial income	25,856	32,125	1,862	6,834

Gain on the net monetary position resulted from the inflation-related revaluation of non-monetary items in the statement of financial position and the statement of profit and loss of our subsidiaries operating in Turkey, using the rate of inflation in the current year. Detailed information on such revaluation is presented in note 2.10.

Financial expenses incurred during the periods of 3 and 6 months ended 30 June 2022 and in the comparable periods were as follows:

Financial expenses	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Interest expenses on bank loans and borrowings	(561)	(1,086)	(234)	(486)
Interest expenses on leases	(393)	(787)	(399)	(836)
Other interest expenses	(94)	(338)	(180)	(429)
Negative foreign exchange differences	(226)	(1,186)	(633)	(1,559)
Expenses related to obtaining control over subsidiaries	-	-	-	(114)
Loss on revaluation of conditional payments in transactions to obtain control and/or buyout of minority interests	(1,058)	(1,242)	(380)	(1,865)
Loss on revaluation of liabilities from the acquisition of non-controlling interests (put options)	(371)	(714)	-	-
Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss	(225)	(358)	(145)	(145)
Other financial expenses	(149)	(172)	(39)	(56)
Total financial expenses	(3,077)	(5,883)	(2,010)	(5,490)

Positive and negative foreign exchange differences are presented in net amounts (reflecting the excess of positive differences over negative differences or otherwise) at the level of individual subsidiaries.

Gain/loss on revaluation of conditional payments in transactions to obtain control resulted from changes in the estimates of deferred contingent liabilities arising from the acquisition of controlling interests in subsidiaries.

Gain/Loss on revaluation of liabilities from the acquisition of non-controlling interests (put options) results from changes in the estimates that are the basis for the calculation of a liability arising from put options if,

under the purchase agreement, benefits incidental to ownership of such puttable equity instruments shall be transferred to the Parent Company (present ownership).

5.5. Corporate income tax

The main charges on pre-tax profit resulting from corporate income tax (current and deferred portions):

	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Current corporate income tax expense as disclosed in the statement of profit and loss, of which:	(10,485)	(19,423)	(7,676)	(15,616)
<i>Current portion of income tax</i>	(12,103)	(21,048)	(9,206)	(17,008)
<i>Adjustments to prior years' income tax</i>	1,618	1,625	1,530	1,392
Deferred income tax	1,842	1,004	420	670
Income tax expense as disclosed in the statement of profit and loss	(8,643)	(18,419)	(7,256)	(14,946)

During the period of 6 months ended 30 June 2022, our effective tax rate equalled 14.7% as compared with 18.2% in the comparable period last year. Such decrease in the effective tax rate was mainly attributable to the recognition of a non-taxable gain on the net monetary position arising from hyperinflation restatements, as well as lower income tax on dividends received by ASEE S.A. from its subsidiaries located outside of the European Union. Income from operating activities was taxed at a similar level as in the previous year.

5.6. Earnings per share

Both during the reporting period and the comparable period, there were no instruments that could potentially dilute basic earnings per share, hence our basic earnings per share and diluted earnings per share are equal. The table below presents net profits and numbers of shares used for the calculation of earnings per share.

	3 months ended 30 June 2022	6 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2021
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251	51,894,251	51,894,251
Net profit attributable to shareholders of the Parent Company for the reporting period (in millions of PLN)	65,046	104,262	33,413	64,842
Consolidated earnings per share for the reporting period (in PLN)	1.25	2.01	0.64	1.25

5.7. Information on dividends paid out

The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to §12 sec. 4 item 2) of the Company's Articles of Association, on 21 June 2022 decided to pay out a dividend in the total amount of PLN 66,425 thousand or PLN 1.28 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 29 June 2022 as the dividend record date. The dividend was paid out on 12 July 2022. The number of shares eligible for dividend was 51,894,251.

In 2021, the Parent Company paid out to its shareholders a dividend for the year 2020. The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to §12 sec. 4 item 2) of the Company's Articles of Association, on 10 June 2021 decided to pay out a dividend in the total amount of PLN 51,894 thousand or PLN 1.00 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 24 June 2021 as the dividend record date. The dividend was paid out on 7 July 2021. The number of shares eligible for dividend was 51,894,251.

VI. Explanatory notes to the consolidated statement of financial position

6.1. Property, plant and equipment

Changes in the net book value of property, plant and equipment that took place during the period of 6 months ended 30 June 2022 and in the comparable period are presented below:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Net book value of property, plant and equipment as at 1 January (restated)	129,349	143,171
Additions, of which:	24,705	15,448
Purchases and modernization	21,013	11,650
Obtaining control over subsidiaries	120	298
Other	3,572	3,500
Reductions, of which:	(25,973)	(24,076)
Depreciation charges for the reporting period	(24,184)	(22,918)
Disposal and liquidation	(1,038)	(877)
Other	(751)	(281)
Impact of hyperinflation	3,225	-
Differences on foreign currency translation of subsidiaries	1,885	(1,955)
Net book value of property, plant and equipment as at 30 June	133,191	132,588

As at 30 June 2022, tangible assets with a book value of PLN 18,380 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities.

As at 31 December 2021, tangible assets with a book value of PLN 18,529 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities.

6.2. Intangible assets

Changes in the net book value of intangible assets that took place during the period of 6 months ended 30 June 2022 and in the comparable period are presented below:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Net book value of intangible assets as at 1 January (restated)	51,035	30,101
Additions, of which:	4,858	4,294
Purchases and modernization	1,684	3,299
Obtaining control over subsidiaries	2,431	995
Costs of development projects in progress	743	-
Reductions, of which:	(8,845)	(4,594)
Amortization charges for the reporting period	(8,845)	(4,594)
Disposal and liquidation	-	-
Impact of hyperinflation	636	-
Differences on foreign currency translation of subsidiaries	720	(277)
Net book value of intangible assets as at 30 June	48,404	29,524

Both as at 30 June 2022 and 31 December 2021, intangible assets did not serve as collateral for any bank loans.

6.3. Right-of-use assets

Changes in the net book value of right-of-use assets that took place during the period of 6 months ended 30 June 2022 and in the comparable period are presented below:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Net book value of right-of-use assets as at 1 January (restated)	51,216	55,711
Additions, of which:	5,138	10,349
Conclusion of new lease contracts	4,227	9,929
Modification of existing contracts	758	420
Obtaining control over subsidiaries	135	-
Other	18	-
Reductions, of which:	(11,113)	(13,045)
Depreciation charges for the reporting period	(10,679)	(10,374)
Acquisition of right-of-use assets	-	(55)
Early termination of contracts	(140)	(512)
Modification of existing contracts (lease shortening, interest rate change)	(294)	(2,050)
Other	-	(54)
Differences on foreign currency translation of subsidiaries	858	(906)
Net book value of right-of-use assets as at 30 June	46,099	52,109

6.4. Goodwill

For impairment testing purposes, goodwill arising from obtaining control over subsidiaries is allocated by the Group to the group of cash-generating units that constitute an operating segment.

The following table presents the amounts of goodwill as at 30 June 2022 and 31 December 2021, in a breakdown by operating segments:

	30 June 2022 PLN'000	31 Dec. 2021 (restated) PLN'000
Goodwill		
Goodwill at the beginning of the period	696,113	569,835
Banking Solutions	205,431	207,063
Payment Solutions	202,224	183,077
Dedicated Solutions	288,458	179,695
Change in consolidation goodwill due to the acquisition of shares (+/-)	30,980	140,222
Banking Solutions	-	-
Payment Solutions	-	26,821
Dedicated Solutions	30,980	113,401
Change due to hyperinflation (+/-):	60,516	-
Banking Solutions	5,605	-
Payment Solutions	30,059	-
Dedicated Solutions	24,852	-
Foreign exchange differences (+/-)	4,291	(13,944)
Banking Solutions	3,115	(1,632)
Payment Solutions	(844)	(7,674)
Dedicated Solutions	2,020	(4,638)
Total goodwill	791,900	696,113
Banking Solutions	214,151	205,431
Payment Solutions	231,439	202,224
Dedicated Solutions	346,310	288,458
Total at the end of the period	791,900	696,113

In the period of 6 months ended 30 June 2022, the balance of goodwill arising from consolidation was affected by the transactions described below. Foreign currency amounts disclosed for individual acquisitions in the

tables below have been converted to Polish zlotys at the exchange rates effective on the acquisition date, whereas in the aggregate table above, changes in goodwill have been converted to Polish zlotys at the average exchange rate for the reporting period.

i. Hyperinflation in Turkey

Due to the recognition of the Turkish economy as hyperinflationary, the Group has applied IAS 29 which requires the restatement of non-monetary assets to take into account the change in purchasing power based on the general price index and to be expressed in the measuring units current at the end of the reporting period. One of the non-monetary assets is goodwill recognized as at the date of obtaining control over our Turkish subsidiaries. Such goodwill was comes from the years 2010-2021. The inflation-related revaluation of goodwill from the date of obtaining control till the end of the previous financial year, which amounted to PLN 36,598 thousand, has been disclosed in other comprehensive income and in equity, in the line 'Differences on foreign currency translation of subsidiaries'. The effect of restating goodwill for the inflation rate in the current financial year in the amount of PLN 23,919 thousand has been recognized in financial income or expenses, in the line 'Gain/Loss on the net monetary position'. Both of these revaluations were also translated using the exchange rates effective at the end of the reporting periods. The effect of translation at the closing exchange rate of the previous financial year in the amount of PLN -3,968 thousand was charged against other comprehensive income, whereas the effect of translation of the change in goodwill in the current financial year at the closing exchange rate of the reporting period in the amount of PLN -1,508 thousand decreased the 'Gain/Loss on the net monetary position'. In correspondence, the effect of exchange rate differences was recognized in 'Differences on foreign currency translation of subsidiaries'.

The impact of hyperinflation on our consolidated financial statements has been described in explanatory note 2.10.

ii. Acquisition of shares in Bithat Solutions s.r.l.

On 16 June 2022, Asseco SEE s.r.l., (Bucharest) acquired 70% of shares in Bithat Solutions s.r.l., a company based in Bucharest (Romania), for the total amount EUR 7.8 million. The purchase price includes conditional payments in the amount of EUR 1.3 million depending on financial results achieved by the acquired company. All non-controlling interests are subject to put/call options and accounted for using the expected purchase method. As at the acquisition date, the value of put options was measured at purchase price amounting to EUR 3.5 million, while the carrying amount of non-controlling interests stood at 0.

Until 30 June 2022, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of Bithat Solutions s.r.l. as disclosed below may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of Bithat Solutions s.r.l. as at the date of obtaining control are presented below (converted at the exchange rate of PLN/RON effective on the acquisition date):

	Provisional values as at the acquisition date RON'000	Provisional values as at the acquisition date PLN'000	Level in fair value hierarchy
Assets acquired			
Property, plant and equipment	128	121	3
Intangible assets	2,590	2,458	3
Right-of-use assets	144	137	3
Trade receivables	1,666	1,581	3
Cash and cash equivalents	1,821	1,728	3
Other assets	433	411	3
Total assets	6,782	6,436	
Liabilities acquired			
Lease liabilities	145	138	3
Trade payables	317	301	3
Liabilities to the state and local budgets	132	125	3
Other liabilities	359	341	3
Total liabilities	953	905	
Net assets value	5,829	5,531	
Equity interest acquired	100%*	100%*	
Value of non-controlling interests	-	-	
Purchase price	38,478	36,512	
Goodwill as at the acquisition date	32,649	30,981	

*The acquisition has been accounted for using the expected purchase method due to the put/call options contained in the company acquisition agreement. The values have been converted to PLN at the exchange rate effective on the acquisition date, i.e. 17 June 2022: RON 1 = PLN 0.9489

Input data were derived from the company's financial statements drawn up as at 30 June 2022. The input data were prepared in accordance with the ASEE Group's accounting policy.

In the consolidated financial statements of ASEE Group, goodwill arising from the acquisition of Bithat Solutions s.r.l. was allocated to the Dedicated Solutions segment.

iii. Allocation of the purchase price of Vebspot d.o.o.

On 17 February 2021, Payten Macedonia (Skopje) acquired 100% of shares in the company Vebspot d.o.o. based in Skopje, for the total amount of EUR 1.25 million.

The process of purchase price allocation was completed in the first half of 2022. The fair values of identifiable assets and liabilities of the acquired company as at the date of obtaining control are presented below (converted at the exchange rate of PLN/MDK effective on the acquisition date):

VEBSPOT d.o.o.	Original values as at the acquisition date MKD'000	Original values as at the acquisition date PLN'000	Fair values as at the acquisition date MKD'000	Fair values as at the acquisition date PLN'000	Level in fair value hierarchy
Assets acquired					
Property, plant and equipment	1,615	118	1,615	118	3
Intangible assets	3,838	280	3,838	280	3
Trade receivables	4,325	316	4,325	316	3
Receivables from the state and local budgets	181	13	181	13	3
Prepayments and accrued income	23	2	23	2	3
Cash and cash equivalents	3,468	253	3,468	253	3
Other assets	34	2	34	2	3
Total assets	13,484	984	13,484	984	
Liabilities acquired					
Trade payables	107	8	107	8	3
Liabilities to the state and local budgets	596	43	596	43	3
Prepayments and accrued income	4,153	303	4,153	303	3
Other liabilities	2,516	184	2,516	184	3
Total liabilities	7,372	538	7,372	538	
Net assets value	6,112	446	6,112	446	
Equity interest acquired	100%	100%	100%	100%	
Purchase price	92,321	6,738	76,313	5,570	
Goodwill as at the acquisition date	86,209	6,292	70,201	5,124	

The values have been converted to PLN at the exchange rate effective on the acquisition date, i.e. 17.02.2021: MKD 1 = PLN 0.0730

Input data were derived from the company's financial statements drawn up as at 28 February 2021. The input data were prepared in accordance with the ASEE Group's accounting policy.

In the consolidated financial statements of ASEE Group, goodwill arising from the acquisition of Vebspot d.o.o. was allocated to the Payment Solutions segment.

iv. Allocation of the purchase price of shares in ContentSpeed s.r.l.

On 22 July 2021, Payten Payment Solutions s.r.l. (Bucharest) acquired 80% of shares in ContentSpeed s.r.l., a company based in Bucharest (Romania), for the total of EUR 2.4 million. The purchase price includes conditional payments in the amount of EUR 0.7 million depending on financial results achieved by the acquired company. All non-controlling interests are subject to put/call options and accounted for using the expected purchase method. As at the acquisition date, the value of put options was measured at purchase price amounting to EUR 1.2 million, while the carrying amount of non-controlling interests stood at 0.

The process of purchase price allocation was completed in the first half of 2022. The fair values of identifiable assets and liabilities of ContentSpeed s.r.l. as at the date of obtaining control are presented below (converted at the exchange rate of PLN/RON effective on the acquisition date):

	Original values as at the acquisition date RON'000	Original values as at the acquisition date PLN'000	Provisional values as at the acquisition date RON'000	Provisional values as at the acquisition date PLN'000	Recognized from PPA* as at the acquisition date PLN'000	Fair values as at the acquisition date PLN'000	Level in fair value hierarchy PLN'000
Assets acquired							
Property, plant and equipment	176	164	176	164		164	3
Intangible assets	622	578	622	578	8,135	8,713	3
Right-of-use assets	886	823	886	823		823	3
Trade receivables	1,097	1,019	1,097	1,019		1,019	3
Receivables from the state and local budgets	98	91	98	91		91	3
Inventories	2	2	2	2		2	3
Cash and cash equivalents	126	117	126	117		117	3
Other assets	203	189	203	189		189	3
Total assets	3,210	2,983	3,210	2,983	8,135	11,117	
Liabilities acquired							
Bank loans and borrowings	438	407	438	407		407	3
Lease liabilities	856	795	856	795		795	3
Trade payables	77	72	77	72		72	3
Liabilities to the state and local budgets	172	160	172	160		160	3
Deferred tax liabilities	-	-	-	-	1,302	1,302	3
Other liabilities	1,359	1,263	1,359	1,263		1,263	3
Total liabilities	2,902	2,697	2,902	2,697	1,302	3,998	
Net assets value	308	286	308	286	6,833	7,119	
Equity interest acquired	100%*	100%*	100%*	100%*		100%*	
Value of non-controlling interests	-	-	-	-		-	
Purchase price	20,620	19,162	20,620	19,162		19,162	
Goodwill as at the acquisition date	20,312	18,876	20,312	18,876		12,043	

*The acquisition has been accounted for using the expected purchase method due to the put/call options contained in the company acquisition agreement.
The values have been converted to PLN at the exchange rate effective on the acquisition date, i.e. 22.07.2021: RON 1 = PLN 0.9293

Input data were derived from the company's financial statements drawn up as at 31 July 2021. The input data were prepared in accordance with the ASEE Group's accounting policy.

As a result of the purchase price allocation, the Group recognized intangible assets constituted by software providing a platform for e-Commerce stores. The software valuation was made on the basis of expected future sales revenues, expected EBITDA margin and return on assets employed. The estimated cash flows were discounted with a discount rate equivalent to the weighted average cost of capital determined for the acquired company. In correspondence to the recognition of assets, the Group recognized deferred tax liabilities.

In the consolidated financial statements of ASEE Group, goodwill arising from the acquisition of ContentSpeed company was allocated to the Payment Solutions segment.

v. Allocation of the purchase price of IT SISTEMI-NOVE TEHNOLOGIJE d.o.o.

On 28 July 2021, Asseco SEE d.o.o., (Zagreb) signed an agreement to acquire 100% of shares in IT SISTEMI-NOVE TEHNOLOGIJE d.o.o., a company based in Split (Croatia), for the total amount of EUR 6 million. The Group obtained control over IT Sistemi d.o.o. on 8 September 2021 upon satisfying all the conditions precedent. IT Sistemi holds 100% of shares in the company Evision Informacijski Sustavi d.o.o.

In the first half of 2022, the Group changed the provisional values of identifiable assets and liabilities of IT Sistemi as at the date of obtaining control. Until 30 June 2022, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of IT Sistemi Group as at the date of obtaining control are presented below (converted at the exchange rate of PLN/HRK effective on the acquisition date):

	Original values as at the acquisition date HRK'000	Original values as at the acquisition date PLN'000	Provisional values as at the acquisition date HRK'000	Provisional values as at the acquisition date PLN'000	Assets recognized as at the acquisition date (PPA) PLN'000	Provisional values as at the acquisition date PLN'000	Level in fair value hierarchy PLN'000
Assets acquired							
Property, plant and equipment	199	120	199	120		120	3
Intangible assets	1,811	1,094	1,811	1,094	8,945	10,039	3
Right-of-use assets	2,866	1,731	2,866	1,731		1,731	3
Trade receivables	4,775	2,884	4,775	2,884		2,884	3
Receivables from the state and local budgets	510	308	510	308		308	3
Financial assets	170	103	170	103		103	3
Cash and cash equivalents	17,375	10,495	17,375	10,495		10,495	3
Other assets	1,470	888	1,470	888		888	3
Total assets	29,176	17,623	29,176	17,623	8,945	26,568	
Liabilities acquired							
Lease liabilities	2,923	1,765	2,923	1,765		1,765	3
Trade payables	429	259	429	259		259	3

Liabilities to the state and local budgets	759	458	759	458	458	3
Deferred tax liabilities	-	-	-	-	1,610	3
Other liabilities	6,937	4,190	6,937	4,190	4,190	3
Total liabilities	11,048	6,672	11,048	6,672	1,610	8,282
Net assets value	18,128	10,951	18,128	10,951	7,335	18,286
Equity interest acquired	100%	100%	100%	100%	100%	100%
Value of non-controlling interests	-	-	-	-	-	-
Purchase price	44,938	27,143	44,938	27,143	27,143	
Goodwill as at the acquisition date	26,810	16,192	26,810	16,192	8,857	

The values have been converted to PLN at the exchange rate effective on the acquisition date, i.e. 08.09.2021: HRK 1 = PLN 0.6040

Input data were derived from the company's financial statements drawn up as at 31 August 2021. The input data were prepared in accordance with the ASEE Group's accounting policy.

As a result of the purchase price allocation, the Group recognized intangible assets constituted by BPM-class software. The software valuation was made on the basis of expected future sales revenues, expected EBITDA margin and return on assets employed. The estimated cash flows were discounted with a discount rate equivalent to the weighted average cost of capital determined for the acquired company. In correspondence to the recognition of assets, the Group recognized deferred tax liabilities.

In the consolidated financial statements of ASEE Group, goodwill arising from the acquisition of IT Sistemi Group was allocated to the Dedicated Solutions segment.

vi. Allocation of the purchase price of BS Telecom Solutions d.o.o. Sarajevo

On 10 December 2021, Asseco SEE d.o.o. (Sarajevo) acquired 60% of shares in BS Telecom Solutions d.o.o. Sarajevo, a company based in Sarajevo (Bosnia and Herzegovina). The Group obtained control over BS Telecom Solutions d.o.o. Sarajevo on 16 December 2021 upon satisfying all the conditions precedent. The transaction price amounted to EUR 15.5 million, of which EUR 7.3 million constitutes a conditional payment depending on future financial results achieved by the acquired company. All non-controlling interests are subject to put/call options and accounted for using the expected purchase method. As at the acquisition date, the value of put options was measured at purchase price amounting to EUR 9 million, while the carrying amount of non-controlling interests stood at 0.

In the first half of 2022, the Group changed the provisional values of identifiable assets and liabilities of BS Telecom Solutions d.o.o. as at the date of obtaining control. Until 30 June 2022, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of BS Telecom Solutions d.o.o. as at the date of obtaining control are presented below (converted at the exchange rate of PLN/BAM effective on the acquisition date):

	Original values as at the acquisition date BAM'000	Original values as at the acquisition date PLN'000	Provisional values as at the acquisition date BAM'000	Provisional values as at the acquisition date PLN'000	Level in fair value hierarchy
Assets acquired					
Property, plant and equipment	739	1,742	651	1,534	3
Intangible assets	358	844	358	844	3
Right-of-use assets	1,266	2,984	1,355	3,194	3
Trade receivables	14,523	34,229	8,577	20,215	3
Contract assets	-	-	5,946	14,014	3
Receivables from the state and local budgets	286	674	65	153	3
Financial assets	-	-	531	1,252	3
Inventories	4,088	9,635	4,088	9,635	3
Cash and cash equivalents	2,330	5,492	1,801	4,245	3
Other assets	1,373	3,236	1,417	3,340	3
Total assets	24,963	58,836	24,789	58,426	
Liabilities acquired					
Bank loans and borrowings	11,334	26,713	11,356	26,765	3
Lease liabilities	1,357	3,198	1,357	3,198	3
Other financial liabilities	9	21	-	-	3
Trade payables	5,882	13,863	5,181	12,211	3
Contract liabilities	-	-	1,100	2,593	3
Liabilities to the state and local budgets	22	52	280	660	3
Other liabilities	1,010	2,380	573	1,351	3
Total liabilities	19,614	46,227	19,847	46,778	

Net assets value	5,349	12,609	4,942	11,648
Equity interest acquired	100%*	100%*	100%*	100%*
Value of non-controlling interests	-	-	-	-
Purchase price	47,892	112,877	47,892	112,877
Goodwill	42,543	100,268	42,950	101,229

*The acquisition has been accounted for using the expected purchase method due to the put/call options contained in the company acquisition agreement.

The values have been converted to PLN at the exchange rate effective on the acquisition date, i.e. 16.12.2021: BAM 1 = PLN 2.3569

Input data were derived from the company's financial statements drawn up as at 31 December 2021. The input data were prepared in accordance with the ASEE Group's accounting policy.

In the consolidated financial statements of ASEE Group, goodwill arising from the acquisition of BS Telecom Solutions d.o.o. was allocated to the Dedicated Solutions segment.

6.5. Impairment tests

In line with the Group's policy, each year as at 31 December, the Management of the Parent Company performs an annual impairment test on cash-generating units or groups of cash-generating units to which goodwill or/and intangible assets with an indefinite period of useful life have been allocated. Whereas, as at each interim reporting date, the Management of the Parent Company only performs a review of the indications of possible impairment of cash-generating units to which goodwill and/or intangible assets with indefinite useful life have been allocated. In the event such indications are identified, the Management shall first verify the assumptions adopted in the last annual impairment test and, if necessary, carry out an impairment test for a given cash-generating unit or group of cash-generating units also the interim reporting date. The procedures followed in interim impairment testing are consistent with those applied for annual impairment tests performed as at 31 December.

Each impairment test requires making estimates of the recoverable amount of a cash-generating unit or a group of cash-generating units to which goodwill is allocated.

As at 30 June 2022, the Group verified its assumptions for the impairment test performed on goodwill as at 31 December 2021. In particular we checked whether the assumptions made in 2021 concerning the financial results to be achieved by individual cash-generating units were not materially different from their actual financial performance in the first half of 2022, and whether internal or external factors did not cause a deterioration of our forecasts for the next financial years. The discount rate was verified by checking the weighted average cost of capital at the level of individual subsidiaries. If there were indications of impairment of investments in subsidiaries at the individual level, new tests were performed and the impact of WACC on these tests was analyzed, and the potential impact of those tests for impairment of goodwill was also analyzed at the group level.

The conducted analysis did not show any indications that would necessitate performing an impairment test on goodwill allocated to operating segments of the Group.

In line with the Group's policy, goodwill allocated to all of our operating segments will be tested for impairment as at 31 December 2022, even if there are no indications of impairment.

6.6. Other financial assets

Both as at 30 June 2022 and 31 December 2021, apart from receivables and cash and cash equivalents described in other notes, the Group also held other financial assets as presented in the table below.

	30 June 2022		31 Dec. 2021 (restated)	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Financial assets carried at fair value through profit or loss, of which:				
Currency forward contracts	-	-	-	20
Shares in companies not listed on regulated markets	-	26	-	2
	-	26	-	22
Financial assets carried at fair value through other comprehensive income, of which:				
Shares in companies quoted in an active market	30	1	25	-

Shares in companies not quoted in an active market	21	-	22	-
	51	1	47	-
Financial assets carried at amortized cost, of which:				
Loans granted, of which:				
granted to employees	-	242	-	97
granted to other entities	-	-	-	8
Cash deposits	1,264	2	1,242	8
	1,264	244	1,242	113
Total	1,315	271	1,289	135

As at 30 June 2022 and 31 December 2021, financial assets carried at amortized cost included term cash deposits which serve as collateral for bank loans that were obtained to finance the performance of contracts.

Changes in the fair value measurement of financial instruments carried at fair value, and changes in the classification of financial instruments

In the period of 6 months ended 30 June 2022, the Group did not change its methods for measuring the fair value of financial instruments carried at fair value nor did it transfer any instruments between individual levels of the fair value hierarchy.

Both as at 30 June 2022 and 31 December 2021, the fair values of financial assets were not significantly different from their book values.

As at 30 June 2022	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial assets carried at fair value through profit or loss				
Shares in companies not listed on regulated markets	26	-	-	26
Total	26	-	-	26
Financial assets carried at fair value through other comprehensive income				
Shares in companies quoted in an active market	31	31	-	-
Shares in companies not listed on regulated markets	21	-	-	21
Total	52	31	-	21

- i. fair value determined on the basis of quoted prices offered in active markets for identical assets;
- ii. fair value determined using calculation models based on inputs that are observable, either directly or indirectly, in active markets;
- iii. fair value determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets.

As at 31 December 2021	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial assets carried at fair value through profit or loss				
Currency forward contracts	20	-	20	-
Shares in companies not listed on regulated markets	2	-	-	2
Total	22	-	20	2
Financial assets carried at fair value through other comprehensive income				
Shares in companies quoted in an active market	25	25	-	-
Shares in companies not listed on regulated markets	22	-	-	22
Total	47	25	-	22

Descriptions of the fair value hierarchy levels are identical to those provided under the table above.

6.7. Prepayments and accrued income

As at 30 June 2022 and 31 December 2021, prepayments and accrued income included the following items:

	30 June 2022		31 Dec. 2021	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Prepaid services, of which:	2,560	46,437	1,986	36,218
<i>maintenance services and license fees</i>	2,373	37,507	1,914	29,552
<i>insurances</i>	-	2,405	-	1,373
<i>rents and averaged instalments under operating leases</i>	-	231	72	250
<i>prepaid consulting services</i>	-	155	-	114
<i>other services</i>	187	6,139	-	4,929
Expenses related to services performed for which revenues have not been recognized yet	-	1,295	-	1,095
Other prepayments and accrued income	4	2,802	70	2,035
Total	2,564	50,534	2,056	39,348

6.8. Receivables and contract assets

The table below presents the amounts of receivables as at 30 June 2022 as well as at 31 December 2021.

	30 June 2022		31 Dec. 2021	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade receivables, of which:	-	203,943	-	205,631
Trade receivables:	-	202,390	-	205,818
from related parties	-	492	-	762
from other entities	-	201,898	-	205,056
Receivables from operating leases	-	10,569	-	7,509
Allowances for trade receivables	-	(9,016)	-	(7,696)
Corporate income tax receivable	-	3,187	-	2,818
Receivables from the state and local budgets	-	4,177	-	3,993
Value added tax	-	1,999	-	1,174
Other	-	2,178	-	2,819
Other receivables	627	13,067	634	9,766
Security deposits receivable	627	1,466	634	1,328
Other receivables	-	11,687	-	8,524
Allowance for other doubtful receivables	-	(86)	-	(86)
Total receivables	627	224,374	634	222,208

The balance of other receivables includes, among others, receivables relating to guarantees of due performance of contracts (i.e. cash security provided to customers in order to compensate for their potential losses should we fail to fulfil any contractual obligations), receivables from disposal of tangible assets, receivables from security deposits paid-in, as well as other receivables.

As at 30 June 2022, trade receivables in the amount of PLN 10,131 thousand and other receivables in the amount of PLN 308 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities.

As at 31 December 2021, trade receivables in the amount of PLN 20,848 thousand and other receivables in the amount of PLN 300 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities.

The table below presents assets from contracts with customers as at 30 June 2022 as well as at 31 December 2021.

Contract assets	30 June 2022		31 Dec. 2021	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Uninvoiced receivables	-	49,756	-	23,548
from related parties	-	-	-	-
from other entities	-	49,756	-	23,548
Receivables from valuation of IT contracts	-	33,230	-	20,685
from related parties	-	674	-	780
from other entities	-	32,556	-	19,905
Total contract assets	-	82,986	-	44,233

Related party transactions have been presented in explanatory note 6.17 to these interim condensed consolidated financial statements.

Changes in the amount of allowances for trade receivables during the period of 6 months ended 30 June 2022 and in the comparable period are presented in the table below:

Allowances for trade receivables	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
As at 1 January	(7,696)	(6,373)
Recognized during the reporting period	(3,737)	(2,197)
Utilized during the reporting period	85	7
Reversed during the reporting period	3,188	1,347
Acquisition of subsidiaries	(973)	-
Foreign exchange differences	117	327
Impairment losses as at 30 June	(9,016)	(6,889)

6.9. Inventories

The table below presents inventories as at 30 June 2022 and in the comparable period:

Inventories	30 June 2022 PLN'000	31 Dec. 2021 PLN'000
Computer hardware, third-party software licenses and other goods for resale	59,125	40,156
Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services	14,976	12,478
Impairment losses on inventories	(16,434)	(16,058)
Total	57,667	36,576

Changes in the amount of impairment losses on inventories during the period of 6 months ended 30 June 2022 and in the comparable period are presented in the table below:

Impairment losses on inventories	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
As at 1 January	(16,058)	(17,365)
Recognized during the reporting period	(2,231)	(2,517)
Utilized during the reporting period	-	9
Reversed during the reporting period	2,149	2,005
Obtaining of control over subsidiaries	-	(10)
Foreign exchange differences	(294)	223
Impairment losses as at 30 June	(16,434)	(17,655)

6.10. Cash and cash equivalents

The table below presents cash and cash equivalents as at 30 June 2022 and in the comparable period:

	30 June 2022	31 Dec. 2021 (restated)
	PLN'000	PLN'000
Cash at bank and on hand	226,533	193,642
Cash at split payment accounts	208	90
Short-term bank deposits (up to 3 months)	42,975	36,018
Cash in transit and other cash equivalents	103	11
Total cash and cash equivalents as disclosed in the statement of financial position	269,819	229,761
Interest accrued on cash and cash equivalents	-	(7)
Bank overdraft facilities utilized for current liquidity management	(30,967)	(25,125)
Total cash and cash equivalents as disclosed in the cash flow statement	238,852	204,629

As at 30 June 2022, cash in the amount of PLN 27,877 thousand held in bank accounts of ASEE S.A. was subject to a registered pledge in order to secure the repayment of a loan obtained from that bank. As at the reporting date, liabilities under the loan secured with these assets amounted to PLN 25,743 thousand.

6.11. Lease liabilities

As at 30 June 2022, the Group was a lessee under lease contracts. Assets leased under such contracts included:

- offices and warehouses,
- cars,
- IT hardware and other assets.

The table below presents the amounts of lease liabilities as at 30 June 2022 as well as at 31 December 2021:

Financial liabilities	30 June 2022		31 Dec. 2021	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Leases of real estate	24,806	15,563	28,407	15,996
Leases of transportation vehicles	3,949	3,011	4,202	3,261
Leases of IT hardware and other assets	208	1,210	703	1,565
	28,963	19,784	33,312	20,822

6.12. Bank loans and borrowings

The table below presents the Group's debt outstanding as at 30 June 2022 and 31 December 2021.

	Currency	Repayment date	30 June 2022		31 Dec. 2021 (restated)	
			Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Bank overdraft facilities			-	30,967	-	25,125
<i>fixed interest rate</i>	MKD	30.06.2022	-	8	-	13
<i>fixed interest rate</i>	EUR	05.07.2022	-	142	-	27
<i>fixed interest rate</i>	TRY	21.07.2022	-	14	-	59
<i>fixed interest rate</i>	COP	01.07.2022	-	3	-	10
<i>fixed interest rate</i>	BGN	13.07.2022	-	3	-	-
<i>fixed interest rate</i>	BAM	12.06.2023	-	2,943	-	1,784
<i>fixed interest rate</i>	BAM	28.05.2023	-	4,341	-	4,537
<i>fixed interest rate</i>	BAM	30.11.2022	-	1,194	-	1,173
<i>fixed interest rate</i>	BAM	23.05.2023	-	3,581	-	3,519
<i>fixed interest rate</i>	BAM	15.11.2022	-	4,608	-	1,335
<i>fixed interest rate</i>	BAM	28.01.2023	-	105	-	1,877
<i>fixed interest rate</i>	BAM	30.06.2023	-	8,595	-	8,445

<i>fixed interest rate</i>	BAM	11.02.2023	-	1,432	-	1,408
<i>fixed interest rate</i>	BAM	05.08.2022	-	-	-	938
<i>fixed interest rate</i>	BAM	01.04.2023	-	1,910	-	-
<i>fixed interest rate</i>	BAM	01.06.2023	-	895	-	-
<i>fixed interest rate</i>	BAM	01.06.2023	-	1,193	-	-
Other bank loans			51,147	33,095	39,614	21,081
<i>1M EURIBOR + margin</i>	EUR	31.07.2023	-	5,349	2,628	5,523
<i>3M EURIBOR + margin</i>	EUR	30.06.2024	3,409	3,409	5,025	3,350
<i>3M EURIBOR + margin</i>	EUR	31.12.2022	-	515	-	1,012
<i>3M EURIBOR + margin</i>	EUR	29.07.2026	25,743	-	25,297	-
<i>3M EURIBOR + margin</i>	EUR	23.12.2022	-	1,911	-	-
<i>6M EURIBOR + margin</i>	BAM	22.04.2024	927	401	911	714
<i>6M EURIBOR + margin</i>	EUR	01.03.2022	-	-	-	70
<i>6M EURIBOR + margin</i>	EUR	05.02.2024	-	-	297	325
<i>6M EURIBOR + margin</i>	EUR	08.07.2026	1,588	458	1,897	360
<i>6M EURIBOR + margin</i>	EUR	30.09.2023	13	57	39	56
<i>1Y EURIBOR + margin</i>	EUR	30.06.2022	-	-	-	11
<i>1Y EURIBOR + margin</i>	EUR	22.06.2027	1,872	-	-	-
<i>ROBOR + margin</i>	RON	01.09.2022	-	5,068	-	-
<i>ROBOR + margin</i>	RON	29.04.2022	-	-	-	279
<i>fixed interest rate</i>	EUR	22.04.2023	-	2,342	919	2,758
<i>fixed interest rate</i>	EUR	14.09.2022	-	1,166	-	3,441
<i>fixed interest rate</i>	EUR	03.06.2022	-	-	-	1,379
<i>fixed interest rate</i>	EUR	30.06.2024	1,755	1,755	2,587	1,725
<i>fixed interest rate</i>	EUR	05.02.2024	302	204	-	-
<i>fixed interest rate</i>	PEN	13.02.2023	-	62	14	78
<i>fixed interest rate</i>	EUR	10.01.2025	11,123	2,929	-	-
<i>fixed interest rate</i>	EUR	30.11.2022	-	3,451	-	-
<i>fixed interest rate</i>	EUR	20.05.2024	4,415	4,018	-	-
Loans			-	23	-	-
<i>3M EURIBOR + margin</i>	BAM	22.04.2022	-	23	-	-
Total			51,147	64,085	39,614	46,206

The Group's total debt amounted to PLN 115,232 thousand as at 30 June 2022, as compared with PLN 85,820 thousand as at 31 December 2021. The total amount of debt increased as a result of new bank loans that were obtained for company acquisitions as well as for financing of infrastructure being used in our payment process outsourcing projects.

Total proceeds from and repayments of bank loans disclosed in the statement of cash flows for the period of 6 months ended 30 June 2022 amounted to PLN 35,029 thousand (proceeds) and PLN 12,902 thousand (repayments).

As at 30 June 2022, tangible assets with a book value of PLN 18,380 thousand, trade receivables in the amount of PLN 6,929 thousand, cash in the amount of PLN 27,877 thousand, as well as financial assets carried at amortized cost (long-term cash deposits) in the amount of PLN 1,252 thousand served as collateral for bank loans and open bank guarantee facilities. As at 30 June 2022, liabilities that were secured with such assets amounted to PLN 40,854 thousand.

As at 31 December 2021, tangible assets with a book value of PLN 18,529 thousand, trade receivables in the amount of PLN 6,041 thousand, as well as financial assets carried at amortized cost (long-term cash deposits) in the amount of PLN 1,232 thousand served as collateral for bank loans and open bank guarantee facilities. As at 31 December 2021, liabilities that were secured with such assets amounted to PLN 16,096 thousand.

In the reporting period, the margins realized by lenders to ASEE Group companies ranged from 1.2 to 5.2 percentage points on an annual basis. Whereas, in the comparable period such margins ranged from 1.0 to 5.2 percentage points per annum.

Some loans obtained from banks come with the so-called covenants which impose an obligation to maintain certain financial ratios at the levels required by the bank. These ratios are related to the level of indebtedness, e.g. debt to EBITDA. Both as at 30 June 2022 and 31 December 2021, ASEE Group companies did not infringe on any covenants defined in their bank loan agreements.

Fair value of financial liabilities

In the period of 6 months ended 30 June 2022, the Group did not transfer any debt instruments between individual levels of the fair value hierarchy.

As at 30 June 2022 and 31 December 2021, the fair values of bank loans were not significantly different from their book values, and they were determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets (level 3 of the fair value hierarchy).

6.13. Other financial liabilities

The table below presents other financial liabilities outstanding as at 30 June 2022 and in the comparable period:

Financial liabilities	30 June 2022		31 Dec. 2021 (restated)	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Dividends payable	-	69,585	-	-
Liabilities under deferred and/or conditional payments for controlling interests / buyout of minority interests	7,993	26,164	4,595	18,591
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	65,157	36,146	49,571	25,156
Currency forward contracts	692	93	516	15
Other financial liabilities	-	8	-	2
	73,842	131,996	54,682	43,764

As at 30 June 2022, ASEE Group recognized liabilities under put options granted to non-controlling shareholders in the total amount of PLN 101,303 thousand which were related to the following companies: Necomplus – PLN 36,146 thousand, ContentSpeed – PLN 5,905 thousand, BS Telecom – PLN 42,959 thousand, and Bithat Solutions – PLN 16,292 thousand. The above-mentioned liabilities have been estimated using the price calculation formula as defined in the acquisition agreement, which corresponds to the amount of profits for the contractual term multiplied by a predetermined coefficient.

As at 30 June 2022, liabilities under conditional payments for controlling interests amounted in total to PLN 34,157 thousand and were related to acquisitions of the following companies: Smarttek – PLN 1,320 thousand, ContentSpeed – PLN 4,163 thousand, BS Telecom – PLN 16,982 thousand, and Bithat Solutions – PLN 6,162 thousand. The amount of PLN 5,529 thousand represents a conditional payment for the buyout of minority interests. The above-mentioned liabilities have been estimated using the price calculation formula as defined in the acquisition agreement, which corresponds to the company's profit for the contractual term multiplied by a predetermined coefficient.

Both as at 30 June 2022 and 31 December 2021, the fair values of financial liabilities were not significantly different from their book values.

As at 30 June 2022	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial liabilities				
Dividends payable	69,585	-	-	69,585
Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	34,157	-	-	34,157
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	101,303	-	-	101,303
Currency forward contracts	785	-	785	-
Other financial liabilities	8	-	-	8
Total	205,838	-	785	205,053

i. fair value determined on the basis of quoted prices offered in active markets for identical assets;

ii. fair value determined using calculation models based on inputs that are observable, either directly or indirectly, in active markets;

iii. fair value determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets.

As at 31 December 2021 (restated)	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial liabilities				
Liabilities under deferred and/or conditional payments for controlling interests / buyout of minority interests	23,186	-	-	23,186
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	74,727	-	-	74,727
Currency forward contracts	531	-	531	-
Other financial liabilities	2	-	-	2
Total	98,446	-	531	97,915

Descriptions of the fair value hierarchy levels are identical to those provided under the table above.

6.14. Trade payables, state budget liabilities, and other liabilities

The table below presents the Group's liabilities outstanding as at 30 June 2022 and 31 December 2021:

	30 June 2022		31 Dec. 2021	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade payables, of which:	-	103,955	-	89,907
Trade payables	-	87,901	-	81,822
from related parties	-	100	-	236
from other entities	-	87,801	-	81,586
Uninvoiced payables	-	16,054	-	8,085
from related parties	-	48	-	216
from other entities	-	16,006	-	7,869
Corporate income tax payable	-	7,485	-	11,005
Liabilities to the state and local budgets	-	22,050	-	36,783
Value added tax (VAT)	-	10,566	-	22,154
Personal income tax (PIT)	-	2,213	-	4,628
Social insurance	-	7,873	-	8,670
Withholding income tax	-	676	-	490
Other	-	722	-	841
Other liabilities	1,122	22,793	2,246	33,329
Liabilities to employees (including salaries payable)	-	11,279	-	21,617
Liabilities from purchases of tangible assets and intangible assets	983	2,836	1,921	4,706
Other liabilities	139	8,678	325	7,006
Total	1,122	156,283	2,246	171,024

Trade payables are non-interest bearing. Related party transactions have been presented in explanatory note 6.17 to these interim condensed consolidated financial statements.

Contract liabilities

As at 30 June 2022 and 31 December 2021, the Group's liabilities from contracts with customers resulted from obligations listed in the table below:

	30 June 2022		31 Dec. 2021 (restated)	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Liabilities from valuation of IT contracts, of which:	-	19,759	-	20,812
From related parties	-	15	-	17
From other entities	-	19,744	-	20,795
Deferred income from IT projects, of which:	8,202	81,679	6,118	71,891
Maintenance services	6,085	52,513	3,484	41,089
License fees	2,117	6,807	2,634	4,592
Prepaid implementation services	-	1,539	-	2,506

Obligations to supply hardware	-	20,787	-	23,669
Other prepaid services	-	33	-	35
Total contract liabilities	8,202	101,438	6,118	92,703

6.15. Provisions

Changes in the amount of provisions during the period of 6 months ended 30 June 2022 and in the comparable period are presented in the table below:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
As at 1 January	6,364	5,523
Provisions created during the reporting period	3,086	1,154
Provisions utilized/reversed during the reporting period	(2,219)	(802)
Differences on foreign currency translation of subsidiaries	(119)	(202)
As at the end of the reporting period, of which:	7,112	5,673
Short-term	4,271	3,565
Long-term	2,841	2,108

6.16. Accruals

Changes in the amount of accruals during the period of 6 months ended 30 June 2022 and in the comparable period are presented in the table below:

	30 June 2022		31 Dec. 2021	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Accruals, of which:				
Accruals for unused holiday leaves	-	8,667	-	6,906
Accruals for employee and management bonuses	-	27,172	-	18,241
	-	35,839	-	25,147

The total amount of accruals comprises: accruals for unused holiday leaves, as well as accruals for remunerations of the current period to be paid out in future periods which result from the bonus incentive schemes applied by the Group.

6.17. Related party transactions

The table below discloses the total values of transactions conducted with our related parties during the period of 6 months ended 30 June 2022 and the period of 6 months ended 30 June 2021, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2022 and 31 December 2021:

	Sales to related parties 6 months ended 30 June PLN'000	Purchases from related parties 6 months ended 30 June PLN'000	Trade receivables and other receivables 30 June 2022 / 31 Dec. 2021 PLN'000	Trade payables and other liabilities 30 June 2022 / 31 Dec. 2021 PLN'000	Lease liabilities 30 June 2022 / 31 Dec. 2021 PLN'000
Transactions with Asseco Poland					
2022	-	179	48	13	-
2021	20	240	51	7	-
Transactions with entities of Asseco Poland Group					
2022	812	606	1,165	30	-
2021	960	606	1,541	220	-
Transactions with entities or individuals related through the Group's Key Management Personnel					
2022	-	980	-	139	12,973
2021	-	522	-	90	15,345

Transactions with Members of Management Board and Supervisory Board of ASEE S.A. and companies of ASEE Group					
2022	-	5	109	76	28
2021	-	10	-	186	55

As at 30 June 2022, total receivables from related parties comprised trade receivables amounting to PLN 492 thousand, contract assets amounting to PLN 674 thousand, and other receivables amounting to PLN 156 thousand. As at 31 December 2021, total receivables from related parties comprised trade receivables amounting to PLN 762 thousand, contract assets amounting to PLN 780 thousand, and other receivables amounting to PLN 50 thousand.

As at 30 June 2022, total liabilities to related parties comprised trade payables amounting to PLN 148 thousand, liabilities arising from valuation of IT contracts amounting to PLN 15 thousand, and other liabilities amounting to PLN 95 thousand. As at 31 December 2021, total liabilities to related parties comprised trade payables amounting to PLN 452 thousand, liabilities arising from valuation of IT contracts amounting to PLN 17 thousand, and other liabilities amounting to PLN 34 thousand.

In addition, dividends payable which are disclosed under financial liabilities as at 30 June 2022 include dividends to be paid out to Asseco International a.s. in the amount of PLN 33,801 thousand, as well as dividends to be paid out to Members of the Management Board and parties that are related through Members of the Management Board in the total gross amount of PLN 2,171 thousand. The numbers of ASEE shares held by its Management Personnel as well as by their related parties have been presented in the item 'Shares and Shareholders' in the Management Report on Operations of the Group for the period of 6 months ended 30 June 2022. The dividend was paid out on 12 July 2022.

Purchases from and sales to related parties presented in the table above resulted from purchases and sales of hardware and services that were conducted by companies of ASEE Group with related companies of Asseco Poland Group as well as with parties related through the Key Management Personnel or directly with the Key Management Personnel. The Group also incurs costs arising from rentals of space from MHM d.o.o., Belgrade¹, Miljan Mališ and Mini Invest d.o.o., Belgrade², that meet the definition of a lease under IFRS 16. Hence, the Group disclosed right-of-use assets which are subject to depreciation, as well as lease liabilities in the statement of financial position. Lease liabilities arising from rental contracts concluded with parties related through the Key Management Personnel and directly with the Key Management Personnel amounted to PLN 13,001 thousand.

All transactions with related parties are carried out on an arm's length basis.

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., which has been described in detail in explanatory note 5.2 in this report. Members of the Management Board of ASEE S.A., acting directly or through their related parties, acquired the following numbers of shares:

Management Board Members	Number of shares acquired
Piotr Jeleński	280,000
Miljan Mališ	30,621
Michał Nitka	25,000
Kostadin Slavkoski	5,715
Total	341,336

In the interim condensed consolidated financial statements for the period of 6 months ended 30 June 2022, the costs of share-based payment plan related to shares acquired by Members of the Management Board amounted to PLN 90 thousand.

Until the date of approval of the interim condensed consolidated financial statements, ASEE S.A. has not received information on any related party transactions conducted during the reporting period, which would be carried out other than on an arm's length basis.

¹ President of the Management Board of ASEE S.A. holds indirectly a 15% stake in MHM d.o.o. through his wholly-owned Kompania Petyhorska d.o.o.

² 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. As at 30 June 2022, Mini Invest d.o.o. held 353,336 shares in ASEE S.A.

VII. Explanatory notes to the consolidated statement of cash flows

7.1. Cash flows – operating activities

The table below presents items included in the line 'Changes in working capital':

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Change in inventories	(23,025)	(7,290)
Change in receivables and non-financial assets	(32,866)	42,205
Change in liabilities	(14,030)	(64,916)
Change in prepayments and accruals	8,606	3,420
Change in provisions	835	352
Total	(60,480)	(26,229)

7.2. Cash flows – investing activities

In the period of 6 months ended 30 June 2022, the amount of cash flows from investing activities was affected primarily by:

- acquisitions of property, plant and equipment (PLN 21,723 thousand), intangible assets (PLN 4,275 thousand), and expenditures for development projects (PLN 743 thousand),
- expenditures for acquisition of subsidiaries, net of cash and cash equivalents in subsidiaries acquired, as disclosed in the table below:

	6 months ended 30 June 2022	
	Acquisition of subsidiaries PLN'000	Cash in subsidiaries acquired PLN'000
Bithat Solutions	(13,856)	1,709
Things Solver	(1,851)	-
ContentSpeed	(212)	-
Smarttek	(116)	-
Total	(16,035)	1,709

7.3. Cash flows – financing activities

The table below explains changes in financial liabilities attributable to financing activities, including both changes arising from cash flows and non-cash changes:

Change in financial liabilities	Interest-bearing bank loans and borrowings PLN'000	Lease liabilities PLN'000	Dividends payable PLN'000	Total PLN'000
As at 1 January 2022	60,695	54,134	-	114,829
Changes arising from cash flows	21,180	(11,844)	(560)	8,776
Inflows	35,029	-	-	35,029
Repayment of principal amount	(12,902)	(11,057)	(560)	(24,519)
Interest paid	(947)	(787)	-	(1,734)
Non-cash changes	1,600	5,585	69,992	77,177
Interest accrued	1,086	787	-	1,873
Non-cash increase in liabilities	-	4,985	69,992	74,977
Non-cash decrease in liabilities	-	(434)	-	(434)
Obtaining control over subsidiaries	-	135	-	135
Foreign exchange differences recognized in financial income/expenses	514	112	-	626
Differences on foreign currency translation of subsidiaries	790	872	153	1,815
As at 30 June 2022	84,265	48,747	69,585	202,597

Change in financial liabilities	Interest-bearing bank loans and borrowings PLN'000	Lease liabilities PLN'000	Dividends payable PLN'000	Total PLN'000
As at 1 January 2021	59,192	58,842	-	118,034
Changes arising from cash flows	(16,683)	(10,698)	(393)	(27,774)
Inflows	1,813	-	-	1,813
Repayment of principal amount	(17,999)	(9,862)	(393)	(28,254)
Interest paid	(497)	(836)	-	(1,333)
Non-cash changes	427	8,198	52,382	61,007
Interest accrued	486	836	-	1,322
Non-cash increase in liabilities	-	10,349	52,382	62,731
Non-cash decrease in liabilities	-	(2,617)	-	(2,617)
Obtaining control over subsidiaries	145	-	-	145
Foreign exchange differences recognized in financial income/expenses	(204)	(370)	-	(574)
Differences on foreign currency translation of subsidiaries	(465)	(852)	-	(1,317)
As at 30 June 2021	42,471	55,490	51,989	149,950

Non-cash increase in lease liabilities resulted from the conclusion of new lease contracts as well as modification of existing contracts. Non-cash decrease in lease liabilities resulted from the modification or early termination of lease contracts.

Dividends paid out to non-controlling shareholders represent payments to the minority shareholders of eMon and ContentSpeed companies in the current reporting period, and eMon and ChipCard companies in the comparable period.

VIII. Other explanatory notes

8.1. Off-balance-sheet liabilities

Within its commercial activities ASEE Group uses bank guarantees as well as contract performance guarantees as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies.

As at 30 June 2022, the related contingent liabilities equalled PLN 68,217 thousand, while as at 31 December 2021 they amounted to PLN 57,776 thousand.

Assets serving as collateral for bank guarantee facilities:

Category of assets	Net value of assets		Amount of granted guarantee secured with assets	
	30 June 2022 PLN'000	31 Dec. 2021 PLN'000	30 June 2022 PLN'000	31 Dec. 2021 PLN'000
Trade receivables	3,202	14,807	4,302	5,302
Other receivables	308	300	308	300
Total	3,510	15,107	4,610	5,602

None of the above-described guarantee obligations meet the definition of a financial guarantee under IFRS 9, and therefore they are not recognized as liabilities in the statement of financial position of the Group as at 30 June 2022.

The Group is party to a number of contracts for rental of:

- offices and warehouses,
- locations for ATMs,
- transportation vehicles,
- office equipment,
- other assets.

As at 30 June 2022 and 31 December 2021, the above-mentioned contracts resulted in the following off-balance-sheet liabilities to make future payments:

	30 June 2022 PLN'000	31 Dec. 2021 PLN'000
<i>Liabilities from rental of space</i>		
In the period up to 1 year	3,587	4,252
In the period from 1 to 5 years	3,662	4,974
Over 5 years	-	-
	7,249	9,226
<i>Liabilities under operating leases of equipment</i>		
In the period up to 1 year	563	333
In the period from 1 to 5 years	-	-
Over 5 years	-	-
	563	333

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 30 June 2022 are related to lease contracts that were subject to exemptions provided under IFRS 16 (short-term leases and leases of low-value assets).

Disputes in litigation as at the end of the reporting period

During the reporting period, no significant proceedings were pending before any court, arbitration authority or public administration authority, concerning any liabilities or receivables of ASEE Group companies.

8.2. Seasonal and cyclical business

The Group's sales revenues are subject to some seasonality in individual quarters of the year. Such seasonality is observed mainly in the supply of hardware (the Payment Solutions and Dedicated Solutions segments), smart traffic management systems (the Dedicated Solutions segment), and the volume of transactions carried out within the MoneyGet ATM network (the Payment Solutions segment). The fourth quarter revenues tend to be higher than in the remaining periods, as bulk of such turnover is generated from the sale of IT services for large enterprises and public administration. Such entities often decide to make higher purchases of hardware and licenses in the last months of a year.

8.3. Employment

Number of employees in the Group companies as at	30 June 2022	31 Dec. 2021
Management Board of the Parent Company	4	4
Management Boards of the Group companies	61	61
Production departments	2,944	2,782
Sales departments	275	237
Administration departments	321	308
Total	3,605	3,392

Number of employees in the Group companies as at:	30 June 2022	31 Dec. 2021
ASEE S.A.	29	28
ASEE Bulgaria	17	17
ASEE Macedonia	238	239
ASEE Turkey	94	88
ASEE B&H Group	242	224
ASEE Croatia Group	325	327
ASEE Kosovo Group	84	82
ASEE Romania Group	138	127
ASEE Serbia Group	592	546
Necomplus Group	803	741
Payten B&H Group	66	67
Payten Croatia Group	202	193
Payten Macedonia Group	55	55
Payten Romania Group	101	70
Payten Serbia Group	193	182
Payten Turkey Group	292	271
Sonet Group	83	86
Payten Montenegro	20	20
Payten Slovenia	31	29
Total	3,605	3,392

8.4. Significant events after the reporting period

In the period from 30 June 2022 till the date of approval of these interim condensed consolidated financial statements, this is until 17 August 2022, we have not observed any other major events, the disclosure of which might significantly affect the assessment of human resources, assets and financial position of ASEE Group.

8.5. Significant events related to prior years

Until the date of preparing these interim condensed consolidated financial statements for the period of 6 months ended 30 June 2022, we have not observed any significant events related to prior years, which have not but should have been included in these condensed consolidated financial statements.



**Interim Condensed Financial Statements
of Asseco South Eastern Europe S.A.
for the period of 6 months ended 30 June 2022**

Interim Condensed Financial Statements of Asseco South Eastern Europe S.A.

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Financial Highlights of Asseco South Eastern Europe S.A.

The following table presents the selected financial data of Asseco South Eastern Europe S.A.

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2022 EUR'000	6 months ended 30 June 2021 EUR'000
Revenues from holding activities	56,472	80,846	12,164	17,779
Revenues from operating activities	6,131	6,460	1,321	1,421
Operating profit	50,365	75,290	10,848	16,558
Pre-tax profit	45,820	74,960	9,869	16,485
Net profit for the reporting period	41,956	70,617	9,037	15,530
Net cash provided by (used in) operating activities	22,555	63,936	4,858	14,061
Net cash provided by (used in) investing activities	40,703	(5,292)	8,767	(1,164)
Net cash provided by (used in) financing activities	(3,299)	(4,281)	(711)	(941)
Cash and cash equivalents at the end of the period (comparable data as at 31 December 2021)	76,100	16,142	16,259	3,510
Earnings per ordinary share (in PLN/EUR)	0.81	1.36	0.17	0.30
Diluted earnings per ordinary share (in PLN/EUR)	0.81	1.36	0.17	0.30

The selected financial data disclosed in these interim condensed financial statements have been translated into euros (EUR) in the following way:

- Items of the statement of profit and loss and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
 - for the period from 1 January 2022 to 30 June 2022: EUR 1 = PLN 4.6427
 - for the period from 1 January 2021 to 30 June 2021: EUR 1 = PLN 4.5472
- cash and cash equivalents as at the end of the reporting period and the comparable period of the previous year have been translated into EUR at the mid exchange rates as published by the National Bank of Poland. These exchange rates were as follows:
 - exchange rate effective on 30 June 2022: EUR 1 = PLN 4.6806
 - exchange rate effective on 31 December 2021: EUR 1 = PLN 4.5994

In this report, all figures are presented in thousands of Polish zlotys (PLN), unless stated otherwise.

Interim Condensed Statement of Profit and Loss and Comprehensive Income of Asseco South Eastern Europe S.A.

STATEMENT OF PROFIT AND LOSS	Note	3 months ended 30 June 2022	6 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2021
		PLN'000	PLN'000	PLN'000	PLN'000
Holding activities		42,846	56,472	54,414	80,846
Dividend income	<u>4.1</u>	38,764	48,283	49,784	71,209
Revenues from sale of services	<u>4.1</u>	4,082	8,189	4,630	9,637
Operating activities		3,254	6,131	3,064	6,460
Revenues from sale of IT services and software	<u>4.2</u>	3,254	6,131	3,064	6,460
Total sales revenues		46,100	62,603	57,478	87,306
Cost of sales	<u>4.3</u>	(5,318)	(11,097)	(5,097)	(10,919)
Recognition/reversal of allowances for trade receivables	<u>4.3</u>	161	(36)	-	-
Gross profit on sales		40,943	51,469	52,381	76,387
Selling costs	<u>4.3</u>	(242)	(359)	(69)	(545)
General and administrative expenses	<u>4.3</u>	(389)	(721)	(269)	(687)
Net profit on sales		40,313	50,388	52,043	75,155
Other operating income		1	1	139	139
Other operating expenses		-	(24)	(4)	(4)
Operating profit		40,314	50,365	52,178	75,290
Financial income	<u>4.4</u>	398	3,477	603	800
Financial expenses	<u>4.4</u>	(7,888)	(8,125)	(1,731)	(1,130)
Recognition/reversal of impairment losses on loans granted and other financial instruments	<u>4.4</u>	103	103	-	-
Pre-tax profit		32,927	45,820	51,050	74,960
Corporate income tax	<u>4.5</u>	(2,998)	(3,864)	(2,731)	(4,343)
Net profit for the reporting period		29,929	41,956	48,319	70,617
Earnings per share (in PLN):					
basic earnings per share	<u>4.6</u>	0.58	0.81	0.93	1.36
diluted earnings per share	<u>4.6</u>	0.58	0.81	0.93	1.36

COMPREHENSIVE INCOME:	Note	3 months ended 30 June 2022	6 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2021
		PLN'000	PLN'000	PLN'000	PLN'000
Net profit		29,929	41,956	48,319	70,617
Other comprehensive income:		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		29,929	41,956	48,319	70,617

Interim Condensed Statement of Financial Position of Asseco South Eastern Europe S.A.

ASSETS	Note	30 June 2022 PLN'000	31 Dec. 2021 PLN'000
Non-current assets			
Property, plant and equipment	<u>5.1</u>	374	462
Intangible assets	<u>5.2</u>	5,816	6,054
<i>of which goodwill from business combinations</i>		4,567	4,567
Right-of-use assets	<u>5.3</u>	127	181
Investments in subsidiaries	<u>5.4</u>	613,818	621,318
Deferred tax assets		548	738
Other receivables	<u>5.8</u>	47	47
Other financial assets	<u>5.9</u>	50,845	72,162
Other non-financial assets	<u>5.6</u>	9,628	-
		681,203	700,964
Current assets			
Prepayments and accrued income	<u>5.7</u>	2,476	2,119
Trade receivables	<u>5.8</u>	8,179	1,331
Corporate income tax receivable		-	205
Receivables from the state and local budgets		-	332
Other receivables	<u>5.8</u>	11,980	131
Other financial assets	<u>5.9</u>	10,646	27,162
Cash and short-term deposits	<u>5.10</u>	76,100	16,142
		109,381	47,422
TOTAL ASSETS		790,584	748,386

Interim Condensed Statement of Financial Position of Asseco South Eastern Europe S.A.

EQUITY AND LIABILITIES	Note	30 June 2022 PLN'000	31 Dec. 2021 PLN'000
Equity			
Share capital		518,943	518,943
Share premium		38,826	38,826
Other capitals		3,065	2,981
Retained earnings		121,260	145,728
		682,093	706,478
Non-current liabilities			
Bank loans	<u>5.11</u>	25,743	27,925
Lease liabilities	<u>5.12</u>	22	74
Other financial liabilities	<u>5.13</u>	693	516
Deferred tax liabilities		-	-
		26,458	28,515
Current liabilities			
Bank loans	<u>5.11</u>	5,349	5,523
Lease liabilities	<u>5.12</u>	119	115
Other financial liabilities	<u>5.13</u>	66,516	-
Trade payables	<u>5.14</u>	975	1,314
Contract liabilities	<u>5.14</u>	3,298	2,325
Corporate income tax payable	<u>5.14</u>	1,445	-
Liabilities to the state and local budgets	<u>5.14</u>	603	744
Other liabilities	<u>5.14</u>	325	294
Accruals	<u>5.15</u>	3,404	3,078
		82,034	13,392
TOTAL LIABILITIES		108,492	41,908
TOTAL EQUITY AND LIABILITIES		790,584	748,386

Interim Condensed Statement of Changes in Equity of Asseco South Eastern Europe S.A.

	Note	Share capital	Share premium	Other capitals	Retained earnings	Total equity
As at 1 January 2022		518,943	38,826	2,981	145,728	706,478
Net profit for the reporting period		-	-	-	41,956	41,956
Total comprehensive income for the reporting period		-	-	-	41,956	41,956
Dividend for the year 2021	<u>4.7</u>	-	-	-	(66,425)	(66,425)
Valuation of share-based payment plan		-	-	83	-	83
As at 30 June 2022		518,943	38,826	3,065	121,260	682,093
As at 1 January 2021		518,943	38,826	2,935	97,251	657,955
Net profit for the reporting period		-	-	-	100,371	100,371
Total comprehensive income for the reporting period		-	-	-	100,371	100,371
Dividend for the year 2020	<u>4.7</u>	-	-	-	(51,894)	(51,894)
Valuation of share-based payment plan		-	-	46	-	46
As at 31 December 2021		518,943	38,826	2,981	145,728	706,478
As at 1 January 2021		518,943	38,826	2,935	97,251	657,955
Net profit for the reporting period		-	-	-	70,617	70,617
Total comprehensive income for the reporting period		-	-	-	70,617	70,617
Dividend for the year 2020	<u>4.7</u>	-	-	-	(51,894)	(51,894)
As at 30 June 2021		518,943	38,826	2,935	115,974	676,678

Interim Condensed Statement of Cash Flows of Asseco South Eastern Europe S.A.

	Note	6 months ended 30 June 2022	6 months ended 30 June 2021
		PLN'000	PLN'000
Cash flows – operating activities			
Pre-tax profit		45,820	74,960
Total adjustments:		(48,069)	(74,411)
Depreciation and amortization	4.3	509	369
Change in receivables and contract assets	6.1	(6,609)	(2,615)
Change in liabilities, accruals and provisions	6.1	761	(1,052)
Interest income/expenses		(1,108)	(416)
Gain/loss on foreign exchange differences		(932)	379
Gain/loss on investing activities		(40,774)	(71,027)
Valuation of share-based payment plan		83	-
Other		-	(49)
Selected operating cash flows		25,106	63,921
Sale of shares in subsidiaries		-	-
Acquisition of shares in related entities	6.1	(9,628)	(4,932)
Dividends received	6.1	34,734	68,853
Cash generated from operating activities		22,856	64,470
Corporate income tax (paid) recovered		(301)	(534)
Net cash provided by (used in) operating activities		22,555	63,936
Cash flows – investing activities			
Inflows:		41,157	2,591
Disposal of property, plant and equipment, and intangible assets		-	139
Disposal/settlement of financial assets carried at fair value through profit or loss		-	-
Loans collected	5.9	40,167	1,799
Interest received	5.9	990	653
Outflows:		(454)	(7,883)
Acquisition of property, plant and equipment, and intangible assets	6.2	(128)	(865)
Acquisition/settlement of financial assets carried at fair value through profit or loss		(92)	-
Loans granted	5.9	(235)	(7,018)
Net cash provided by (used in) investing activities		40,703	(5,292)
Cash flows – financing activities			
Inflows:		-	-
Proceeds from bank loans and borrowings	6.3	-	-
Outflows:		(3,299)	(4,281)
Repayments of bank loans	6.3	(2,928)	(4,115)
Payments of lease liabilities	6.3	(63)	(61)
Interest paid	6.3	(308)	(105)
Net cash provided by (used in) financing activities		(3,299)	(4,281)
Net change in cash and cash equivalents		59,959	54,363
Net foreign exchange differences		-	-
Cash and cash equivalents as at 1 January		16,142	14,491
Cash and cash equivalents as at 30 June	5.10	76,100	68,854

Explanatory Notes to the Interim Condensed Financial Statements

I. General information

General information on the Parent Company	
Name	Asseco South Eastern Europe S.A.
Registered seat	Rzeszów, 14 Olchowa St.
National Court Register number	0000284571
Statistical ID number (REGON)	180248803
Tax Identification Number (NIP)	813-351-36-07
Core business	Activities of head offices and holdings, production of software

Asseco South Eastern Europe S.A. (the “Company”, “Issuer”, “Entity”, “ASEE S.A.”) seated at 14 Olchowa St., Rzeszów, Poland, was established on 10 April 2007 as a joint stock company called Asseco Adria S.A. 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 KRS 0000284571. The Company has been assigned the statistical number REGON 180248803. On 11 February 2008, the Company’s corporate name was changed from Asseco Adria S.A. to Asseco South Eastern Europe S.A. The Company has been listed on the main market of the Warsaw Stock Exchange since 28 October 2009.

ASEE S.A. is the Parent Company of Asseco South Eastern Europe Group (“ASEE Group”). The Parent Company shall operate within the territory of the Republic of Poland as well as abroad.

The Company prepared the interim consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2022, which have been approved for publication by the Management Board on 17 August 2022.

The period of the Company’s operations is indefinite.

The parent company of ASEE S.A. is Asseco International a.s. (“AI”), seated in Bratislava. As at 30 June 2022, AI 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.

II. Basis for the preparation of financial statements

2.1. Basis for preparation

These interim condensed financial statements have been prepared in accordance with the historical cost convention, except for financial assets carried at fair value through profit or loss or through other comprehensive income, financial assets carried at amortized cost, as well as financial liabilities carried at fair value through profit or loss.

These interim condensed financial statements do not include all information and disclosures required for annual financial statements and therefore they should be read together with the financial statements of ASEE S.A. for the year ended 31 December 2021 which were published on 23 February 2022.

As at the date of approving these interim condensed financial statements for publication, the Management has considered the impact of economic and political situation in the territory of Ukraine on business operations conducted by the Company and found no circumstances that would threaten the Company’s ability to continue as a going concern.

Economic and political situation on the territory of Ukraine

On 24 February 2022, the Russian invasion of Ukraine caused a radical change in the geopolitical situation of the entire region in which the Company is located.

ASEE does not conduct any significant business operations in Russia, Belarus or in Ukraine. The Company does not hold any cash at bank accounts in Russia. As at the date of publication of these interim condensed financial statements, the existing situation does not have a significant impact on these financial statements.

As at the date of publication of these interim condensed financial statements, the Company keeps on analyzing the impact that this undoubtedly negative geopolitical situation may have on its financial position and financial results in the future.

At the moment the situation is dynamic and therefore it is difficult to assess the long-term economic effects for our region and impact on the overall macroeconomic situation, which indirectly affects the financial results of our Company and Group.

2.2. Compliance statement

These interim condensed financial statements have been prepared in conformity with the requirements set forth in the International Accounting Standard 34 'Interim Financial Reporting' as endorsed by the European Union (IAS 34).

The scope of these interim condensed financial statements, being a part of the quarterly report, is in accordance with 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 (consolidated text: Journal of Laws of 2018, item 757) ("Regulation"), and covers the semi-annual reporting period from 1 January to 30 June 2022 and the comparable period from 1 January to 30 June 2021 in case of the statement of profit and loss and the statement of cash flows, as well as the financial position data as at 30 June 2022 and the comparable data as at 31 December 2021 in case of the statement of financial position.

The cumulative data presented for the period of 6 months ended 30 June 2022 as well as for the comparable period have been reviewed by a certified auditor. Whereas, the quarterly data disclosed for the period from 1 April to 30 June 2022 and for the corresponding period of 2021 have not been subject to such a review. These data have been calculated as the difference between the semi-annual cumulative data and the data presented in the quarterly condensed consolidated financial statements of ASEE Group for the interim period ended 31 March 2022 which were published on 27 April 2022.

2.3. Functional currency and presentation currency

The presentation currency of these financial statements is the Polish zloty (PLN) and all figures are presented in thousands of PLN (PLN'000), unless stated otherwise. The Polish zloty is also the functional currency applied by Asseco South Eastern Europe S.A. Any inaccuracies in totals, amounting to PLN 1 thousand, are due to the adopted rounding of numbers.

Transactions denominated in currencies other than the Polish zloty are, at the time of initial recognition, translated into Polish zlotys using the exchange rate effective on the transaction date.

At the reporting date:

- monetary items denominated in a foreign currency are translated at the closing exchange rate, this is at the mid exchange rate of that currency as quoted by the National Bank of Poland on the reporting date;
- non-monetary items carried at historical cost denominated in a foreign currency are translated using the exchange rate effective on the transaction date;
- non-monetary items carried at fair value denominated in a foreign currency are translated using the exchange rate effective on the fair value measurement date.

For valuation purposes, we have adopted the following exchange rates of euro and US dollar (and analogically the exchange rates of other currencies as quoted by the National Bank of Poland):

- ✓ exchange rate effective on 30 June 2022: EUR 1 = PLN 4.6806
- ✓ exchange rate effective on 31 December 2021: EUR 1 = PLN 4.5994
- ✓ exchange rate effective on 30 June 2022: USD 1 = PLN 4.4825
- ✓ exchange rate effective on 31 December 2021: USD 1 = PLN 4.0600

2.4. Professional judgement and estimates

Preparation of financial statements in accordance with IFRS requires making estimates and assumptions which have an impact on the data disclosed in such financial statements. Although the adopted assumptions and estimates have been based on the Company's management best knowledge on the current activities and occurrences, the actual results may differ from those anticipated.

In the period of 6 months ended 30 June 2022, our approach to making estimates was not subject to any substantial modification in relation to the principles described in the financial statements for the year ended 31 December 2021.

2.5. Accounting policies applied

Significant accounting policies adopted by the Company have been described in its financial statements for the year ended 31 December 2021 which were published on 23 February 2022.

Accounting policies adopted in the preparation of these interim condensed financial statements have remained unchanged in relation to those followed when preparing the Company's annual financial statements for the year ended 31 December 2021.

Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements to IFRS Standards 2018-2020 have come into effect from the beginning of the reporting period. Amendments to these standards were published on 14 May 2020 and are effective for annual periods beginning on or after 1 January 2022. These amendments, among others, prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while testing in the process of generating and bringing that asset to intended use, and clarify what costs an entity considers in assessing whether a contract is onerous.

These amendments had no significant impact on the financial statements of the Company.

2.6. New standards and interpretations published but not in force yet

The following standards and interpretations were issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC), but have not yet come into force:

- IFRS 14 'Regulatory Deferral Accounts' (issued on 30 January 2014) – the European Commission has decided not to initiate the process of endorsement of this standard until the release of its final version – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture' (issued on 11 September 2014) – work for the endorsement of these amendments has been postponed by the EU – the effective date of these amendments has been deferred indefinitely by the IASB;
- IFRS 17 'Insurance Contracts' (issued on 18 May 2017) including Amendments to IFRS 17 (issued on 25 June 2020) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1 'Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current' – deferral of effective date (issued on 23 January 2020 and 15 July 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (issued on 12 February 2021) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 8 'Definition of Accounting Estimates' (issued on 12 February 2021) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 12 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' (issued on 7 May 2021) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023;

- Amendments to IFRS 17 'Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information' (issued on 9 December 2021) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023.

The specified effective dates have been set forth in the standards published by the International Accounting Standards Board. The actual dates of adopting these standards in the European Union may differ from those set forth in the standards and they shall be announced once they are approved for application by the European Union.

The Company did not decide on early adoption of any standard, interpretation or amendment which has been published but has not yet become effective.

The Company is currently conducting an analysis of how the above-mentioned amendments are going to impact its financial statements.

2.7. Correction of errors

In the reporting period, no events occurred that would require making corrections of any misstatements.

2.8. Changes in the comparable data

In the period of 6 months ended 30 June 2022, the Company has neither changed the presentation methods applied nor any comparable data.

III. Information on operating segments

According to IFRS 8, an operating segment is a separable component of the Company's business for which separate financial information is available and regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Company has identified the following reportable segments:

- The **Holding activities segment** includes revenues and expenses related to managing the Group. The segment's revenues comprise primarily dividend income as well as sales of business management and technical support services to the Company's subsidiaries.
- The **IT services segment** includes revenues and expenses related to our information technology operations in two areas: voice automation solutions (dedicated solutions) and authentication solutions (banking).

None of the Company's operating segments needed to be combined with another operating segment in order to be identified as a reportable segment.

The Company's financing activities as well as income taxes are monitored at the whole company level and therefore they are not allocated to individual operating segments. The Management also does not analyze assets and liabilities or cash flows in a breakdown by segments. The table below presents the key financial information reviewed by the chief operating decision maker in the Company.

Period of 6 months ended 30 June 2022	Holding activities	IT services	Total
	PLN'000	PLN'000	PLN'000
Dividend income	48,283	-	48,283
Revenues from sale of services	8,189	-	8,189
Revenues from sale of IT services and software	-	6,131	6,131
Total sales revenues	56,472	6,131	62,603
Gross profit on sales	48,704	2,764	51,469
Selling costs	-	(359)	(359)
General and administrative expenses	(552)	(169)	(721)
Net profit on sales	48,153	2,236	50,388

Period of 6 months ended 30 June 2021	Holding activities	IT services	Total
	PLN'000	PLN'000	PLN'000
Dividend income	71,209	-	71,209
Revenues from sale of services	9,637	-	9,637
Revenues from sale of IT services and software	-	6,460	6,460
Total sales revenues	80,846	6,460	87,306
Gross profit on sales	73,409	2,978	76,387
Selling costs	-	(545)	(545)
General and administrative expenses	(547)	(140)	(687)
Net profit on sales	72,862	2,293	75,155

IV. Explanatory notes to the statement of profit and loss and other comprehensive income

4.1. Holding activities – structure of operating revenues

Operating revenues from holding activities comprise dividends received from subsidiaries as well as revenues from the sale of consulting, business management and technical support services which are provided to subsidiaries of ASEE Group. As the Company is primarily engaged in holding operations, the above-mentioned categories of revenues are presented in operating activities.

Operating revenues generated during the periods of 3 and 6 months ended 30 June 2022 and in the comparable periods were as follows:

	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Dividends from related parties, of which:	38,764	48,283	49,784	71,209
ASEE Turkey	4,446	4,446	3,184	3,184
ASEE B&H	-	-	4,531	4,531
ASEE Bulgaria	1,835	1,835	1,787	1,787
ASEE Croatia	-	-	15,820	15,820
ASEE Kosovo	917	917	2,263	2,263
ASEE Macedonia	5,154	9,704	7,230	7,230
Payten Holding	6,823	6,823	-	-
ASEE Romania	-	4,968	3,077	3,077
ASEE Serbia	19,589	19,589	11,892	33,317
Revenues from sale of services	4,082	8,189	4,630	9,637
Total operating revenues from holding activities	42,846	56,472	54,414	80,846

Cash inflows from dividends received during the first 6 months of 2022 amounted to PLN 34,734 thousand, as compared with PLN 68,853 thousand in the first 6 months of 2021.

The difference between income recognized and cash inflows actually received resulted from withholding tax charged by our subsidiaries, foreign exchange differences, as well as from dividends receivable from the companies Payten Holding and ASEE Macedonia which are described in explanatory note 5.8 to these interim condensed financial statements.

4.2. IT services – structure of operating revenues

Operating revenues generated during the periods of 3 and 6 months ended 30 June 2022 and in the comparable periods were as follows:

	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Revenues from sale of software and IT services	3,254	6,131	3,064	6,460
Total operating revenues from IT service activities	3,254	6,131	3,064	6,460

In the periods of 3 and 6 months ended 30 June 2022 and in the comparable periods, operating activities included revenues from license fees as well as from maintenance, implementation and consulting services.

4.3. Structure of operating costs

Operating costs incurred during the periods of 3 and 6 months ended 30 June 2022 and in the comparable periods were as follows:

	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Operating costs				
Cost of goods, materials and third-party services sold	(997)	(1,919)	(927)	(1,988)
Employee benefits, of which:	(2,037)	(4,199)	(1,718)	(4,484)
<i>Valuation of share-based payment plan</i>	(52)	(83)	-	-
Third-party services and outsourcing of employees	(1,481)	(3,433)	(1,611)	(3,296)
Depreciation and amortization	(260)	(509)	(193)	(369)
Maintenance costs of property and company cars	(830)	(1,577)	(892)	(1,530)
Business trips	(113)	(140)	(12)	(13)
Advertising	(72)	(138)	(55)	(103)
Other	2	(300)	(27)	(368)
Total	(5,787)	(12,214)	(5,435)	(12,151)
Cost of sales	(5,318)	(11,097)	(5,097)	(10,919)
Selling costs	(242)	(359)	(69)	(545)
General and administrative expenses	(389)	(721)	(269)	(687)
Recognition/reversal of allowances for trade receivables	161	(36)	-	-
Total	(5,787)	(12,214)	(5,435)	(12,151)

Share-based payment transactions with employees

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

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

The purchase rights were vested on 23 September 2021. The shares acquisition price was set at the market price on the acquisition date and amounted to PLN 40 per share. According to the concluded agreements, the managers shall exercise all the rights attached to shares acquired (dividend rights, voting rights, etc.) since the shares acquisition date, this is from 23 September 2021. The payment for shares shall be made in 9 instalments, the first one after signing the agreements and subsequently in 8 annual instalments, payable from 31 July 2022. Interest will be charged starting from the shares acquisition date till making the payment, in the amount of 1.5% + max (EURIBOR 12M,0) on an annual basis. The amount of such variable component will be determined at the beginning of each subsequent annual interest period. The accrued interest will be paid each year along with the payment of consecutive instalments of the price. The right to pay the acquisition price in instalments is granted to persons participating in this plan provided they continue to serve in a managerial position at the Group and do not violate any material conditions of the agreement (among others, make timely payments according to the schedule, establish a pledge on shares acquired, refrain from selling these shares during the lock-up period, etc.). The managers are not allowed to sell these shares over a lock-up period of 5 years. The managers shall be entitled to make an early payment for all the shares acquired at the agreed price of PLN 40 per share upon expiry of a 4-year period, i.e. from 23 September 2025. An unpaid portion of the selling price shall be secured by establishing a pledge on shares purchased by each buyer.

The agreements also provide for put and call options, enabling the parties to resell or repurchase any unpaid shares.

The fair value of this incentive plan was estimated based on the Black-Scholes Merton model. The value of option rights was measured the use of Monte Carlo simulation techniques combined with the linear least squares regression, i.e. the Longstaff-Schwartz method. The total fair value of the plan as at the rights vesting date amounted to PLN 1,984 thousand. The incentive plan costs will be accounted for, along with

the corresponding increase in equity, as the costs of employee benefits and recognized in the financial results of ASEE Group for the years 2021-2029.

The fair value of equity instruments awarded under the incentive plan has been measured based on the following assumptions:

Market price of 1 share of ASEE on the acquisition date	PLN 40
Acquisition price of 1 share	PLN 40
Expected volatility in share price	29%
Expected volatility in EUR/PLN exchange rate	6%
Interest rate on PLN	1.5% to 1.7%
Interest rate on EUR	-0.54% to - 0.40%

The expected share price volatility of 29% was computed based on historical quotes of our shares in the period of six months preceding the date of the shares sale transaction, taking into account their average prices.

During the valuation, possible changes in the asset value resulting from the payment of dividends were taken into account. As at the valuation date, it is expected that dividends to be paid over the exercise period of options for ASEE shares will amount to PLN 1.00 per share annually.

The options may be exercised within 1 year for shares to be paid up in 2026, 2 years for shares to be paid up in 2027, and 3 years for shares to be paid up in 2028. These periods were correlated with the lock-up period applicable to the sale of shares.

The standalone financial statements present the costs related to the acquisition of 316,425 shares, including 280,000 shares acquired by Piotr Jeleński, CEO of ASEE S.A., and 25,000 shares acquired by Michał Nitka, Member of the Management Board of ASEE S.A.

The costs of share-based payment plan disclosed in these interim condensed financial statements of ASEE S.A. for the period of 6 months ended 30 June 2022 amounted to PLN 83 thousand. In correspondence, this transaction was recognized as a separate item of the Company's equity, in the same amount as disclosed in remuneration costs.

4.4. Financial income and expenses

Financial income earned during the periods of 3 and 6 months ended 30 June 2022 and in the comparable periods was as follows:

Financial income	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Interest income on investments in debt securities and bank deposits carried at amortized cost	628	1,416	264	522
Positive foreign exchange differences	(231)	2,057	-	-
Commissions received on guarantees granted	1	3	1	6
Net gain on exercise and/or valuation of derivative instruments	-	-	338	272
Total	398	3,477	603	800

Financial expenses incurred during the periods of 3 and 6 months ended 30 June 2022 and in the comparable periods were as follows:

Financial expenses	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Interest expenses on bank loans	(153)	(307)	(49)	(104)
Interest expenses on leases	-	(1)	(1)	(2)
Negative foreign exchange differences	-	-	(1,681)	(819)
Loss on exercise and/or valuation of derivative instruments	(221)	(288)	-	(205)
Impairment losses on investments in subsidiaries	(7,500)	(7,500)	-	-
Other financial expenses	(13)	(29)	-	-
Total	(7,888)	(8,125)	(1,731)	(1,130)

Impairment losses on investments in subsidiaries are related to our investment in ASEE Romania. The amount of write-down was determined based on the conducted impairment test which has been described in detail in explanatory note 5.5 to these interim condensed financial statements.

Positive and negative foreign exchange differences are presented in net amounts (reflecting the excess of positive differences over negative differences or otherwise).

Interest expenses on leases are associated with the lease of an office building in Gdynia.

The table below presents gains/losses on revaluation of financial assets:

	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Gain on revaluation of financial assets (reversal of allowance for loans granted)	126	126	-	-
Loss on impairment of financial assets (allowance for loans granted)	(23)	(23)	-	-
Recognition/reversal of impairment losses on loans granted and other financial instruments	103	103	-	-

4.5. Corporate income tax

The main charges on pre-tax profit resulting from corporate income tax (current and deferred portions):

	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Current income tax and prior years' adjustments	(3,336)	(3,674)	(2,578)	(3,685)
Deferred income tax	338	(190)	(153)	(658)
Income tax expense as disclosed in the statement of profit and loss	(2,998)	(3,864)	(2,731)	(4,343)

Presented below is the reconciliation of corporate income tax payable on pre-tax profit at the statutory tax rate, with corporate income tax computed at the effective tax rate.

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Pre-tax profit from continuing operations	45,820	74,960
Statutory corporate income tax rate	19%	19%
Corporate income tax computed at the statutory tax rate	(8,706)	(14,242)
Tax-exempt dividends received from subsidiaries	2,589	3,929
Deduction of income tax paid by subsidiaries on taxable dividends	4,482	6,164
Share-based payment plan	(16)	-
Depreciation and amortization	(4)	(2)
Adjustments to prior years' income tax	(791)	-
Recognition and reversal of impairment losses on investments in subsidiaries	(1,425)	-
Other permanent differences	7	(192)
Corporate income tax computed at the effective tax rate	(3,864)	(4,343)

During the period of 6 months ended 30 June 2022, our effective tax rate equalled 8.4% as compared with 5.8% in the comparable period last year.

4.6. Earnings per share

Both during the reporting period and the comparable period, there were no instruments that could potentially dilute basic earnings per share, hence our basic earnings per share and diluted earnings per share are equal. The table below presents net profits and numbers of shares used for the calculation of earnings per share:

	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251	51,894,251	51,894,251
Net profit for the reporting period (in thousands of PLN)	29,929	41,956	48,319	70,617
Net earnings per share (in PLN)	0.58	0.81	0.93	1.36

4.7. Information on dividends paid out

The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to §12 sec. 4 item 2) of the Company's Articles of Association, on 21 June 2022 decided to pay out a dividend in the total amount of PLN 66,425 thousand or PLN 1.28 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 29 June 2022 as the dividend record date. The dividend was paid out on 12 July 2022. The number of shares eligible for dividend was 51,894,251.

In 2021, the Parent Company paid out to its shareholders a dividend for the year 2020. The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to §12 sec. 4 item 2) of the Company's Articles of Association, on 10 June 2021 decided to pay out a dividend in the total amount of PLN 51,894 thousand or PLN 1.00 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 24 June 2021 as the dividend record date. The dividend was paid out on 7 July 2021. The number of shares eligible for dividend was 51,894,251.

V. Explanatory notes to the statement of financial position

5.1. Property, plant and equipment

Changes in the net book value of property, plant and equipment that took place during the period of 6 months ended 30 June 2022 and in the comparable period are presented below:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Net book value of property, plant and equipment as at 1 January	462	455
Additions, of which:	40	228
Purchases and modernization	40	228
Reductions, of which:	(129)	(110)
Depreciation charges for the reporting period	(129)	(107)
Disposal and liquidation	-	(3)
Net book value of property, plant and equipment as at 30 June	374	573

Both as at 30 June 2022 and 31 December 2021, property, plant and equipment did not serve as collateral for any bank loans.

5.2. Intangible assets

Changes in the net book value of intangible assets that took place during the period of 6 months ended 30 June 2022 and in the comparable period are presented below:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Net book value of intangible assets as at 1 January	6,054	5,393
Additions, of which:	88	637
Purchases and modernization	88	637
Reductions, of which:	(326)	(207)
Amortization charges for the reporting period	(326)	(207)
Net book value of intangible assets as at 30 June	5,816	5,823

Both as at 30 June 2022 and 31 December 2021, intangible assets did not serve as collateral for any bank loans.

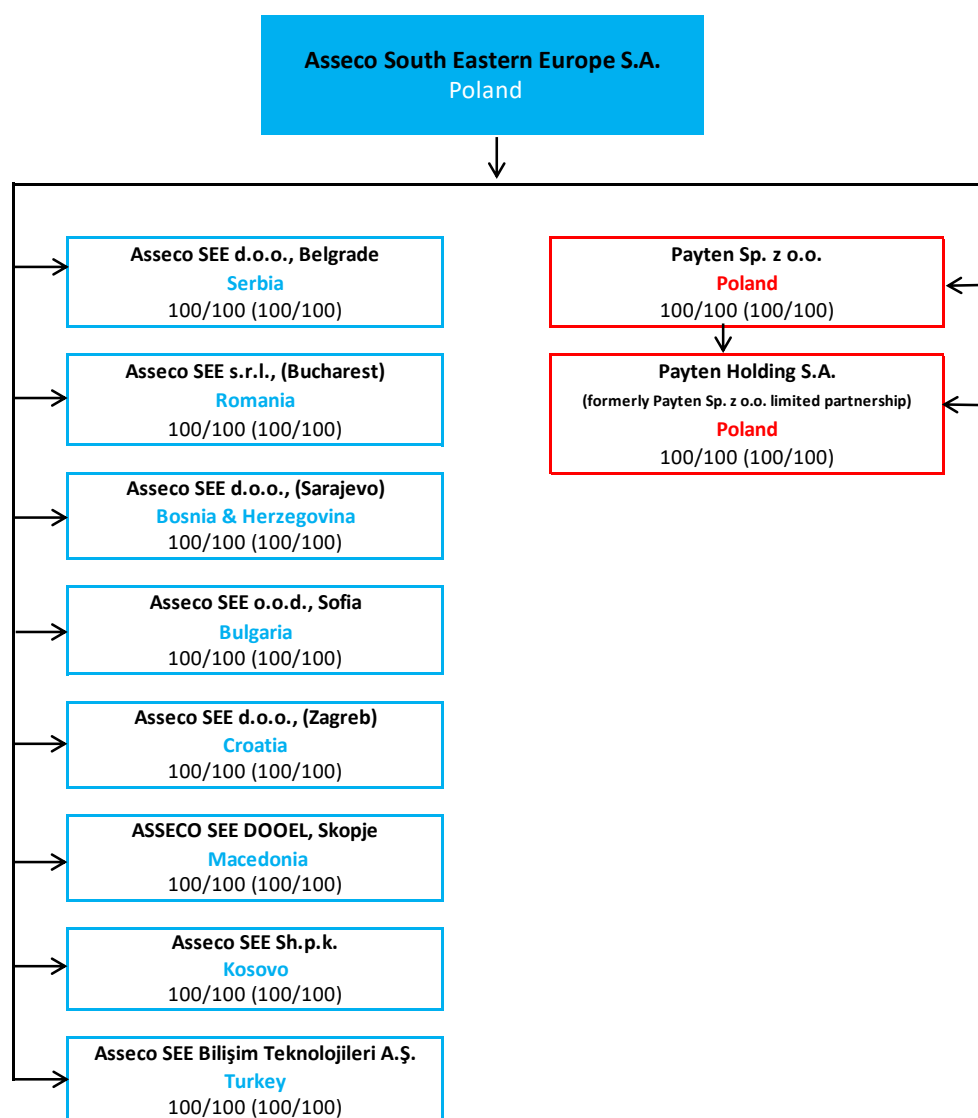
5.3. Right-of-use assets

Changes in the net book value of right-of-use assets that took place during the period of 6 months ended 30 June 2022 and in the comparable period are presented below:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Net book value of right-of-use assets as at 1 January	181	290
Additions, of which:	-	-
Conclusion of new lease contracts	-	-
Reductions, of which:	(54)	(54)
Depreciation charges for the reporting period	(54)	(54)
Net book value of right-of-use assets as at 30 June	127	236

5.4. Investments in subsidiaries

The Company's investments in subsidiaries are presented in the chart below:



100/100 voting rights / equity interest as at 30 June 2022 (in %)
(100/100) voting rights / equity interest as at 31 December 2021 (in %)

The Company's equity investments held as at 30 June 2022 and in the comparable period are disclosed in the table below:

		30 June 2022	31 Dec. 2021
		PLN'000	PLN'000
Asseco SEE d.o.o. (Sarajevo)	ASEE B&H	21,829	21,830
Asseco SEE o.o.d. (Sofia)	ASEE Bulgaria	4,265	4,265
Asseco SEE d.o.o. (Zagreb)	ASEE Croatia	56,783	56,783
Asseco SEE Sh.p.k. (Pristina)	ASEE Kosovo	33,561	33,561
Asseco SEE DOEL (Skopje)	ASEE Macedonia	98,480	98,480
Asseco SEE s.r.l. (Bucharest)	ASEE Romania	90,419	97,919
Asseco SEE d.o.o., (Belgrade)	ASEE Serbia	60,680	60,680
Asseco SEE Bilişim Teknolojileri A.Ş. (Istanbul)	ASEE Turkey	20,618	20,618
Payten Sp. z o.o.	Payten	25	25
Payten Holding S.A (formerly Payten Sp. z o.o. sp.k.)	Payten Holding	227,157	227,157
		613,818	621,318

Subsidiaries of ASEE S.A. are primarily engaged in the development of IT solutions for the sectors of finance, industry and public administration, settlement of on-line payments, as well as in the provision of card payment solutions and integration services. The Company's investments in subsidiaries have been described in detail in its annual report for the year 2021, which was published on 23 February 2022 and is available at the Issuer's website: www.asseco.com/see.

During the period of 6 months ended 30 June 2022, the structure of equity investments of ASEE S.A. remained unchanged.

5.5. Impairment testing of assets

Investments in subsidiaries – impairment tests

Each impairment test on investments in subsidiaries requires making estimates of the recoverable amount of a cash-generating unit or a group of cash-generating units constituted by individual subsidiaries.

At each reporting date, ASEE S.A. carries out a valuation of its assets concerning possible impairment. Should there be any indications of impairment, the Company shall estimate the recoverable amount of an investment. If the carrying value of an asset exceeds its recoverable amount, impairment charges are made in order to reduce such carrying value to the level of recoverable amount.

As at 30 June 2022, we estimated the recoverable amounts of our investments in the companies of ASEE Romania, ASEE Croatia, ASEE Turkey, ASEE Kosovo, and ASEE Macedonia because of a small excess of the recoverable amount over the carrying value of a given asset as at the end of the previous year and/or because their actual financial results were weaker than expected.

No indications of impairment have been observed in respect of our investments in other subsidiaries.

The recoverable amount of our investments in the above-mentioned subsidiaries as at 30 June 2022 was determined on the basis of their value in use, applying the forecasted free cash flow to firm (FCFF) based on financial forecasts approved by our management personnel. The detailed forecast covered the period of 5 years, while the residual value was determined assuming no real growth of the achieved margins after the forecast period.

The discount rate applied to determine the present value of expected future cash flows was equivalent to the estimated weighted average cost of capital for each individual company. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the beta coefficient that was leveraged to reflect the market debt-equity structure, as well as the expected market yield.

The table below presents the basic assumptions concerning the discount rate and sales revenue growth as adopted in the testing model prepared as at 30 June 2022:

	Book value of investment	Discount rate applied in the model	Sales revenue growth rate
ASEE Croatia	56,783	10.42%	2.03%
ASEE Kosovo	33,561	17.91%	14.23%
ASEE Macedonia	98,480	18.13%	7.77%
ASEE Romania	90,419	17.80%	5.88%
ASEE Turkey	20,618	29.59%	21.00%

The sales revenue growth rate specified in the tables above was calculated as the compound annual growth rate (CAGR), this is an average annual growth rate over the analyzed period, assuming that each year-on-year increase is added to the next period's base.

As a result of the conducted impairment test, we have determined that the value of our investment in ASEE Romania shall be written down by PLN 7,500 thousand. Such write-down was recognized in financial expenses. This impairment charge was made largely due to weaker than expected financial performance of that company as well as an increase in its weighted average cost of capital.

In order to estimate the free cash flow to firm (FCFF) of ASEE Romania, we assumed that the average revenue growth rate over the period of forecast will be 5.88% per annum. The residual value was determined

assuming no real growth in margins achieved after the detailed forecast period. The discount rate applied to estimate the present value of expected future cash flows was equivalent to the estimated weighted average cost of capital of ASEE Romania that equalled 17.8%.

In the case of other impairment tests performed as at 30 June 2022, the value in use of our investments was higher than their book value. The Company also carried out a sensitivity analysis in relation to the impairment tests performed for our investing activity assets.

Analysis of sensitivity

Additionally, the Company carried out a sensitivity analysis in relation to the conducted impairment test. Such sensitivity analysis examined the impact of changes in:

- discount rate applied, and
- sales revenue growth rate

as factors with influence on the recoverable amount of a cash-generating unit, assuming other factors remain unchanged.

The objective of such sensitivity analysis was to find out the terminal values showing how much the selected parameters applied in the model could be changed so that the estimated value in use of each cash-generating unit equalled its carrying value.

In the case of ASEE Kosovo, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 5.06 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 0.23 pp with other assumptions remaining constant. As at 30 June 2022, the excess of the recoverable amount of this investment over its carrying value equalled PLN 1.16 million.

In the case of ASEE Macedonia, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 0.16 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 0.09 pp with other assumptions remaining constant. As at 30 June 2022, the excess of the recoverable amount of this investment over its carrying value equalled PLN 1.12 million.

Any reasonable modification of the key assumptions adopted in the valuation model of our investments in other subsidiaries should not indicate a necessity of recognizing any impairment charges.

5.6. Other non-financial assets

As at 30 June 2022, we disclosed other non-financial assets related to the capital increase by our subsidiary Payten Holding S.A. On 21 March 2022, the management of Payten Holding S.A. adopted a resolution to increase the share capital of this company by the amount of PLN 4,266 thousand, through the issuance of series B shares with a par value of PLN 10 each and the issuance price of PLN 22.57 per share. The total issuance price for all the issued shares equalled PLN 9,628 thousand. The shares were fully paid up in cash prior to registration of the share capital increase. The newly issued shares of Payten Holding S.A. were acquired by its existing shareholders, namely ASEE S.A. and Payten Sp. z o.o.

ASEE S.A. made a payment of PLN 9,628 thousand for the share capital increase in the said subsidiary company on 13 April 2022. However, the share capital increase has not yet been registered until the reporting date. Therefore, the payment made by ASEE as consideration for new shares in Payten Holding has been presented as other long-term non-financial assets.

5.7. Prepayments and accrued income

As at 30 June 2022 and in the comparable period, prepayments and accrued income included the following items:

	30 June 2022		31 Dec. 2021	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Prepaid services, of which:				
maintenance services and license fees	-	1,178	-	1,244
insurances	-	35	-	27
other services	-	1,262	-	848
Total	-	2,476	-	2,119

Both as at 30 June 2022 and at the end of the comparable period, prepayments included primarily the costs of prepaid maintenance services, license fees and other services that will be successively expensed in future periods.

5.8. Contract assets, trade receivables and other receivables

The table below presents the amounts of trade receivables as at 30 June 2022 as well as at 31 December 2021:

	30 June 2022		31 Dec. 2021	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade receivables	-	8,179	-	1,331
From related parties	-	6,972	-	750
From other entities	-	1,322	-	675
Allowances (-)	-	(115)	-	(94)
Corporate income tax receivable	-	-	-	205
Receivables from the state and local budgets	-	-	-	332
Value added tax	-	-	-	332
Other receivables	47	11,980	47	131
Dividends receivable	-	11,756	-	-
Security deposits receivable	47	57	47	48
Other receivables	-	253	-	169
Allowances for other receivables (-)	-	(86)	-	(86)
Total receivables	47	20,159	47	1,999

Trade receivables from related parties in the amount of PLN 6,972 thousand resulted from the sale of consulting, business management and technical support services to subsidiaries of ASEE Group.

Dividends receivable represent dividends which have been declared and approved but not yet paid out by our subsidiaries, including from Payten Holding in the amount of PLN 6,823 thousand, and from ASEE Macedonia in the amount of PLN 4,933 thousand.

Related party transactions have been presented in explanatory note 5.16 to these interim condensed financial statements.

The Company has adopted a relevant policy that allows for selling products and services to verified customers only. Owing to that, in the Management's opinion the credited sales risk would not exceed the level covered with allowances for doubtful trade receivables.

5.9. Other financial assets

As at 30 June 2022, the Company held the categories and classes of financial assets listed in the table below (in addition to contract assets, trade receivables and cash and cash equivalents which are presented in explanatory notes 5.8 and 5.10 to these interim condensed financial statements).

	30 June 2022		31 Dec. 2021	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Financial assets carried at amortized cost, of which:	50,845	10,646	72,162	27,142
loans granted to related parties	50,845	10,646	72,162	27,142
Financial assets carried at fair value through profit or loss, of which:	-	-	-	20
currency forward contracts	-	-	-	20
Total	50,845	10,646	72,162	27,162

Loans granted, which meet the characteristics of contractual cash flows (under the SPPI test), are measured at amortized cost at each reporting date.

Loans granted to related parties include only loans granted to companies which are controlled by Asseco South Eastern Europe S.A. Loans to related parties were granted on an arm's length basis.

The following table presents the amounts of loans as at 30 June 2022 and as at 31 December 2021, including their type and changes in the amounts outstanding between those reporting dates.

	1 January 2022	Granted	Repaid	Allowance*	Other/ Valuation	Interest accrued	Interest repaid	Foreign exchange differences	30 June 2022
Loans granted to related parties:									
Payten B&H	3,113	-	-	-	(3)	74	(67)	57	3,173
ASEE B&H	54,441	-	-	(19)	(62)	1,111	(558)	950	55,863
Payten Croatia	266	-	(274)	1	-	2	(2)	6	-
ASEE Croatia	20,672	-	(18,683)	124	-	124	(200)	322	2,359
Payten Montenegro	-	-	-	-	-	-	-	-	-
Payten Holding S.A.	20,812	235	(21,210)	1	-	101	(163)	320	96
Payten Sp. z o.o.	-	-	-	(4)	-	4	-	-	-
Total	99,304	235	(40,167)	103	(65)	1,416	(990)	1,655	61,491
Long-term	72,162								50,845
Short-term	27,142								10,646

*Allowance for expected credit losses in accordance with IFRS 9

The table below presents changes in the amount of allowances for loans granted (classified as tier 1) that took place during the period of 6 months ended 30 June 2022 and in the comparable period:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Gain on revaluation of financial assets (reversal of allowance for loans granted)	126	-
Loss on impairment of financial assets (allowances for expected credit losses on loans granted)	(23)	-
Recognition/reversal of impairment losses on loans granted and other financial instruments	103	-

As at 30 June 2022, the Company measured and recognized allowances for expected credit losses on financial assets at an amount equal to the 12-month expected credit losses which equalled PLN 23 thousand, and reversed allowances in the amount of PLN 126 thousand due to the collection of loans. The credit risk associated with these assets (classified as tier 1) has not increased significantly since their initial recognition.

The following table provides information on the key terms of loans granted to related parties as at 30 June 2022:

	30 June 2022 PLN'000	Interest rate	Loan currency	Repayment date	31 Dec. 2021 PLN'000
Loans granted during the financial year	-	-	-	-	-
Loans granted in previous years					
Payten Croatia	-	3M EURIBOR + margin	EUR	25.03.2022	266
Payten B&H	3,173	3M EURIBOR + margin	EUR	31.12.2022	3,113
Payten Holding S.A.	-	3M EURIBOR + margin	EUR	30.09.2024	12,018
Payten Holding S.A.	-	1M EURIBOR + margin	USD	13.05.2023	735
Payten Sp. z o.o.	-	3M EURIBOR + margin	PLN	30.06.2022	-
Payten Holding S.A.	95	3M EURIBOR + margin	EUR	31.12.2023	3,364
Payten Holding S.A.	-	3M EURIBOR + margin	EUR	07.07.2024	2,330
ASEE Croatia	2,359	3M EURIBOR + margin	EUR	30.06.2024	20,672
Payten Holding S.A.	-	3M EURIBOR + margin	EUR	02.10.2022	2,364
ASEE B&H	55,864	3M EURIBOR + margin	EUR	30.09.2029	54,442
Total	61,491				99,304

Changes in the amount of allowances for loans granted that took place during the period of 6 months ended 30 June 2022 and in the comparable period have been presented in explanatory note 4.4 to the interim condensed financial statements of ASEE S.A.

Financial assets carried at fair value through profit or loss include forward transactions for the purchase or sale of foreign currencies. Forward transactions have been concluded in order to hedge against the foreign currency risk arising mainly from loans granted from our own funds.

The fair values of currency forward contracts and embedded derivatives are determined at each reporting date using calculation models based on inputs that are directly observable in active markets (level 2).

Changes in the fair value measurement of financial instruments carried at fair value, and changes in the classification of financial instruments

In the period of 6 months ended 30 June 2022, the Company did not change its methods for measuring the fair value of financial instruments carried at fair value, did not transfer any instruments between individual levels of the fair value hierarchy, nor did it reclassify any financial instruments.

The book values of financial assets held by the Company as at 30 June 2022 and 31 December 2021 did not significantly differ from their fair values.

5.10. Cash and cash equivalents

The table below presents cash and cash equivalents as at 30 June 2022 and in the comparable period:

	30 June 2022 PLN'000	31 Dec. 2021 PLN'000
Cash at bank accounts	75,892	16,052
Cash at split payment accounts	208	90
Short-term bank deposits	-	-
Total cash and cash equivalents as disclosed in the balance sheet	76,100	16,142
Bank overdraft facilities utilized for current liquidity management	-	-
Total cash and cash equivalents as disclosed in the cash flow statement	76,100	16,142

Interest earned on cash at bank is variable and depends on interest rates offered on bank deposits.

As at 30 June 2022, cash in the amount of PLN 27,877 thousand held in bank accounts at Bank Pekao S.A. was subject to a registered pledge in order to secure the repayment of a loan obtained from that bank. As at the reporting date, liabilities under this loan amounted to PLN 25,743 thousand.

5.11. Bank loans

As at 30 June 2022 and in the comparable period, liabilities arising from interest-bearing bank loans were as follows:

	Currency	Repayment date	30 June 2022		31 Dec. 2021	
			Long-term	Short-term	Long-term	Short-term
			PLN'000	PLN'000	PLN'000	PLN'000
ING S.A.	EUR	31.07.2023	-	5,349	2,628	5,523
PeKaO S.A.	EUR	30.07.2026	25,743	-	25,297	-
Total interest-bearing bank loans			25,743	5,349	27,925	5,523

Liabilities under interest-bearing bank loans resulted from:

- bank credit facility provided by ING Bank Śląski up to the amount of EUR 9 million. The repayment date was scheduled for 31 July 2023. Interest is payable on the amount of loan actually drawn and shall be based on the 1-month EURIBOR rate plus margin. Repayment of the loan to the bank is secured by sureties furnished by our subsidiaries as well as by the assignment of the amounts receivable under loans granted to our subsidiaries. As at 30 June 2022, our liability under this bank loan amounted to PLN 5,349 thousand. As at 31 December 2021, our liability under this bank loan amounted to PLN 8,151 thousand. Funds obtained under this bank loan have been used for granting loans to ASEE Group subsidiaries in order to finance their outsourcing projects as well as for making acquisitions.
- bank credit facility provided by Pekao S.A. up to the amount of EUR 13 million under the agreement concluded on 29 July 2021. The above-mentioned loan shall be available over a period of 24 months from the agreement execution date, and it shall be repaid till 30 July 2026. Repayments will be made in quarterly instalments. The loan repayment has been secured in particular with sureties granted by selected subsidiaries, a power of attorney for the Company's bank accounts as well as a registered pledge on the Company's bank accounts maintained with the lender bank. Interest is payable on the amount of loan actually drawn and shall be based on the 3-month EURIBOR rate plus margin. As at 30 June 2022, our liability under this bank loan amounted to PLN 25,743 thousand. As at 31 December 2021, our liability under this bank loan amounted to PLN 25,297 thousand. Funds obtained under this bank loan can be used for purchases of IT hardware for the implementation of outsourcing contracts within ASEE Group, as well as for acquisitions of shares in companies to be conducted either by ASEE or its subsidiaries.

5.12. Lease liabilities

As at 30 June 2022, the Company was the lessee under a lease contract for office space. The table below presents the amounts of lease liabilities as at 30 June 2022 and in the comparable period:

	30 June 2022	31 Dec. 2021
	PLN'000	PLN'000
Liabilities from leases of real estate		
Short-term	119	115
Long-term	22	74
Total	141	189

5.13. Other financial liabilities

The table below presents other financial liabilities as at 30 June 2022 and in the comparable period:

Other financial liabilities	30 June 2022		31 Dec. 2021	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Dividends payable	-	66,425	-	-
Liabilities from the acquisition of shares	-	-	-	-
Liabilities from currency forward contracts	693	92	516	-
Total	693	66,516	516	-

Liabilities from currency forward contracts correspond to forward transactions in foreign currencies that have been concluded in order to hedge against our foreign currency risk.

The fair value of currency forward contracts is determined at each reporting date using the calculation model based on inputs that are directly or indirectly observable in active markets (level 2 of the fair value hierarchy).

5.14. Contract liabilities, trade payables and other liabilities

As at 30 June 2022 and in the comparable period, the Company had the following trade payables:

	30 June 2022		31 Dec. 2021	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade payables, of which:				
Trade payables	-	424	-	161
<i>to related parties</i>	-	88	-	101
<i>to other entities</i>	-	337	-	60
Uninvoiced payables	-	551	-	1,153
<i>to related parties</i>	-	132	-	736
<i>to other entities</i>	-	418	-	417
Total trade payables	-	975	-	1,314

Trade payables are non-interest bearing. Related party transactions have been presented in explanatory note 5.16 to these interim condensed financial statements.

As at 30 June 2022 and in the comparable period, the Company had the following liabilities from contracts with customers:

	30 June 2022		31 Dec. 2021	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Contract liabilities, of which:				
Deferred income arising from contracts with customers	-	3,298	-	2,325
<i>to related parties</i>	-	1,310	-	-
<i>to other entities</i>	-	1,988	-	2,325
Total contract liabilities	-	3,298	-	2,325

Liabilities from contracts with customers included deferred income relating to advance payments received for maintenance services to be provided in future periods, as well as annual fees for the use of the Group's systems that will be recognized in future periods.

As at 30 June 2022 and in the comparable period, the Company had the following other liabilities:

	30 June 2022		31 Dec. 2021	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Corporate income tax payable	-	1,445	-	-
Other liabilities to the state and local budgets, of which:				
Value added tax (VAT)	-	399	-	-
Personal income tax (PIT)	-	55	-	421
Social security contributions	-	149	-	323
Total liabilities to the state and local budgets	-	603	-	744
Other liabilities				
Financial audit liabilities	-	175	-	115
Other liabilities	-	150	-	179
Total other liabilities	-	325	-	294

5.15. Accruals

As at 30 June 2022 and in the comparable period, accruals included the following items:

	30 June 2022		31 Dec. 2021	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Accruals, of which:				
Accruals for unused holiday leaves	-	1,484	-	1,801
Accruals for employee and management bonuses	-	1,920	-	1,277
Total	-	3,404	-	3,078

The total amount of accruals comprises: accruals for unused holiday leaves, accruals for remunerations of the current period to be paid out in future periods which result from the bonus incentive schemes applied by the Company.

5.16. Related party transactions

The table below discloses the total values of transactions conducted with our related parties during the periods of 6 months ended 30 June 2022 and 30 June 2021, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2022 and 31 December 2021:

	Sales to related parties 6 months ended 30 June PLN'000	Purchases from related parties 6 months ended 30 June PLN'000	Receivables from related parties 30 June 2022 / 31 Dec. 2021 PLN'000	Liabilities to related parties 30 June 2022 / 31 Dec. 2021 PLN'000
Transactions with entities of Asseco Poland Group				
2022	24	496	54	7
2021	27	301	58	6
Transactions with entities controlled by the Company				
2022	8,222	706	18,722	1,645
2021	9,946	853	742	951

Revenues from related party transactions include sales of goods and IT services related to ongoing IT projects, as well as sales of consulting, business management and technical support services to our subsidiaries.

Purchases from related parties include purchases of goods and services related to ongoing IT projects, rental of office space, as well as purchases of consulting services.

As at 30 June 2022, total receivables from related parties comprised trade receivables amounting to PLN 6,972 thousand, dividends receivable in the amount of PLN 11,756 thousand, as well as other receivables amounting to PLN 48 thousand (of which PLN 47 thousand of deposits for rental of office space, and PLN 1 thousand of other receivables). As at 31 December 2021, total receivables from related parties comprised trade receivables and contract assets amounting to PLN 750 thousand, as well as other receivables in the amount of PLN 50 thousand (of which PLN 47 thousand of deposits for rental of office space, and PLN 3 thousand of other receivables).

As at 30 June 2022, total liabilities to related parties comprised contract liabilities amounting to PLN 1,310 thousand, trade payables amounting to PLN 220 thousand, as well as other liabilities in the amount of PLN 122 thousand. As at 31 December 2021, total liabilities to related parties comprised trade payables and contract liabilities amounting in total to PLN 837 thousand, as well as other liabilities in the amount of PLN 120 thousand.

Loans granted to related parties have been presented in explanatory note 5.9 to these interim condensed financial statements.

In addition, dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2022 include dividends to be paid out to Asseco International a.s. in the amount of PLN 33,801 thousand, as well as dividends to be paid out to Members of the Management Board and parties that are related through Members of the Management Board in the total gross amount of PLN 2,171 thousand. The numbers of ASEE shares held by its Management Personnel as well as by their related parties have been presented in the item 'Shares and Shareholders' in the Management Report on Operations of the Group for the period of 6 months ended 30 June 2022. The dividend was paid out on 12 July 2022.

All transactions with related parties are carried out on an arm's length basis.

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., which has been described in detail in explanatory note 4.3 in this report. Members of the Management Board of ASEE S.A., acting directly or through their related parties, acquired the following numbers of shares:

Management Board Members	Number of shares acquired
Piotr Jeleński	280,000
Miljan Mališ	30,621
Michał Nitka	25,000
Kostadin Slavkoski	5,715
Total	341,336

In the financial statements for the period of 6 months ended 30 June 2022, the costs of share-based payment plan related to shares acquired by Members of the Management Board amounted to PLN 83 thousand.

VI. Explanatory notes to the statement of cash flows

6.1. Cash flows – operating activities

Operating cash flows were mainly influenced by the following elements:

- Changes in working capital, including:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Change in receivables and contract assets	(6,609)	(2,615)
Change in liabilities	(181)	1,022
Change in prepayments and accruals	942	(2,074)

- Dividends received by ASEE S.A. from its subsidiaries:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
ASEE Serbia	18,302	32,055
ASEE Croatia	-	15,856
ASEE Romania	4,948	3,043
ASEE Macedonia	4,693	6,805
ASEE B&H	-	4,231
ASEE Kosovo	939	2,240
ASEE Turkey	4,019	2,841
ASEE Bulgaria	1,833	1,782
Total	34,734	68,853

- Expenditures for the acquisition of shares in subsidiaries:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Necomplus Spain	-	(4,932)
Payten Holding S.A.	(9,628)	-
Total	(9,628)	(4,932)

6.2. Cash flows – investing activities

The table below presents proceeds and expenditures relating to property, plant and equipment, and intangible assets during the period of 6 months ended 30 June 2022 and in the comparable period:

	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2021 PLN'000
Acquisition of property, plant and equipment	(40)	(228)
Acquisition of intangible assets	(88)	(637)
Total	(128)	(865)

Our inflows from loans collected as well as outflows for loans granted during the period of 6 months ended 30 June 2022 have been presented in detail in explanatory note 5.9 to these interim condensed financial statements.

6.3. Cash flows – financing activities

		Interest-bearing bank loans PLN'000	Leases PLN'000	Dividends payable PLN'000	Total PLN'000
As at 1 January 2022		33,448	189	-	33,637
Cash flows	Inflows (+)	-	-	-	-
	Repayment of principal amount – outflows	(2,928)	(63)	-	(2,991)
	Interest paid – outflows	(307)	(1)	-	(308)
Non-cash changes	Interest accrued	307	1	-	308
	Non-cash increase in liabilities	-	-	66,425	66,425
	Foreign exchange differences recognized in financial income/expenses	573	15	-	588
As at 30 June 2022		31,093	141	66,425	97,659

		Interest-bearing bank loans PLN'000	Leases PLN'000	Dividends payable PLN'000	Total PLN'000
As at 1 January 2021		15,980	323	-	16,303
Cash flows	Inflows (+)	-	-	-	-
	Repayment of principal amount – outflows	(4,115)	(61)	-	(4,176)
	Interest paid – outflows	(104)	(1)	-	(105)
Non-cash changes	Interest accrued	104	1	-	105
	Non-cash increase in liabilities	-	-	51,894	51,894
	Foreign exchange differences recognized in financial income/expenses	(270)	(8)	-	(278)
As at 30 June 2021		11,595	254	51,894	63,743

VII. Other explanatory notes

7.1. Off-balance-sheet liabilities

The Company granted the following guarantees and sureties:

	30 June 2022		Date of expiration	31 Dec. 2021		Date of expiration
	PLN'000	EUR'000		PLN'000	EUR'000	
Guarantee facilities						
ASEE Kosovo	936	200	06.09.2023	920	200	06.09.2023
Total guarantees	936			920		

Moreover, ASEE S.A. is party to a partner agreement with a large hardware vendor which provides that in the case of non-performance of contractual obligations by any subsidiaries of ASEE Group, the vendor shall be entitled to demand the outstanding payment directly from ASEE S.A.

All of the granted guarantees constitute off-balance-sheet items. They have been provided on an arm's length basis.

In the Management's opinion, the likelihood of having to settle the liabilities presented in the table above is very low. None of the above-described guarantee obligations meet the definition of a financial guarantee under IFRS 9.

The Company is party to rental, lease and other contracts of similar nature, resulting in the following off-balance-sheet liabilities from future payments:

	30 June 2022	31 Dec. 2021
	PLN'000	PLN'000
Liabilities from rental of space		
In the period up to 1 year	48	46
In the period from 1 to 5 years	-	-
Over 5 years	-	-
Total	48	46

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 30 June 2022 are related to lease contracts that were subject to exemptions provided under IFRS 16 (short-term leases and leases of low-value assets).

7.2. Seasonal business

Because the Company operates mainly as a holding company, our financial performance during a fiscal year depends largely on the dates when our subsidiaries adopt resolutions to pay out dividends.

7.3. Employment

Number of employees as at	30 June 2022	31 Dec. 2021
Management Board*	2	2
Production departments	8	7
Sales departments	5	5
Administration departments	14	14
Total	29	28

* Piotr Jeleński and Michał Nitka serve in the Management Board of ASEE S.A. on the basis of employment contracts. The remaining members of the Company's Management Board perform their duties by assignment.

The average employment during the financial year is the same as the number of employees as at the reporting date.

7.4. Significant events after the reporting period

- ***Increase of the share capital of Payten Holding S.A.***

The share capital increase of Payten Holding S.A. by the amount of PLN 9,628 thousand was registered on 18 July 2022. The newly issued shares were acquired by the existing shareholders of Payten Holding S.A., namely ASEE S.A. and Payten Sp. z o.o. As a result, the value of ASEE's investment in Payten Holding increased by PLN 9,628 thousand.

- ***Loans granted to subsidiary ASEE B&H***

On 27 July 2022, ASEE S.A. granted a loan to its subsidiary company ASEE B&H in the amount of EUR 3,637 thousand.

Apart from the events described above, in the period from 30 June 2022 till the date of approval of these interim condensed financial statements, this is until 17 August 2022, we have not observed any other major events, the disclosure of which might significantly affect the assessment of human resources, assets and financial position of ASEE S.A.

7.5. Significant events related to prior years

Until the date of preparing these interim condensed financial statements, this is until 17 August 2022, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books and these financial statements.



Approval for publication by the Management Board

These interim condensed consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2022, as well as the interim condensed standalone financial statements of Asseco South Eastern Europe S.A. for the period of 6 months ended 30 June 2022 have been approved for publication by the Management Board of Asseco South Eastern Europe S.A. on 17 August 2022.

Management Board:

Piotr Jeleński	President of the Management Board
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Miljan Mališ	Member of the Management Board
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Michał Nitka	Member of the Management Board
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Kostadin Slavkoski	Member of the Management Board
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Person responsible for keeping the accounting books of ASEE S.A.

Monika Kacprzak	Chief Accountant
-----------------	------------------

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