



**Semi-Annual Report
of [Asseco South Eastern Europe Group](#)
for the period of 6 months ended
30 June 2021**

assee



Present in
23 countries



PLN 526 million
in sales revenues



3,022
highly committed
employees



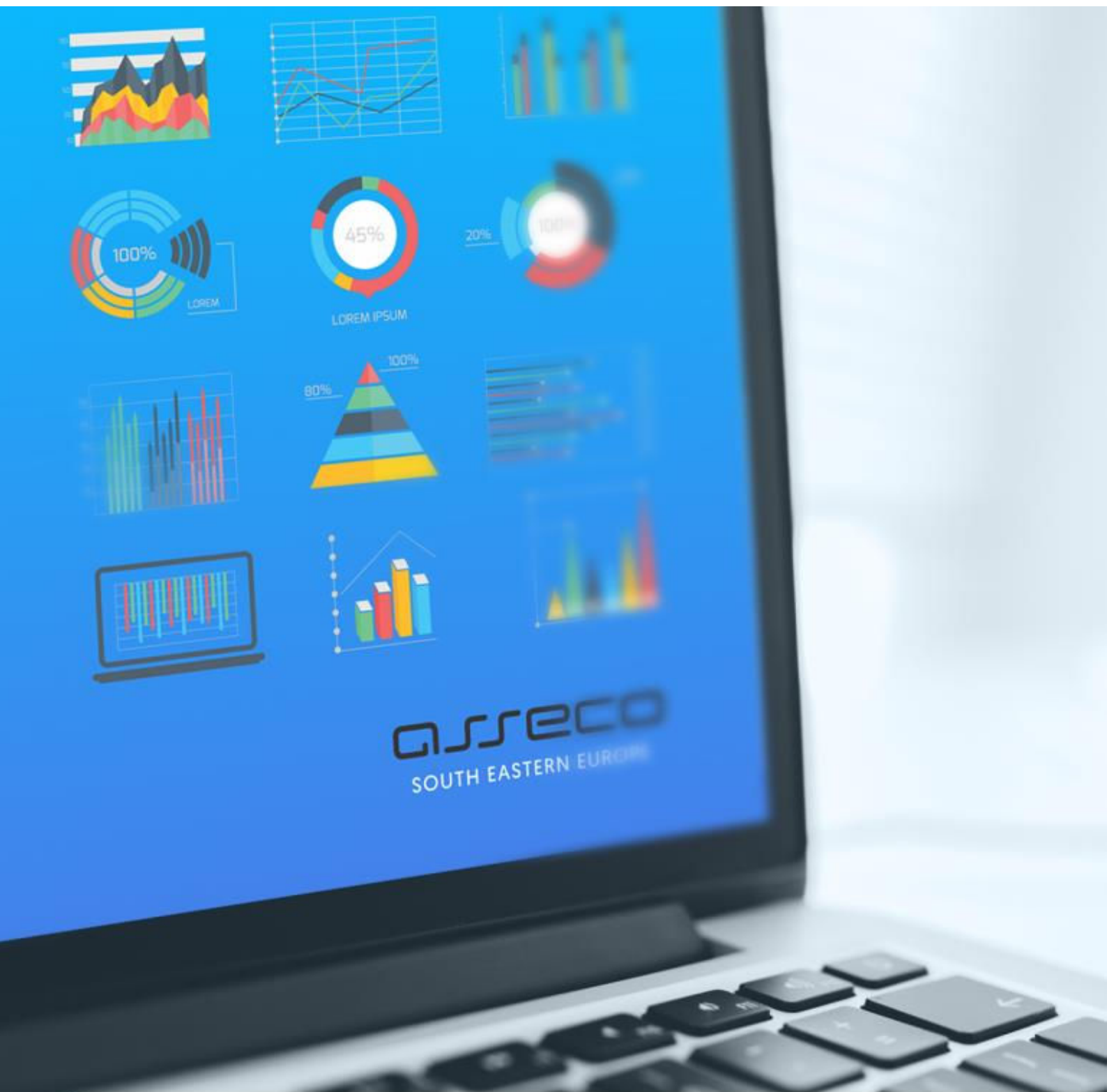
PLN 64.8 million
in net profit for
Shareholders of
the Parent Company

Semi-Annual Report of Asseco South Eastern Europe Group

for the period of 6 months ended 30 June 2021

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**Interim Condensed Consolidated
Financial Statements of
[Asseco South Eastern Europe Group](#)
for the period of 6 months ended
30 June 2021**

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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 2021 PLN'000	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2021 EUR'000	6 months ended 30 June 2020 EUR'000
Sales revenues	525,741	464,345	115,619	104,553
Operating profit	80,742	63,968	17,757	14,403
Pre-tax profit	82,086	61,962	18,052	13,951
Net profit for the reporting period	67,140	51,113	14,765	11,509
Net profit attributable to Shareholders of the Parent Company	64,842	50,412	14,260	11,351
Net cash provided by (used in) operating activities	79,021	55,504	17,378	12,497
Net cash provided by (used in) investing activities	(25,683)	(25,863)	(5,648)	(5,823)
Net cash provided by (used in) financing activities	(30,269)	(28,892)	(6,657)	(6,505)
Cash and cash equivalents at the end of period (comparable data as at 31 December 2020)	263,931	249,028	58,381	53,963
Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	1.25	0.97	0.27	0.22
Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	1.25	0.97	0.27	0.22

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 2021 to 30 June 2021: EUR 1 = PLN 4.5472
 - for the period from 1 January 2020 to 30 June 2020: EUR 1 = PLN 4.4413
- 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 2021: EUR 1 = PLN 4.5208
 - exchange rate effective on 31 December 2020: EUR 1 = PLN 4.6148

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 2021	6 months ended 30 June 2021	3 months ended 30 June 2020 (*restated)	6 months ended 30 June 2020 (*restated)
	Note	PLN'000	PLN'000	PLN'000	PLN'000
Operating revenues	5.1	272,975	525,741	233,360	464,345
Cost of sales	5.2	(199,890)	(382,572)	(169,398)	(345,109)
Allowances for trade receivables	5.2	(806)	(421)	(473)	343
Gross profit on sales		72,279	142,748	63,489	119,579
Selling costs	5.2	(14,135)	(31,010)	(13,678)	(26,768)
General and administrative expenses	5.2	(16,237)	(31,867)	(14,540)	(29,418)
Net profit on sales		41,907	79,871	35,271	63,393
Other operating income	5.3	525	1,274	635	1,085
Other operating expenses	5.3	(195)	(403)	(316)	(510)
Share of profits of associates and joint ventures		-	-	-	-
Operating profit		42,237	80,742	35,590	63,968
Financial income	5.4	1,862	6,834	401	3,968
Financial expenses	5.4	(2,010)	(5,490)	(2,151)	(5,974)
Impairment losses on financial instruments		-	-	-	-
Pre-tax profit		42,089	82,086	33,840	61,962
Corporate income tax (current and deferred tax expense)	5.5	(7,256)	(14,946)	(6,363)	(10,849)
Net profit for the reporting period		34,833	67,140	27,477	51,113
<i>Attributable to:</i>					
Shareholders of the Parent Company		33,412	64,842	26,865	50,412
Non-controlling interests		1,421	2,298	612	701
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)					
	5.6	0.64	1.25	0.52	0.97
OTHER COMPREHENSIVE INCOME					
Net profit for the reporting period		34,833	67,140	27,477	51,113
Components that may be reclassified to profit or loss		(29,204)	(20,723)	(21,679)	23,840
Net gain/loss on valuation of financial assets		3	3	7	(7)
Differences on foreign currency translation of subsidiaries		(29,207)	(20,726)	(21,686)	23,847
Components that will not be reclassified to profit or loss		-	-	-	-
Actuarial gains/losses		-	-	-	-
Total other comprehensive income		(29,204)	(20,723)	(21,679)	23,840
TOTAL COMPREHENSIVE INCOME attributable to:		5,629	46,417	5,798	74,953
Shareholders of the Parent Company		4,725	44,483	5,203	74,128
Non-controlling interests		904	1,934	595	825

* 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

ASSETS	Note	30 June 2021 PLN'000	31 December 2020 (*restated) PLN'000
Non-current assets			
Property, plant and equipment	<u>6.1</u>	132,588	143,171
Intangible assets	<u>6.2</u>	29,524	30,101
Right-of-use assets	<u>6.3</u>	52,109	55,711
Investment property		581	599
Goodwill	<u>6.4</u>	567,000	569,835
Other receivables	<u>6.8</u>	774	821
Deferred tax assets		11,180	10,948
Other financial assets	<u>6.6</u>	392	5,165
Prepayments and accrued income	<u>6.7</u>	3,780	6,142
		797,928	822,493
Current assets			
Inventories	<u>6.9</u>	31,908	27,912
Prepayments and accrued income	<u>6.7</u>	33,427	30,991
Trade receivables	<u>6.8</u>	138,465	207,672
Contract assets	<u>6.8</u>	52,249	29,625
Corporate income tax receivable	<u>6.8</u>	1,392	2,105
Receivables from the state and local budgets	<u>6.8</u>	3,715	5,100
Other receivables	<u>6.8</u>	5,619	3,970
Other non-financial assets		4,832	3,557
Other financial assets	<u>6.6</u>	253	48
Cash and bank deposits	<u>6.10</u>	263,931	249,028
		535,791	560,008
TOTAL ASSETS		1,333,719	1,382,501

* 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

		30 June 2021	31 December 2020
EQUITY AND LIABILITIES	Note		(*restated)
		PLN'000	PLN'000
Equity			
(attributable to shareholders of the Parent Company)			
Share capital		518,942	518,942
Share premium		38,825	38,825
Transactions with non-controlling interests		(3,922)	(11,624)
Other capitals		(581)	(584)
Differences on foreign currency translation of subsidiaries		(102,896)	(82,534)
Retained earnings		460,668	447,720
		911,036	910,745
Non-controlling interests		3,494	2,460
Total equity		914,530	913,205
Non-current liabilities			
Bank loans and borrowings	6.12	21,424	29,139
Lease liabilities	6.11	36,255	39,847
Other financial liabilities	6.13	2,930	25,885
Deferred tax liabilities		4,009	4,183
Provisions	6.16	2,108	2,072
Contract liabilities	6.15	8,046	9,402
Other liabilities	6.14	4,671	4,087
		79,443	114,615
Current liabilities			
Bank loans and borrowings	6.12	21,128	30,145
Lease liabilities	6.11	19,235	18,995
Other financial liabilities	6.13	85,538	21,190
Trade payables	6.14	73,968	111,830
Contract liabilities	6.15	57,761	74,087
Corporate income tax payable	6.14	5,174	7,986
Liabilities to the state and local budgets	6.14	22,022	35,062
Other liabilities	6.14	17,144	27,184
Provisions	6.16	3,565	3,451
Accruals	6.17	34,211	24,751
		339,746	354,681
TOTAL LIABILITIES		419,189	469,296
TOTAL EQUITY AND LIABILITIES		1,333,719	1,382,501

* 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 2021 (restated)		518,942	38,825	(11,624)	(584)	(82,534)	447,720	910,745	2,460	913,205
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
Share-based payment transactions with employees		-	-	-	-	-	-	-	-	-
Obtaining control over subsidiaries	<u>6.4</u>	-	-	-	-	-	-	-	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	<u>5.7</u>	-	-	-	-	-	(51,894)	(51,894)	(489)	(52,383)
As at 30 June 2021		518,942	38,825	(3,922)	(581)	(102,896)	460,668	911,036	3,494	914,530

Interim Condensed Consolidated Statement of Changes in Equity

Assecos 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 2020		518,942	38,825	(8,335)	(1,319)	(119,586)	370,134	798,661	2,051	800,712
Net profit for the reporting period		-	-	-	-	-	115,988	115,988	1,554	117,542
Other comprehensive income for the reporting period		-	-	-	(5)	37,052	-	37,047	222	37,269
Total comprehensive income for the reporting period		-	-	-	(5)	37,052	115,988	153,035	1,776	154,811
Share-based payment transactions with employees		-	-	-	740	-	-	740	-	740
Obtaining control over subsidiaries		-	-	-	-	-	-	-	861	861
Increase of share capital in subsidiaries		-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	(3,289)	-	-	-	(3,289)	(1,766)	(5,055)
Dividend for the year 2019	5.7	-	-	-	-	-	(38,402)	(38,402)	(462)	(38,864)
As at 31 December 2020 (restated)		518,942	38,825	(11,624)	(584)	(82,534)	447,720	910,745	2,460	913,205

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 2020		518,942	38,825	(8,335)	(1,319)	(119,586)	370,134	798,661	2,051	800,712
Net profit for the reporting period		-	-	-	-	-	50,412	50,412	701	51,113
Other comprehensive income for the reporting period		-	-	-	(7)	23,723	-	23,716	124	23,840
Total comprehensive income for the reporting period		-	-	-	(7)	23,723	50,412	74,128	825	74,953
Share-based payment transactions with employees		-	-	-	740	-	-	740	-	740
Obtaining control over subsidiaries		-	-	-	-	-	-	-	861	861
Increase of share capital in subsidiaries		-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	(2,811)	-	-	-	(2,811)	(1,369)	(4,180)
Dividend for the year 2019	5.7	-	-	-	-	-	(38,402)	(38,402)	(459)	(38,861)
As at 30 June 2020 (restated)		518,942	38,825	(11,146)	(586)	(95,863)	382,144	832,316	1,909	834,225

Interim Condensed Consolidated Statement of Cash Flows

Asseco South Eastern Europe Group

	Note	6 months ended 30 June 2021	6 months ended 30 June 2020 (*restated)
		PLN'000	PLN'000
Cash flows – operating activities			
Pre-tax profit		82,086	61,962
Total adjustments:		14,327	3,505
Depreciation and amortization	5.2	37,903	38,739
Change in inventories		(7,290)	11,026
Change in receivables and other non-financial assets		42,205	3,369
Change in liabilities, accruals and provisions		(61,144)	(54,672)
Interest income/expenses		1,492	2,036
Gain/loss on foreign currency translation differences		(558)	922
Gain/loss on financial assets (valuation, disposal, etc.)		-	(394)
Other financial income/expenses		2,218	751
Gain/loss on sale, disposal and impairment of property, plant and equipment, and intangible assets		(535)	991
Costs of share-based payment transactions with employees		-	740
Other adjustments to pre-tax profit		36	(3)
Cash provided by (used in) operating activities		96,413	65,467
Corporate income tax paid		(17,392)	(9,963)
Net cash provided by (used in) operating activities		79,021	55,504
Cash flows – investing activities			
Inflows			
Disposal of property, plant and equipment, and intangible assets		1,021	191
Disposal/settlement of financial assets carried at fair value through profit or loss		-	468
Disposal of investments in other debt securities carried at amortized cost (cash deposits)		4,807	539
Loans collected		-	17
Interest received		3	-
Outflows			
Acquisition of property, plant and equipment, and intangible assets (including R&D expenditures)	7.1	(18,545)	(18,232)
Expenditures for the acquisition of subsidiaries and associates, less cash and cash equivalents in subsidiaries acquired	7.1	(12,766)	(8,845)
Acquisition/settlement of financial assets carried at fair value through profit or loss		(2)	-
Loans granted		(201)	(1)
Net cash provided by (used in) investing activities		(25,683)	(25,863)
Cash flows – financing activities			
Inflows			
Proceeds from bank loans and borrowings	7.3	1,813	8,925
Outflows			
Repayments of bank loans and borrowings	7.3	(17,999)	(24,325)
Payments of lease liabilities	7.3	(9,862)	(10,923)
Interest paid	7.3	(1,333)	(1,939)
Acquisition of non-controlling interests		(2,495)	-
Dividends paid out by the Parent Company		-	-
Dividends paid out to non-controlling shareholders	7.3	(393)	(630)
Net cash provided by (used in) financing activities		(30,269)	(28,892)
Net increase (decrease) in cash and cash equivalents		23,069	749
Net foreign currency translation differences		(8,081)	3,964
Net cash and cash equivalents as at 1 January		248,860	190,661
Net cash and cash equivalents as at 30 June	6.10	263,848	195,374

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

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.
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.

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

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 2020 which were published on 24 February 2021.

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. Till the date of preparing these interim condensed consolidated financial statements, we have not observed any circumstances that would threaten the Group's ability to continue as a going concern.

Impact of the COVID-19 epidemic on the Group's business operations

As at the date of publication of these interim condensed consolidated financial statements, based on the current analysis of risks and in particular those arising from the coronavirus pandemic prevailing in Poland and worldwide, the Management Board concluded that the Company's and ASEE Group's ability to continue as a going concern over a period not shorter than 12 months from 30 June 2021 is not threatened.

At the time of publication of this report, the Group's Management Board does not see any significant threats to the business operations of ASEE Group. We are monitoring this situation on an ongoing basis, adjusting our individual decisions to changing conditions. The Group is trying to minimize the negative impact of the pandemic on its business, among others, by reducing costs, while monitoring and taking advantage of new market opportunities created by the current situation. The Management Board of ASEE does not see any significant risk of impairment of assets and has not recorded any significant change in credit risk. ASEE Group has sufficient financial resources to continue its business operations, including the settlement of current liabilities.

Concurrently, it should be noted that the situation related to the COVID-19 coronavirus pandemic is very dynamic and its effects on the economy are difficult to estimate, hence the above judgement has been prepared to the best knowledge of the Company's Management as at the date of publication of this report.

Description of the impact exerted by the COVID-19 coronavirus pandemic on ASEE Group's business operations is provided in the Management Report on Operations of ASEE Group for the period of 6 months ended 30 June 2021, in the item 'Impact of the COVID-19 coronavirus pandemic on the business of ASEE and Payten'.

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 2021 and the comparable period from 1 January to 30 June 2020 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 data as at 30 June 2021 and the comparable data as at 31 December 2020 in case of the statement of financial position.

The cumulative data presented for the period of 6 months ended 30 June 2021 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 2021 and for the corresponding period of 2020 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 2021 which were published on 28 April 2021.

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 and presentation currency

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 such 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'.

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 2021, 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 2020.

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 2020 which were published on 24 February 2021.

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.

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) and amendments to IFRS 17 (issued on 25 June 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 'Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current' and 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date' (issued on 23 January 2020 and 15 July 2020, respectively) – 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 3 'Reference to the Conceptual Framework' (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
- Amendments to IAS 16 'Property, Plant and Equipment – Proceeds before Intended Use' (issued on 14 May 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 2022;
- Amendments to IAS 37 'Onerous Contracts – Cost of Fulfilling a Contract' (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
- Annual Improvements to IFRSs: 2018-2020 Cycle (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (issued on 12 February 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 IAS 8 'Definition of Accounting Estimates' (issued on 12 February 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 16 'Covid-19-Related Rent Concessions beyond 30 June 2021' (issued on 31 March 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 April 2021;
- Amendments to IAS 12 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' (issued on 6 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.

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. Corrections of material 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 2020 as well as for the period of 6 months ended 30 June 2020 due to changes in the values of assets acquired in subsidiaries that were recognized in the purchase price allocation process.

The 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.

STATEMENT OF PROFIT AND LOSS	6 months ended 30 June 2020 PLN'000	Purchase price allocation of subsidiaries PLN'000	6 months ended 30 June 2020 (restated) PLN'000
Operating revenues	464,345	-	464,345
Cost of sales	(345,045)	(64)	(345,109)
Allowances for trade receivables	343	-	343
Gross profit on sales	119,643	(64)	119,579
Selling costs	(26,768)	-	(26,768)
General and administrative expenses	(29,418)	-	(29,418)
Net profit on sales	63,457	(64)	63,393
Other operating income	1,085	-	1,085
Other operating expenses	(510)	-	(510)
Share of profits of associates and joint ventures	-	-	-
Operating profit	64,032	(64)	63,968
Financial income	3,968	-	3,968
Financial expenses	(5,974)	-	(5,974)
Impairment losses on financial instruments	-	-	-
Pre-tax profit	62,026	(64)	61,962
Corporate income tax (current and deferred tax expense)	(10,860)	11	(10,849)
Net profit for the reporting period	51,166	(53)	51,113
Attributable to:			
Shareholders of the Parent Company	50,452	(40)	50,412
Non-controlling interests	714	(13)	701
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)	0.97	-	0.97

OTHER COMPREHENSIVE INCOME			
Net profit for the reporting period	51,166	(53)	51,113
Components that may be reclassified to profit or loss	23,835	5	23,840
Net gain/loss on valuation of financial assets	(7)	-	(7)
Differences on foreign currency translation of subsidiaries	23,842	5	23,847
Components that will not be reclassified to profit or loss	-	-	-
Actuarial gains/losses	-	-	-
Total other comprehensive income	23,835	5	23,840
TOTAL COMPREHENSIVE INCOME attributable to:	75,001	(48)	74,953
Shareholders of the Parent Company	74,180	(52)	74,128
Non-controlling interests	821	4	825

ASSETS	31 December 2020	Purchase price allocation of subsidiaries	31 December 2020
	PLN'000	PLN'000	(restated) PLN'000
Non-current assets			
Property, plant and equipment	143,171	-	143,171
Intangible assets	22,999	7,102	30,101
Right-of-use assets	55,711	-	55,711
Investment property	599	-	599
Goodwill	575,526	(5,691)	569,835
Other receivables	821	-	821
Deferred tax assets	10,948	-	10,948
Other financial assets	5,165	-	5,165
Prepayments and accrued income	6,142	-	6,142
	821,082	1,411	822,493
Current assets			
Inventories	27,912	-	27,912
Prepayments and accrued income	30,991	-	30,991
Trade receivables	207,672	-	207,672
Contract assets	29,625	-	29,625
Corporate income tax receivable	2,105	-	2,105
Receivables from the state and local budgets	5,100	-	5,100
Other receivables	3,970	-	3,970
Other non-financial assets	3,557	-	3,557
Other financial assets	48	-	48
Cash and bank deposits	249,028	-	249,028
	560,008	-	560,008
TOTAL ASSETS	1,381,090	1,411	1,382,501

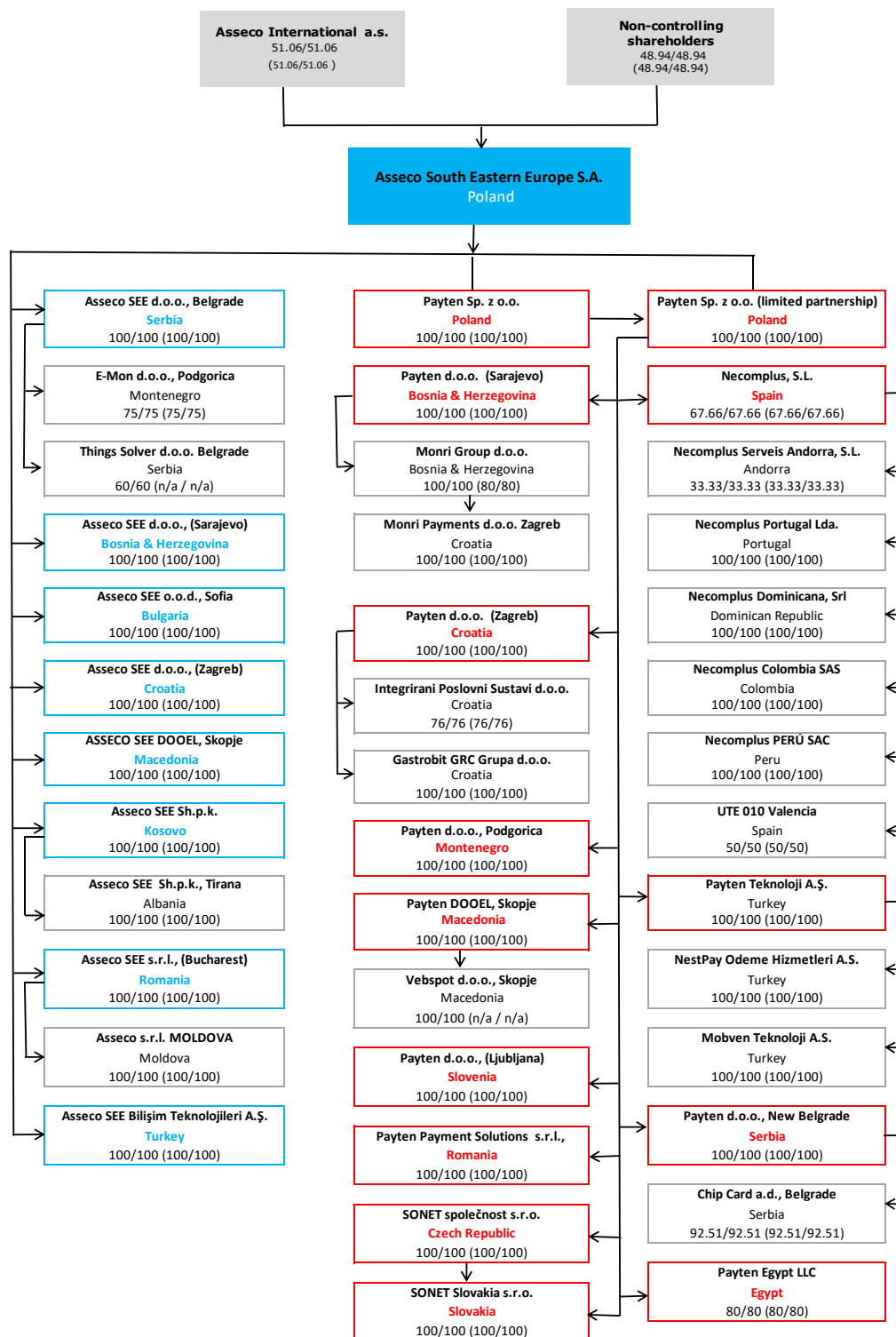
EQUITY AND LIABILITIES	31 December 2020	Purchase price allocation of subsidiaries	31 December 2020
	PLN'000	PLN'000	(restated) PLN'000
Equity <i>(attributable to shareholders of the Parent Company)</i>			
Share capital	518,942	-	518,942
Share premium	38,825	-	38,825
Transactions with non-controlling interests	(12,290)	666	(11,624)
Other capitals	(584)	-	(584)
Differences on foreign currency translation of subsidiaries	(82,541)	7	(82,534)
Retained earnings	448,260	(540)	447,720
	910,612	133	910,745
Non-controlling interests	2,460	-	2,460
Total equity	913,072	133	913,205
Non-current liabilities			
Bank loans and borrowings	29,139	-	29,139
Lease liabilities	39,847	-	39,847
Other financial liabilities	25,885	-	25,885
Deferred tax liabilities	2,905	1,278	4,183
Provisions	2,072	-	2,072
Contract liabilities	9,402	-	9,402
Other liabilities	4,087	-	4,087
	113,337	1,278	114,615
Current liabilities			
Bank loans and borrowings	30,145	-	30,145
Lease liabilities	18,995	-	18,995
Other financial liabilities	21,190	-	21,190
Trade payables	111,830	-	111,830
Contract liabilities	74,087	-	74,087
Corporate income tax payable	7,986	-	7,986
Liabilities to the state and local budgets	35,062	-	35,062
Other liabilities	27,184	-	27,184
Provisions	3,451	-	3,451
Accruals	24,751	-	24,751
	354,681	-	354,681
TOTAL LIABILITIES	468,018	1,278	469,296
TOTAL EQUITY AND LIABILITIES	1,381,090	1,411	1,382,501

6 months ended 30 June 2020	Banking Business	Payment Business	Dedicated Solutions	Change – Banking Business	Change – Payment Business	Change – Dedicated Solutions	Banking Business	Payment Business	Dedicated Solutions
							(restated)		
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Sales revenues:	98,689	232,045	151,614	-	-	-	98,689	232,045	151,614
Sales to external customers	90,504	223,920	149,921	-	-	-	90,504	223,920	149,921
Sales between and/or within segments	8,185	8,125	1,693	-	-	-	8,185	8,125	1,693
Gross profit on sales	33,064	61,552	25,027	-	(64)	-	33,064	61,488	25,027
Selling costs	(6,719)	(11,207)	(8,842)	-	-	-	(6,719)	(11,207)	(8,842)
General and administrative expenses	(8,097)	(15,163)	(6,158)	-	-	-	(8,097)	(15,163)	(6,158)
Net profit on sales	18,248	35,182	10,027	-	(64)	-	18,248	35,118	10,027
Other operating activities	(47)	546	76	-	-	-	(47)	546	76
Share of profits of associates	-	-	-	-	-	-	-	-	-
Operating profit	18,201	35,728	10,103	-	(64)	-	18,201	35,664	10,103
Goodwill as at 31 December 2020	207,063	188,768	179,695	-	(5,691)	-	207,063	183,077	179,695

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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:



100/100 voting rights / equity interest as at 30 June 2021 (in %)
(100/100) voting rights / equity interest as at 31 December 2020 (in %)

During the period of 6 months ended 30 June 2021, the Group's composition changed as follows:

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

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

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

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

- **Acquisition of shares in 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.

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

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

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 Business (formerly the Banking Solutions);
- Payment Business (formerly the Payment Solutions);
- Dedicated Solutions.

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

The **Banking Business** portfolio includes multi-channel solutions designed to distribute banking products and services over new, alternative distribution channels and to improve business relations and communication with customers, as well as integrated core banking systems. This segment also offers authentication security solutions, reporting systems for regulatory compliance and managerial information, as well as risk management and anti-fraud systems. The Group also offers its clients online 24x7 services and consultancy in the areas of mobile and electronic banking and digital transformation.

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

The **Dedicated Solutions** segment provides services to the sectors of energy, finance, industry, public administration, telecommunications and tourism through the following business lines: development of customized software, implementation and support services, ensuring continuity of business processes, automation of operations, and development of IT infrastructure. Within this segment, the Company focuses primarily on proprietary solutions of ASEE. Such solutions include the multi-functional customer service and sales support platform (LIVE), content management and business process management solutions (ABC and BPM), asset lifecycle management solution (Fidelity), artificial intelligence and machine learning solution (Solver AI Suite), and the solution for quality assurance and development of mobile and web applications (Momentum). Furthermore, the product portfolio of the Dedicated Solutions segment includes a fully-fledged lease and asset lifecycle management solution (LeaseFlex).

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 to segments. The table below presents the key financial information reviewed by the chief operating decision maker in the Group.

Revenues from none of our clients exceeded 10% of total sales generated by the Group in the period of 6 months ended 30 June 2021.

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

6 months ended 30 June 2021	Banking Business PLN'000	Payment Business PLN'000	Dedicated Solutions PLN'000	Eliminations PLN'000	Total 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
Share of profits of associates	-	-	-	-	-
Operating profit	27,866	41,047	11,829	-	80,742
Goodwill as at 30 June 2021	203,043	185,153	178,804	-	567,000

6 months ended 30 June 2021	Banking Business EUR'000	Payment Business 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
Share of profits of associates	-	-	-	-	-
Operating profit	6,129	9,027	2,601	-	17,757
Goodwill as at 30 June 2021	44,913	40,956	39,551	-	125,420

The financial results 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 30 June 2021: EUR 1 = PLN 4.5208.

Selected financial data for the period of 6 months ended 30 June 2020, in a breakdown to operating segments:

6 months ended 30 June 2020 (restated)	Banking Business PLN'000	Payment Business PLN'000	Dedicated Solutions PLN'000	Eliminations PLN'000	Total PLN'000
Sales revenues:	98,689	232,045	151,614	(18,003)	464,345
Sales to external customers	90,504	223,920	149,921	-	464,345
Sales between and/or within segments	8,185	8,125	1,693	(18,003)	-
Gross profit on sales	33,064	61,488	25,027	-	119,579
Selling costs	(6,719)	(11,207)	(8,842)	-	(26,768)
General and administrative expenses	(8,097)	(15,163)	(6,158)	-	(29,418)
Net profit on sales	18,248	35,118	10,027	-	63,393
Other operating activities	(47)	546	76	-	575
Share of profits of associates	-	-	-	-	-
Operating profit	18,201	35,664	10,103	-	63,968
Goodwill at 31 December 2020 (restated)	207,063	183,077	179,695	-	569,835

6 months ended 30 June 2020 (restated)	Banking Business EUR'000	Payment Business EUR'000	Dedicated Solutions EUR'000	Eliminations EUR'000	Total EUR'000
Sales revenues:	22,221	52,247	34,138	(4,053)	104,553
Sales to external customers	20,378	50,418	33,757	-	104,553
Sales between and/or within segments	1,843	1,829	381	(4,053)	-
Gross profit on sales	7,445	13,844	5,635	-	26,924
Selling costs	(1,513)	(2,523)	(1,991)	-	(6,027)
General and administrative expenses	(1,823)	(3,414)	(1,387)	-	(6,624)
Net profit on sales	4,109	7,907	2,257	-	14,273
Other operating activities	(11)	123	18	-	130
Share of profits of associates	-	-	-	-	-
Operating profit	4,098	8,030	2,275	-	14,403
Goodwill at 31 December 2020 (restated)	44,869	39,672	38,939	-	123,480

The financial results presented above have been converted at the average exchange rate for the period of 6 months ended 30 June 2020: EUR 1 = PLN 4.4413, whereas the financial position data have been converted at the exchange rate effective on 31 December 2020: EUR 1 = PLN 4.6148.

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 2021 and in the comparable periods were as follows:

	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000
Operating revenues by type of products				
Proprietary software and services	191,590	379,556	160,215	314,653
Third-party software and services	25,795	47,136	30,047	54,203
Hardware and infrastructure	55,590	99,049	43,098	95,489
Total	272,975	525,741	233,360	464,345

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 2021 and in the comparable period were as follows:

	Banking Business PLN'000	Payment Business 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

	Banking Business PLN'000	Payment Business PLN'000	Dedicated Solutions PLN'000	Total PLN'000
6 months ended 30 June 2020				
Proprietary software and services	87,599	158,360	68,694	314,653
Third-party software and services	1,703	6,260	46,240	54,203
Hardware and infrastructure	1,202	59,300	34,987	95,489
Total operating revenues	90,504	223,920	149,921	464,345

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

	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Revenues from contracts with customers recognized in accordance with IFRS 15, of which:	480,913	416,475
From goods and services transferred at a specific point in time	157,836	147,565
From goods and services transferred over the passage of time	323,077	268,910
Other operating revenues (mainly from leases)	44,828	47,870
Total operating revenues	525,741	464,345

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 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Operating revenues by countries		
Austria	9,224	10,604
Bosnia and Herzegovina	15,430	15,971
Bulgaria	6,031	8,427
Croatia	58,820	53,860
Montenegro	7,622	8,555
Czech Republic	8,435	8,726
Spain	77,266	50,842
Colombia	4,531	2,583
Kosovo	7,864	6,778
Macedonia	27,550	32,975
Peru	4,301	5,990
Poland	6,301	5,812
Portugal	7,080	6,026
Romania	67,270	57,303
Serbia	137,254	125,423
Slovakia	3,231	3,567
Slovenia	16,060	8,080
Turkey	43,946	37,326
Italy	5,293	7,120
Other countries	12,232	8,377
Total operating revenues	525,741	464,345

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 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Future minimum lease payments		
(i) within 1 year	88,750	86,377
(ii) within 1 to 5 years	71,339	83,657
(iii) within more than 5 years	3,988	4,809
Total	164,077	174,843

5.2. Structure of operating costs

The table below presents operating costs incurred in the periods of 3 and 6 months ended 30 June 2021 and in the comparable periods:

Operating costs	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000	3 months ended 30 June 2020 (restated) PLN'000	6 months ended 30 June 2020 (restated) PLN'000
Cost of goods, materials and third-party services sold (COGS)	(97,174)	(178,960)	(79,656)	(168,324)
Employee benefits	(90,536)	(183,286)	(78,168)	(152,774)
Third-party non-project services and outsourcing of employees	(9,598)	(19,276)	(7,904)	(14,822)
Depreciation and amortization	(18,905)	(37,903)	(19,618)	(38,739)
Maintenance costs of property and company cars	(9,550)	(17,796)	(7,067)	(15,272)
Business trips	(348)	(559)	(206)	(1,226)
Advertising	(819)	(1,491)	(611)	(1,480)
Other operating expenses	(4,138)	(6,599)	(4,859)	(8,315)
Total	(231,068)	(445,870)	(198,089)	(400,952)
Cost of sales	(199,890)	(382,572)	(169,398)	(345,109)
Selling costs	(14,135)	(31,010)	(13,678)	(26,768)
General and administrative expenses	(16,237)	(31,867)	(14,540)	(29,418)
Recognition (reversal) of allowances for trade receivables	(806)	(421)	(473)	343
Total	(231,068)	(445,870)	(198,089)	(400,952)

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.

i. 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 2021 PLN'000	6 months ended 30 June 2020 (restated) PLN'000
Depreciation charges as disclosed in the table of changes in property, plant and equipment	(22,918)	(23,646)
Amortization charges as disclosed in the table of changes in intangible assets	(4,594)	(3,877)
Depreciation charges as disclosed in the table of changes in right-of-use assets	(10,374)	(11,199)
Depreciation charges on investment property	(17)	(17)
Reduction of amortization charges due to recognition of grants to internally generated licenses	-	-
Total depreciation and amortization charges disclosed in the statement of profit and loss and in the statement of cash flows	(37,903)	(38,739)

5.3. Other operating income and expenses

Other operating income and expenses recognized in the periods of 3 and 6 months ended 30 June 2021 and in the comparable periods were as follows:

Other operating income	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000
Gain on disposal of property, plant and equipment	348	573	73	113
Income from letting of own office space	14	28	14	29
Reversal of a provision for the costs of court litigation relating to other operations	-	-	-	1
Other	163	673	548	942
Total	525	1,274	635	1,085

Other operating expenses	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000
Loss on disposal of property, plant and equipment	(2)	(2)	(9)	(9)
Charitable contributions to unrelated parties	(34)	(37)	(126)	(159)
Other	(159)	(364)	(181)	(342)
Total	(195)	(403)	(316)	(510)

5.4. Financial income and expenses

Financial income earned during the periods of 3 and 6 months ended 30 June 2021 and in the comparable periods was as follows:

Financial income	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000
Interest income on loans granted and bank deposits	795	1,292	317	738
Positive foreign currency translation differences	583	5,303	2	3,222
Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss	481	219	76	1
Gain on revaluation of conditional payments in transactions to obtain control	-	-	-	-
Other financial income	3	20	6	7
Total financial income	1,862	6,834	401	3,968

Financial expenses incurred during the periods of 3 and 6 months ended 30 June 2021 and in the comparable periods were as follows:

Financial expenses	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000
Interest expenses on bank loans and borrowings	(234)	(486)	(395)	(816)
Interest expenses on leases	(399)	(836)	(593)	(1,196)
Other interest expenses	(180)	(429)	(35)	(85)
Negative foreign currency translation differences	(633)	(1,559)	(185)	(2,683)
Expenses related to obtaining control over subsidiaries	-	(114)	(1)	(7)
Loss on revaluation of conditional payments in transactions to obtain control	(380)	(1,865)	(938)	(751)
Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss	(145)	(145)	-	(394)
Other financial expenses	(39)	(56)	(4)	(42)
Total financial expenses	(2,010)	(5,490)	(2,151)	(5,974)

Positive and negative foreign currency translation 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.

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 2021	6 months ended 30 June 2021	3 months ended 30 June 2020 (restated)	6 months ended 30 June 2020 (restated)
	PLN'000	PLN'000	PLN'000	PLN'000
Current corporate income tax expense as disclosed in the statement of profit and loss, of which:				
<i>Current portion of income tax</i>	(9,206)	(17,008)	(8,351)	(13,562)
<i>Adjustments to prior years' income tax</i>	1,530	1,392	1,273	1,960
Deferred income tax	420	670	715	753
Income tax expense as disclosed in the statement of profit and loss	(7,256)	(14,946)	(6,363)	(10,849)

During the period of 6 months ended 30 June 2021, our effective tax rate equalled 18.2% as compared with 17.5% in the comparable period last 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 2021	6 months ended 30 June 2021	3 months ended 30 June 2020	6 months ended 30 June 2020
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)	33,412	64,842	26,865	50,412
Consolidated earnings per share for the reporting period (in PLN)	0.64	1.25	0.52	0.97

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 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.

In 2020, the Parent Company paid out to its shareholders a dividend for the year 2019. 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 16 June 2020 decided to pay out a dividend in the total amount of PLN 38,402 thousand or PLN 0.74 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 25 June 2020 as the dividend record date. The dividend was paid out on 8 July 2020. 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 2021 and in the comparable period are presented below:

	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Net book value of property, plant and equipment as at 1 January	143,171	147,061
Additions, of which:	15,448	19,857
Purchases and modernization	11,650	16,451
Obtaining control over subsidiaries	298	1,384
Other	3,500	2,022
Reductions, of which:	(24,076)	(25,197)
Depreciation charges for the reporting period	(22,918)	(23,646)
Disposal and liquidation	(877)	(1,077)
Other	(281)	(474)
Differences on foreign currency translation of subsidiaries	(1,955)	5,060
Net book value of property, plant and equipment as at 30 June	132,588	146,781

As at 30 June 2021, tangible assets with a book value of PLN 7,787 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities.

As at 31 December 2020, tangible assets with a book value of PLN 8,087 thousand served as collateral for bank loans.

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 2021 and in the comparable period are presented below:

	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 (restated) PLN'000
Net book value of intangible assets as at 1 January (restated)	30,101	23,978
Additions, of which:	4,294	6,285
Purchases and modernization	3,299	1,654
Obtaining control over subsidiaries	995	4,040
Costs of development projects in progress	-	591
Reductions, of which:	(4,594)	(4,064)
Amortization charges for the reporting period	(4,594)	(3,877)
Disposal and liquidation	-	(187)
Differences on foreign currency translation of subsidiaries	(277)	507
Net book value of intangible assets as at 30 June	29,524	26,706

Both as at 30 June 2021 and 31 December 2020, 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 2021 and in the comparable period are presented below:

	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Net book value of right-of-use assets as at 1 January	55,711	65,055
Additions, of which:	10,349	9,566
Conclusion of new lease contracts	9,929	6,748
Modification of existing contracts	420	1,995
Obtaining control over subsidiaries	-	823
Reductions, of which:	(13,045)	(11,324)
Depreciation charges for the reporting period	(10,374)	(11,199)
Acquisition of right-of-use assets	(55)	-
Early termination of contracts	(512)	(73)
Modification of existing contracts (lease shortening, interest rate change)	(2,050)	(52)
Other	(54)	-
Differences on foreign currency translation of subsidiaries	(906)	2,321
Net book value of right-of-use assets as at 30 June	52,109	65,618

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 2021 and 31 December 2020, in a breakdown to operating segments:

Goodwill	30 June 2021 PLN'000	31 December 2020 (restated) PLN'000
Goodwill at the beginning of the period	569,835	532,139
Banking Business	207,063	194,903
Payment Business	183,077	165,893
Dedicated Solutions	179,695	171,343
Change in consolidation goodwill due to the acquisition of shares (+/-)	9,607	13,898
Banking Business	-	-
Payment Business	6,292	13,898
Dedicated Solutions	3,315	-
Foreign currency translation differences (+/-)	(12,442)	23,798
Banking Business	(4,020)	12,160
Payment Business	(4,216)	3,286
Dedicated Solutions	(4,206)	8,352
Total goodwill	567,000	569,835
Banking Business	203,043	207,063
Payment Business	185,153	183,077
Dedicated Solutions	178,804	179,695
Total at the end of period	567,000	569,835

In the period of 6 months ended 30 June 2021, the balance of goodwill arising from consolidation was affected by the following transactions:

i. Acquisition of shares in Things Solver d.o.o.

On 7 October 2020, ASEE Serbia concluded a conditional agreement to acquire 53.76% of shares in the company Things Solver d.o.o. based in Belgrade. The Group obtained control over Things Solver d.o.o. on 8 January 2021 upon satisfying all the conditions precedent. The total purchase price amounted to EUR 979 thousand, of which EUR 879 thousand constituted a conditional payment depending on the financial results achieved by that company. The first instalment of such conditional payment was paid in the first half of 2021.

Until 30 June 2021, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of Things Solver may still be subject to change.

The provisional values of identifiable assets and liabilities of Things Solver d.o.o. as at the date of obtaining control are presented below (converted at the exchange rate of PLN/RSD effective as at the acquisition date):

	Provisional values as at the acquisition date PLN'000
Assets acquired	
Property, plant and equipment	177
Intangible assets	711
Trade receivables	1,198
Inventories	9
Cash and cash equivalents	538
Other assets	118
Total assets	2,751
Liabilities acquired	
Bank loans and borrowings	145
Trade payables	79
Liabilities to the state and local budgets	92
Provisions and accruals	7
Other liabilities	305
Total liabilities	628
Net assets value	2,123
Equity interest acquired	53.76%
Value of non-controlling interests	982
Purchase price	4,456
Goodwill as at the acquisition date	3,315

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

ii. Acquisition of shares in 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 of EUR 1.5 million. The purchase price includes conditional payments in the amount of EUR 746 thousand depending on the financial results achieved by the acquired company.

Until 30 June 2021, 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 Vebspot d.o.o. as at the date of obtaining control are presented below (converted at the exchange rate of PLN/MDK effective as at the acquisition date):

	Provisional values as at the acquisition date PLN'000
Assets acquired	
Property, plant and equipment	118
Intangible assets	280
Trade receivables	316
Receivables from the state and local budgets	13
Prepayments and accrued income	2
Cash and cash equivalents	253

Other assets	2
Total assets	984
Liabilities acquired	
Trade payables	8
Liabilities to the state and local budgets	43
Prepayments and accrued income	303
Other liabilities	184
Total liabilities	538
Net assets value	446
Equity interest acquired	100 %
Purchase price	6,738
Goodwill as at the acquisition date	6,292

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

iii. Allocation of the purchase price of shares in Integrirani Poslovni Sustavi d.o.o., based in Oroslavje

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

The transaction price amounted to EUR 1,851 thousand, of which EUR 847 thousand constitutes a conditional payment depending on the future financial results achieved by the acquired company.

Payten d.o.o. Zagreb also signed a put option agreement with the non-controlling shareholders of IPS. The amount of liabilities under put options has been disclosed in explanatory note 6.13 to these interim condensed financial statements.

The purchase price allocation process was completed in the second quarter of 2021. The fair values of identifiable assets and liabilities of IPS company as at the date of obtaining control are presented below (converted at the exchange rate of PLN/HRK effective as at the acquisition date):

	Fair values as at the acquisition date PLN'000
Assets acquired	
Property, plant and equipment	59
Intangible assets	3,852
Right-of-use assets	406
Trade receivables	685
Receivables from the state and local budgets	32
Inventories	242
Cash and cash equivalents	774
Other assets	261
Total assets	6,311
Liabilities acquired	
Bank loans and borrowings	469
Lease liabilities	415
Other financial liabilities	245
Trade payables	395
Liabilities to the state and local budgets	297
Deferred tax liabilities	683
Other liabilities	231
Total liabilities	2,735
Net assets value	3,576
Equity interest acquired	76%
Value of non-controlling interests	858
Purchase price	8,221
Goodwill as at the acquisition date	5,503

In the consolidated financial statements of ASEE Group, goodwill arising from the acquisition of IPS was allocated to the Payment Business segment.

iv. Allocation of the purchase price of shares in Gastrobit – GRC Grupa d.o.o., based in Dugo Selo

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

The transaction price amounted to EUR 2,276 thousand, of which EUR 1,238 thousand constitutes a conditional payment depending on the future financial results achieved by the acquired company.

The purchase price allocation process was carried out in the second quarter of 2021. The fair values of identifiable assets and liabilities of Gastrobit company as at the date of obtaining control are presented below (converted at the exchange rate of PLN/HRK effective as at the acquisition date):

	Fair values as at the acquisition date PLN'000
Assets acquired	
Property, plant and equipment	689
Intangible assets	3,773
Right-of-use assets	844
Trade receivables	236
Inventories	373
Cash and cash equivalents	813
Other assets	90
Total assets	6,818
Liabilities acquired	
Lease liabilities	860
Trade payables	8
Liabilities to the state and local budgets	415
Deferred tax liabilities	678
Other liabilities	325
Total liabilities	2,286
Net assets value	4,532
Equity interest acquired	100%
Value of non-controlling interests	-
Purchase price	11,239
Goodwill as at the acquisition date	6,707

In the consolidated financial statements of ASEE Group, goodwill arising from the acquisition of Gastrobit was allocated to the Payment Business 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 2021, the Group verified its assumptions for the impairment test performed on goodwill as at 31 December 2020. In particular we checked whether the assumptions made in 2020 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 2021, and whether internal or external factors did not cause a deterioration of our forecasts for the next financial years.

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 2021, even if there are no indications of impairment.

6.6. Other financial assets

Both as at 30 June 2021 and 31 December 2020, 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 2021		31 December 2020	
	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	-	2	-	-
Other assets	-	2	-	2
	-	4	-	2
Financial assets carried at fair value through other comprehensive income, of which:				
Shares in companies quoted in an active market	55	25	53	26
Shares in companies not quoted in an active market	21	-	21	-
	76	25	74	26
Financial assets carried at amortized cost, of which:				
Loans granted, of which:				
granted to related parties	316	-	315	-
granted to employees	-	209	-	8
granted to other entities	-	7	-	4
Cash deposits	-	8	4,776	8
	316	224	5,091	20
Total	392	253	5,165	48

As at 30 June 2021, financial assets carried at fair value through profit or loss included currency forward contracts held by ASEE S.A. The fair value of currency forward contracts is determined at each reporting date using calculation models based on inputs that are directly observable in active markets.

The line of 'Financial assets carried at amortized cost – long-term cash deposits' as at 31 December 2020 includes bank deposits with an original maturity of more than 3 months held by ASEE Macedonia. These cash deposits served as collateral for a bank guarantee used under an IT project implemented for a public administration institution.

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 2021, 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 2021 and 31 December 2020, the fair values of financial assets were not significantly different from their book values.

As at 30 June 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	2	-	2	-
Other assets	2	-	-	2
Total	4	-	2	2
Financial assets carried at fair value through other comprehensive income				
Shares in companies quoted in an active market	80	80	-	-
Shares in companies not listed on regulated markets	21	-	-	21
Total	101	80	-	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 2020	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	-	-	-	-
Other assets	2	-	-	2
Total	2	-	-	2
Financial assets carried at fair value through other comprehensive income				
Shares in companies quoted in an active market	79	79	-	-
Shares in companies not listed on regulated markets	21	-	-	21
Total	100	79	-	21

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 2021 and 31 December 2020, prepayments and accrued income included the following items:

	30 June 2021		31 December 2020	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Prepaid services, of which:	3,780	29,887	6,142	27,240
<i>maintenance services and license fees</i>	3,780	24,192	6,141	24,039
<i>insurances</i>	-	2,093	-	955
<i>rents and averaging of instalments under operating leases</i>	-	285	-	207
<i>prepaid consulting services</i>	-	103	-	46
<i>other services</i>	-	3,214	1	1,993
Expenses related to services performed for which revenues have not been recognized yet	-	2,411	-	2,552
Other prepayments and accrued income	-	1,129	-	1,199
Total	3,780	33,427	6,142	30,991

6.8. Receivables and contract assets

The table below presents the amounts of receivables as at 30 June 2021 as well as at 31 December 2020.

	30 June 2021		31 December 2020	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade receivables, of which:	-	138,465	-	207,672
Trade receivables:	-	136,958	-	205,436
from related parties	-	723	-	1,742
from other entities	-	136,235	-	203,694
Receivables from operating leases	-	8,396	-	8,609
Allowances for trade receivables	-	(6,889)	-	(6,373)
Corporate income tax receivable	-	1,392	-	2,105
Receivables from the state and local budgets	-	3,715	-	5,100
Value added tax	-	1,946	-	3,350
Other	-	1,769	-	1,750
Other receivables	774	5,619	821	3,970
Security deposits receivable	774	1,210	819	1,272
Other receivables	-	4,495	2	2,784
Allowance for other doubtful receivables	-	(86)	-	(86)
Total receivables	774	149,191	821	218,847

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.

The table below presents assets from contracts with customers as at 30 June 2021 as well as at 31 December 2020.

Contract assets	30 June 2021		31 December 2020	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Uninvoiced receivables	-	25,049	-	11,938
from related parties	-	176	-	497
from other entities	-	24,873	-	11,441
Receivables from valuation of IT contracts	-	27,200	-	17,687
from related parties	-	319	-	238
from other entities	-	26,881	-	17,449
Total contract assets	-	52,249	-	29,625

Related party transactions have been presented in explanatory note 6.18 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 2021 and in the comparable period are presented in the table below:

Allowances for trade receivables	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 PLN'000
As at 1 January	(6,373)	(6,026)
Recognized during the reporting period	(2,197)	(2,448)
Utilized during the reporting period	7	-
Reversed during the reporting period	1,347	2,788
Acquisition of subsidiaries	-	(355)
Foreign currency translation differences	327	(190)
Impairment losses as at 30 June	(6,889)	(6,231)

6.9. Inventories

The table below presents inventories as at 30 June 2021 and in the comparable period:

Inventories	30 June 2021 PLN'000	31 December 2020 PLN'000
Computer hardware, third-party software licenses and other goods for resale	36,477	32,696
Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services	13,086	12,581
Impairment losses on inventories	(17,655)	(17,365)
Total	31,908	27,912

Changes in the amount of impairment losses on inventories during the period of 6 months ended 30 June 2021 and in the comparable period are presented in the table below:

Impairment losses on inventories	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 PLN'000
As at 1 January	(17,365)	(13,991)
Recognized during the reporting period	(2,517)	(1,766)
Utilized during the reporting period	9	86
Reversed during the reporting period	2,005	1,063
Obtaining of control over subsidiaries	(10)	(1,696)
Foreign currency translation differences	223	(577)
Impairment losses as at 30 June	(17,655)	(16,881)

6.10. Cash and cash equivalents

The table below presents cash and cash equivalents as at 30 June 2021 and in the comparable period:

	30 June 2021	31 December 2020
	PLN'000	PLN'000
Cash at bank and on hand	212,664	180,779
Cash at split payment accounts	119	276
Short-term bank deposits (up to 3 months)	51,075	67,956
Cash in transit and other cash equivalents	73	17
Total cash and cash equivalents as disclosed in the statement of financial position	263,931	249,028
Interest accrued on cash and cash equivalents	(2)	(76)
Bank overdraft facilities utilized for current liquidity management	(81)	(92)
Total cash and cash equivalents as disclosed in the cash flow statement	263,848	248,860

6.11. Lease liabilities

As at 30 June 2021, the Group was a lessee under lease contracts. Assets leased under such contracts included:

- office and warehouse space,
- cars,
- IT hardware,
- other assets.

The table below presents the amounts of lease liabilities as at 30 June 2021 as well as at 31 December 2020:

	30 June 2021		31 December 2020	
Financial liabilities	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Leases of real estate	29,648	14,391	32,453	13,319
Leases of transportation vehicles	5,235	3,045	5,149	3,595
Leases of IT hardware	1,372	1,799	2,245	2,081
	36,255	19,235	39,847	18,995

6.12. Bank loans and borrowings

The table below presents the Group's debt outstanding as at 30 June 2021 and 31 December 2020.

			30 June 2021		31 December 2020	
	Currency	Repayment date	Long-term	Short-term	Long-term	Short-term
			PLN'000	PLN'000	PLN'000	PLN'000
Bank overdraft facilities			-	81	-	92
<i>fixed interest rate</i>	MKD	10.07.2021	-	13	-	20
<i>fixed interest rate</i>	EUR	10.07.2021	-	35	-	26
<i>fixed interest rate</i>	TRY	13.07.2021	-	19	-	37
<i>fixed interest rate</i>	COP	05.07.2021	-	14	-	9
Other bank loans			21,424	21,047	29,139	28,097
1M EURIBOR + margin	EUR	31.07.2023	5,167	6,428	8,178	7,802
3M EURIBOR + margin	EUR	30.06.2024	6,586	3,293	8,388	3,355
3M EURIBOR + margin	EUR	31.12.2022	497	1,390	982	1,820
3M EURIBOR + margin	EUR	21.09.2022	79	316	1,208	805
3M EURIBOR + margin	EUR	05.06.2023	803	803	238	317
3M EURIBOR + margin	EUR	31.12.2021	-	570	-	-
6M EURIBOR + margin	EUR	01.03.2022	-	206	-	-
6M EURIBOR + margin	EUR	05.02.2024	665	113	-	-
6M EURIBOR + margin	EUR	08.07.2026	1,865	354	-	928

1Y EURIBOR + margin	EUR	30.06.2022	-	22	12	23
fixed interest rate	EUR	31.03.2021	-	-	-	246
fixed interest rate	EUR	28.06.2021	-	-	-	905
fixed interest rate	EUR	04.06.2021	-	-	-	1,509
fixed interest rate	EUR	03.06.2022	-	2,709	1,358	2,716
fixed interest rate	EUR	02.07.2021	-	251	-	1,760
fixed interest rate	EUR	28.08.2021	-	60	-	241
fixed interest rate	EUR	30.06.2024	3,391	1,695	4,326	1,731
fixed interest rate	EUR	30.09.2023	63	55	-	-
fixed interest rate	EUR	31.12.2021	-	-	-	582
fixed interest rate	EUR	01.03.2022	-	-	69	276
fixed interest rate	EUR	05.02.2024	-	-	667	229
fixed interest rate	EUR	30.09.2023	2,257	2,709	3,621	2,715
fixed interest rate	PEN	13.02.2023	51	73	92	73
fixed interest rate	TRY	01.04.2021	-	-	-	64
Loans			-	-	-	1,956
3M EURIBOR + margin	EUR	30.06.2021	-	-	-	1,956
Total			21,424	21,128	29,139	30,145

The Group's total debt amounted to PLN 42,552 thousand as at 30 June 2021, as compared with PLN 59,284 thousand as at 31 December 2020. The amount of debt decreased as a result of scheduled repayment of principal instalments under bank loans.

Total proceeds from and repayments of bank loans disclosed in the statement of cash flows for the period of 6 months ended 30 June 2021 amounted to PLN 1,813 thousand (proceeds) and PLN 17,999 thousand (repayments).

As at 30 June 2021, tangible assets with a book value of PLN 7,787 thousand and trade receivables in the amount of PLN 3,423 thousand served as collateral for bank loans and bank guarantee facilities. As at 30 June 2021, liabilities that were secured with such assets amounted to PLN 2,023 thousand.

As at 31 December 2020, tangible assets with a book value of PLN 8,087 thousand and trade receivables in the amount of PLN 4,013 thousand served as collateral for bank loans and bank guarantee facilities. As at 31 December 2020, liabilities that were secured with such assets amounted to PLN 2,602 thousand.

In the reporting period, the margins realized by lenders to ASEE Group companies ranged from 1.0 to 5.2 percentage points on an annual basis. Whereas, in the comparable period such margins ranged from 1.2 to 4.2 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 2021 and 31 December 2020, ASEE Group companies did not infringe on any covenants defined in their loan agreements.

Fair value of financial liabilities

In the period of 6 months ended 30 June 2021, the Group did not transfer any debt instruments between individual levels of the fair value hierarchy.

As at 30 June 2021 and 31 December 2020, 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 2021 and in the comparable period:

Financial liabilities	30 June 2021		31 December 2020	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Dividends payable	-	51,989	-	-
Liabilities under deferred and/or conditional payments for controlling interests	624	22,723	4,006	21,114
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	2,278	10,824	21,874	-
Currency forward contracts	28	2	5	74
Other financial liabilities	-	-	-	2
	2,930	85,538	25,885	21,190

As at 30 June 2021, ASEE Group recognized liabilities amounting to PLN 10,824 thousand under put options that were granted to non-controlling shareholders of Necomplus company, as well as liabilities amounting to PLN 2,278 thousand under put options that were granted to non-controlling shareholders of IPS company. These liabilities have been estimated using the price calculation formula as defined in the agreement, i.e. the company's profit for the contractual term multiplied by a predetermined coefficient, and in the case Necomplus additionally adjusted for net cash held by Necomplus Group. Because put options held by non-controlling shareholders of Necomplus company became exercisable in 2021, the relevant liabilities have been reclassified to current liabilities.

Short-term liabilities arising from conditional payments for controlling interests are related to the acquisition of shares in the following companies: Mobven (PLN 10,799 thousand – already paid off on 1 July 2021), Gastrobot (PLN 5,597 thousand), IPS (PLN 4,033 thousand), Vebspot (PLN 608 thousand), and Things Solver (PLN 1,686 thousand). Whereas, such long-term liabilities are related to the acquisition of shares in Vebspot company (PLN 624 thousand). 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 2021 and 31 December 2020, the fair values of financial liabilities were not significantly different from their book values.

As at 30 June 2021	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial liabilities				
dividends payable	51,989	-	-	51,989
liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	23,347	-	-	23,347
liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	13,102	-	-	13,102
Currency forward contracts	30	-	30	-
Other financial liabilities	-	-	-	-
Total	88,468	-	30	88,438

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 2020	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial liabilities				
liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	25,120	-	-	25,120
liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	21,874	-	-	21,874
Currency forward contracts	79	-	79	-
Other financial liabilities	2	-	-	2
Total	47,075	-	79	46,996

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 2021 and 31 December 2020:

	30 June 2021		31 December 2020	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade payables, of which:	-	73,968	-	111,830
Trade payables	-	60,981	-	102,484
from related parties	-	231	-	325
from other entities	-	60,750	-	102,159
Uninvoiced payables	-	12,987	-	9,346
from related parties	-	78	-	62
from other entities	-	12,909	-	9,284
Corporate income tax payable	-	5,174	-	7,986
Liabilities to the state and local budgets	-	22,022	-	35,062
Value added tax (VAT)	-	11,860	-	19,615
Personal income tax (PIT)	-	2,055	-	4,479
Social insurance	-	7,576	-	10,349
Withholding income tax	-	151	-	148
Other	-	380	-	471
Other liabilities	4,671	17,144	4,087	27,184
Liabilities to employees (including salaries payable)	-	8,840	-	19,796
Liabilities from purchases of tangible assets and intangible assets	2,813	2,622	4,034	3,940
Other liabilities	1,858	5,682	53	3,448
Total	4,671	118,308	4,087	182,062

Trade payables are non-interest bearing. Related party transactions have been presented in explanatory note 6.18 to these interim condensed consolidated financial statements.

As at 30 June 2021, other non-current liabilities include social security contributions payable in the amount of PLN 1,809 thousand, the payment of which was deferred as part of public aid granted to the Group's companies in connection with the Covid-19 pandemic.

6.15. Contract liabilities

As at 30 June 2021 and 31 December 2020, the Group's liabilities from contracts with customers resulted from obligations listed in the table below:

	30 June 2021		31 December 2020	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Liabilities from valuation of IT contracts, of which:	-	12,739	-	23,134
From related parties	-	-	-	-
From other entities	-	12,739	-	23,134
Deferred income from IT projects, of which:	8,046	45,022	9,402	50,953
Maintenance services	3,541	35,922	2,388	38,041
License fees	4,505	2,238	7,014	2,080
Prepaid implementation services	-	686	-	1,613
Obligations to supply hardware	-	6,150	-	9,219
Other prepaid services	-	26	-	-
Total contract liabilities	8,046	57,761	9,402	74,087

6.16. Provisions

Changes in the amount of provisions during the period of 6 months ended 30 June 2021 and in the comparable period are presented in the table below:

	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 PLN'000
As at 1 January	5,523	4,860
Provisions created during the reporting period	1,154	1,829
Provisions utilized/reversed during the reporting period	(802)	(941)
Differences on foreign currency translation of subsidiaries	(202)	28
As at the end of the reporting period, of which:	5,673	5,776
Short-term	3,565	3,840
Long-term	2,108	1,936

6.17. Accruals

Changes in the amount of accruals during the period of 6 months ended 30 June 2021 and in the comparable period are presented in the table below:

	30 June 2021		31 December 2020	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Accruals, of which:				
Accrual for unused holiday leaves	-	6,763	-	4,719
Accrual for employee and management bonuses	-	27,448	-	20,032
	-	34,211	-	24,751

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.

6.18. 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 2021 and 30 June 2020, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2021 and 31 December 2020:

	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 2021 / 31 Dec. 2020 PLN'000	Trade payables and other liabilities 30 June 2021 / 31 Dec. 2020 PLN'000	Lease liabilities 30 June 2021 / 31 Dec. 2020 PLN'000
Transactions with Asseco Poland					
2021	20	240	63	-	-
2020	32	92	53	17	-
Transactions with entities of Asseco Poland Group					
2021	960	606	1,202	60	-
2020	1,320	14	2,472	294	-
Transactions with associates					
2021	-	-	-	-	-
2020	-	-	-	-	-
Transactions with entities or individuals related through the Group's Key Management Personnel					
2021	-	522	-	115	17,724
2020	-	635	-	90	11,851

Transactions with Members of Management Board and Supervisory Board of ASEE S.A. and companies of ASEE Group					
2021	-	10	2	156	81
2020	-	15	2	-	109

As at 30 June 2021, total receivables from related parties comprised trade receivables amounting to PLN 723 thousand, contract assets amounting to PLN 495 thousand, and other receivables amounting to PLN 49 thousand. As at 31 December 2020, total receivables from related parties comprised trade receivables amounting to PLN 1,742 thousand, contract assets amounting to PLN 735 thousand, and other receivables amounting to PLN 50 thousand.

As at 30 June 2021, total liabilities to related parties comprised trade payables amounting to PLN 309 thousand, and other liabilities amounting to PLN 22 thousand. As at 31 December 2020, total liabilities to related parties comprised trade payables amounting to PLN 387 thousand, and other liabilities amounting to PLN 14 thousand.

In addition, dividends payable which are disclosed under financial liabilities as at 30 June 2021 include dividends payable to Asseco International a.s. in the amount of PLN 26,495 thousand.

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 17,805 thousand.

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

Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2021 include dividends payable to the Management Board Members as well as to parties that are related through Members of the Management Board of ASEE S.A. in the total gross amount of PLN 1,355 thousand. The above-stated amount does not include dividends payable to Asseco International a.s. 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 2021. The dividend was paid out on 7 July 2021.

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 2021, Mini Invest d.o.o. held 322,715 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 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Change in inventories	(7,290)	11,026
Change in receivables and non-financial assets	42,205	3,369
Change in liabilities	(64,916)	(65,851)
Change in prepayments and accruals	3,420	10,291
Change in provisions	352	888
Total	(26,229)	(40,277)

7.2. Cash flows – investing activities

In the period of 6 months ended 30 June 2021, the amount of cash flows from investing activities was affected primarily by:

- acquisitions of property, plant and equipment (PLN 13,658 thousand) and intangible assets (PLN 4,887 thousand),
- expenditures for the acquisition of subsidiaries decreased by cash and cash equivalents in subsidiaries acquired, as disclosed in the table below:

	6 months ended 30 June 2021 Acquisition of subsidiaries PLN'000	Cash in subsidiaries acquired PLN'000
Necomplus Group	(4,932)	-
Vebspot	(5,700)	327
Things Solver	(2,996)	535
Total	(13,628)	862

7.3. Cash flows – financing activities

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

Change in financial liabilities	Interest-bearing bank loans and borrowings PLN'000	Lease liabilities PLN'000	Dividend payment liabilities PLN'000	Total PLN'000
As at 1 January 2021	59,192	58,842	-	118,034
Changes arising from cash flow	(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 currency translation 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

Change in financial liabilities	Interest-bearing bank loans and borrowings PLN'000	Lease liabilities PLN'000	Dividend payment liabilities PLN'000	Total PLN'000
As at 1 January 2020	84,041	66,412	-	150,453
Changes arising from cash flow	(16,143)	(12,119)	(630)	(28,892)
Inflows	8,925	-	-	8,925
Repayment of principal amount	(24,325)	(10,923)	(630)	(35,878)
Interest paid	(743)	(1,196)	-	(1,939)
Non-cash changes	4,473	10,604	39,106	54,183
Interest accrued	816	1,196	-	2,012
Non-cash increase in liabilities	-	8,743	38,861	47,604
Non-cash decrease in liabilities	-	(128)	-	(128)
Obtaining control over subsidiaries	2,168	838	245	3,251
Foreign currency translation differences recognized in financial income/expenses	1,489	(45)	-	1,444
Differences on foreign currency translation of subsidiaries	2,494	2,311	-	4,805
As at 30 June 2020	74,865	67,208	38,476	180,549

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 early termination of lease contracts.

Dividends paid out to non-controlling shareholders represent payments to the minority shareholders of eMon company in the reporting period and of eMon and IPS 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 2021, the related contingent liabilities equalled PLN 32,150 thousand, while as at 31 December 2020 they amounted to PLN 54,491 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 2021 PLN'000	31 December 2020 PLN'000	30 June 2021 PLN'000	31 December 2020 PLN'000
Financial assets	-	4,776	-	12,218
Trade receivables	3,199	3,205	3,657	2,371
Other non-financial assets	289	287	289	287
Total	3,488	8,268	3,946	14,876

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 2021.

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

- office and warehouse space,
- locations for ATMs,
- transportation vehicles,
- office equipment,
- other assets.

As at 30 June 2021 and 31 December 2020, the above-mentioned contracts resulted in the following off-balance-sheet liabilities to make future payments:

	30 June 2021 PLN'000	31 December 2020 PLN'000
<i>Liabilities from rental of space</i>		
In the period up to 1 year	3,476	2,862
In the period from 1 to 5 years	3	5,361
Over 5 years	-	-
	3,479	8,223
<i>Liabilities under operating leases of equipment</i>		
In the period up to 1 year	491	1,040
In the period from 1 to 5 years	-	-
Over 5 years	-	-
	491	1,040

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 30 June 2021 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. 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 2021	31 December 2020
Management Board of the Parent Company	4	4
Management Boards of the Group companies	54	46
Production departments	2,484	2,470
Sales departments	212	201
Administration departments	268	257
Total	3,022	2,978

Number of employees in the Group companies as at:	30 June 2021	31 December 2020
ASEE S.A.	28	29
ASEE B&H	85	82
ASEE Bulgaria	21	17
ASEE Croatia	223	218
ASEE Macedonia	225	228
ASEE Kosovo Group	79	76
ASEE Romania Group	130	136
ASEE Serbia Group	525	488
ASEE Turkey	91	90
Payten B&H Group	67	70
Payten Croatia Group	179	180
Payten Montenegro Group	20	18
Payten Macedonia	53	31
Payten Serbia Group	178	178
Payten Slovenia	29	31
Payten Romania	40	47
Payten Turkey Group	233	217
Necomplus Group	726	751
Sonet Group	90	91
Total	3,022	2,978

8.4. Significant events after the reporting period

■ Acquisition of shares in ContentSpeed s.r.l., Bucharest

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).

■ Acquisition of shares in IT SISTEMI-NOVE TEHNOLOGIJE d.o.o., Split

On 28 July 2021, Asseco SEE d.o.o., (Zagreb) acquired 100% of shares in IT SISTEMI-NOVE TEHNOLOGIJE d.o.o., a company based in Split (Croatia).

■ Signing a loan agreement with Polska Kasa Opieki S.A. Bank

On 29 July 2021, ASEE S.A. signed an agreement with Polska Kasa Opieki S.A. Bank in order to obtain an investment loan up to the total amount of EUR 13,000 thousand. This loan is intended to provide financing 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. Interest will be charged on the utilized amount of loan, based on the 3M EURIBOR rate increased by the bank's margin. 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 our 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.

In the period from 30 June 2021 till the date of approval of these interim condensed consolidated financial statements, this is until 4 August 2021, 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 2021, 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 2021

assee

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 2021 PLN'000	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2021 EUR'000	6 months ended 30 June 2020 EUR'000
Revenues from holding activities	80,846	50,977	17,779	11,478
Revenues from operating activities	6,460	5,702	1,421	1,284
Operating profit	75,290	45,524	16,558	10,250
Pre-tax profit	74,960	47,540	16,485	10,704
Net profit for the reporting period	70,617	44,653	15,530	10,054
Net cash provided by (used in) operating activities	63,936	32,161	14,061	7,241
Net cash provided by (used in) investing activities	(5,292)	5,387	(1,164)	1,213
Net cash provided by (used in) financing activities	(4,281)	(5,535)	(941)	(1,246)
Cash and cash equivalents at the end of period (comparable data as at 31 December 2020)	68,854	14,491	15,230	3,140
Earnings per ordinary share (in PLN/EUR)	1.36	0.86	0.30	0.19
Diluted earnings per ordinary share (in PLN/EUR)	1.36	0.86	0.30	0.19

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 2021 to 30 June 2021: EUR 1 = PLN 4.5472
 - for the period from 1 January 2020 to 30 June 2020: EUR 1 = PLN 4.4413
- 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 2021: EUR 1 = PLN 4.5208
 - exchange rate effective on 31 December 2020: EUR 1 = PLN 4.6148

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 2021 PLN'000	6 months ended 30 June 2021 PLN'000	3 months ended 30 June 2020 (*restated) PLN'000	6 months ended 30 June 2020 (*restated) PLN'000
Holding activities		54,414	80,846	30,813	50,977
Dividend income	4.1	49,784	71,209	26,182	42,194
Revenues from sale of services	4.1	4,630	9,637	4,631	8,783
Operating activities		3,064	6,460	3,140	5,702
Revenues from sale of IT services and software	4.2	3,064	6,460	3,140	5,702
Total sales revenues		57,478	87,306	33,953	56,679
Cost of sales	4.3	(5,097)	(10,919)	(5,108)	(9,957)
Recognition/reversal of allowances for trade receivables	4.3	-	-	(94)	(94)
Gross profit on sales		52,381	76,387	28,751	46,628
Selling costs	4.3	(69)	(545)	(210)	(437)
General and administrative expenses	4.3	(269)	(687)	(279)	(582)
Net profit on sales		52,043	75,155	28,262	45,609
Other operating income		139	139	1	1
Other operating expenses		(4)	(4)	(86)	(86)
Operating profit		52,178	75,290	28,177	45,524
Financial income	4.4	603	800	4,627	5,986
Financial expenses	4.4	(1,731)	(1,130)	(4,796)	(4,658)
Recognition/reversal of impairment losses on loans granted and other financial instruments	4.4	-	-	667	688
Pre-tax profit		51,050	74,960	28,675	47,540
Corporate income tax	4.5	(2,731)	(4,343)	(2,198)	(2,887)
Net profit for the reporting period		48,319	70,617	26,477	44,653
Earnings per share (in PLN):					
basic earnings per share	4.6	0.93	1.36	0.51	0.86
diluted earnings per share	4.6	0.93	1.36	0.51	0.86

COMPREHENSIVE INCOME:	Note	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000	3 months ended 30 June 2020 (*restated) PLN'000	6 months ended 30 June 2020 (*restated) PLN'000
Net profit		48,319	70,617	26,477	44,653
Other comprehensive income:		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		48,319	70,617	26,477	44,653

* The restatement has been disclosed in detail in explanatory note 2.8 to these interim condensed financial statements.

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

ASSETS	Note	30 June 2021 PLN'000	31 December 2020 PLN'000
Non-current assets			
Property, plant and equipment	<u>5.1</u>	573	455
Intangible assets	<u>5.2</u>	5,823	5,393
<i>of which goodwill from business combinations</i>		4,567	4,567
Right-of-use assets	<u>5.3</u>	236	290
Investments in subsidiaries	<u>5.4</u>	614,498	614,498
Deferred tax assets		423	1,080
Other receivables	<u>5.7</u>	47	47
Other financial assets	<u>5.8</u>	36,060	38,211
		657,660	659,974
Current assets			
Trade receivables	<u>5.7</u>	8,344	6,038
Contract assets	<u>5.7</u>	-	-
Corporate income tax receivable		-	-
Other receivables	<u>5.7</u>	563	254
Prepayments and accrued income	<u>5.6</u>	2,598	1,990
Other financial assets	<u>5.8</u>	13,484	7,134
Cash and short-term deposits	<u>5.9</u>	68,854	14,491
		93,843	29,907
TOTAL ASSETS		751,503	689,881

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

EQUITY AND LIABILITIES	Note	30 June 2021	31 December 2020
		PLN'000	PLN'000
TOTAL EQUITY			
Share capital		518,942	518,942
Share premium		38,825	38,825
Other capitals		2,935	2,935
Retained earnings		115,976	97,253
		676,678	657,955
Non-current liabilities			
Bank loans	5.10	5,167	8,178
Lease liabilities	5.11	138	228
Other financial liabilities	5.12	28	5
Deferred tax liabilities		-	-
		5,333	8,411
Current liabilities			
Bank loans	5.10	6,428	7,802
Lease liabilities	5.11	116	95
Other financial liabilities	5.12	51,894	4,996
Trade payables	5.13	1,754	1,514
Contract liabilities	5.13	3,873	3,010
Corporate income tax payable	5.13	1,265	390
Liabilities to the state and local budgets	5.13	535	580
Other liabilities	5.13	244	279
Accruals	5.14	3,383	4,849
		69,492	23,515
TOTAL LIABILITIES		74,825	31,926
TOTAL EQUITY AND LIABILITIES		751,503	689,881

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 2021		518,942	38,825	2,935	97,253	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		518,942	38,825	2,935	115,976	676,678
As at 1 January 2020		518,942	38,825	2,601	77,317	637,685
Net profit for the reporting period		-	-	-	58,337	58,337
Total comprehensive income for the reporting period		-	-	-	58,337	58,337
Dividend for the year 2019	<u>4.7</u>	-	-	-	(38,401)	(38,401)
Valuation of share-based payment plan		-	-	334	-	334
As at 31 December 2020		518,942	38,825	2,935	97,253	657,955
As at 1 January 2020		518,942	38,825	2,601	77,317	637,685
Net profit for the reporting period		-	-	-	44,653	44,653
Total comprehensive income for the reporting period		-	-	-	44,653	44,653
Dividend for the year 2019	<u>4.7</u>	-	-	-	(38,402)	(38,402)
Valuation of share-based payment plan		-	-	334	-	334
As at 30 June 2020		518,942	38,825	2,935	83,568	644,270

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

	Note	6 months ended 30 June 2021	6 months ended 30 June 2020
		PLN'000	PLN'000
Cash flows – operating activities			
Pre-tax profit		74,960	47,540
Total adjustments:		(74,411)	(50,516)
Depreciation and amortization	4.3	369	324
Change in receivables and contract assets	6.1	(2,615)	(4,943)
Change in liabilities, accruals and provisions	6.1	(1,052)	(1,253)
Interest income/expenses		(416)	(385)
Gain/loss on foreign currency translation differences		379	(1,038)
Gain/loss on investing activities		(71,027)	(43,557)
Valuation of share-based payment plan		-	334
Other		(49)	2
Selected operating cash flows		63,921	35,506
Sale of shares in subsidiaries		-	2,005
Acquisition of shares in related companies	6.1	(4,932)	(6,857)
Dividends received	6.1	68,853	40,358
Cash generated from operating activities		64,470	32,530
Corporate income tax (paid) recovered		(534)	(369)
Net cash provided by (used in) operating activities		63,936	32,161
Cash flows – investing activities			
Inflows:		2,591	5,728
Disposal of property, plant and equipment, and intangible assets		139	-
Disposal/settlement of financial assets carried at fair value through profit or loss		-	471
Loans collected	5.8	1,799	4,759
Interest received	5.8	653	498
Outflows:		(7,883)	(341)
Acquisition of property, plant and equipment, and intangible assets	6.2	(865)	(150)
Loans granted	5.8	(7,018)	(191)
Net cash provided by (used in) investing activities		(5,292)	5,387
Cash flows – financing activities			
Inflows:		-	-
Proceeds from bank loans and borrowings	6.3	-	-
Outflows:		(4,281)	(5,535)
Repayments of bank loans	6.3	(4,115)	(5,297)
Payments of lease liabilities	6.3	(61)	(57)
Interest paid	6.3	(105)	(181)
Net cash provided by (used in) financing activities		(4,281)	(5,535)
Net change in cash and cash equivalents		54,363	32,013
Net foreign currency translation differences		-	-
Cash and cash equivalents as at 1 January		14,491	11,044
Cash and cash equivalents as at 30 June	5.9	68,854	43,057

Explanatory Notes to the Interim Condensed Financial Statements

I. General information

General information on the Parent Company	
Name	Asseco South Eastern Europe S.A.
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 2021, which have been approved for publication by the Management Board on 4 August 2021.

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 2021, AI held 26,494,676 shares representing 51.06% in the share capital of our Company, which carried 26,494,676 votes or 51.06% of total voting rights at the Company’s General Meeting of Shareholders.

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 2020 which were published on 24 February 2021.

These interim condensed financial statements have been prepared on a going-concern basis, assuming the Company will continue its business activities in the foreseeable future. Till the date of preparing these financial statements, we have not observed any circumstances that would threaten the Company’s ability to continue as a going concern.

Impact of the COVID-19 epidemic on business operations of the Company and the Group

As at the date of publication of these interim condensed financial statements, based on the current analysis of risks and in particular those arising from the coronavirus pandemic prevailing in Poland and worldwide, the Management Board concluded that the Company's and ASEE Group's ability to continue as a going concern over a period not shorter than 12 months from 30 June 2021 is not threatened.

At the time of publication of this report, the Management Board does not see any significant threats to the business operations of the Company and ASEE Group. We are monitoring this situation on an ongoing basis, adjusting our individual decisions to changing conditions. The Group is trying to minimize the negative impact of the pandemic on its business, among others, by reducing costs, while monitoring and taking advantage of new market opportunities created by the current situation. The Management Board of ASEE does not see any significant risk of impairment of assets and has not recorded any significant change in credit risk. ASEE S.A. has sufficient financial resources to continue its business operations, including the settlement of current liabilities.

Concurrently, it should be noted that the situation related to the COVID-19 coronavirus pandemic is very dynamic and its effects on the economy are difficult to estimate, hence the above judgement has been prepared to the best knowledge of the Company's Management as at the date of publication of this report.

Description of the impact exerted by the COVID-19 coronavirus pandemic on business operations the Company and ASEE Group is provided in the Management Report on Operations of ASEE Group for the period of 6 months ended 30 June 2021, in the item 'Impact of the COVID-19 coronavirus pandemic on the business of ASEE and Payten'.

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 2021 and the comparable period from 1 January to 30 June 2020 in case of the statement of profit and loss and the statement of cash flows, as well as the financial data as at 30 June 2021 and the comparable data as at 31 December 2020 in case of the statement of financial position.

The cumulative data presented for the period of 6 months ended 30 June 2021 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 2021 and for the corresponding period of 2020 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 2021 which were published on 28 April 2021.

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 Polish zloty are, at the time of initial recognition, translated to 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 2021: EUR 1 = PLN 4.5208
- ✓ exchange rate effective on 31 December 2020: EUR 1 = PLN 4.6148
- ✓ exchange rate effective on 30 June 2021: USD 1 = PLN 3.8035
- ✓ exchange rate effective on 31 December 2020: USD 1 = PLN 3.7584

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 2021, 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 2020.

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 2020 which were published on 24 February 2021.

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 2020.

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) and amendments to IFRS 17 (issued on 25 June 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 'Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current' and 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date' (issued on 23 January 2020 and 15 July 2020, respectively) – 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 3 'Reference to the Conceptual Framework' (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
- Amendments to IAS 16 'Property, Plant and Equipment – Proceeds before Intended Use' (issued on 14 May 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 2022;
- Amendments to IAS 37 'Onerous Contracts – Cost of Fulfilling a Contract' (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
- Annual Improvements to IFRSs: 2018-2020 Cycle (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;

- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (issued on 12 February 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 IAS 8 'Definition of Accounting Estimates' (issued on 12 February 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 16 'Covid-19-Related Rent Concessions beyond 30 June 2021' (issued on 31 March 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 April 2021;
- Amendments to IAS 12 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' (issued on 6 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.

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. Corrections of material errors

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

2.8. Changes in the comparable data

We have changed the presentation of operating revenues and costs in order to match the nature of the Company's operations.

The following tables present the restated statement of profit and loss and disclosures regarding our operating segments.

STATEMENT OF PROFIT AND LOSS	6 months ended 30 June 2020 PLN'000	Change	6 months ended 30 June 2020 (restated) PLN'000
Holding activities	51,192	(215)	50,977
Dividend income	42,194	-	42,194
Revenues from sale of services	8,998	(215)	8,783
Operating activities	5,787	(85)	5,702
Revenues from sale of IT services and software	5,787	(85)	5,702
Total sales revenues	56,979	(300)	56,679
Cost of sales	(10,233)	276	(9,957)
Recognition/reversal of allowances for trade receivables	(94)	-	(94)
Gross profit on sales	46,652	(24)	46,628
Selling costs	(599)	162	(437)
General and administrative expenses	(444)	(138)	(582)
Net profit on sales	45,609	-	45,609
Operating profit	45,524	-	45,524
Pre-tax profit	47,540	-	47,540
Net profit	44,653	-	44,653

Restatements related to operating segments:

Period of 6 months ended 30 June 2020	Holding activities PLN'000	Change PLN'000	Holding activities (restated) PLN'000	IT services PLN'000	Change PLN'000	IT services (restated) PLN'000
Dividend income	42,194	-	42,194	-	-	-
Revenues from sale of services	8,998	(215)	8,783	-	-	-
Revenues from sale of IT services and software	-	-	-	5,787	(85)	5,702
Total sales revenues	51,192	(215)	50,977	5,787	(85)	5,702
Gross profit on sales	43,710	68	43,778	2,942	(92)	2,850
Selling costs	-	-	-	(599)	162	(437)
General and administrative expenses	(417)	-	(417)	(27)	(138)	(165)
Net profit on sales	43,293	68	43,361	2,316	(68)	2,248

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 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: authentication solutions (banking) and voice automation solutions (dedicated solutions).

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 to 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 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

Period of 6 months ended 30 June 2020 (restated)	Holding activities	IT services	Total
	PLN'000	PLN'000	PLN'000
Dividend income	42,194	-	42,194
Revenues from sale of services	8,783	-	8,783
Revenues from sale of IT services and software	-	5,702	5,702
Total sales revenues	50,977	5,702	56,679
Gross profit on sales	43,778	2,850	46,628
Selling costs	-	(437)	(437)
General and administrative expenses	(417)	(165)	(582)
Net profit on sales	43,361	2,248	45,609

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 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 2021 and in the comparable periods were as follows:

	3 months ended 30 June 2021	6 months ended 30 June 2021	3 months ended 30 June 2020 (restated)	6 months ended 30 June 2020 (restated)
	PLN'000	PLN'000	PLN'000	PLN'000
Dividends from related parties, of which:	49,784	71,209	26,182	42,194
ASEE B&H	4,531	4,531	-	2,263
ASEE Croatia	15,820	15,820	7,359	7,359
ASEE Macedonia	7,230	7,230	4,800	4,800
ASEE Romania	3,077	3,077	-	2,172
ASEE Serbia	11,892	33,317	9,603	16,319
ASEE Turkey	3,184	3,184	-	-
Payten Turkey	-	-	-	4,861
ASEE Kosovo	2,263	2,263	4,420	4,420
ASEE Bulgaria	1,787	1,787	-	-
Revenues from sale of services	4,630	9,637	4,631	8,783
Total operating revenues from holding activities	54,414	80,846	30,813	50,977

Cash inflows generated from dividends received during the first 6 months of 2021 amounted to PLN 68,853 thousand, as compared with PLN 40,358 thousand in the first 6 months of 2020.

The difference between recognized revenues and actually received inflows resulted from withholding tax charged by our subsidiaries as well as foreign currency translation differences.

4.2. IT services – structure of operating revenues

Operating revenues generated during the periods of 3 and 6 months ended 30 June 2021 and in the comparable periods were as follows:

	3 months ended 30 June 2021	6 months ended 30 June 2021	3 months ended 30 June 2020 (restated)	6 months ended 30 June 2020 (restated)
	PLN'000	PLN'000	PLN'000	PLN'000
Revenues from sale of software and IT services	3,064	6,460	3,140	5,702
Total operating revenues from IT service activities	3,064	6,460	3,140	5,702

In the periods of 3 and 6 months ended 30 June 2021 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 2021 and in the comparable periods were as follows:

	3 months ended 30 June 2021	6 months ended 30 June 2021	3 months ended 30 June 2020 (restated)	6 months ended 30 June 2020 (restated)
	PLN'000	PLN'000	PLN'000	PLN'000
Operating costs				
Cost of goods, materials and third-party services sold	(927)	(1,988)	(1,136)	(1,920)
Employee benefits, of which:	(1,718)	(4,484)	(2,151)	(4,606)
<i>Valuation of share-based payment plan</i>	-	-	(191)	(334)
Third-party services and outsourcing of employees	(1,611)	(3,296)	(1,209)	(2,455)
Depreciation and amortization	(193)	(369)	(159)	(324)
Maintenance costs of property and company cars	(892)	(1,530)	(565)	(1,133)
Business trips	(12)	(13)	-	(73)
Advertising	(55)	(103)	(47)	(87)
Other	(27)	(368)	(424)	(472)
Total	(5,435)	(12,151)	(5,691)	(11,070)
Cost of sales	(5,097)	(10,919)	(5,108)	(9,957)
Selling costs	(69)	(545)	(210)	(437)
General and administrative expenses	(269)	(687)	(279)	(582)
Recognition/reversal of allowances for trade receivables	-	-	(94)	(94)
Total	(5,435)	(12,151)	(5,691)	(11,070)

4.4. Financial income and expenses

Financial income earned during the periods of 3 and 6 months ended 30 June 2021 and in the comparable periods was as follows:

	3 months ended 30 June 2021	6 months ended 30 June 2021	3 months ended 30 June 2020	6 months ended 30 June 2020
	PLN'000	PLN'000	PLN'000	PLN'000
Interest income on investments in debt securities and bank deposits carried at amortized cost	264	522	283	610
Positive foreign currency translation differences	-	-	-	1,017
Commissions received on guarantees granted	1	6	5	11
Net gain on exercise and/or valuation of derivative instruments	338	272	74	83
Reversal of impairment losses on investments in subsidiaries	-	-	4,265	4,265
Total	603	800	4,627	5,986

In the first half of 2020, gain on reversal of impairment losses on investments in subsidiaries was related to our investment in ASEE Bulgaria.

Financial expenses incurred during the periods of 3 and 6 months ended 30 June 2021 and in the comparable periods were as follows:

	3 months ended 30 June 2021	6 months ended 30 June 2021	3 months ended 30 June 2020	6 months ended 30 June 2020
	PLN'000	PLN'000	PLN'000	PLN'000
Interest expenses on bank loans	(49)	(104)	(85)	(179)
Interest expenses on leases	(1)	(2)	(1)	(2)
Negative foreign currency translation differences	(1,681)	(819)	(710)	-
Loss on exercise and/or valuation of derivative instruments	-	(205)	-	(477)
Impairment losses on investments in subsidiaries	-	-	(4,000)	(4,000)
Total	(1,731)	(1,130)	(4,796)	(4,658)

Positive and negative foreign currency translation 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.

In the first half of 2020, impairment losses on investments in subsidiaries resulted from the impairment of our investment in ASEE B&H, recognized on the basis of an impairment test carried out.

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

	3 months ended 30 June 2021 PLN'000	6 months ended 30 June 2021 PLN'000	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000
Gain on revaluation of financial assets (reversal of allowance for loans granted)	-	-	667	688
Loss on impairment of financial assets (allowance for loans granted)	-	-	-	-
Recognition/reversal of impairment losses on loans granted and other financial instruments	-	-	667	688

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 2021 PLN'000	6 months ended 30 June 2021 PLN'000	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000
Current income tax and prior years' adjustments	(2,578)	(3,685)	(2,361)	(2,715)
Deferred income tax	(153)	(658)	163	(172)
Income tax expense as disclosed in the statement of profit and loss	(2,731)	(4,343)	(2,198)	(2,887)

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 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Pre-tax profit from continuing operations	74,960	47,540
Statutory corporate income tax rate	19%	19%
Corporate income tax computed at the statutory tax rate	(14,242)	(9,033)
Tax-exempt dividends received from subsidiaries	3,929	1,811
Income tax on taxable dividends paid by subsidiaries	6,164	3,465
Share-based payment plan	-	(63)
Depreciation and amortization	(2)	(5)
Adjustments to prior years' income tax	-	653
Other permanent differences	(192)	285
Corporate income tax computed at the effective tax rate	(4,343)	(2,887)

During the period of 6 months ended 30 June 2021, our effective tax rate equalled 5.8% as compared with 6.1% 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 2021 PLN'000	6 months ended 30 June 2021 PLN'000	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 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)	48,319	70,617	26,477	44,653
Net earnings per share (in PLN)	0.93	1.36	0.51	0.86

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 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.

In 2020, the Parent Company paid out to its shareholders a dividend for the year 2019. 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 16 June 2020 decided to pay out a dividend in the total amount of PLN 38,402 thousand or PLN 0.74 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 25 June 2020 as the dividend record date. The dividend was paid out on 8 July 2020. 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 2021 and in the comparable period are presented below:

	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Net book value of property, plant and equipment as at 1 January	455	385
Additions, of which:	228	70
Purchases and modernization	228	70
Reductions, of which:	(110)	(83)
Depreciation charges for the reporting period	(107)	(83)
Disposal and liquidation	(3)	-
Net book value of property, plant and equipment as at 30 June	573	372

Both as at 30 June 2021 and 31 December 2020, 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 2021 and in the comparable period are presented below:

	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Net book value of intangible assets as at 1 January	5,393	5,626
Additions, of which:	637	74
Purchases and modernization	637	74
Reductions, of which:	(207)	(189)
Amortization charges for the reporting period	(207)	(189)
Net book value of intangible assets as at 30 June	5,823	5,511

Both as at 30 June 2021 and 31 December 2020, 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 2021 and in the comparable period are presented below:

	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Net book value of right-of-use assets as at 1 January	290	376
Additions, of which:	-	-
Conclusion of new lease contracts	-	-
Reductions, of which:	(54)	(52)
Depreciation charges for the reporting period	(54)	(52)
Net book value of right-of-use assets as at 30 June	236	324

5.4. Investments in subsidiaries

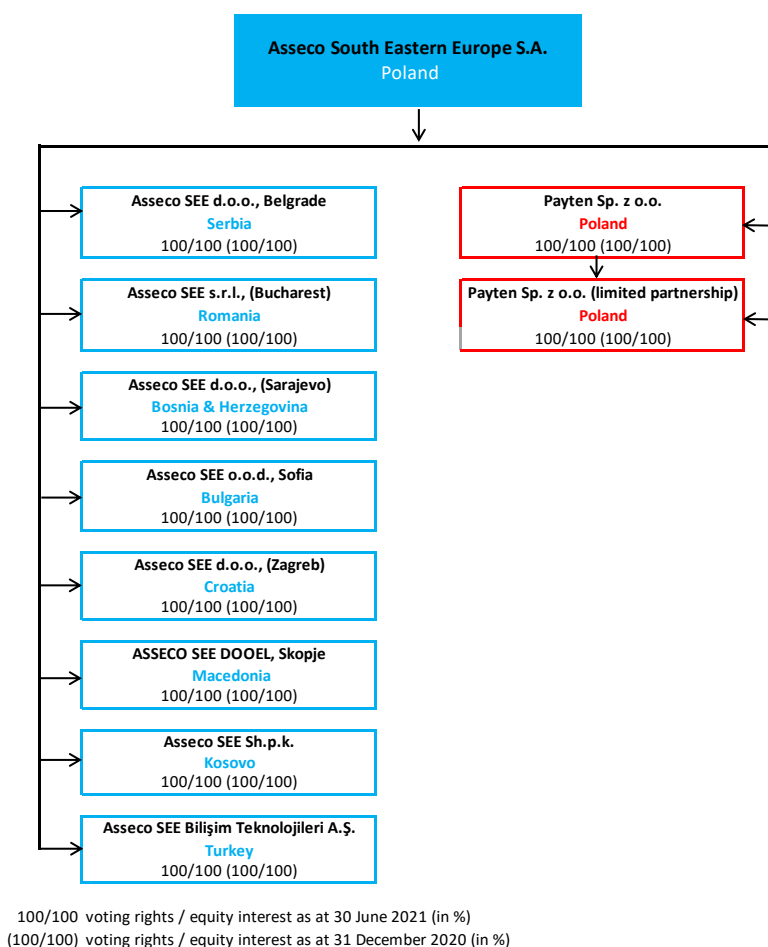
The Company's equity investments held as at 30 June 2021 and in the comparable period are disclosed in the table below:

		30 June 2021	31 December 2020
		PLN'000	PLN'000
Asseco SEE d.o.o. (Sarajevo)	ASEE B&H	21,830	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	26,741	26,741
Asseco SEE DOEL (Skopje)	ASEE Macedonia	98,480	98,480
Asseco SEE s.r.l. (Bucharest)	ASEE Romania	97,919	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 Sp. z o.o. (limited partnership)	Payten SK	227,157	227,157
		614,498	614,498

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 2020, which was published on 24 February 2021 and is available at the Issuer's website: www.asseco.com/see.

During the period of 6 months ended 30 June 2021, the structure of equity investments of ASEE S.A. remained unchanged.

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



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 2021, we estimated the recoverable amounts of our investments in the companies of ASEE Kosovo and ASEE Macedonia because of a small excess of the recoverable amount over their carrying value 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 2021 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 2021:

	Book value of investment	Discount rate applied in the model	Sales revenue growth rate
ASEE Kosovo	26,741	8.78%	5.74%
ASEE Macedonia	98,480	9.84%	1.98%

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.

In the case of impairment tests performed as at 30 June 2021, 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 1.60 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 4.88 pp with other assumptions remaining constant. As at 30 June 2021, the excess of the recoverable amount of this investment over its carrying value equalled PLN 5.84 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. Prepayments and accrued income

As at 30 June 2021 and in the comparable period, prepayments and accrued income included the following items:

	30 June 2021		31 December 2020	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Prepaid services, of which:	-	2,598	-	1,990
maintenance services and license fees	-	1,216	-	1,357
insurances	-	63	-	31
other services	-	1,319	-	602
Total	-	2,598	-	1,990

Both as at 30 June 2021 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.

5.7. Contract assets, trade receivables and other receivables

The table below presents the amounts of trade receivables as at 30 June 2021 as well as at 31 December 2020:

	30 June 2021		31 December 2020	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Trade receivables				
From related parties	-	7,645	-	4,217
From other entities	-	793	-	1,915
Allowances for doubtful receivables (-)	-	(94)	-	(94)
Total trade receivables	-	8,344	-	6,038
Receivables from dividends	-	-	-	-
Receivables from disposal of financial instruments or capital investments	-	-	-	-
Other receivables	47	563	47	254
Total other receivables	47	563	47	254

Trade receivables from related parties in the amount of PLN 7,645 thousand resulted from the sale of consulting, business and technical support services to subsidiaries of ASEE Group.

Related party transactions have been presented in explanatory note 5.15 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.

5.8. Other financial assets

As at 30 June 2021, 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 5.7 and 5.9 to these interim condensed financial statements).

	30 June 2021		31 December 2020	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Financial assets carried at amortized cost, of which:	36,060	13,482	38,211	7,134
loans granted to related parties	36,060	13,482	38,211	7,134
Financial assets carried at fair value through profit or loss, of which:	-	2	-	-
currency forward contracts	-	2	-	-
Total	36,060	13,484	38,211	7,134

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 2021 and as at 31 December 2020, including their type and changes in the amounts outstanding between those reporting dates.

	1 January 2021	Granted	Repaid	Other/ Valuation	Interest accrued	Interest repaid	Foreign currency translation differences	30 June 2021
Loans granted to related parties:	45,345	7,018	(1,799)	-	522	(653)	(891)	49,542
Payten B&H	3,265	-	-	(4)	72	(73)	(66)	3,194
Payten Croatia	2,803	-	(1,498)	4	33	(32)	(36)	1,274
Payten Montenegro	1,599	-	(301)	-	18	(22)	(30)	1,264
Payten Sp. z o.o. Sp.k	37,628	6,998	-	-	398	(526)	(759)	43,739
Payten Sp. z o.o.	50	20	-	-	1	-	-	71
Total	45,345	7,018	(1,799)	-	522	(653)	(891)	49,542
Long-term	38,211							36,060
Short-term	7,134							13,482

The following table provides information on the key terms of loans granted to related parties as at 30 June 2021:

	30 June 2021 PLN'000	Interest rate	Loan currency	Repayment date
Loans granted during the financial year				
Payten Sp. z o.o. Sp.k	4,539	3M EURIBOR + margin	EUR	31.12.2023
Payten Sp. z o.o. Sp.k	2,280	3M EURIBOR + margin	EUR	30.06.2024
Loans granted in previous years				
Payten B&H	3,194	3M EURIBOR + margin	EUR	31.12.2022
Payten Croatia	481	1M EURIBOR + margin	EUR	25.08.2021
Payten Croatia	793	1M EURIBOR + margin	EUR	25.03.2022
Payten Montenegro	1,264	3M EURIBOR + margin	EUR	31.07.2023
Payten Sp. z o.o. Sp.k	18,143	1M EURIBOR + margin	EUR	25.06.2023
Payten Sp. z o.o. Sp.k	6,498	3M EURIBOR + margin	EUR	25.06.2023
Payten Sp. z o.o. Sp.k	11,813	1M EURIBOR + margin	EUR	30.09.2024
Payten Sp. z o.o. Sp.k	466	3M LIBOR + margin	USD	13.05.2023
Payten Sp. z o.o.	71	3M WIBOR + margin	PLN	30.06.2022
Total	49,542			

Changes in the amount of allowances for loans granted that took place during the period of 6 months ended 30 June 2021 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.

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 2021, 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 2021 and 31 December 2020 did not significantly differ from their fair values.

5.9. Cash and cash equivalents

The table below presents cash and cash equivalents as at 30 June 2021 and in the comparable period:

	30 June 2021 PLN'000	31 December 2020 PLN'000
Cash at bank accounts	68,737	14,215
Cash at split payment accounts	117	276
Short-term bank deposits	-	-
Total cash and cash equivalents as disclosed in the balance sheet	68,854	14,491
Bank overdraft facilities utilized for current liquidity management	-	-
Total cash and cash equivalents as disclosed in the cash flow statement	68,854	14,491

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

5.10. Bank loans

As at 30 June 2021 and in the comparable period, liabilities arising from interest-bearing bank loans were as follows:

Interest-bearing bank loans	Effective interest rate %	Repayment date	30 June 2021 PLN'000	31 December 2020 PLN'000
Short-term	1M EURIBOR + margin	31.07.2023	6,428	7,802
Long-term	1M EURIBOR + margin	31.07.2023	5,167	8,178
Total interest-bearing bank loans			11,595	15,980

Liabilities under interest-bearing bank loans resulted from a bank credit facility provided by ING Bank Śląski up to the amount of EUR 9 million. Whereas, the loan repayment date has been 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 2021, our liability under this bank loan amounted to PLN 11,595 thousand. As at 31 December 2020, our liability under this bank loan amounted to PLN 15,980 thousand. Funds obtained under this bank loan were used for loans granted to our subsidiaries in order to finance outsourcing projects within ASEE Group as well as for new business acquisitions.

5.11. Lease liabilities

As at 30 June 2021, 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 2021 and in the comparable period:

	30 June 2021 PLN'000	31 December 2020 PLN'000
Liabilities from leases of real estate		
Short-term	116	95
Long-term	138	228
Total	254	323

5.12. Other financial liabilities

The table below presents other financial liabilities as at 30 June 2021 and in the comparable period:

Other financial liabilities	30 June 2021		31 December 2020	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Liabilities from the acquisition of shares	-	-	-	4,932
Liabilities from currency forward contracts	28	-	5	64
Dividends payable	-	51,894	-	-
Total	28	51,894	5	4,996

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 calculation models based on inputs that are directly observable in active markets.

5.13. Contract liabilities, trade payables and other liabilities

As at 30 June 2021 and in the comparable period, the Company had the following trade payables:

	30 June 2021		31 December 2020	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade payables, of which:				
Trade payables	-	935	-	485
<i>to related parties</i>	-	409	-	186
<i>to other entities</i>	-	526	-	299
Uninvoiced payables	-	819	-	1,029
<i>to related parties</i>	-	228	-	168
<i>to other entities</i>	-	591	-	861
Total trade payables	-	1,754	-	1,514

Trade payables are non-interest bearing. Related party transactions have been presented in explanatory note 5.15 to these interim condensed financial statements.

As at 30 June 2021 and in the comparable period, the Company had the following liabilities from contracts with customers:

	30 June 2021		31 December 2020	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Contract liabilities, of which:				
Deferred income arising from contracts with customers	-	3,873	-	3,010
<i>to related parties</i>	-	1,695	-	-
<i>to other entities</i>	-	2,178	-	3,010
Total contract liabilities	-	3,873	-	3,010

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 2021 and in the comparable period, the Company had the following other liabilities:

	30 June 2021		31 December 2020	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Corporate income tax payable	-	1,265	-	390
Other liabilities to the state and local budgets:	-	535	-	580
Value added tax (VAT)	-	380	-	424
Personal income tax (PIT)	-	47	-	71
Social security contributions	-	108	-	82
Other	-	-	-	3
Total liabilities to the state and local budgets	-	1,800	-	970
Other liabilities				
Financial audit liabilities	-	139	-	170
Other liabilities	-	105	-	109
Total other liabilities	-	244	-	279

5.14. Accruals

As at 30 June 2021 and in the comparable period, accruals included the following items:

	30 June 2021		31 December 2020	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Accruals, of which:				
Accrual for unused holiday leaves	-	1,194	-	777
Accrual for employee and management bonuses	-	2,189	-	4,072
Total	-	3,383	-	4,849

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.

5.15. 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 2021 and 30 June 2020, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2021 and 31 December 2020:

	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 2021 / 31 Dec. 2020 PLN'000	Liabilities to related parties 30 June 2021 / 31 Dec. 2020 PLN'000
Transactions with entities of Asseco Poland Group				
2021	27	301	60	49
2020	23	108	60	4,965
Transactions with entities controlled by the Company				
2021	9,946	853	7,634	684
2020	8,998	693	4,207	417

Revenues from related party transactions include sales of goods and IT services related to ongoing IT projects, as well as sales of consulting, business 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 2021, total receivables from related parties comprised trade receivables amounting to PLN 7,645 thousand, as well as other receivables amounting to PLN 49 thousand (of which PLN 47 thousand of deposits for rental of office space, and PLN 2 thousand of other receivables). As at 31 December 2020, total receivables from related parties comprised trade receivables amounting to PLN 4,217 thousand, as well as other receivables amounting to 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 2021, total liabilities to related parties comprised trade payables amounting to PLN 637 thousand, and other liabilities amounting to PLN 96 thousand. As at 31 December 2020, total liabilities to related parties comprised trade payables and contract liabilities amounting to PLN 355 thousand, as well as other liabilities in the amount of PLN 5,027 thousand (of which PLN 4,932 thousand arising from deferred payment for the acquisition of shares in Necomplus, and PLN 95 thousand of other liabilities).

Loans granted to related parties have been presented in explanatory note 5.8 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 2021 include dividends payable to Asseco International a.s. in the amount of PLN 26,495 thousand. The dividend was paid out on 7 July 2021.

Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2021 include dividends payable to the Management Board Members as well as to parties that are related through Members of the Management Board of ASEE S.A. in the total gross amount of PLN 1,355 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 2021. The dividend was paid out on 7 July 2021.

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

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 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Change in receivables and contract assets	(2,615)	(4,943)
Change in liabilities	1,022	470
Change in prepayments and accruals	(2,074)	(1,723)

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

	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 PLN'000
ASEE Serbia	32,055	15,491
ASEE Croatia	15,856	7,302
ASEE Romania	3,043	2,183
ASEE Macedonia	6,805	4,462
ASEE B&H	4,231	2,244
ASEE Kosovo	2,240	4,437
ASEE Turkey	2,841	-
Payten Turkey	-	4,239
ASEE Bulgaria	1,782	-
Total	68,853	40,358

- Expenditures for the acquisition of shares in subsidiaries:

	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Necomplus Spain	(4,932)	(4,936)
Payten Sp. z o.o. Sp.k.	-	(1,921)
Total	(4,932)	(6,857)

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 2021 and in the comparable period:

	6 months ended 30 June 2021 PLN'000	6 months ended 30 June 2020 PLN'000
Acquisition of property, plant and equipment	(228)	(75)
Acquisition of intangible assets	(637)	(75)
Total	(865)	(150)

Our inflows from loans collected as well as outflows for loans granted during the period of 6 months ended 30 June 2021 have been presented in detail in explanatory note 5.8 to these interim condensed financial statements.

6.3. Cash flows – financing activities

		Interest-bearing bank loans	Leases	Dividend payment liabilities	Total
		PLN'000	PLN'000	PLN'000	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 currency translation differences recognized in financial income/expenses	(270)	(8)	-	(278)
As at 30 June 2021		11,595	254	51,894	63,743

		Interest-bearing bank loans	Leases	Dividend payment liabilities	Total
		PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2020		24,770	380		25,150
Cash flows	Inflows (+)	-	-	-	-
	Repayment of principal amount – outflows	(5,297)	(57)	-	(5,354)
	Interest paid – outflows	(179)	(2)	-	(181)
Non-cash changes	Interest accrued	179	2	-	181
	Non-cash increase in liabilities	-	-	38,402	38,402
	Foreign currency translation differences recognized in financial income/expenses	1,247	18	-	1,265
As at 30 June 2020		20,720	341	38,402	59,463

VII. Other explanatory notes

7.1. Off-balance-sheet liabilities

The Company granted the following guarantees and sureties:

	30 June 2021		Date of expiration	31 December 2020		Date of expiration
	PLN'000	EUR'000		PLN'000	EUR'000	
Guarantee facilities	904			2,307		
- ASEE Kosovo	-	-	05.04.2021	1,384	300	05.04.2021
- ASEE Kosovo	904	200	06.09.2023	923	200	06.09.2023
Total guarantees and sureties	904			2,307		

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 2021	31 December 2020
	PLN'000	PLN'000
Liabilities from rental of space		
In the period up to 1 year	46	55
In the period from 1 to 5 years	-	-
Over 5 years	-	-
Total	46	55

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 30 June 2021 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 we are a holding company, the distribution of our financial results 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 2021	31 Dec. 2020
Management Board*	2	2
Production departments	7	8
Sales departments	5	5
Administration departments	13	14
Total	27	29

* 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

- ***Signing a loan agreement with Polska Kasa Opieki S.A. Bank***

On 29 July 2021, ASEE S.A. signed an agreement with Polska Kasa Opieki S.A. Bank in order to obtain an investment loan up to the total amount of EUR 13,000 thousand. This loan is intended to provide financing 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. Interest will be charged on the utilized amount of loan, based on the 3M EURIBOR rate increased by the bank's margin. 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 our 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.

In the period from 30 June 2021 till the date of approval of these interim condensed financial statements, this is until 4 August 2021, 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 4 August 2021, 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**

The interim condensed consolidated financial statements Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2021, 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 2021 have been approved for publication by the Management Board of Asseco South Eastern Europe S.A. on 4 August 2021.

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
-----------------	------------------

Technology for business, solutions for people.

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