



**Semi-Annual Report
of Asseco South Eastern Europe Group
for the period of 6 months ended 30 June 2023**



Present in
23 countries



PLN 755.6 million
in sales revenues



3,789
highly committed
employees



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

Semi-Annual Report of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2023

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**Interim Condensed Consolidated
Financial Statements of
Asseco South Eastern Europe Group**
for the period of 6 months ended 30 June 2023

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 2023 PLN'000	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2023 EUR'000	6 months ended 30 June 2022 EUR'000
Sales revenues	755,591	661,098	163,795	142,396
Operating profit	104,145	97,504	22,576	21,002
Pre-tax profit	116,833	123,738	25,327	26,652
Net profit for the reporting period	96,165	105,532	20,846	22,731
Net profit attributable to Shareholders of the Parent Company	92,482	102,721	20,048	22,125
Net cash provided by (used in) operating activities	82,403	68,118	17,863	14,672
Net cash provided by (used in) investing activities	(28,642)	(40,761)	(6,209)	(8,780)
Net cash provided by (used in) financing activities	(31,804)	8,973	(6,894)	1,933
Cash and cash equivalents at the end of the period (comparable data as at 31 December 2022)	295,764	298,034	66,459	63,548
Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	1.78	1.98	0.39	0.43
Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	1.78	1.98	0.39	0.43

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 2023 to 30 June 2023: EUR 1 = PLN 4.6130
 - for the period from 1 January 2022 to 30 June 2022: EUR 1 = PLN 4.6427
- 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 2023: EUR 1 = PLN 4.4503
 - exchange rate effective on 31 December 2022: EUR 1 = PLN 4.6899

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 2023	6 months ended 30 June 2023	3 months ended 30 June 2022 (*restated)	6 months ended 30 June 2022 (*restated)
	Note	PLN'000	PLN'000	PLN'000	PLN'000
Operating revenues	<u>5.1</u>	375,527	755,591	349,433	661,098
Cost of sales	<u>5.2</u>	(273,321)	(553,397)	(253,966)	(481,025)
Allowances for trade receivables	<u>5.2</u>	(2,362)	(3,680)	262	(553)
Gross profit on sales		99,844	198,514	95,729	179,520
Selling costs	<u>5.2</u>	(23,362)	(47,587)	(23,134)	(42,489)
General and administrative expenses	<u>5.2</u>	(22,704)	(47,237)	(21,402)	(39,956)
Net profit on sales		53,778	103,690	51,193	97,075
Other operating income	<u>5.3</u>	384	1,106	732	1,107
Other operating expenses	<u>5.3</u>	(87)	(669)	(345)	(678)
Share of profits of associates		18	18	-	-
Operating profit		54,093	104,145	51,580	97,504
Financial income	<u>5.4</u>	12,276	24,445	25,856	32,125
Financial expenses	<u>5.4</u>	(7,175)	(11,745)	(3,075)	(5,881)
Impairment loss on financial instruments		(6)	(12)	(10)	(10)
Pre-tax profit		59,188	116,833	74,351	123,738
Corporate income tax (current and deferred tax expense)	<u>5.5</u>	(10,083)	(20,668)	(8,536)	(18,206)
Net profit for the reporting period		49,105	96,165	65,815	105,532
<i>Attributable to:</i>					
Shareholders of the Parent Company		47,110	92,482	64,273	102,721
Non-controlling interests		1,995	3,683	1,542	2,811
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)					
	<u>5.6</u>	0.91	1.78	1.24	1.98
OTHER COMPREHENSIVE INCOME					
Net profit for the reporting period		49,105	96,165	65,815	105,532
Components that may be reclassified to profit or loss		(77,195)	(84,776)	38,341	43,190
Net gain/loss on valuation of financial assets		70	72	11	7
Exchange differences on translation of foreign operations		(77,265)	(84,848)	5,112	9,965
Restatement of non-monetary assets as at 1 January – impact of hyperinflation		-	-	33,218	33,218
Components that will not be reclassified to profit or loss		-	-	-	-
Actuarial gains/losses		-	-	-	-
Total other comprehensive income		(77,195)	(84,776)	38,341	43,190
TOTAL COMPREHENSIVE INCOME attributable to:		(28,090)	11,389	104,156	148,722
Shareholders of the Parent Company		(29,351)	8,458	102,848	145,813
Non-controlling interests		1,261	2,931	1,308	2,909

*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 2023	31 December 2022
		PLN'000	(*restated) PLN'000
Non-current assets			
Property, plant and equipment	6.1	130,895	135,969
Intangible assets	6.2	47,207	54,802
Right-of-use assets	6.3	45,743	43,131
Investment property		504	550
Goodwill	6.4	748,531	798,831
Investments accounted for using the equity method		189	170
Other receivables	6.8	7,457	7,886
Deferred tax assets		13,519	11,417
Other financial assets	6.6	1,486	2,424
Prepayments and accrued income	6.7	1,189	1,454
		996,720	1,056,634
Current assets			
Inventories	6.9	70,974	57,045
Prepayments and accrued income	6.7	44,291	48,008
Trade receivables	6.8	201,676	290,358
Contract assets	6.8	116,940	78,739
Corporate income tax receivable	6.8	2,129	2,433
Receivables from the state and local budgets	6.8	4,739	3,806
Other receivables	6.8	22,993	23,822
Other non-financial assets		6,210	9,936
Other financial assets	6.6	1,014	319
Cash and bank deposits	6.10	295,764	298,034
		766,730	812,500
TOTAL ASSETS		1,763,450	1,869,134

*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 2023	31 December 2022
EQUITY AND LIABILITIES	Note		(*restated)
		PLN'000	PLN'000
Equity (attributable to shareholders of the Parent Company)			
Share capital		518,943	518,943
Share premium		38,826	38,826
Transactions with non-controlling interests		(34,957)	(35,692)
Other capitals		313	(77)
Exchange differences on translation of foreign operations		(162,392)	(78,296)
Retained earnings		683,335	666,619
		1,044,068	1,110,323
Non-controlling interests		7,966	8,515
Total equity		1,052,034	1,118,838
Non-current liabilities			
Bank loans and borrowings	6.12	32,772	48,635
Lease liabilities	6.11	29,164	25,700
Other financial liabilities	6.13	75,582	91,566
Deferred tax liabilities		5,956	6,964
Provisions	6.15	3,211	3,886
Contract liabilities	6.14	6,588	8,455
Other liabilities	6.14	59	74
		153,332	185,280
Current liabilities			
Bank loans and borrowings	6.12	62,177	66,455
Lease liabilities	6.11	17,976	19,418
Other financial liabilities	6.13	142,190	62,071
Trade payables	6.14	104,551	123,980
Contract liabilities	6.14	119,229	148,360
Corporate income tax payable	6.14	9,217	9,081
Liabilities to the state and local budgets	6.14	23,872	46,357
Other liabilities	6.14	31,491	48,894
Provisions	6.15	5,474	5,289
Deferred income	6.16	2,899	2,570
Accruals	6.16	39,008	32,541
		558,084	565,016
TOTAL LIABILITIES		711,416	750,296
TOTAL EQUITY AND LIABILITIES		1,763,450	1,869,134

*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	Exchange differences on translation of foreign operations	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 2023 (restated)		518,943	38,826	(35,692)	(77)	(78,296)	666,619	1,110,323	8,515	1,118,838
Net profit for the reporting period		-	-	-	-	-	92,482	92,482	3,683	96,165
Other comprehensive income for the reporting period		-	-	-	72	(84,096)	-	(84,024)	(752)	(84,776)
Total comprehensive income for the reporting period		-	-	-	72	(84,096)	92,482	8,458	2,931	11,389
Share-based payment transactions with employees		-	-	-	318	-	-	318	-	318
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	1,069	-	-	-	1,069	1,342	2,411
Acquisition of a stake of shares in a subsidiary		-	-	(334)	-	-	-	(334)	(5)	(339)
Dividend	5.7	-	-	-	-	-	(75,766)	(75,766)	(4,817)	(80,583)
As at 30 June 2023		518,943	38,826	(34,957)	313	(162,392)	683,335	1,044,068	7,966	1,052,034

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	Exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2022		518,943	38,826	(19,887)	(500)	(116,129)	545,066	966,319	4,157	970,476
Net profit for the reporting period		-	-	-	-	-	187,978	187,978	7,728	195,706
Other comprehensive income for the reporting period		-	-	-	5	37,833	-	37,838	372	38,210
Total comprehensive income for the reporting period		-	-	-	5	37,833	187,978	225,816	8,100	233,916
Share-based payment transactions with employees		-	-	-	418	-	-	418	-	418
Obtaining control over subsidiaries		-	-	-	-	-	-	-	4	4
Increase of share capital in subsidiaries		-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	(15,805)	-	-	-	(15,805)	51	(15,754)
Dividend	5.7	-	-	-	-	-	(66,425)	(66,425)	(3,797)	(70,222)
As at 31 December 2022 (restated)		518,943	38,826	(35,692)	(77)	(78,296)	666,619	1,110,323	8,515	1,118,838

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	Exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2022		518,943	38,826	(19,887)	(500)	(116,129)	545,066	966,319	4,157	970,476
Net profit for the reporting period		-	-	-	-	-	102,721	102,721	2,811	105,532
Other comprehensive income for the reporting period		-	-	-	7	43,085	-	43,092	98	43,190
Total comprehensive income for the reporting period		-	-	-	7	43,085	102,721	145,813	2,909	148,722
Share-based payment transactions with employees		-	-	-	144	-	-	144	-	144
Obtaining control over subsidiaries		-	-	-	-	-	-	-	4	4
Increase of share capital in subsidiaries		-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	(14,589)	-	-	-	(14,589)	194	(14,395)
Dividend	5.7	-	-	-	-	-	(66,425)	(66,425)	(3,567)	(69,992)
As at 30 June 2022 (restated)		518,943	38,826	(34,476)	(349)	(73,044)	581,362	1,031,262	3,697	1,034,959

Interim Condensed Consolidated Statement of Cash Flows

Asseco South Eastern Europe Group

	Note	6 months ended 30 June 2023	6 months ended 30 June 2022 (restated)
		PLN'000	PLN'000
Cash flows – operating activities			
Pre-tax profit		116,833	123,738
Total adjustments:		(11,315)	(32,870)
Depreciation and amortization	5.2	43,838	45,481
Changes in working capital	7.1	(51,947)	(60,480)
Interest income/expenses		2,644	1,845
Gain/loss on foreign exchange differences		(322)	(812)
Gain/loss on financial assets (valuation, disposal, etc.)		(20)	122
Other financial income/expenses		(475)	2,115
Gain/loss on sale, disposal and impairment of property, plant and equipment, and intangible assets		(111)	621
Costs of share-based payment transactions with employees		318	144
Impact of hyperinflation		(5,222)	(21,906)
Other adjustments to pre-tax profit		(18)	-
Cash provided by (used in) operating activities		105,518	90,868
Corporate income tax paid		(23,115)	(22,750)
Net cash provided by (used in) operating activities		82,403	68,118
Cash flows – investing activities			
Inflows			
Disposal of property, plant and equipment, and intangible assets		575	537
Disposal/settlement of financial assets carried at fair value through other comprehensive income		-	3
Disposal of investments in other debt securities carried at amortized cost (cash deposits)		53	-
Loans collected		182	32
Interest received		1	8
Dividends received		1	-
Outflows			
Acquisition of property, plant and equipment, and intangible assets (including R&D expenditures)	7.2	(26,373)	(26,741)
Expenditures for acquisition of subsidiaries and associates, net of cash and cash equivalents in companies acquired	7.2	(2,732)	(14,326)
Acquisition/settlement of financial assets carried at fair value through profit or loss		(164)	(115)
Loans granted		(185)	(159)
Net cash provided by (used in) investing activities		(28,642)	(40,761)
Cash flows – financing activities			
Inflows			
Proceeds from issuance of shares		-	4
Proceeds from bank loans and borrowings	7.3	1,370	35,029
Received grants related to assets and/or development projects		477	391
Outflows			
Repayments of bank loans and borrowings	7.3	(15,600)	(12,902)
Payments of lease liabilities	7.3	(11,226)	(11,057)
Interest paid	7.3	(2,322)	(1,734)
Acquisition of non-controlling interests		(333)	(198)
Dividends paid out to non-controlling shareholders	7.3	(4,170)	(560)
Net cash provided by (used in) financing activities		(31,804)	8,973
Net increase (decrease) in cash and cash equivalents		21,957	36,330
Net foreign exchange differences		(22,002)	(2,107)
Net cash and cash equivalents as at 1 January		264,764	204,629
Net cash and cash equivalents as at 30 June	6.10	264,719	238,852

Explanatory notes to the Interim Condensed Consolidated Financial Statements

I. General information

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

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

The Parent Company Asseco South Eastern Europe S.A. based in Rzeszów, Poland, was established on 10 April 2007 as a joint stock company called Asseco Adria S.A. On 11 July 2007, the Company was entered in the register of entrepreneurs maintained by the District Court in Rzeszów, XII Commercial Department of the National Court Register, under the number KRS 0000284571. The Parent Company has been assigned the statistical number REGON 180248803. On 11 February 2008, the Parent Company's corporate name was changed from Asseco Adria S.A. to Asseco South Eastern Europe S.A.

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

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

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

The parent company of ASEE S.A. is Asseco International a.s. ("AI") based in Bratislava which is part of Asseco Poland Group. The ultimate parent company of the entire Asseco Poland Group is Asseco Poland S.A.

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 2022 which were published on 22 February 2023.

These interim condensed consolidated financial statements have been prepared on a going-concern basis, assuming the Group will continue its business activities over a period not shorter than 12 months from 30 June 2023. 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.

Economic and political situation on the territory of Ukraine

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

ASEE Group does not conduct any significant business operations in Russia, Belarus or in Ukraine. In the first half of 2023, the Group's total sales to the above-mentioned countries represented just 0.01% of our total revenues, as compared to 0.1% in the whole year 2022. The Group does not hold any cash at bank accounts in Russia. This situation has no significant direct impact on these consolidated financial statements.

The Group continues to analyze geopolitical developments and their impact on the Group's financial position and financial performance in the future.

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

Hyperinflation

In 2022, Turkey was recognized as a country with a hyperinflationary economy. The Group consolidates the financial data of several subsidiaries operating in Turkey, including ASEE Turkey, Payten Turkey, Paratika, Mobven, and Smarttek, whose functional currency is that of a hyperinflationary economy. Therefore, these interim condensed consolidated financial statements contain the financial data of our subsidiaries operating in Turkey adjusted for the rate of inflation so that they reflected changes in the appropriate price index. The effects of hyperinflation adjustments have been described in explanatory note 2.10. to these interim condensed consolidated financial statements.

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) (the "Regulation"), and covers the interim reporting period from 1 January to 30 June 2023 and the comparable period from 1 January to 30 June 2022 in case of the statement of profit and loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows, as well as the financial position data as at 30 June 2023 and the comparable data as at 31 December 2022 in case of the statement of financial position.

The cumulative data presented for the period of 6 months ended 30 June 2023 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 2023 and for the corresponding period of 2022 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 2023 which were published on 26 April 2023.

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

2.3. Functional currency, presentation currency and hyperinflation

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

The functional currency applied by the Parent Company and, at the same time, the presentation currency used in these interim condensed consolidated financial statements is the Polish zloty (PLN). Functional currencies applied by our subsidiaries consolidated in these financial statements are the currencies of primary business environments in which they operate. For consolidation purposes, financial statements of our foreign subsidiaries are translated into PLN using the respective currency exchange rates as quoted by the National Bank of Poland at the end of the reporting period in case of the statement of financial position, or using the arithmetic average of 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 'Exchange differences on translation of foreign operations'.

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

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 2023, 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 2022.

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 2022 which were published on 22 February 2023.

Significant accounting policies applied by the Group in these interim condensed consolidated financial statements are consistent with those explained in the Group's annual consolidated financial statements for the year 2022, except for the adoption of new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2023. New standards or amendments effective from 1 January 2023:

- IFRS 17 'Insurance Contracts' and amendments to IFRS 17;
- Amendments to IAS 1 'Presentation of Financial Statements: Disclosure of Accounting Policies';

- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates';
- Amendments to IAS 12 'Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction'.

The amended standards and interpretations that were first applied in 2023 had no significant impact of the interim condensed consolidated financial statements of the Group.

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:

- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures: Supplier Finance Arrangements' (issued on 25 May 2023) – 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 2024;
- Amendments to IAS 12 'Income Taxes: International Tax Reform – Pillar Two Model Rules' (issued on 23 May 2023) – 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 2024;
- Amendments to IFRS 16 'Leases – Lease Liability in a Sale and Leaseback' (issued on 22 September 2022) – 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 2024;
- Amendments to IAS 1 'Presentation of Financial Statements': 'Classification of Liabilities as Current or Non-current' (issued on 23 January 2020), 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date' (issued on 15 July 2020), 'Non-current Liabilities with Covenants' (issued on 31 October 2022) – 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 2024.

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

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

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

2.7. Changes in the presentation methods applied

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

2.8. Correction of errors

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

2.9. Changes in the comparable data

The Group has changed the comparable data disclosed as at 30 June 2022 due to changes in the values of assets acquired that were recognized in the purchase price allocation of our subsidiary companies: Web Studio, BS Telecom, and Bithat Solutions s.r.l., as well as the comparable data disclosed as at 31 December 2022 due to the completion of the purchase price allocation of Bithat Solutions s.r.l.

Detailed information on the accounting for acquisition of Web Studio and BS Telecom has been presented in explanatory note 6.4. to the Group's consolidated financial statements for the year 2022 which were published on 22 February 2023 as their purchase price allocation processes were completed in 2022.

Detailed information on the acquired assets and liabilities of Bithat Solutions s.r.l. has been presented in explanatory note 6.4 to these interim condensed consolidated financial statements.

The tables below present how the said changes affected the comparable data disclosed as at 31 December 2022:

ASSETS	31 December 2022	Purchase price allocation of subsidiaries	31 December 2022 (restated)
	PLN'000	PLN'000	PLN'000
Non-current assets			
Property, plant and equipment	135,969	-	135,969
Intangible assets	51,807	2,995	54,802
Right-of-use assets	43,131	-	43,131
Investment property	550	-	550
Goodwill	801,626	(2,795)	798,831
Investments accounted for using the equity method	170	-	170
Other receivables	7,886	-	7,886
Deferred tax assets	11,417	-	11,417
Other financial assets	2,424	-	2,424
Prepayments and accrued income	1,454	-	1,454
	1,056,434	200	1,056,634
Current assets			
Inventories	57,045	-	57,045
Prepayments and accrued income	48,008	-	48,008
Trade receivables	290,358	-	290,358
Contract assets	78,739	-	78,739
Income tax receivable	2,433	-	2,433
Receivables from the state and local budgets	3,806	-	3,806
Other receivables	23,822	-	23,822
Other non-financial assets	9,936	-	9,936
Other financial assets	319	-	319
Cash and bank deposits	298,034	-	298,034
	812,500	-	812,500
TOTAL ASSETS	1,868,934	200	1,869,134

EQUITY AND LIABILITIES	31 December 2022	Purchase price allocation of subsidiaries	31 December 2022 (restated)
	PLN'000	PLN'000	PLN'000
Equity (attributable to shareholders of the Parent Company)			
Share capital	518,943	-	518,943
Share premium	38,826	-	38,826
Transactions with non-controlling interests	(35,692)	-	(35,692)
Other capitals	(77)	-	(77)
Exchange differences on translation of foreign operations	(78,297)	1	(78,296)
Retained earnings	666,899	(280)	666,619
	1,110,602	(279)	1,110,323
Non-controlling interests	8,515	-	8,515
Total equity	1,119,117	(279)	1,118,838
Non-current liabilities			
Bank loans and borrowings	48,635	-	48,635
Lease liabilities	25,700	-	25,700
Other financial liabilities	91,566	-	91,566
Deferred tax liabilities	6,485	479	6,964
Provisions	3,886	-	3,886
Contract liabilities	8,455	-	8,455
Other liabilities	74	-	74
	184,801	479	185,280
Current liabilities			
Bank loans and borrowings	66,455	-	66,455
Lease liabilities	19,418	-	19,418
Other financial liabilities	62,071	-	62,071
Trade payables	123,980	-	123,980
Contract liabilities	148,360	-	148,360
Corporate income tax payable	9,081	-	9,081
Liabilities to the state and local budgets	46,357	-	46,357

Other liabilities	48,894	-	48,894
Provisions	5,289	-	5,289
Deferred income	2,570	-	2,570
Accruals	32,541	-	32,541
	565,016	-	565,016
TOTAL LIABILITIES	749,817	479	750,296
TOTAL EQUITY AND LIABILITIES	1,868,934	200	1,869,134

The tables below present how the said changes affected the comparable data disclosed as at 30 June 2022 and for the period of 6 months ended 30 June 2022:

STATEMENT OF PROFIT AND LOSS	6 months ended 30 June 2022 PLN'000	Purchase price allocation of subsidiaries PLN'000	6 months ended 30 June 2022 (restated) PLN'000
Operating revenues	661,098	-	661,098
Cost of sales	(479,269)	(1,756)	(481,025)
Allowances for trade receivables	(553)	-	(553)
Gross profit on sales	181,276	(1,756)	179,520
Selling costs	(42,489)	-	(42,489)
General and administrative expenses	(39,956)	-	(39,956)
Net profit on sales	98,831	(1,756)	97,075
Other operating income	1,107	-	1,107
Other operating expenses	(678)	-	(678)
Operating profit	99,260	(1,756)	97,504
Financial income	32,125	-	32,125
Financial expenses	(5,883)	2	(5,881)
Impairment loss on financial instruments	(10)	-	(10)
Pre-tax profit	125,492	(1,754)	123,738
Corporate income tax (current and deferred tax expense)	(18,419)	213	(18,206)
Net profit for the reporting period	107,073	(1,541)	105,532
Attributable to:			-
Shareholders of the Parent Company	104,262	(1,541)	102,721
Non-controlling interests	2,811	-	2,811
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)	2.01		1.98

OTHER COMPREHENSIVE INCOME			
Net profit for the reporting period	107,073	(1,541)	105,532
Components that may be reclassified to profit or loss	43,211	(21)	43,190
Net gain/loss on valuation of financial assets	7	-	7
Exchange differences on translation of foreign operations	9,986	(21)	9,965
Restatement of non-monetary assets as at 1 January – impact of hyperinflation	33,218	-	33,218
Components that will not be reclassified to profit or loss	-	-	-
Actuarial gains/losses	-	-	-
Total other comprehensive income	43,211	(21)	43,190
TOTAL COMPREHENSIVE INCOME attributable to:	150,284	(1,562)	148,722
Shareholders of the Parent Company	147,375	(1,562)	145,813
Non-controlling interests	2,909	-	2,909

ASSETS	30 June 2022	Purchase price allocation of subsidiaries	30 June 2022 (restated)
	PLN'000	PLN'000	PLN'000
Non-current assets			
Property, plant and equipment	133,191	-	133,191
Intangible assets	48,404	19,151	67,555
Right-of-use assets	46,099	-	46,099
Investment property	566	-	566
Goodwill	791,900	(19,840)	772,060
Other receivables	627	-	627
Deferred tax assets	12,698	-	12,698
Other financial assets	1,315	-	1,315
Prepayments and accrued income	2,564	-	2,564
	1,037,364	(689)	1,036,675
Current assets			
Inventories	57,667	-	57,667
Prepayments and accrued income	50,534	-	50,534
Trade receivables	203,943	-	203,943
Contract assets	82,986	576	83,562
Income tax receivable	3,187	-	3,187
Receivables from the state and local budgets	4,177	-	4,177
Other receivables	13,067	-	13,067
Other non-financial assets	2,793	-	2,793
Other financial assets	271	-	271
Cash and bank deposits	269,819	-	269,819
	688,444	576	689,020
TOTAL ASSETS	1,725,808	(113)	1,725,695

EQUITY AND LIABILITIES	30 June 2022	Purchase price allocation of subsidiaries	30 June 2022 (restated)
	PLN'000	PLN'000	PLN'000
Equity (attributable to shareholders of the Parent Company)			
Share capital	518,943	-	518,943
Share premium	38,826	-	38,826
Transactions with non-controlling interests	(34,476)	-	(34,476)
Other capitals	(349)	-	(349)
Exchange differences on translation of foreign operations	(73,022)	(21)	(73,043)
Retained earnings	583,030	(1,668)	581,362
	1,032,952	(1,689)	1,031,263
Non-controlling interests	3,697	-	3,697
Total equity	1,036,649	(1,689)	1,034,960
Non-current liabilities			
Bank loans and borrowings	51,147	-	51,147
Lease liabilities	28,963	-	28,963
Other financial liabilities	73,842	-	73,842
Deferred tax liabilities	7,294	2,444	9,738
Provisions	2,841	-	2,841
Contract liabilities	8,202	-	8,202
Other liabilities	1,122	-	1,122
	173,411	2,444	175,855
Current liabilities			
Bank loans and borrowings	64,085	-	64,085
Lease liabilities	19,784	-	19,784
Other financial liabilities	131,996	(2,569)	129,427
Trade payables	103,955	-	103,955
Contract liabilities	101,438	847	102,285
Corporate income tax payable	7,485	-	7,485
Liabilities to the state and local budgets	22,050	-	22,050
Other liabilities	22,793	-	22,793
Provisions	4,271	-	4,271
Deferred income	2,052	854	2,906
Accruals	35,839	-	35,839
	515,748	(868)	514,880
TOTAL LIABILITIES	689,159	1,576	690,735
TOTAL EQUITY AND LIABILITIES	1,725,808	(113)	1,725,695

6 months ended 30 June 2022	Banking Solutions	Payment Solutions	Dedicated Solutions	Change – Banking Solutions	Change – Payment Solutions	Change – Dedicated Solutions	Banking Solutions	Payment Solutions	Dedicated Solutions
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	(restated) PLN'000	(restated) PLN'000	(restated) PLN'000
Operating revenues	128,385	341,733	210,720	-	-	-	128,385	341,733	210,720
Sales to external customers	119,895	329,588	208,490	-	-	-	119,895	329,588	208,490
Sales between and/or within segments	8,490	12,145	2,230	-	-	-	8,490	12,145	2,230
Gross profit on sales	44,887	91,227	43,951	(21)	(469)	(1,265)	44,866	90,758	42,686
Selling costs	(7,445)	(20,675)	(14,100)	-	-	-	(7,445)	(20,675)	(14,100)
General and administrative expenses	(10,836)	(18,152)	(10,511)	-	-	-	(10,836)	(18,152)	(10,511)
Net profit on sales	26,606	52,400	19,340	(21)	(469)	(1,265)	26,585	51,931	18,075
Other operating activities	(34)	15	453	-	-	-	(34)	15	453
Share of profits of associates	-	-	-	-	-	-	-	-	-
Operating profit	26,572	52,415	19,793	(21)	(469)	(1,265)	26,551	51,946	18,528

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

The Group has subsidiaries operating in a hyperinflationary economy to which IAS 29 'Financial Reporting in Hyperinflationary Economies' is applied. The Group has identified hyperinflation in Turkey on the basis of qualitative and quantitative factors existing in this country, and in particular because the three-year cumulative inflation rate exceeded 100% in April 2022.

In accordance with IAS 29, the financial data of our Turkey-based subsidiaries have been restated to reflect the purchasing power at the end of the reporting period, based on the consumer price index (CPI) as published by the Turkish Statistical Institute. Accordingly, non-monetary items in the statement of financial position as well as the statement of profit and loss have been restated to reflect the purchasing power at the reporting date. Monetary items such as receivables, liabilities, bank debt, etc. already reflect the purchasing power at the reporting date because these items are composed of balances, amounts of receivables or payables in respective monetary units. IAS 29, in conjunction with IAS 21 on foreign currency translation, also requires all transactions carried out in a hyperinflationary currency, i.e. Turkish lira (TRY), to be translated into the Group's presentation currency, i.e. Polish zloty (PLN), using the exchange rate effective on the reporting date. Therefore, in the current reporting period all transactions conducted in Turkey were converted into PLN using the exchange rate effective on 30 June 2023; whereas, all transactions conducted in Turkey in the period of 6 months ended 30 June 2022 were converted into PLN using the exchange rate of 30 June 2022, although the Group usually translates transactions in the statement of profit and loss at the average exchange rate for the given reporting period.

Basis of restatements due to hyperinflation

- Price index:

Hyperinflation restatements of the financial data of our subsidiaries operating in Turkey have been based on officially available data on changes in the consumer price index (CPI) as published by the Turkish Statistical Institute. According to this index, the inflation rate for the period of 6 months ended 30 June 2023 reached 20%.

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

Inflation rate for particular periods	
June 2023 – December 2022	20%
June 2023 – June 2022	38%
December 2022 – December 2021	64%
December 2021 – December 2020	36%
Three-year cumulative inflation rate	
June 2023 – June 2020	190%
December 2022 – December 2019	156%

- Currency exchange rate:

All financial data of our subsidiary operations in Turkey, both in the statement of financial position and the statement of profit and loss are translated into the Group's presentation currency (PLN) using the TRY/PLN exchange rate effective on the reporting date, which is contrary to the Group's usual practice of translating the statement of profit and loss at the average exchange rate for the reporting period. As at 30 June 2023, this exchange rate was: TRY 1 = PLN 0.1575.

Assumptions for the approach and timing of hyperinflation restatements:

- Hyperinflation restatements in the local currency
 - The Group has analyzed items of the statement of financial position of its subsidiaries in Turkey and divided them into monetary and non-monetary assets/liabilities. Monetary items have not been restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.
 - Significant non-monetary items existing in our Turkish subsidiaries include: goodwill arising from the acquisition of these companies, property, plant and equipment, intangible assets, right-of-use asset, prepayments, and liabilities from contracts with customers. Right-of-use assets have not been additionally revalued because they are periodically indexed by the inflation rate. Other non-monetary items have been restated to reflect the effects of inflation based on changes in the price index. Effects of changes in the price index in the period from initial recognition till 31 December 2022 have been recognized in the financial data for the year 2022. Whereas, effects of changes in the price index since 1 January till 30 June 2023 have been recognized in the financial statements for the current reporting period.

The restatements were made as at the date of initial recognition of non-monetary items, but not earlier than as at the date of acquisition of subsidiaries by the Group, because it is assumed that non-monetary items were then translated and recognized in the consolidated financial statements at fair value, reflecting the purchasing power as at the acquisition date. The restatement significantly increased the value of goodwill, property, plant and equipment, and intangible assets. Such restatement also resulted in higher costs in the statement of profit and loss in the form of higher depreciation and amortization charges due to the restated gross values of property, plant and equipment and intangible assets, higher expenses and income from the accounting for restated amounts of accruals and contract liabilities.

- Due to the revaluation of non-monetary assets and liabilities, deferred tax calculated as the difference between the tax value and the book value was also revalued.
- All transactions included in the statement of profit and loss for the period of 6 months ended 30 June 2023 have been restated to reflect changes in the price index from the month when recognized till 30 June, except for depreciation charges on property, plant and equipment and amortization charges on intangible assets that have been remeasured based on the adjusted gross value of these assets, as well as expenses and income arising from the accounting for restated amounts of accruals and contract liabilities. The remeasurement of depreciation and amortization charges has been based on the normal periods of useful life of relevant assets. The restatement of the statement of profit and loss for the inflation rate resulted in an increase in the value of individual items presented in the local currency due to changes in the price index from the date of their recognition till 30 June 2023.
- In correspondence to the restatement of the statement of profit and loss and the statement of financial position for the inflation rate in the current reporting period, the Group has recognized a gain/loss on the net monetary position, disclosed financial income/expenses in the statement of profit and loss. In correspondence to the revaluation of items in the statement of financial position for the inflation rate from the date of their initial recognition till the end of 2021, the Group has recognized exchange differences on translation of foreign operations disclosed separately in other comprehensive income for 2022 and in equity.
- Translation of financial data into the Group's presentation currency
 - Once the financial statements of our subsidiaries operating in Turkey were restated for the effects of inflation in the local currency, they have been translated into PLN which involved translating the

statement of financial position and all items of the statement of profit and loss for the reporting period, using the TRY/PLN exchange rate effective on the reporting date. As at 30 June 2023, this exchange rate was: TRY 1 = PLN 0.1575. Translation of the statement of financial position has remained unchanged compared to the Group's usual practice, while the new principle of translating the statement of profit and loss has had a significant impact on its individual items. The effect of translating the statement of comprehensive income using the closing exchange rate of the reporting period has been recognized in correspondence in exchange differences on translation of foreign operations.

- Time of recognition
 - IAS 29 has been implemented by the Group since 1 January 2022 and the first hyperinflation restatements were made in the interim consolidated financial statements for the period of 6 months ended 30 June 2022. Because the three-year cumulative inflation rate exceeded 100% in April 2022, the already published data for the first quarter of 2022 were not subject to hyperinflation adjustments.

The impact of adopting IAS 29 on the consolidated financial statements for 2023 is summarized below:

STATEMENT OF PROFIT AND LOSS	6 months ended	Impact of hyperinflation	6 months ended
	30 June 2023 without impact of IAS 29 PLN'000		30 June 2023 according to IAS/IFRS PLN'000
Operating revenues	769,466	(13,875)	755,591
Cost of sales	(561,329)	7,932	(553,397)
Allowances for trade receivables	(3,680)	-	(3,680)
Gross profit on sales	204,457	(5,943)	198,514
Selling costs	(49,317)	1,730	(47,587)
General and administrative expenses	(48,374)	1,137	(47,237)
Net profit on sales	106,766	(3,076)	103,690
Other operating income	1,133	(27)	1,106
Other operating expenses	(760)	91	(669)
Share of profits of associates	18	-	18
Operating profit	107,157	(3,012)	104,145
Financial income	17,472	6,973	24,445
Financial expenses	(12,724)	979	(11,745)
Impairment loss on financial instruments	(12)	-	(12)
Pre-tax profit	111,893	4,940	116,833
Corporate income tax (current and deferred tax expense)	(22,097)	1,429	(20,668)
Net profit for the reporting period	89,796	6,369	96,165
<i>Attributable to:</i>			
Shareholders of the Parent Company	86,113	6,369	92,482
Non-controlling interests	3,683	-	3,683
OTHER COMPREHENSIVE INCOME			
Net profit for the reporting period	89,796	6,369	96,165
Components that may be reclassified to profit or loss	(69,713)	(15,063)	(84,776)
Net gain/loss on valuation of financial assets	72	-	72
Exchange differences on translation of foreign operations	(69,785)	(15,063)	(84,848)
Total other comprehensive income	(69,713)	(15,063)	(84,776)
TOTAL COMPREHENSIVE INCOME attributable to:	20,083	(8,694)	11,389
Shareholders of the Parent Company	17,152	(8,694)	8,458
Non-controlling interests	2,931	-	2,931
ASSETS	30 June 2023 without impact of IAS 29	Impact of hyperinflation	30 June 2023 according to IAS/IFRS

	PLN'000	PLN'000	PLN'000
Non-current assets			
Property, plant and equipment	128,711	2,184	130,895
Intangible assets	46,748	459	47,207
Right-of-use assets	45,743	-	45,743
Investment property	504	-	504
Goodwill	699,434	49,097	748,531
Investments accounted for using the equity method	189	-	189
Other receivables	7,457	-	7,457
Deferred tax assets	13,170	349	13,519
Other financial assets	1,486	-	1,486
Prepayments and accrued income	1,061	128	1,189
	944,503	52,217	996,720
Current assets			
Inventories	70,974	-	70,974
Prepayments and accrued income	42,308	1,983	44,291
Trade receivables	201,676	-	201,676
Contract assets	116,940	-	116,940
Corporate income tax receivable	2,129	-	2,129
Receivables from the state and local budgets	4,739	-	4,739
Other receivables	22,993	-	22,993
Other non-financial assets	6,210	-	6,210
Other financial assets	1,014	-	1,014
Cash and bank deposits	295,764	-	295,764
	764,747	1,983	766,730
TOTAL ASSETS	1,709,250	54,200	1,763,450

	30 June 2023 without impact of IAS 29 PLN'000	Impact of hyperinflation PLN'000	30 June 2023 according to IAS/IFRS PLN'000
EQUITY AND LIABILITIES			
Equity (attributable to shareholders of the Parent Company)			
Share capital	518,943	-	518,943
Share premium	38,826	-	38,826
Transactions with non-controlling interests	(34,957)	-	(34,957)
Other capitals	313	-	313
Exchange differences on translation of foreign operations	(181,697)	19,305	(162,392)
Retained earnings	652,211	31,124	683,335
	993,639	50,429	1,044,068
Non-controlling interests	7,966	-	7,966
Total equity	1,001,605	50,429	1,052,034
Non-current liabilities			
Bank loans and borrowings	32,772	-	32,772
Lease liabilities	29,164	-	29,164
Other financial liabilities	75,582	-	75,582
Deferred tax liabilities	5,257	699	5,956
Provisions	3,211	-	3,211
Contract liabilities	6,089	499	6,588
Other liabilities	59	-	59
	152,134	1,198	153,332
Current liabilities			
Bank loans and borrowings	62,177	-	62,177
Lease liabilities	17,976	-	17,976
Other financial liabilities	142,190	-	142,190
Trade payables	104,785	(234)	104,551
Contract liabilities	116,422	2,807	119,229
Corporate income tax payable	9,217	-	9,217
Liabilities to the state and local budgets	23,872	-	23,872
Other liabilities	31,491	-	31,491
Provisions	5,474	-	5,474
Deferred income	2,899	-	2,899
Accruals	39,008	-	39,008
	555,511	2,573	558,084
TOTAL LIABILITIES	707,645	3,771	711,416
TOTAL EQUITY AND LIABILITIES	1,709,250	54,200	1,763,450

As described in section IV. Information on operating segments, the Management analyzes the operations of individual segments and their financial performance without the impact of hyperinflation revaluations. Therefore, in the explanatory note on operating segments, the impact of hyperinflation has been disclosed in

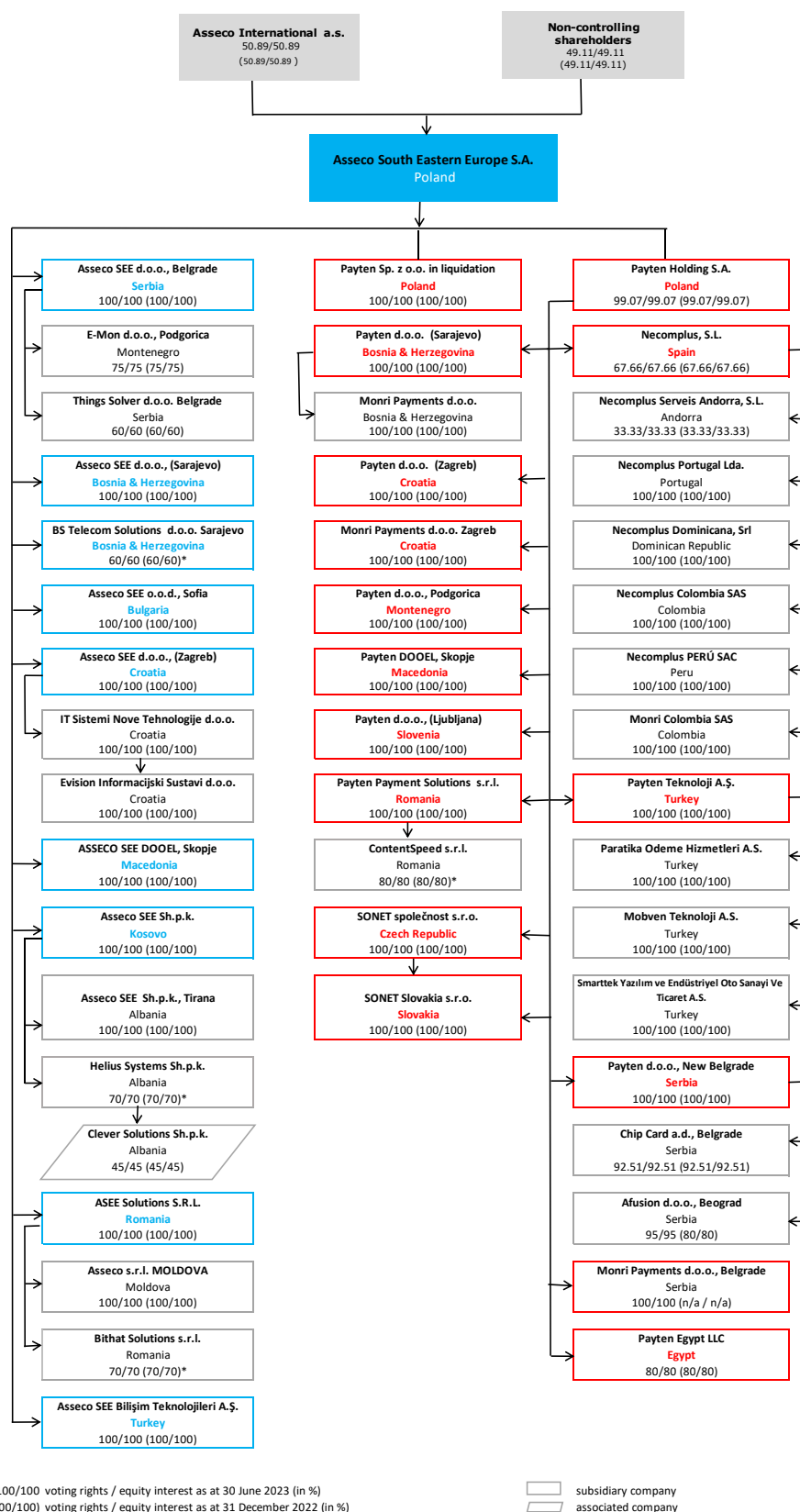
a separate column in order to reconcile the financial data of segments with the data presented elsewhere in the consolidated financial statements.

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

6 months ended 30 June 2023	Banking Solutions		Payment Solutions		Dedicated Solutions	
	without impact of IAS 29	according to IAS/IFRS	without impact of IAS 29	according to IAS/IFRS	without impact of IAS 29	according to IAS/IFRS
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Sales to external customers	157,518	156,790	378,492	368,824	264,543	261,064
Gross profit on sales	59,293	58,944	98,605	93,731	46,559	45,839
Selling costs	(8,887)	(8,758)	(23,549)	(22,597)	(16,881)	(16,232)
General and administrative expenses	(15,196)	(15,158)	(21,404)	(20,710)	(11,774)	(11,369)
Net profit on sales	35,210	35,028	53,652	50,424	17,904	18,238
Other operating activities	42	44	164	178	167	215
Share of profits of associates	-	-	18	18	-	-
Operating profit	35,252	35,072	53,834	50,620	18,071	18,453
Goodwill as at 30 June 2023	206,191	210,615	181,029	206,260	312,214	331,656

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:



During the period of 6 months ended 30 June 2023, the Group's composition changed as follows:

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

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

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

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

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

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

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

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

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

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

IV. Information on operating segments

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

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

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

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

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

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

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

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

Revenues from one of our customers exceeded 10% of total sales generated by the Group in the period of 6 months ended 30 June 2023, accounting for 10.4% of total sales. It is a customer of the Payment Solutions and Dedicated Solutions segments and the increase in revenues from that customer was due to large deliveries of payment terminals carried in the first half of 2023 in relation to the comparable period last year.

Selected financial data for the period of 6 months ended 30 June 2023, in a breakdown by operating segments:

6 months ended 30 June 2023	Banking Solutions	Payment Solutions	Dedicated Solutions	Eliminations	Hyperinflation	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Sales revenues:	157,518	378,492	264,543	(31,087)	(13,875)	755,591
Sales to external customers	150,234	365,646	253,586	-	(13,875)	755,591
Sales between and/or within segments	7,284	12,846	10,957	(31,087)	-	-
Gross profit on sales	59,293	98,605	46,559	-	(5,943)	198,514
Selling costs	(8,887)	(23,549)	(16,881)	-	1,730	(47,587)
General and administrative expenses	(15,196)	(21,404)	(11,774)	-	1,137	(47,237)
Net profit on sales	35,210	53,652	17,904	-	(3,076)	103,690
Other operating activities	42	164	167	-	64	437
Share of profits of associates	-	18	-	-	-	18
Operating profit	35,252	53,834	18,071	-	(3,012)	104,145
Non-cash items						
Depreciation and amortization	(6,205)	(30,129)	(7,223)	-	(281)	(43,838)
Impairment losses on assets	(481)	(662)	(2,539)	(16)	-	(3,698)
Goodwill as at 30 June 2023	206,191	181,029	312,214	-	49,097	748,531

6 months ended 30 June 2023	Banking Solutions	Payment Solutions	Dedicated Solutions	Eliminations	Hyperinflation	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Sales revenues:	34,146	82,049	57,347	(6,739)	(3,008)	163,795
Sales to external customers	32,567	79,264	54,972	-	(3,008)	163,795
Sales between and/or within segments	1,579	2,785	2,375	(6,739)	-	-
Gross profit on sales	12,853	21,375	10,093	-	(1,288)	43,033
Selling costs	(1,926)	(5,105)	(3,660)	-	375	(10,316)
General and administrative expenses	(3,294)	(4,640)	(2,552)	-	246	(10,240)
Net profit on sales	7,633	11,630	3,881	-	(667)	22,477
Other operating activities	9	36	36	-	14	95
Share of profits of associates	-	4	-	-	-	4
Operating profit	7,642	11,670	3,917	-	(653)	22,576
Non-cash items						
Depreciation and amortization	(1,345)	(6,531)	(1,566)	-	(61)	(9,503)
Impairment losses on assets	(104)	(144)	(550)	(3)	-	(801)
Goodwill as at 30 June 2023	46,332	40,678	70,156	-	11,032	168,198

The financial results of segments presented above have been converted at the average exchange rate for the period of 6 months ended 30 June 2023: EUR 1 = PLN 4.6130, whereas the financial position data have been converted at the exchange rate effective on 30 June 2023: EUR 1 = PLN 4.4503.

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

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

6 months ended 30 June 2022	Banking Solutions	Payment Solutions	Dedicated Solutions	Eliminations	Hyperinflation	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Sales revenues:	128,385	341,733	210,720	(22,865)	3,125	661,098
Sales to external customers	119,895	329,588	208,490	-	3,125	661,098
Sales between and/or within segments	8,490	12,145	2,230	(22,865)	-	-
Gross profit on sales	44,866	90,758	42,686	-	1,210	179,520
Selling costs	(7,445)	(20,675)	(14,100)	-	(269)	(42,489)
General and administrative expenses	(10,836)	(18,152)	(10,511)	-	(457)	(39,956)
Net profit on sales	26,585	51,931	18,075	-	484	97,075
Other operating activities	(34)	15	453	-	(5)	429
Share of profits of associates	-	-	-	-	-	-
Operating profit	26,551	51,946	18,528	-	479	97,504
Non-cash items						
Depreciation and amortization	(5,792)	(31,594)	(7,361)	-	(734)	(45,481)
Impairment losses on assets	(56)	(128)	(446)	-	-	(630)
Goodwill as at 31 December 2022	217,342	194,135	329,143	-	58,211	798,831

6 months ended 30 June 2022	Banking Solutions	Payment Solutions	Dedicated Solutions	Eliminations	Hyperinflation	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Sales revenues:	27,654	73,607	45,387	(4,925)	673	142,396
Sales to external customers	25,825	70,991	44,907	-	673	142,396
Sales between and/or within segments	1,829	2,616	480	(4,925)	-	-
Gross profit on sales	9,664	19,549	9,194	-	261	38,668
Selling costs	(1,604)	(4,453)	(3,037)	-	(58)	(9,152)
General and administrative expenses	(2,334)	(3,910)	(2,264)	-	(98)	(8,606)
Net profit on sales	5,726	11,186	3,893	-	105	20,910
Other operating activities	(7)	3	97	-	(1)	92
Share of profits of associates	-	-	-	-	-	-
Operating profit	5,719	11,189	3,990	-	104	21,002
Non-cash items						
Depreciation and amortization	(1,256)	(6,849)	(1,596)	-	(160)	(9,861)
Impairment losses on assets	(12)	(28)	(97)	-	-	(137)
Goodwill as at 31 December 2022	46,343	41,394	70,181	-	12,412	170,330

The financial results of segments presented above have been converted at the average exchange rate for the period of 6 months ended 30 June 2022: EUR 1 = PLN 4.6427, whereas the financial position data have been converted at the exchange rate effective on 31 December 2022: EUR 1 = PLN 4.6899.

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 2023 and in the comparable periods were as follows:

	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000
Operating revenues by type of products				
Proprietary software and services	262,490	532,684	248,302	466,468
Third-party software and services	29,086	61,540	28,288	63,795
Hardware and infrastructure	83,951	161,367	72,843	130,835
Total	375,527	755,591	349,433	661,098

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 2023 and in the comparable period were as follows:

	Banking Solutions PLN'000	Payment Solutions PLN'000	Dedicated Solutions PLN'000	Total PLN'000
6 months ended 30 June 2023				
Proprietary software and services	144,784	254,739	133,161	532,684
Third-party software and services	1,483	2,485	57,572	61,540
Hardware and infrastructure	3,239	98,754	59,374	161,367
Total operating revenues	149,506	355,978	250,107	755,591

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

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

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Revenues from contracts with customers recognized in accordance with IFRS 15, of which:	707,987	615,273
From goods and services transferred at a specific point in time	223,749	192,893
From goods and services transferred over the passage of time	484,238	422,380
Other operating revenues (mainly from leases)	47,604	45,825
Total operating revenues	755,591	661,098

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 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Operating revenues by countries		
Albania	10,287	4,526
Austria	10,871	8,886
Bosnia and Herzegovina	47,703	46,288
Bulgaria	5,789	7,172
Croatia	83,675	84,758
Montenegro	10,030	13,646
Czech Republic	13,354	10,742
Spain	105,874	83,315
Colombia	5,617	4,630
Kosovo	13,241	7,167
Macedonia	25,452	29,310
Malta	8,222	227
Germany	6,907	3,135
Peru	10,553	6,991
Poland	6,279	5,897
Portugal	7,320	8,500
Romania	108,537	91,184
Serbia	179,874	159,110
Slovak Republic	3,945	3,738
Slovenia	13,146	10,556
Turkey	58,487	56,827
Italy	10,092	5,794
Other countries	10,336	8,699
Total operating revenues	755,591	661,098

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 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Future minimum lease payments		
(i) within 1 year	80,604	93,487
(ii) within 1 to 5 years	64,032	79,905
(iii) within more than 5 years	1,748	367
Total	146,384	173,759

5.2. Structure of operating costs

The table below presents operating costs incurred in the periods of 3 and 6 months ended 30 June 2023 and in the comparable periods:

Operating costs	3 months ended 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022 (restated)	6 months ended 30 June 2022 (restated)
	PLN'000	PLN'000	PLN'000	PLN'000
Cost of goods, materials and third-party services sold (COGS)	(131,506)	(258,631)	(121,192)	(227,672)
Employee benefits	(127,946)	(265,242)	(116,765)	(223,264)
Third-party non-project services and outsourcing of employees	(10,818)	(30,409)	(15,664)	(27,980)
Depreciation and amortization	(21,131)	(43,838)	(23,242)	(45,481)
Maintenance costs of property and company cars	(15,639)	(30,467)	(12,215)	(23,564)
Business trips	(2,400)	(4,220)	(2,111)	(2,997)
Advertising	(2,863)	(5,031)	(2,610)	(4,388)
Other operating expenses	(9,446)	(14,063)	(4,441)	(8,677)
Total	(321,749)	(651,901)	(298,240)	(564,023)
Cost of sales	(273,321)	(553,397)	(253,966)	(481,025)
Selling costs	(23,362)	(47,587)	(23,134)	(42,489)
General and administrative expenses	(22,704)	(47,237)	(21,402)	(39,956)
Recognition/reversal of allowances for trade receivables	(2,362)	(3,680)	262	(553)
Total	(321,749)	(651,901)	(298,240)	(564,023)

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

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

Share-based payment transactions with employees

Currently, the Group has two share-based payment plans as defined in IFRS 2 which are settled in equity instruments.

2021 plan

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

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

The costs of this share-based payment plan disclosed in the interim condensed consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2023 amounted to PLN 144 thousand, as compared to PLN 144 thousand in the first half of 2022. In correspondence, this transaction was recognized as a separate item of the Group's equity, in the same amount as disclosed in remuneration costs.

Detailed information on the share-based payment plan has been presented in explanatory note 5.2 to the annual consolidated financial statements of ASEE Group which were published on 22 February 2023.

2022 plan

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

The costs of this share-based payment plan disclosed in the interim condensed consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2023 amounted to PLN 174 thousand. In correspondence, this transaction was recognized as a separate item of the Group's equity, in the same amount as disclosed in remuneration costs.

Detailed information on the share-based payment plan has been presented in explanatory note 5.2 to the annual consolidated financial statements of ASEE Group which were published on 22 February 2023.

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:

	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 (restated) PLN'000	6 months ended 30 June 2022 (restated) PLN'000
Depreciation charges as disclosed in the table of changes in property, plant and equipment	(12,031)	(24,717)	(12,443)	(24,184)
Amortization charges as disclosed in the table of changes in intangible assets	(4,092)	(8,437)	(5,376)	(10,601)
Depreciation charges as disclosed in the table of changes in right-of-use assets	(5,000)	(10,667)	(5,414)	(10,679)
Depreciation charges on investment property	(8)	(17)	(9)	(17)
Total depreciation and amortization charges disclosed in the statement of profit and loss and in the statement of cash flows	(21,131)	(43,838)	(23,242)	(45,481)

5.3. Other operating income and expenses

Other operating income and expenses recognized in the periods of 3 and 6 months ended 30 June 2023 and in the comparable periods were as follows:

Other operating income	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000
Gain on disposal of property, plant and equipment	52	183	135	209
Income from letting of own office space	13	26	14	29
Reversal of a provision for the costs of court litigation relating to other operations	7	23	3	71
Grants and subsidies received	136	285	299	299
Gain on modification of lease contracts	24	38	(1)	-
Other	152	551	282	499
Total	384	1,106	732	1,107

Other operating expenses	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000
Loss on disposal of property, plant and equipment	(3)	(7)	(95)	(97)
Charitable contributions to unrelated parties	29	(331)	(90)	(162)
Provisions created, including for the costs of court litigation relating to other operations	(15)	(15)	20	-
Other	(98)	(316)	(180)	(419)
Total	(87)	(669)	(345)	(678)

5.4. Financial income and expenses

Financial income earned during the periods of 3 and 6 months ended 30 June 2023 and in the comparable periods was as follows:

Financial income	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000
Interest income on loans granted and bank deposits	575	1,329	417	844
Positive foreign exchange differences	7,977	9,645	5,098	10,821
Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss	446	622	-	81
Gain on revaluation of conditional payments in transactions to obtain control	2,008	2,008	-	-
Gain on the net monetary position – hyperinflation	1,261	10,824	20,338	20,338
Other financial income	9	17	3	41
Total financial income	12,276	24,445	25,856	32,125

Gain on the net monetary position resulted from the hyperinflation revaluation of non-monetary assets and liabilities of our subsidiaries operating in Turkey. The impact of hyperinflation has been described in detail in explanatory note 2.10 to these interim condensed consolidated financial statements.

Financial expenses incurred during the periods of 3 and 6 months ended 30 June 2023 and in the comparable periods were as follows:

Financial expenses	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000
Interest expenses on bank loans and borrowings	(1,001)	(1,946)	(561)	(1,086)
Interest expenses on leases	(393)	(868)	(393)	(787)
Other interest expenses	(141)	(285)	(160)	(338)
Negative foreign exchange differences	(5,027)	(7,206)	(226)	(1,186)
Loss on revaluation of conditional payments in transactions to obtain control and/or buyout of minority interests	(208)	(367)	(1,058)	(1,242)
Loss on revaluation of liabilities from the acquisition of non-controlling interests (put options)	(366)	(1,002)	(305)	(714)
Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss	(35)	(57)	(225)	(358)
Other financial expenses	(4)	(14)	(147)	(170)
Total financial expenses	(7,175)	(11,745)	(3,075)	(5,881)

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

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

Gain/loss on revaluation of liabilities from the acquisition of non-controlling interests (put options) results from changes in the estimates that are the basis for the calculation of a liability arising from put options if, under the purchase agreement, benefits incidental to ownership of such puttable equity instruments shall be transferred to the Parent Company (present ownership).

5.5. Corporate income tax

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

	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 (restated) PLN'000	6 months ended 30 June 2022 (restated) PLN'000
Current corporate income tax expense as disclosed in the statement of profit and loss, of which:	(12,608)	(24,617)	(10,485)	(19,423)
<i>Current portion of income tax</i>	<i>(14,037)</i>	<i>(26,159)</i>	<i>(12,103)</i>	<i>(21,048)</i>
<i>Adjustments to prior years' income tax</i>	<i>1,429</i>	<i>1,542</i>	<i>1,618</i>	<i>1,625</i>
Deferred income tax	2,525	3,949	1,949	1,217
Income tax expense as disclosed in the statement of profit and loss	(10,083)	(20,668)	(8,536)	(18,206)

During the period of 6 months ended 30 June 2023, our effective tax rate equalled 17.7% as compared to 14.7% in the comparable period last year. The effective tax rate increased mainly due to the lower amount of non-taxable gain on the net monetary position arising from hyperinflation restatements than a year ago, one-time earthquake income tax charged in Turkey, as well as higher income tax on dividends received by ASE S.A./Payten Holding S.A. from their subsidiaries located outside of the European Union. Income from operating activities was taxed at a similar level as in the previous year.

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 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
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)	47,110	92,482	64,273	102,721
Consolidated earnings per share for the reporting period (in PLN)	0.91	1.78	1.24	1.98

5.7. Information on dividends paid out

The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów (hereinafter the "Company"), acting on the basis of art. 395 § 2 item 2 and art. 396 § 1 of the Commercial Companies Code, as well as pursuant to §12 sec. 4 item 2 of the Company's Articles of Association, on 22 June 2023 adopted a resolution to pay out a dividend in the total amount of PLN 75,766 thousand or PLN 1.46 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 30 June 2023 as the dividend record date. The dividend was paid out on 13 July 2023. The number of shares eligible for dividend was 51,894,251.

In 2022, the Parent Company paid out to its shareholders a dividend for the year 2021. The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to §12 sec. 4 item 2) of the Company's Articles of Association, on 21 June 2022 adopted a resolution to pay out a dividend in the total amount of PLN 66,425 thousand or PLN 1.28 per share to all of the Company's shareholders.

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

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 2023 and in the comparable period are presented below:

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Net book value of property, plant and equipment as at 1 January	135,969	129,349
Additions, of which:	29,635	24,705
Purchases and modernization	23,373	21,013
Obtaining control over subsidiaries	-	120
Other, including transfers from inventories	6,262	3,572
Reductions, of which:	(26,202)	(25,973)
Depreciation charges for the reporting period	(24,717)	(24,184)
Disposal and liquidation	(431)	(1,038)
Other	(1,054)	(751)
Impact of hyperinflation	2,064	3,225
Changes in presentation	5	-
Exchange differences on translation of foreign operations	(10,576)	1,885
Net book value of property, plant and equipment as at 30 June	130,895	133,191

As at 30 June 2023, tangible assets with a book value of PLN 16,168 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities.

As at 31 December 2022, tangible assets with a book value of PLN 17,053 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities.

6.2. Intangible assets

Changes in the net book value of intangible assets that took place during the period of 6 months ended 30 June 2023 and in the comparable period are presented below:

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 (restated) PLN'000
Net book value of intangible assets as at 1 January (restated)	54,802	68,338
Additions, of which:	3,670	8,170
Purchases and modernization	2,716	1,684
Obtaining control over subsidiaries	-	5,743
Costs of development projects in progress	954	743
Reductions, of which:	(8,437)	(10,601)
Amortization charges for the reporting period	(8,437)	(10,601)
Disposal and liquidation	-	-
Impact of hyperinflation	360	636
Change in presentation	(13)	-
Exchange differences on translation of foreign operations	(3,175)	1,012
Net book value of intangible assets as at 30 June	47,207	67,555

Both as at 30 June 2023 and 31 December 2022, 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 2023 and in the comparable period are presented below:

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Net book value of right-of-use assets as at 1 January	43,131	51,216
Additions, of which:	16,157	5,138
Conclusion of new lease contracts	12,149	4,227
Modification of existing contracts	4,008	758
Obtaining control over subsidiaries	-	135
Other	-	18
Reductions, of which:	(10,848)	(11,113)
Depreciation charges for the reporting period	(10,667)	(10,679)
Early termination of contracts	(43)	(140)
Modification of existing contracts (lease shortening, interest rate change)	(138)	(294)
Exchange differences on translation of foreign operations	(2,697)	858
Net book value of right-of-use assets as at 30 June	45,743	46,099

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 2023 and 31 December 2022, in a breakdown by operating segments:

	30 June 2023 PLN'000	31 December 2022 (restated) PLN'000
Goodwill		
Goodwill at the beginning of the period	798,831	680,774
Banking Solutions	222,656	205,431
Payment Solutions	223,584	198,392
Dedicated Solutions	352,591	276,951
Change in consolidation goodwill due to the acquisition of shares (+/-)	-	56,381
Banking Solutions	-	8,037
Payment Solutions	-	475
Dedicated Solutions	-	47,869
Change in consolidation goodwill due to the sale of shares (+/-)	-	(5,348)
Banking Solutions	-	-
Payment Solutions	-	(5,348)
Dedicated Solutions	-	-
Change due to hyperinflation (+/-):	13,515	70,739
Banking Solutions	1,156	6,480
Payment Solutions	7,366	35,630
Dedicated Solutions	4,993	28,629
Foreign exchange differences (+/-)	(63,815)	(3,715)
Banking Solutions	(13,197)	2,708
Payment Solutions	(24,690)	(5,565)
Dedicated Solutions	(25,928)	(858)
Total goodwill	748,531	798,831
Banking Solutions	210,615	222,656
Payment Solutions	206,260	223,584
Dedicated Solutions	331,656	352,591
Total at the end of the period	748,531	798,831

In the period of 6 months ended 30 June 2023, the balance of goodwill arising from consolidation was affected by the following transactions:

i. Hyperinflation in Turkey

Due to the recognition of the Turkish economy as hyperinflationary, the Group has applied IAS 29 which requires the restatement of non-monetary assets to take into account the change in purchasing power based on the general price index and to be expressed in the measuring units current at the end of the reporting period. One of the non-monetary assets is goodwill recognized as at the date of obtaining control over our Turkish subsidiaries. Such goodwill was comes from the years 2010-2021.

The inflation-related revaluation of goodwill by the price index for 2023, translated at the exchange rate of 30 June 2023, amounted in total to PLN 10,067 thousand which was recognized in financial income, under 'Gain/Loss on the net monetary position', for the first half of 2023.

The inflation-related revaluation of goodwill from the date of obtaining control till the end of 2022 amounted in total to PLN 58,210 thousand which was recognized and described in detail in the consolidated financial statements for 2022. Foreign exchange differences arising from the hyperinflation restatement of prior year goodwill, at the exchange rate of 30 June 2023, were recognized in correspondence under 'Exchange differences on translation of foreign operations'.

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

ii. Allocation of the purchase price of shares in Bithat Solutions s.r.l.

On 16 June 2022, ASEE Solutions S.R.L. (former Asseco SEE s.r.l.) (Bucharest) acquired 70% of shares in Bithat Solutions s.r.l., a company based in Bucharest (Romania), for the total amount EUR 7.2 million. The purchase price includes conditional payments in the amount of EUR 0.8 million depending on financial results achieved by the acquired company. All non-controlling interests are subject to put/call options and accounted for using the present ownership method. As at the acquisition date, the value of put options was measured at purchase price amounting to EUR 3.5 million, while the carrying amount of non-controlling interests stood at 0.

The process of purchase price allocation was completed in the first half of 2023. The fair values of identifiable assets and liabilities of Bithat Solutions s.r.l. as at the date of obtaining control are presented below (converted at the exchange rate of PLN/RON effective on the acquisition date):

	Provisional values as at the acquisition date RON'000	Provisional values as at the acquisition date PLN'000	Fair values as at the acquisition date RON'000	Fair values as at the acquisition date PLN'000	Level in fair value hierarchy PLN'000
Assets acquired					
Property, plant and equipment	128	121	128	121	3
Intangible assets, of which:	2,590	2,458	6,102	5,790	3
Intangible assets recognized as at the acquisition date (PPA)	-	-	3,512	3,333	3
Right-of-use assets	144	137	144	137	3
Trade receivables	1,666	1,581	1,666	1,581	3
Contract assets	608	577	608	577	
Cash and cash equivalents	1,821	1,728	1,821	1,728	3
Other assets	433	411	433	411	3
Total assets	7,390	7,013	10,902	10,345	
Liabilities acquired					
Lease liabilities	145	138	145	138	3
Trade payables	317	301	317	301	3
Contract liabilities	1,834	1,740	1,834	1,740	
Liabilities to the state and local budgets	132	125	132	125	3
Deferred tax liabilities, of which:	-	-	561	532	3
Deferred tax liabilities on intangible assets recognized as at the acquisition date (PPA)	-	-	561	532	3
Other liabilities	321	305	321	305	3
Total liabilities	2,749	2,609	3,310	3,141	
Net assets value	4,641	4,404	7,592	7,204	
Equity interest acquired	100%*	100%*	100%*	100%*	
Value of non-controlling interests	-	-	-	-	
Purchase price	35,767	33,939	35,767	33,939	
Goodwill as at the acquisition date	31,126	29,535	28,175	26,735	

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

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

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

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

6.5. Impairment tests

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

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

As at 30 June 2023, the Group verified its assumptions for the impairment test performed on goodwill as at 31 December 2022. In particular we checked whether the assumptions made in 2022 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 2023 and current forecasts for the full year 2023, and whether any internal or external factors did not cause a deterioration of our forecasts for the next financial years. The discount rate was verified by checking the weighted average cost of capital at the level of individual subsidiaries. If there were indications of impairment of investments in subsidiaries at the individual level, new tests were performed and the impact of WACC on these tests was analyzed, and the potential impact of those tests for impairment of goodwill was also analyzed at the group level.

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

In line with the Group's policy, goodwill allocated to all of our operating segments will be tested for impairment as at 31 December 2023, even if there are no indications of impairment.

6.6. Other financial assets

Both as at 30 June 2023 and 31 December 2022, 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 2023		31 December 2022	
	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	-	164	-	19
Shares in companies not listed on regulated markets	-	25	-	27
	-	189	-	46
Financial assets carried at fair value through other comprehensive income, of which:				
Shares in companies quoted in an active market	29	1	28	1
Shares in companies not listed on regulated markets	21	-	22	-
Other financial assets	195	536	1,035	-
	245	537	1,085	1
Financial assets carried at amortized cost, of which:				

Loans granted, of which:	9	81	15	63
<i>granted to related parties</i>	-	-	-	-
<i>granted to employees</i>	9	81	15	63
Cash deposits	1,232	207	1,324	209
	1,241	288	1,339	272
Total	1,486	1,014	2,424	319

As at 30 June 2023 and 31 December 2022, financial assets carried at amortized cost included term cash deposits which serve as collateral for bank loans that were obtained to finance the performance of contracts.

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

In the period of 6 months ended 30 June 2023, 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 2023 and 31 December 2022, the fair values of financial assets were not significantly different from their book values.

As at 30 June 2023	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	164	-	164	-
Shares in companies not listed on regulated markets	25	-	-	25
Total	189	-	164	25
Financial assets carried at fair value through other comprehensive income				
Shares in companies quoted in an active market	30	30	-	-
Shares in companies not listed on regulated markets	21	-	-	21
Other financial assets	731	-	-	731
Total	782	30	-	752

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 2022	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial assets carried at fair value through profit or loss				
Currency forward contracts	19	-	19	-
Shares in companies not listed on regulated markets	27	-	-	27
Total	46	-	19	27
Financial assets carried at fair value through other comprehensive income				
Shares in companies quoted in an active market	29	29	-	-
Shares in companies not listed on regulated markets	22	-	-	22
Other financial assets	1,035	-	-	1,035
Total	1,086	29	-	1,057

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 2023 and 31 December 2022, prepayments and accrued income included the following items:

	30 June 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Prepaid services, of which:	1,185	40,659	1,451	46,204
<i>maintenance services, license and subscription fees</i>	1,107	33,026	1,254	39,200
<i>insurances</i>	-	2,966	-	1,719
<i>rents and averaged instalments under operating leases</i>	70	267	-	363
<i>prepaid consulting services</i>	-	141	-	24
<i>other services</i>	8	4,259	197	4,898
Expenses related to services performed for which revenues have not been recognized yet	-	1,771	-	687
Other prepayments and accrued income	4	1,861	3	1,117
Total	1,189	44,291	1,454	48,008

6.8. Receivables and contract assets

The table below presents the amounts of receivables as at 30 June 2023 as well as at 31 December 2022.

	30 June 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade receivables, of which:	-	201,676	-	290,358
Trade receivables:	-	203,791	-	291,539
from related parties	-	1,122	-	925
from other entities	-	202,669	-	290,614
Receivables from operating leases	-	10,307	-	9,229
Allowances for trade receivables	-	(12,422)	-	(10,410)
Corporate income tax receivable	-	2,129	-	2,433
Receivables from the state and local budgets	-	4,739	-	3,806
Value added tax	-	2,745	-	1,406
Other	-	1,994	-	2,400
Other receivables	7,457	22,993	7,886	23,822
Security deposits receivable	707	1,197	758	1,387
Other receivables	6,750	21,883	7,128	22,522
Allowance for other doubtful receivables (-)	-	(87)	-	(87)
Total receivables	7,457	231,537	7,886	320,419

The balance of other receivables includes, among others, restricted cash intended for settlement of other liabilities arising from payment transactions, receivables relating to guarantees of due performance of contracts (i.e. security deposits provided to customers in order to compensate for their potential losses in case we fail to fulfil any contractual obligations), receivables arising from deferred payments for shares in Payten Holding S.A. which were sold by ASEE S.A. to the managers of ASEE Group companies, receivables from disposal of tangible assets, receivables from security deposits paid-in, as well as other receivables.

As at 30 June 2023, trade receivables in the amount of PLN 13,679 thousand and other receivables in the amount of PLN 974 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities.

As at 31 December 2022, trade receivables in the amount of PLN 8,689 thousand and other receivables in the amount of PLN 379 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities.

The table below presents assets from contracts with customers as at 30 June 2023 as well as at 31 December 2022.

Contract assets	30 June 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Uninvoiced receivables	-	38,055	-	14,375
from related parties	-	-	-	26
from other entities	-	38,055	-	14,349
Receivables from valuation of IT contracts	-	78,885	-	64,364
from related parties	-	728	-	727
from other entities	-	78,157	-	63,637
Total contract assets	-	116,940	-	78,739

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

Changes in the amount of allowances for trade receivables during the period of 6 months ended 30 June 2023 and in the comparable period are presented in the table below:

Allowances for trade receivables	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Allowances as at 1 January	(10,410)	(7,696)
Recognized during the reporting period	(5,197)	(3,737)
Utilized during the reporting period	628	85
Reversed during the reporting period	1,517	3,188
Acquisition of subsidiaries	-	(973)
Foreign exchange differences and other	1,040	117
Allowances as at 30 June	(12,422)	(9,016)

6.9. Inventories

The table below presents inventories as at 30 June 2023 and in the comparable period:

Inventories	30 June 2023 PLN'000	31 December 2022 PLN'000
Computer hardware, third-party software licenses and other goods for resale	72,713	58,756
Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services	16,132	15,145
Impairment losses on inventories	(17,871)	(16,856)
Total	70,974	57,045

Changes in the amount of impairment losses on inventories during the period of 6 months ended 30 June 2023 and in the comparable period are presented in the table below:

Impairment losses on inventories	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Impairment losses as at 1 January	(16,856)	(16,058)
Recognized during the reporting period	(3,020)	(2,231)
Utilized during the reporting period	18	-
Reversed during the reporting period	1,071	2,149
Foreign exchange differences	916	(294)
Impairment losses as at 30 June	(17,871)	(16,434)

6.10. Cash and cash equivalents

The table below presents cash and cash equivalents as at 30 June 2023 and in the comparable period:

	30 June 2023	31 December 2022
	PLN'000	PLN'000
Cash at bank and on hand	269,448	241,925
Cash at split payment accounts	10	57
Short-term bank deposits (up to 3 months)	26,303	55,923
Cash in transit and other cash equivalents	3	129
Total cash and cash equivalents as disclosed in the statement of financial position	295,764	298,034
Interest accrued on cash and cash equivalents	(17)	(10)
Bank overdraft facilities utilized for current liquidity management	(31,028)	(33,260)
Total cash and cash equivalents as disclosed in the cash flow statement	264,719	264,764

As at 30 June 2023, cash in the amount of PLN 31,701 thousand held in bank accounts of ASEE S.A. was subject to a registered pledge in order to secure the repayment of a bank loan. As at the reporting date, liabilities under the loan secured with these assets amounted to PLN 33,377 thousand.

As at 31 December 2022, cash in the amount of PLN 13,541 thousand held in bank accounts of ASEE S.A. was subject to a registered pledge in order to secure the repayment of a bank loan. As at the reporting date, liabilities under the loan secured with these assets amounted to PLN 35,174 thousand.

6.11. Lease liabilities

As at 30 June 2023, the Group was a lessee under lease contracts. Assets leased under such contracts included:

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

The table below presents the amounts of lease liabilities as at 30 June 2023 as well as at 31 December 2022:

Financial liabilities	30 June 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Leases of real estate	23,858	14,357	21,233	15,104
Leases of transportation vehicles	5,260	3,469	4,369	3,696
Leases of IT hardware and other assets	46	150	98	618
	29,164	17,976	25,700	19,418

6.12. Bank loans and borrowings

The table below presents the Group's debt outstanding as at 30 June 2023 and 31 December 2022.

	Currency	Repayment date	30 June 2023		31 December 2022	
			Long-term	Short-term	Long-term	Short-term
			PLN'000	PLN'000	PLN'000	PLN'000
Bank overdraft facilities			-	31,028	-	33,260
<i>fixed interest rate</i>	<i>MKD</i>	<i>30.06.2023</i>	-	37	-	40
<i>fixed interest rate</i>	<i>EUR</i>	<i>05.07.2023</i>	-	70	-	97
<i>fixed interest rate</i>	<i>TRY</i>	<i>06.07.2023</i>	-	27	-	111
<i>fixed interest rate</i>	<i>COP</i>	<i>04.07.2023</i>	-	23	-	20
<i>fixed interest rate</i>	<i>BGN</i>	<i>30.04.2025</i>	-	-	-	4
<i>fixed interest rate</i>	<i>BAM</i>	<i>14.06.2024</i>	-	596	-	3,379
<i>fixed interest rate</i>	<i>BAM</i>	<i>10.05.2024</i>	-	3,707	-	4,036
<i>fixed interest rate</i>	<i>BAM</i>	<i>25.10.2023</i>	-	1,142	-	-
<i>fixed interest rate</i>	<i>BAM</i>	<i>24.05.2024</i>	-	3,421	-	3,600
<i>fixed interest rate</i>	<i>BAM</i>	<i>15.12.2023</i>	-	3,532	-	5,954
<i>fixed interest rate</i>	<i>BAM</i>	<i>12.01.2024</i>	-	-	-	2

<i>fixed interest rate</i>	BAM	15.09.2023	-	2,739	-	8,646
<i>fixed interest rate</i>	BAM	12.05.2024	-	1,365	-	-
<i>fixed interest rate</i>	BAM	01.04.2023	-	-	-	1,920
<i>fixed interest rate</i>	BAM	24.06.2023	-	-	-	537
<i>fixed interest rate</i>	BAM	29.05.2023	-	-	-	1,200
<i>fixed interest rate</i>	BAM	29.01.2023	-	-	-	3,700
<i>fixed interest rate</i>	BAM	15.05.2023	-	-	-	14
<i>fixed interest rate</i>	BAM	15.08.2023	-	963	-	-
<i>fixed interest rate</i>	BAM	15.08.2023	-	3,424	-	-
<i>fixed interest rate</i>	BAM	15.09.2023	-	1,704	-	-
<i>fixed interest rate</i>	BAM	21.03.2024	-	1,373	-	-
<i>fixed interest rate</i>	BAM	15.11.2023	-	2,275	-	-
<i>3M EURIBOR + margin</i>	EUR	23.02.2024	-	4,630	-	-
Other bank loans			32,772	31,149	48,635	33,195
<i>1M EURIBOR + margin</i>	EUR	31.07.2023	-	-	-	2,680
<i>3M EURIBOR + margin</i>	EUR	30.06.2024	-	3,241	1,708	3,701
<i>3M EURIBOR + margin</i>	EUR	29.07.2026	23,107	10,270	29,763	5,411
<i>6M EURIBOR + margin</i>	BAM	22.04.2024	-	556	235	694
<i>6M EURIBOR + margin</i>	BAM	25.10.2025	1,414	371	1,489	778
<i>6M EURIBOR + margin</i>	EUR	05.02.2024	-	212	56	299
<i>6M EURIBOR + margin</i>	EUR	30.09.2023	-	17	-	44
<i>6M EURIBOR + margin</i>	EUR	08.07.2026	993	477	1,339	460
<i>1Y EURIBOR + margin</i>	EUR	22.06.2027	2,920	863	3,529	458
<i>fixed interest rate</i>	EUR	22.04.2023	-	-	-	939
<i>fixed interest rate</i>	EUR	30.06.2024	-	1,669	879	1,759
<i>fixed interest rate</i>	EUR	10.01.2025	3,341	7,239	7,626	6,453
<i>fixed interest rate</i>	EUR	20.04.2025	-	4,200	2,011	4,827
<i>fixed interest rate</i>	EUR	10.08.2023	-	519	-	2,187
<i>fixed interest rate</i>	EUR	30.11.2023	-	1,181	-	2,490
<i>fixed interest rate</i>	EUR	28.06.2027	997	334	-	-
<i>fixed interest rate</i>	PEN	13.02.2023	-	-	-	15
Total			32,772	62,177	48,635	66,455

The Group's total debt amounted to PLN 94,949 thousand as at 30 June 2023, as compared to PLN 115,090 thousand as at 31 December 2022. The total amount of debt decreased as a result of timely repayment of bank loans that were obtained for company acquisitions as well as for financing of infrastructure being used in our payment process outsourcing projects.

Total proceeds from and repayments of bank loans disclosed in the statement of cash flows for the period of 6 months ended 30 June 2023 amounted to PLN 1,370 thousand (proceeds) and PLN 15,600 thousand (repayments).

As at 30 June 2023, tangible assets with a book value of PLN 16,168 thousand, trade receivables in the amount of PLN 13,679 thousand, cash in the amount of PLN 31,701 thousand, and financial assets (deposits) in the amount of PLN 1,194 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities. As at 30 June 2023, liabilities that were secured with such assets amounted to PLN 49,058 thousand.

As at 31 December 2022, tangible assets with a book value of PLN 17,053 thousand, trade receivables in the amount of PLN 8,012 thousand, cash in the amount of PLN 13,541 thousand, and financial assets (deposits) in the amount of PLN 1,257 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities. As at 31 December 2022, liabilities that were secured with such assets amounted to PLN 55,786 thousand.

In the reporting period, the margins realized by lenders to ASEE Group companies ranged from 1.0 to 5.4 percentage points on an annual basis. Whereas, in the comparable period such margins ranged from 1.2 to 5.2 percentage points per annum.

Some loans obtained from banks come with the so-called covenants which impose an obligation to maintain certain financial ratios at the levels required by the bank. These ratios are related to the level of indebtedness, e.g. debt to EBITDA. Both as at 30 June 2023 and 31 December 2022, ASEE Group companies did not infringe on any covenants defined in their bank loan agreements.

Fair value of financial liabilities

In the period of 6 months ended 30 June 2023, the Group did not transfer any debt instruments between individual levels of the fair value hierarchy.

As at 30 June 2023 and 31 December 2022, 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 2023 and in the comparable period:

Financial liabilities	30 June 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Dividends payable	-	79,820	-	4,067
Liabilities under deferred and/or conditional payments for controlling interests	894	17,644	13,735	10,546
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	74,688	44,724	77,691	47,135
Currency forward contracts	-	-	140	317
Other financial liabilities	-	2	-	6
	75,582	142,190	91,566	62,071

As at 30 June 2023, ASEE Group recognized liabilities under put options granted to non-controlling shareholders in the total amount of PLN 119,412 thousand which were related to the following companies: Necomplus – PLN 44,724 thousand, ContentSpeed – PLN 4,872 thousand, Bithat – PLN 12,501 thousand, Helius – PLN 10,617 thousand, and BS Telecom – PLN 46,698 thousand. The above-mentioned liabilities have been estimated using the price calculation formula as defined in the acquisition agreement, which corresponds to the amount of profits for the contractual term multiplied by a predetermined coefficient.

As at 30 June 2023, liabilities under conditional payments for controlling interests amounted in total to PLN 18,538 thousand and were related to acquisitions of the following companies: Smarttek – PLN 894 thousand, ContentSpeed – PLN 3,738 thousand, Bithat Solutions – PLN 1,020 thousand, and Helius – PLN 7,952 thousand. The amount of PLN 4,934 thousand represents a conditional payment for the buyout of non-controlling interests in IPS company. 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 2023 and 31 December 2022, the fair values of financial liabilities were not significantly different from their book values.

As at 30 June 2023	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial liabilities				
Dividends payable	79,820	-	-	79,820
Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	18,538	-	-	18,538
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	119,412	-	-	119,412
Other financial liabilities	2	-	-	2
Total	217,772	-	-	217,772

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 2022	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial liabilities				
Dividends payable	4,067	-	-	4,067
Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	24,281	-	-	24,281
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	124,826	-	-	124,826
Currency forward contracts	457	-	457	-
Other financial liabilities	6	-	-	6
Total	153,637	-	457	153,180

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 2023 and 31 December 2022:

	30 June 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade payables, of which:	-	104,551	-	123,980
Trade payables	-	84,393	-	106,743
from related parties	-	111	-	191
from other entities	-	84,282	-	106,552
Uninvoiced payables	-	20,158	-	17,237
from related parties	-	46	-	48
from other entities	-	20,112	-	17,189
Corporate income tax payable	-	9,217	-	9,081
Liabilities to the state and local budgets	-	23,872	-	46,357
Value added tax (VAT)	-	12,332	-	30,959
Personal income tax (PIT)	-	2,111	-	4,270
Social insurance	-	8,079	-	9,636
Withholding income tax	-	863	-	1,137
Other	-	487	-	355
Other liabilities	59	31,491	74	48,894
Liabilities to employees (including salaries payable)	-	11,283	-	24,613
Liabilities from purchases of tangible assets and intangible assets	-	2,599	-	2,562
Other liabilities	59	17,609	74	21,719
Total	59	169,131	74	228,312

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

Contract liabilities

As at 30 June 2023 and 31 December 2022, the Group's liabilities from contracts with customers resulted from obligations listed in the table below:

	30 June 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Liabilities from valuation of IT contracts, of which:	-	22,608	-	33,872
From related parties	-	1	-	2
From other entities	-	22,607	-	33,870
Deferred income from IT projects, of which:	6,588	96,621	8,455	114,488
Maintenance services, license and subscription fees	6,073	65,895	8,455	67,400
Prepaid implementation services	515	17,927	-	12,240
Obligations to supply hardware	-	12,770	-	34,822

Other prepaid services	-	29	-	26
Total contract liabilities	6,588	119,229	8,455	148,360

6.15. Provisions

Changes in the amount of provisions during the period of 6 months ended 30 June 2023 and in the comparable period are presented in the table below:

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
As at 1 January	9,175	6,364
Provisions created during the reporting period	5,491	3,086
Provisions utilized/reversed during the reporting period	(4,946)	(2,219)
Exchange differences on translation of foreign operations	(1,035)	(119)
As at the end of the reporting period, of which:	8,685	7,112
Short-term	5,474	4,271
Long-term	3,211	2,841

6.16. Accruals and deferred income

The table below presents the amounts of accruals and deferred income as at 30 June 2023 and 31 December 2022:

	30 June 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Accruals, of which:				
Accruals for unused holiday leaves	-	10,532	-	8,440
Accruals for employee and management bonuses	-	28,476	-	24,101
	-	39,008	-	32,541
Deferred income, of which:				
Grants related to assets	-	2,899	-	2,570
	-	2,899	-	2,570

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.

The balance of deferred income comprises mainly grants related to assets. Grants related to assets represent subsidies received by the Group in connection with its development projects or projects related to the creation of IT competence centers.

6.17. Related party transactions

The table below discloses the total values of transactions conducted with our related parties during the period of 6 months ended 30 June 2023 and the period of 6 months ended 30 June 2022, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2023 and 31 December 2022:

	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 2023 / 31 December 2022 PLN'000	Trade payables and other liabilities 30 June 2023 / 31 December 2022 PLN'000	Lease liabilities 30 June 2023 / 31 December 2022 PLN'000
Transactions with Asseco Poland					
2023	-	547	70	22	-
2022	-	179	47	10	-
Transactions with other entities of Asseco Poland Group					
2023	911	274	1,826	61	-
2022	812	606	1,620	93	-
Transactions with associates					
2023	-	-	-	-	-
2022	-	-	58	-	-
Transactions with entities or individuals related through the Group's Key Management Personnel					
2023	-	2,052	-	130	8,050
2022	-	980	-	133	10,213
Transactions with Members of Management Board and Supervisory Board of ASEE S.A. and companies of ASEE Group					
2023	-	9	7,886	66	241
2022	-	5	8,166	28	62

As at 30 June 2023, total receivables from related parties comprised trade receivables amounting to PLN 1,122 thousand, contract assets amounting to PLN 728 thousand, and other receivables amounting to PLN 7,932 thousand, of which PLN 7,886 thousand represent receivables arising from the sale of shares in Payten Holding S.A. to the managers of ASEE Group companies, and PLN 47 thousand constitute deposits for rental of office space.

As at 31 December 2022, total receivables from related parties comprised trade receivables amounting to PLN 925 thousand, contract assets amounting to PLN 753 thousand, and other receivables amounting to PLN 8,213 thousand, of which PLN 8,166 thousand represent receivables arising from the sale of shares in Payten Holding S.A. to the managers of ASEE Group companies, and PLN 47 thousand constitute deposits for rental of office space.

As at 30 June 2023, total liabilities to related parties comprised trade payables amounting to PLN 157 thousand, liabilities arising from valuation of IT contracts amounting to PLN 1 thousand, and other liabilities amounting to PLN 121 thousand. As at 31 December 2022, total liabilities to related parties comprised trade payables amounting to PLN 239 thousand and other liabilities amounting to PLN 25 thousand.

In addition, dividends payable which are disclosed under financial liabilities as at 30 June 2023 include dividends to be paid out to Asseco International a.s. in the amount of PLN 38,554 thousand, as well as dividends to be paid out to Members of the Management Board and parties that are related through Members of the Management Board of ASEE S.A. in the total gross amount of PLN 2,476 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 2023. The dividend was paid out on 13 July 2023.

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

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 2023, Mini Invest d.o.o. held 353,336 shares in ASEE S.A.

Key Management Personnel and directly with the Key Management Personnel of the Group amounted to PLN 8,291 thousand.

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

On 23 September 2021, Asseco International a.s. and managers of ASEE Group companies signed agreements for the acquisition of shares in ASEE S.A., which has been described in detail in explanatory note 5.2 in this report. Members of the Management Board of ASEE S.A., acting directly or through their related parties, acquired the following numbers of shares:

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

In the interim condensed consolidated financial statements for the period of 6 months ended 30 June 2023, the costs of share-based payment plan related to shares acquired by Members of the Management Board amounted to PLN 90 thousand.

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

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 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Change in inventories	(22,319)	(23,025)
Change in receivables and non-financial assets	19,203	(32,866)
Change in liabilities	(49,334)	(14,030)
Change in prepayments and accruals	(42)	8,606
Change in provisions	545	835
Total	(51,947)	(60,480)

7.2. Cash flows – investing activities

In the period of 6 months ended 30 June 2023, the amount of cash flows from investing activities was affected primarily by:

- acquisitions of property, plant and equipment (PLN 22,430 thousand), intangible assets (PLN 2,989 thousand), and expenditures for development projects (PLN 954 thousand),
- expenditures for acquisition of subsidiaries, net of cash and cash equivalents in subsidiaries acquired, as disclosed in the table below:

	6 months ended 30 June 2023	
	Acquisition of subsidiaries PLN'000	Cash in subsidiaries acquired PLN'000
Bithat Solutions	(1,383)	-
Helius Systems	(884)	-
Smarttek	(465)	-
Total	(2,732)	-

7.3. Cash flows – financing activities

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

Change in financial liabilities	Interest-bearing bank loans and borrowings PLN'000	Lease liabilities PLN'000	Dividends payable PLN'000	Total PLN'000
As at 1 January 2023	81,830	45,118	4,067	131,015
Changes arising from cash flows	(15,684)	(12,094)	(4,170)	(31,948)
Inflows	1,370	-	-	1,370
Repayment of principal amount	(15,600)	(11,226)	(4,170)	(30,996)
Interest paid	(1,454)	(868)	-	(2,322)
Non-cash changes	(465)	16,782	79,923	96,240
Interest accrued	1,442	868	-	2,310
Non-cash increase in liabilities	-	16,157	79,923	96,080
Non-cash decrease in liabilities	-	(181)	-	(181)
Foreign exchange differences recognized in financial income/expenses	(1,907)	(62)	-	(1,969)
Exchange differences on translation of foreign operations	(1,760)	(2,666)	-	(4,426)
As at 30 June 2023	63,921	47,140	79,820	190,881

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

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

Dividends paid out to non-controlling shareholders represent payments to the minority shareholders of eMon, Necomplus and Payten Holding in the current reporting period, as well as eMon and ContentSpeed 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 2023, the related contingent liabilities equalled PLN 73,472 thousand, while as at 31 December 2022 they amounted to PLN 74,612 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 2023 PLN'000	31 December 2022 PLN'000	30 June 2023 PLN'000	31 December 2022 PLN'000
Financial assets	33	-	33	-
Trade receivables	-	-	-	-
Other receivables	974	379	803	379
Total	1,007	379	836	379

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 2023.

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

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

As at 30 June 2023 and 31 December 2022, the above-mentioned contracts resulted in the following off-balance-sheet liabilities to make future payments:

	30 June 2023 PLN'000	31 December 2022 PLN'000
<i>Liabilities from rental of space</i>		
In the period up to 1 year	4,078	3,567
In the period from 1 to 5 years	2,550	3,356
Over 5 years	-	-
	6,628	6,923
<i>Liabilities from leases of equipment</i>		
In the period up to 1 year	201	469
In the period from 1 to 5 years	-	-
Over 5 years	-	-
	201	469

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 30 June 2023 are related to lease contracts that were subject to exemptions provided under IFRS 16 (short-term leases and leases of low-value assets).

Disputes in litigation as at the end of the reporting period

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

8.2. Seasonal and cyclical business

The Group's sales revenues are subject to some seasonality in individual quarters of the year. Such seasonality is observed mainly in the supply of hardware (the Payment Solutions and Dedicated Solutions segments), intelligent traffic management systems (the Dedicated Solutions segment), and the volume of transactions carried out within the MoneyGet ATM network (the Payment Solutions segment). The fourth quarter revenues

tend to be higher than in the remaining periods, as bulk of such turnover is generated from the sale of IT services for large enterprises and public administration. Such entities often decide to make higher purchases of hardware and licenses in the last months of a year.

8.3. Employment

Number of employees in the Group companies as at	30 June 2023	31 December 2022
Management Board of the Parent Company	4	4
Management Boards of the Group companies	60	64
Production departments	3,116	3,189
Sales departments	265	275
Administration departments	344	342
Total	3,789	3,874

Number of employees in the Group companies as at:	30 June 2023	31 December 2022
ASEE S.A.	32	31
ASEE B&H	108	111
ASEE Bulgaria	18	17
ASEE Macedonia	250	248
ASEE Turkey	102	100
BS Telecom Solutions	138	134
ASEE Croatia Group	354	347
ASEE Kosovo Group	147	150
ASEE Romania Group	149	146
ASEE Serbia Group	610	608
Necomplus Group	725	866
Payten B&H Group	65	68
Payten Macedonia Group	33	33
Payten Romania Group	107	107
Payten Serbia Group	215	207
Payten Turkey Group	369	349
Sonet Group	84	83
Monri Croatia	120	106
Payten Croatia	103	102
Payten Montenegro	18	19
Payten Egypt	9	9
Payten Slovenia	33	33
Total	3,789	3,874

8.4. Significant events after the reporting period

▪ Changing the name of a subsidiary company to ASEE Solutions S.R.L.

On 20 July 2023, our subsidiary company Asseco SEE S.R.L. based in Romania was renamed as ASEE Solutions S.R.L.

In the period from 30 June 2023 till the date of approval of these interim condensed consolidated financial statements, this is until 2 August 2023, 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 2023, 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 2023

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

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Financial Highlights

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 2023 PLN'000	6 months ended 30 June 2022 PLN'000	6 months ended 30 June 2023 EUR'000	6 months ended 30 June 2022 EUR'000
Revenues from holding activities	77,701	56,472	16,844	12,164
Revenues from operating activities	6,279	6,131	1,361	1,321
Operating profit	69,125	50,365	14,985	10,848
Pre-tax profit	67,431	45,820	14,617	9,869
Net profit for the reporting period	65,997	41,956	14,307	9,037
Net cash provided by (used in) operating activities	8,834	22,555	1,915	4,858
Net cash provided by (used in) investing activities	65,404	40,702	14,178	8,767
Net cash provided by (used in) financing activities	(3,467)	(3,299)	(752)	(711)
Cash and cash equivalents at the end of the period (comparable data as at 31 December 2022)	91,115	20,344	20,474	4,338
Earnings per ordinary share (in PLN/EUR)	1.27	0.81	0.28	0.17
Diluted earnings per ordinary share (in PLN/EUR)	1.27	0.81	0.28	0.17

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 2023 to 30 June 2023: EUR 1 = PLN 4.6130
 - for the period from 1 January 2022 to 30 June 2022: EUR 1 = PLN 4.6427
- 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 2023: EUR 1 = PLN 4.4503
 - exchange rate effective on 31 December 2022: EUR 1 = PLN 4.6899

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

Asseco South Eastern Europe S.A.

STATEMENT OF PROFIT AND LOSS	Note	3 months ended 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
		PLN'000	PLN'000	PLN'000	PLN'000
Holding activities		57,717	77,701	42,846	56,472
Dividend income	<u>4.1</u>	53,696	69,528	38,764	48,283
Revenues from sale of services	<u>4.1</u>	4,021	8,173	4,082	8,189
Operating activities		3,167	6,279	3,254	6,131
Revenues from sale of IT services and software	<u>4.2</u>	3,167	6,279	3,254	6,131
Total sales revenues		60,884	83,980	46,100	62,603
Cost of sales	<u>4.3</u>	(7,050)	(12,891)	(5,318)	(11,097)
Recognition/reversal of allowances for trade receivables	<u>4.3</u>	-	-	161	(36)
Gross profit on sales		53,834	71,089	40,943	51,469
Selling costs	<u>4.3</u>	(138)	(415)	(242)	(359)
General and administrative expenses	<u>4.3</u>	(832)	(1,548)	(389)	(721)
Net profit on sales		52,864	69,126	40,313	50,388
Other operating income		6	7	1	1
Other operating expenses		(8)	(8)	-	(24)
Operating profit		52,862	69,125	40,314	50,365
Financial income	<u>4.4</u>	880	1,811	398	3,477
Financial expenses	<u>4.4</u>	(2,721)	(3,373)	(7,888)	(8,125)
Recognition/reversal of impairment losses on loans granted and other financial instruments	<u>4.4</u>	(130)	(132)	103	103
Pre-tax profit		50,891	67,431	32,927	45,820
Corporate income tax	<u>4.5</u>	(550)	(1,434)	(2,998)	(3,864)
Net profit for the reporting period		50,341	65,997	29,929	41,956
Earnings per share (in PLN):					
basic earnings per share	<u>4.6</u>	0.97	1.27	0.58	0.81
diluted earnings per share	<u>4.6</u>	0.97	1.27	0.58	0.81

COMPREHENSIVE INCOME:	Note	3 months ended 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
		PLN'000	PLN'000	PLN'000	PLN'000
Net profit		50,341	65,997	29,929	41,956
Other comprehensive income:		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		50,341	65,997	29,929	41,956

Interim Condensed Statement of Financial Position

Asseco South Eastern Europe S.A.

ASSETS	Note	30 June 2023	31 December 2022
		PLN'000	PLN'000
Non-current assets			
Property, plant and equipment	<u>5.1</u>	340	310
Intangible assets	<u>5.2</u>	5,223	5,525
<i>of which goodwill from business combinations</i>		4,567	4,567
Right-of-use assets	<u>5.3</u>	18	73
Investments in subsidiaries	<u>5.4</u>	691,414	691,407
Deferred tax assets		631	93
Other receivables	<u>5.7</u>	6,798	7,175
Other financial assets	<u>5.8</u>	5,572	62,742
		709,996	767,325
Current assets			
Prepayments and accrued income	<u>5.6</u>	3,227	2,053
Trade receivables	<u>5.7</u>	3,950	4,335
Corporate income tax receivable		-	-
Receivables from the state and local budgets		-	-
Other receivables	<u>5.7</u>	7,159	14,502
Other financial assets	<u>5.8</u>	5,715	13,660
Cash and short-term deposits	<u>5.9</u>	91,115	20,344
		111,166	54,894
TOTAL ASSETS		821,162	822,219

Interim Condensed Statement of Financial Position

Asseco South Eastern Europe S.A.

EQUITY AND LIABILITIES	Note	30 June 2023	31 December 2022
		PLN'000	PLN'000
Equity			
Share capital		518,943	518,943
Share premium		38,826	38,826
Other capitals		3,286	3,172
Retained earnings		140,744	150,513
		701,799	711,454
Non-current liabilities			
Bank loans	5.10	23,107	29,763
Lease liabilities	5.11	-	-
Other financial liabilities	5.12	-	141
Deferred tax liabilities		-	-
		23,107	29,904
Current liabilities			
Bank loans	5.10	10,270	8,091
Lease liabilities	5.11	21	90
Other financial liabilities	5.12	75,766	61,179
Trade payables	5.13	942	1,746
Contract liabilities	5.13	4,173	1,541
Corporate income tax payable	5.13	45	742
Liabilities to the state and local budgets	5.13	392	295
Other liabilities	5.13	261	406
Accruals	5.14	4,386	6,771
		96,256	80,861
TOTAL LIABILITIES		119,363	110,765
TOTAL EQUITY AND LIABILITIES		821,162	822,219

Interim Condensed Statement of Changes in Equity

Asseco South Eastern Europe S.A.

	Note	Share capital	Share premium	Other capitals	Retained earnings	Total equity
As at 1 January 2023		518,943	38,826	3,172	150,513	711,454
Net profit for the reporting period		-	-	-	65,997	65,997
Total comprehensive income for the reporting period		-	-	-	65,997	65,997
Dividend	4.7	-	-	-	(75,766)	(75,766)
Valuation of share-based payment plan		-	-	114	-	114
As at 30 June 2023		518,943	38,826	3,286	140,744	701,799
As at 1 January 2022		518,943	38,826	2,981	145,728	706,478
Net profit for the reporting period		-	-	-	71,210	71,210
Total comprehensive income for the reporting period		-	-	-	71,210	71,210
Dividend	4.7	-	-	-	(66,425)	(66,425)
Valuation of share-based payment plan		-	-	191	-	191
As at 31 December 2022		518,943	38,826	3,172	150,513	711,454
As at 1 January 2022		518,943	38,826	2,981	145,728	706,478
Net profit for the reporting period		-	-	-	41,956	41,956
Total comprehensive income for the reporting period		-	-	-	41,956	41,956
Dividend	4.7	-	-	-	(66,425)	(66,425)
Valuation of share-based payment plan		-	-	83	-	83
As at 30 June 2022		518,943	38,826	3,065	121,260	682,093

Interim Condensed Statement of Cash Flows

Asseco South Eastern Europe S.A.

	Note	6 months ended 30 June 2023	6 months ended 30 June 2022
		PLN'000	PLN'000
Cash flows – operating activities			
Pre-tax profit		67,431	45,820
Total adjustments:		(71,200)	(48,070)
Depreciation and amortization	4.3	450	509
Change in receivables and contract assets	6.1	641	(6,609)
Change in liabilities, accruals and provisions	6.1	(2,236)	761
Interest income/expenses		(105)	(1,108)
Gain/loss on foreign exchange differences		(666)	(932)
Gain/loss on investing activities		(69,398)	(40,774)
Valuation of share-based payment plan		114	83
Other		-	-
Selected operating cash flows		13,374	25,106
Sale of shares in subsidiaries		-	-
Acquisition of shares in related entities	6.1	(61,254)	(9,628)
Dividends received	6.1	74,628	34,734
Cash generated from operating activities		9,605	22,856
Corporate income tax (paid) recovered		(771)	(301)
Net cash provided by (used in) operating activities		8,834	22,555
Cash flows – investing activities			
Inflows:		72,206	41,157
Disposal of property, plant and equipment, and intangible assets		1	-
Loans collected	5.8	70,440	40,167
Interest received	5.8	1,765	990
Outflows:		(6,802)	(455)
Acquisition of property, plant and equipment, and intangible assets	6.2	(124)	(128)
Acquisition/settlement of financial assets carried at fair value through profit or loss		(164)	(92)
Loans granted	5.8	(6,514)	(235)
Net cash provided by (used in) investing activities		65,404	40,702
Cash flows – financing activities			
Inflows:			
Proceeds from bank loans and borrowings	6.3	-	-
Outflows:		(3,467)	(3,299)
Repayments of bank loans	6.3	(2,611)	(2,928)
Payments of lease liabilities	6.3	(64)	(63)
Interest paid	6.3	(792)	(308)
Net cash provided by (used in) financing activities		(3,467)	(3,299)
Net change in cash and cash equivalents		70,771	59,958
Net foreign exchange differences		-	-
Cash and cash equivalents as at 1 January		20,344	16,142
Cash and cash equivalents as at 30 June		91,115	76,100

Explanatory Notes to the Interim Condensed Financial Statements

I. General information

General information on the Parent Company

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

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

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

The Company prepared the interim consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2023, which have been approved for publication by the Management Board on 2 August 2023.

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 2023, AI held 26,407,081 shares representing 50.89% in the share capital of our Company, which carried 26,407,081 votes or 50.89% of total voting rights at the Company’s General Meeting of Shareholders.

ASEE Group is part of the Asseco Poland Group (“Asseco Group”). The ultimate parent company of the entire Asseco Group is Asseco Poland S.A.

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 2022 which were published on 22 February 2023.

These financial statements have been prepared on a going-concern basis, assuming the Company will continue its business activities over a period not shorter than 12 months from 30 June 2023. Till the date of approving these financial statements for publication, we have not observed any circumstances that would threaten the Company’s ability to continue as a going concern.

Economic and political situation on the territory of Ukraine

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

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

The Company continues to analyze the geopolitical developments and their impact on the Company's financial position and financial performance in the future.

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

2.2. Compliance statement

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

The scope of these interim condensed financial statements, being a part of the quarterly report, is in accordance with the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent the information required by laws of non-EU member states (consolidated text: Journal of Laws of 2018, item 757) (the "Regulation"), and covers the semi-annual reporting period from 1 January to 30 June 2023 and the comparable period from 1 January to 30 June 2022 in case of the statement of profit and loss and the statement of cash flows, as well as the financial position data as at 30 June 2023 and the comparable data as at 31 December 2022 in case of the statement of financial position.

The cumulative data presented for the period of 6 months ended 30 June 2023 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 2023 and for the corresponding period of 2022 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 2023 which were published on 26 April 2023.

2.3. Functional currency and presentation currency

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

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

At the reporting date:

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

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

- ✓ exchange rate effective on 30 June 2023: EUR 1 = PLN 4.4503
- ✓ exchange rate effective on 31 December 2022: EUR 1 = PLN 4.6889
- ✓ exchange rate effective on 30 June 2023: USD 1 = PLN 4.1066
- ✓ exchange rate effective on 31 December 2022: USD 1 = PLN 4.4018

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 2023, 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 2022.

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 2022 which were published on 22 February 2023.

Significant accounting policies applied by the Group in these interim condensed financial statements are consistent with those explained in the annual financial statements for the year 2022, except for the adoption of new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2023. New standards or amendments effective from 1 January 2023:

- IFRS 17 'Insurance Contracts' and amendments to IFRS 17;
- Amendments to IAS 1 'Presentation of Financial Statements: Disclosure of Accounting Policies';
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates';
- Amendments to IAS 12 'Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction'.

The amended standards and interpretations that were first applied in 2023 had no significant impact of the interim condensed financial statements of the Company.

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

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

- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures: Supplier Finance Arrangements' (issued on 25 May 2023) – 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 2024;
- Amendments to IAS 12 'Income Taxes: International Tax Reform – Pillar Two Model Rules' (issued on 23 May 2023) – 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 2024;
- Amendments to IFRS 16 'Leases – Lease Liability in a Sale and Leaseback' (issued on 22 September 2022) – 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 2024;
- Amendments to IAS 1 'Presentation of Financial Statements': 'Classification of Liabilities as Current or Non-current' (issued on 23 January 2020), 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date' (issued on 15 July 2020), 'Non-current Liabilities with Covenants' (issued on 31 October 2022) – 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 2024.

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

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

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

2.7. Correction of errors

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

2.8. Changes in the comparable data

In the period of 6 months ended 30 June 2023, the Company has neither changed the presentation methods applied nor any comparable data.

III. Information on operating segments

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

- The **Holding activities segment** includes revenues and expenses related to managing the Group. The segment's revenues comprise primarily dividend income as well as sales of business 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 (systems integration).

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

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

Period of 6 months ended 30 June 2023	Holding activities	IT services	Total
	PLN'000	PLN'000	PLN'000
Dividend income	69,528	-	69,528
Revenues from sale of services	8,173	-	8,173
Revenues from sale of IT services and software	-	6,279	6,279
Total sales revenues	77,701	6,279	83,980
Gross profit on sales	67,791	3,298	71,089
Selling costs	-	(415)	(415)
General and administrative expenses	(1,388)	(160)	(1,548)
Net profit on sales	66,403	2,723	69,126

Period of 6 months ended 30 June 2022	Holding activities	IT services	Total
	PLN'000	PLN'000	PLN'000
Dividend income	48,283	-	48,283
Revenues from sale of services	8,189	-	8,189
Revenues from sale of IT services and software	-	6,131	6,131
Total sales revenues	56,472	6,131	62,603
Gross profit on sales	48,705	2,764	51,469
Selling costs	-	(359)	(359)
General and administrative expenses	(552)	(169)	(721)
Net profit on sales	48,153	2,236	50,389

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 2023 and in the comparable periods were as follows:

	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000
Dividends from related parties, of which:	53,696	69,528	38,764	48,283
ASEE Bosnia and Herzegovina	4,458	4,458	-	-
ASEE Macedonia	-	3,469	5,154	9,704
ASEE Romania	6,769	6,769	-	4,969
ASEE Serbia	12,019	24,382	19,589	19,589
ASEE Bulgaria	-	-	1,835	1,835
ASEE Turkey	-	-	4,446	4,446
Asseco Kosovo	-	-	917	917
Payten Holding	30,450	30,450	6,823	6,823
Revenues from sale of services	4,021	8,173	4,082	8,189
Total operating revenues from holding activities	57,717	77,701	42,846	56,472

Cash inflows from dividends received during the first 6 months of 2023 amounted to PLN 74,628 thousand, as compared to PLN 34,734 thousand in the first 6 months of 2022.

The difference between income recognized and cash inflows actually received resulted from withholding tax charged by our subsidiaries, foreign exchange differences, as well as from the settlement of dividends receivable as at 31 December 2022.

4.2. IT services – structure of operating revenues

Operating revenues generated during the periods of 3 and 6 months ended 30 June 2023 and in the comparable periods were as follows:

	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000
Revenues from sale of software and IT services	3,167	6,279	3,254	6,131
Total operating revenues from IT service activities	3,167	6,279	3,254	6,131

In the periods of 3 and 6 months ended 30 June 2023 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 2023 and in the comparable periods were as follows:

	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000
Operating costs				
Cost of goods, materials and third-party services sold	(931)	(1,868)	(997)	(1,919)
Employee benefits, of which:	(3,410)	(6,180)	(2,037)	(4,199)
<i>Valuation of share-based payment plan</i>	(57)	(114)	(52)	(83)
Third-party services and outsourcing of employees	(2,200)	(3,756)	(1,481)	(3,433)
Depreciation and amortization	(222)	(450)	(260)	(509)
Maintenance costs of property and company cars	(948)	(2,001)	(830)	(1,577)
Business trips	(145)	(215)	(113)	(140)
Advertising	(30)	(143)	(72)	(138)
Other	(134)	(241)	2	(298)
Total	(8,020)	(14,854)	(5,788)	(12,213)
Cost of sales	(7,050)	(12,891)	(5,318)	(11,097)
Selling costs	(138)	(415)	(242)	(359)
General and administrative expenses	(832)	(1,548)	(389)	(721)
Recognition/Reversal of allowances for trade receivables	-	-	161	(36)
Total	(8,020)	(14,854)	(5,788)	(12,213)

Share-based payment transactions with employees

Currently, the Company has two share-based payment plans as defined in IFRS 2 which are settled in equity instruments.

2021 plan

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

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

The costs of this share-based payment plan disclosed in the interim condensed financial statements of ASEE for the period of 6 months ended 30 June 2023 amounted to PLN 83 thousand, as compared to PLN 83 thousand in the first half of 2022. In correspondence, this transaction was recognized as a separate item of the Company's equity, in the same amount as disclosed in remuneration costs.

2022 plan

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

The costs of share-based payment plan disclosed in these interim condensed financial statements of ASEE S.A. for the period of 6 months ended 30 June 2023 amounted to PLN 31 thousand. In correspondence, this transaction was recognized as a separate item of the Company's equity, in the same amount as disclosed in remuneration costs.

Detailed information on the share-based payment plans has been presented in explanatory note 4.3 to the annual financial statements of ASEE S.A. which were published on 22 February 2023.

4.4. Financial income and expenses

Financial income earned during the periods of 3 and 6 months ended 30 June 2023 and in the comparable periods was as follows:

Financial income	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000
Interest income on investments in debt securities and bank deposits carried at amortized cost	366	1,047	628	1,416
Other interest income	69	141	-	-
Positive foreign exchange differences	-	-	(231)	2,058
Commissions received on guarantees granted	(1)	1	1	3
Net gain on exercise and/or valuation of derivative instruments	446	622	-	-
Total	880	1,811	398	3,477

Financial expenses incurred during the periods of 3 and 6 months ended 30 June 2023 and in the comparable periods were as follows:

Financial expenses	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000
Interest expenses on bank loans	(416)	(790)	(153)	(307)
Other interest expenses	(18)	(18)	-	-
Interest expenses on leases	33	(2)	-	(1)
Negative foreign exchange differences	(2,282)	(2,525)	-	-
Loss on exercise and/or valuation of derivative instruments	(38)	(38)	(221)	(288)
Impairment losses on investments in subsidiaries	-	-	(7,500)	(7,500)
Other financial expenses	-	-	(14)	(29)
Total	(2,721)	(3,373)	(7,888)	(8,125)

In the previous year, impairment losses on investments in subsidiaries were related to our investment in ASEE Romania. The amount of write-down was determined based on the conducted impairment test.

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

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

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

	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000
Gain on revaluation of financial assets (reversal of allowance for loans granted)	104	104	126	126
Loss on impairment of financial assets (allowance for loans granted)	(234)	(236)	(23)	(23)
Recognition/reversal of impairment losses on loans granted and other financial instruments	(130)	(132)	103	103

4.5. Corporate income tax

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

	3 months ended 30 June 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 PLN'000
Current income tax and prior years' adjustments	(1,210)	(1,971)	(3,336)	(3,674)
Deferred income tax	660	537	338	(190)
Income tax expense as disclosed in the statement of profit and loss	(550)	(1,434)	(2,998)	(3,864)

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 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Pre-tax profit from continuing operations	67,431	45,820
Statutory corporate income tax rate	19%	19%
Corporate income tax computed at the statutory tax rate	(12,812)	(8,706)
Tax-exempt dividends received from subsidiaries	6,893	2,589
Deduction of income tax paid by subsidiaries on taxable dividends	4,766	4,482
Share-based payment plan	(22)	(16)
Depreciation and amortization	(1)	(4)
Adjustments to prior years' income tax	27	(791)
Recognition and reversal of impairment losses on investments in subsidiaries	-	(1,425)
Other permanent differences	(285)	7
Corporate income tax computed at the effective tax rate	(1,434)	(3,864)

During the period of 6 months ended 30 June 2023, our effective tax rate equalled 2.1% as compared to 8.4% 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 2023 PLN'000	6 months ended 30 June 2023 PLN'000	3 months ended 30 June 2022 PLN'000	6 months ended 30 June 2022 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)	50,339	65,994	29,929	41,956
Net earnings per share (in PLN)	0.97	1.27	0.58	0.81

4.7. Information on dividends paid out

The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów (hereinafter the "Company"), acting on the basis of art. 395 § 2 item 2 and art. 396 § 1 of the Commercial Companies Code, as well as pursuant to §12 sec. 4 item 2 of the Company's Articles of Association, on 22 June 2023 adopted a resolution to pay out a dividend in the total amount of PLN 75,766 thousand or PLN 1.46 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 30 June 2023 as the dividend record date. The dividend was paid out on 13 July 2023. The number of shares eligible for dividend was 51,894,251.

In 2022, the Parent Company paid out to its shareholders a dividend for the year 2021. The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to §12 sec. 4 item 2) of the Company's Articles of Association, on 21 June 2022 adopted a resolution to pay out a dividend in the total amount of PLN 66,425 thousand or PLN 1.28 per share to all of the Company's shareholders.

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

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 2023 and in the comparable period are presented below:

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Net book value of property, plant and equipment as at 1 January	310	462
Additions, of which:	124	41
Purchases and modernization	124	41
Reductions, of which:	(94)	(129)
Depreciation charges for the reporting period	(94)	(129)
Disposal and liquidation	-	-
Net book value of property, plant and equipment as at 30 June	340	374

Both as at 30 June 2023 and 31 December 2022, 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 2023 and in the comparable period are presented below:

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Net book value of intangible assets as at 1 January	5,525	6,054
Additions, of which:	-	88
Purchases and modernization	-	88
Reductions, of which:	(302)	(326)
Depreciation charges for the reporting period	(302)	(326)
Net book value of intangible assets as at 30 June	5,223	5,816

Both as at 30 June 2023 and 31 December 2022, intangible assets did not serve as collateral for any bank loans.

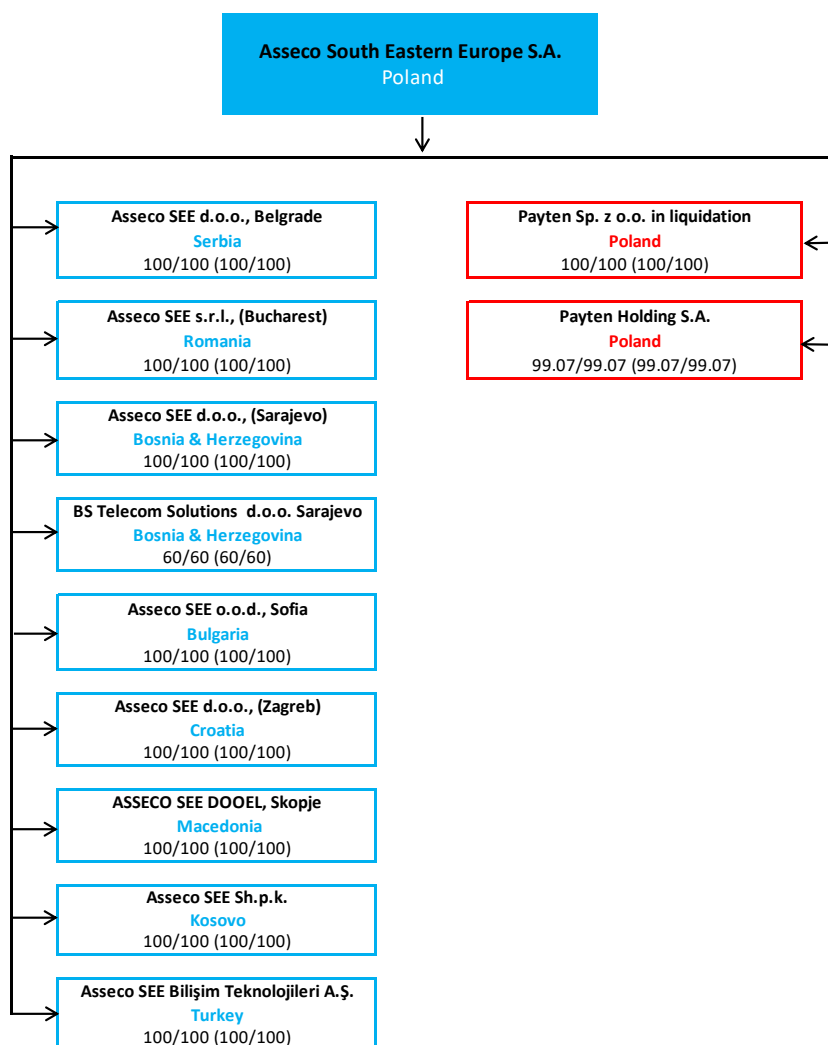
5.3. Right-of-use assets

Changes in the net book value of right-of-use assets that took place during the period of 6 months ended 30 June 2023 and in the comparable period are presented below:

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Net book value of right-of-use assets as at 1 January	73	181
Additions, of which:	-	-
Conclusion of new lease contracts	-	-
Reductions, of which:	(54)	(54)
Depreciation charges for the reporting period	(54)	(54)
Net book value of right-of-use assets as at 30 June	19	127

5.4. Investments in subsidiaries

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



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

The Company's equity investments held as at 30 June 2023 and in the comparable period are disclosed in the table below:

		30 June 2023	31 December 2022
		PLN'000	PLN'000
Asseco SEE d.o.o. (Sarajevo)	ASEE B&H	25,830	25,830
BS Telecom Solutions d.o.o. Sarajevo	BS Telecom	66,114	66,114
Asseco SEE o.o.d. (Sofia)	ASEE Bulgaria	4,265	4,265
Asseco SEE d.o.o. (Zagreb)	ASEE Croatia	56,783	56,783
Asseco SEE Sh.p.k. (Pristina)	ASEE Kosovo	33,561	33,561
Asseco SEE DOEL (Skopje)	ASEE Macedonia	98,480	98,480
Asseco SEE s.r.l. (Bucharest)	ASEE Romania	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. in liquidation	Payten in liquidation	-	-
Payten Holding S.A.	Payten Holding	227,164	227,157
		691,414	691,407

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 2022, which was published on 22 February 2023 and is available at the Issuer's website.

On 9 January 2023, ASEE S.A. bought 242 shares in Payten Holding from Payten Sp. z o.o.

During the period of 6 months ended 30 June 2023, the structure of equity investments of ASEE S.A. has not changed substantially.

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 2023, we estimated the recoverable amounts of our investments in the companies of ASEE Romania, ASEE Bulgaria, ASEE Kosovo, ASEE Macedonia, and BS Telecom because of a small excess of the recoverable amount over the carrying value of a given asset as at the end of the previous year and/or because their actual financial results were weaker than expected.

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

The recoverable amount of our investments in the above-mentioned subsidiaries as at 30 June 2023 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.

During the period covered by the interim condensed financial statements, the Company re-estimated and determined the WACC used in impairment tests. Relative to the approach followed in the 2022 financial statements, the Company's Management has assessed the outlook for interest rates and inflation over the forecast and residual periods and reflected this accordingly in the tests performed.

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 2023:

	Book value of investment	Discount rate applied in the model	Sales revenue growth rate
BS Telecom	66,114	14.9%-20.1%	13.6%
ASEE Bulgaria	4,265	10.8%	4.7%
ASEE Kosovo	33,561	13.9%-15.4%	7.4%
ASEE Macedonia	98,480	12%-15.2%	4.7%
ASEE Romania	97,919	12.2%-15.5%	4.9%

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 all impairment tests performed as at 30 June 2023, 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 a sensitivity analysis was to find the threshold 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 was equal to its carrying value.

In the case of ASEE Romania, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 0.46 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 0.21 pp with other assumptions remaining constant. As at 30 June 2023, the excess of the recoverable amount of this investment over its carrying value equalled PLN 4.1 million.

In the case of ASEE Macedonia, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 0.17 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 0.12 pp with other assumptions remaining constant. As at 30 June 2023, the excess of the recoverable amount of this investment over its carrying value equalled PLN 1.7 million.

In the case of BS Telecom, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 0.5 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 0.67 pp with other assumptions remaining constant. As at 30 June 2023, the excess of the recoverable amount of this investment over its carrying value equalled PLN 4.6 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 2023 and in the comparable period, prepayments and accrued income included the following items:

	30 June 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Prepaid services, of which:	-	3,227	-	2,053
maintenance services and license fees	-	1,607	-	1,088
insurances	-	32	-	24
other services	-	1,588	-	941
Total	-	3,227	-	2,053

Both as at 30 June 2023 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 2023 as well as at 31 December 2022:

	30 June 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade receivables, of which:	-	3,950	-	4,335
From related parties	-	3,396	-	3,926
From other entities	-	558	-	413
Allowances (-)	-	(4)	-	(4)
Corporate income tax receivable	-	-	-	-
Receivables from the state and local budgets	-	-	-	-
Other receivables, of which:	6,798	7,159	7,175	14,502
Receivables from disposal of financial instruments or equity investments	6,750	1,136	7,128	1,039
Dividends receivable	-	5,761	-	13,226
Security deposits receivable	47	57	47	57
Other receivables	1	291	-	266
Allowances for other receivables (-)	-	(86)	-	(86)
Total receivables	6,798	11,109	7,175	18,837

In the trade receivables from related parties presented above, the amount of PLN 3,354 thousand resulted from the sale of consulting, business and technical support services to subsidiaries of ASEE Group.

Dividends receivable represent dividends which have been declared and approved but not yet paid out by our subsidiaries, including from BS Telecom in the amount of PLN 5,761 thousand.

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 2023, 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 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Financial assets carried at amortized cost, of which:	5,572	5,551	62,742	13,660
loans granted to related parties	5,563	5,539	62,727	13,648
loans granted to employees	9	12	15	12
Financial assets carried at fair value through profit or loss, of which:	-	164	-	-
currency forward contracts	-	164	-	-
Total	5,572	5,715	62,742	13,660

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 2023 and as at 31 December 2022, including their type and changes in the amounts outstanding between those reporting dates.

	1 January 2023	Granted	Repaid	Allowance *	Other/ Valuation	Interest accrued	Interest repaid	Foreign exchange difference s	30 June 2023
Loans granted to related parties:	76,375	6,514	(70,434)	(132)	(178)	895	(1,764)	(174)	11,102
Payten B&H	2,463	-	(2,503)	104	(10)	54	(78)	(21)	9
ASEE B&H	62,068	-	(61,431)	-	(156)	460	(1,400)	459	-
Payten Holding	-	6,500	(6,500)	-	-	26	(26)	-	-
Payten in liquidation	3	14	-	(14)	-	-	(3)	-	-
ASEE Kosovo	11,841	-	-	(222)	(12)	355	(257)	(612)	11,093
Other loans	27	-	(6)	-	-	1	(1)	-	21
Total	76,402	6,514	(70,440)	(132)	(178)	896	(1,765)	(174)	11,123
Long-term	62,742								5,572
Short-term	13,660								5,551

*Allowance for expected credit losses in accordance with IFRS 9

The table below presents changes in the amount of allowances for loans granted (classified as tier 1) that took place during the period of 6 months ended 30 June 2023 and in the comparable period:

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Gain on revaluation of financial assets (reversal of allowance for loans granted)	104	126
Loss on impairment of financial assets (allowances for expected credit losses on loans granted)	(236)	(23)
Recognition/reversal of impairment losses on loans granted and other financial instruments	(132)	103

As at 30 June 2023, the Company measured and recognized allowances for expected credit losses on financial assets at an amount equal to the 12-month expected credit losses which equalled PLN 236 thousand, and also reversed allowances in the amount of PLN 104 thousand due to the collection of loans. The credit risk associated with these assets (classified as tier 1) has not increased significantly since their initial recognition.

The following table provides information on the key terms of loans granted to related parties as at 30 June 2023:

	30 June 2023 PLN'000	Interest rate	Loan currency	Repayment date	31 December 2022 PLN'000
Loans granted during the financial year					
Payten Holding	-	2W WIBOR + margin	PLN	2023.06.19	-
ASEE Kosovo	-	3M EURIBOR + margin	EUR	2026.12.30	-
Loans granted in previous years					
ASEE Kosovo	11,093	3M EURIBOR + margin	EUR	2026.06.30	11,841
Payten B&H	9	3M EURIBOR + margin	EUR	2023.12.31	2,463
Payten in liquidation	-	3M WIBOR + margin	PLN	2023.12.31	3
ASEE B&H	-	3M EURIBOR + margin	EUR	2031.12.31	62,068
Loans granted to employees	21	1M WIBOR + margin	PLN	2024.03.31	27
Total	11,123				76,402

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

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

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

In the period of 6 months ended 30 June 2023, 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 2023 and 31 December 2022 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 2023 and in the comparable period:

	30 June 2023 PLN'000	31 December 2022 PLN'000
Cash at bank accounts	91,105	20,287
Cash at split payment accounts	10	57
Total cash and cash equivalents as disclosed in the balance sheet	91,115	20,344
Bank overdraft facilities utilized for current liquidity management	-	-
Total cash and cash equivalents as disclosed in the cash flow statement	91,115	20,344

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

As at 30 June 2023, cash in the amount of PLN 31,701 thousand held in bank accounts at Bank Pekao S.A. was subject to a registered pledge in order to secure the repayment of a loan obtained from that bank. As at the reporting date, liabilities under this loan amounted to PLN 33,377 thousand.

5.10. Bank loans

As at 30 June 2023 and in the comparable period, liabilities arising from interest-bearing bank loans were as follows:

	Currency	Repayment date	30 June 2023		31 December 2022	
			Long-term	Short-term	Long-term	Short-term
			PLN'000	PLN'000	PLN'000	PLN'000
ING S.A.	EUR	31.07.2023	-	-	-	2,680
PeKaO S.A.	EUR	29.07.2026	23,107	10,270	29,763	5,411
Total interest-bearing bank loans			23,107	10,270	29,763	8,091

As at 30 June 2023, liabilities under interest-bearing bank loans resulted from a bank credit facility up to the amount of EUR 13 million provided by Pekao S.A. under the agreement concluded on 29 July 2021. The above-mentioned loan shall be available till 29 September 2023 and it shall be repaid by 29 July 2026. Repayments will be made in quarterly instalments. The loan repayment has been secured in particular with sureties granted by selected subsidiaries, a power of attorney for the Company's bank accounts as well as a registered pledge on the Company's bank accounts maintained with the lender bank. Interest is payable on the amount of loan actually drawn and shall be based on the 3-month EURIBOR rate plus margin. As at 30 June 2023, our liability under this bank loan amounted to PLN 33,377 thousand. As at 31 December 2022, our liability under this bank loan amounted to PLN 35,174 thousand. Funds obtained under this bank loan can be used for purchases of IT hardware for the implementation of outsourcing contracts within ASEE Group, as well as for acquisitions of shares in companies to be conducted either by ASEE or its subsidiaries.

As at 31 December 2022, the Company also had liabilities in the amount of PLN 2,680 thousand under a bank credit facility provided by ING Bank Śląski.

5.11. Lease liabilities

As at 30 June 2023, 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 2023 and in the comparable period:

	30 June 2023 PLN'000	31 December 2022 PLN'000
Liabilities from leases of real estate		
Short-term	21	90
Long-term	-	-
Total	21	90

5.12. Other financial liabilities

The table below presents other financial liabilities as at 30 June 2023 and in the comparable period:

Other financial liabilities	30 June 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Dividends payable	-	75,766	-	-
Liabilities from the acquisition of shares	-	-	-	60,862
Liabilities from currency forward contracts	-	-	141	317
Total	-	75,766	141	61,179

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

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

5.13. Contract liabilities, trade payables and other liabilities

As at 30 June 2023 and in the comparable period, the Company had the following trade payables:

	30 June 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade payables, of which:				
Trade payables	-	375	-	696
<i>to related parties</i>	-	82	-	540
<i>to other entities</i>	-	293	-	156
Uninvoiced payables	-	567	-	1,050
<i>to related parties</i>	-	-	-	-
<i>to other entities</i>	-	567	-	1,050
Total trade payables	-	942	-	1,746

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 2023 and in the comparable period, the Company had the following liabilities from contracts with customers:

	30 June 2023		31 December 2022	
	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	-	4,173	-	1,541
<i>to related parties</i>	-	1,271	-	-
<i>to other entities</i>	-	2,902	-	1,541
Total contract liabilities	-	4,173	-	1,541

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 2023 and in the comparable period, the Company had the following other liabilities:

	30 June 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Corporate income tax payable	-	45	-	742
Other liabilities to the state and local budgets, of which:				
Value added tax (VAT)	-	150	-	111
Personal income tax (PIT)	-	66	-	80
Social security contributions	-	170	-	99
Other	-	6	-	5
Total liabilities to the state and local budgets	-	392	-	295
Other liabilities				
Financial audit liabilities	-	241	-	280
Other liabilities	-	20	-	126
Total other liabilities	-	261	-	406

5.14. Accruals

As at 30 June 2023 and in the comparable period, accruals included the following items:

	30 June 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Accruals, of which:				
Accruals for unused holiday leaves	-	1,967	-	810
Accruals for employee and management bonuses	-	2,419	-	5,961
Total	-	4,386	-	6,771

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 resulted 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 2023 and 30 June 2022, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2023 and 31 December 2022:

	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 2023 / 31 December 2022 PLN'000	Liabilities to related parties 30 June 2023 / 31 December 2022 PLN'000
Transactions with entities of Asseco Poland Group				
2023	46	585	70	-
2022	24	496	88	80
Transactions with entities controlled by the Company				
2023	8,260	611	9,135	1,353
2022	8,222	706	17,118	61,443

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 2023, total receivables from related parties comprised trade receivables amounting to PLN 3,396 thousand, dividends receivable in the amount of PLN 5,761 thousand, as well as other receivables amounting to PLN 48 thousand (of which PLN 47 thousand of deposits for rental of office space, and PLN 1 thousand of other receivables). As at 31 December 2022, total receivables from related parties comprised trade receivables and contract assets amounting to PLN 3,926 thousand, dividends receivable from subsidiaries in the amount of PLN 13,226 thousand, as well as other receivables in the amount of PLN 54 thousand (of which PLN 47 thousand of deposits for rental of office space, and PLN 7 thousand of other receivables).

As at 30 June 2023, total liabilities to related parties comprised contract liabilities amounting to PLN 1,271 thousand, as well as trade payables amounting to PLN 82 thousand. As at 31 December 2022, total liabilities to related parties comprised trade payables and contract liabilities amounting in total to PLN 540 thousand, liabilities from the acquisition of BS Telecom company in the amount of PLN 60,862 thousand, as well as other liabilities in the amount of PLN 121 thousand.

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 2023 include dividends to be paid out to Asseco International a.s. in the amount of PLN 38,554 thousand, as well as dividends to be paid out to Members of the Management Board and parties that are related through Members of the Management Board in the total gross amount of PLN 2,476 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 2023. The dividend was paid out on 13 July 2023.

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

On 23 September 2021, Asseco International a.s. and managers of ASEE Group companies signed agreements for the acquisition of shares in ASEE S.A., which has been described in detail in explanatory note 4.3 in this report. Members of the Management Board of ASEE S.A., acting directly or through their related parties, acquired the following numbers of shares:

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

In the financial statements for the period of 6 months ended 30 June 2023, the costs of share-based payment plan related to shares acquired by Members of the Management Board amounted to PLN 80 thousand.

VI. Explanatory notes to the statement of cash flows

6.1. Cash flows – operating activities

Operating cash flows were mainly influenced by the following elements:

- Changes in working capital, including:

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Change in receivables and contract assets	641	(6,609)
Change in liabilities	(1,311)	(181)
Change in prepayments and accruals	(925)	942

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

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
ASEE Serbia	22,948	18,302
ASEE Croatia	4,725	-
ASEE Romania	6,752	4,948
ASEE Macedonia	5,541	4,693
ASEE B&H	4,212	-
ASEE Bulgaria	-	1,833
ASEE Kosovo	-	939
ASEE Turkey	-	4,019
Payten Holding	30,450	-
Total	74,628	34,734

- Expenditures for the acquisition of shares in subsidiaries:

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Payten Holding	(6)	(9,628)
BS Telecom	(61,248)	-
Total	(61,254)	(9,628)

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 2023 and in the comparable period:

	6 months ended 30 June 2023 PLN'000	6 months ended 30 June 2022 PLN'000
Acquisition of property, plant and equipment	(124)	(40)
Acquisition of intangible assets	-	(88)
Total	(124)	(128)

Our inflows from loans collected as well as outflows for loans granted during the period of 6 months ended 30 June 2023 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 PLN'000	Leases PLN'000	Dividends payable PLN'000	Total PLN'000
As at 1 January 2023		37,854	90	-	37,944
Cash flows	Inflows	-	-	-	-
	Repayment of principal amount – outflows	(2,611)	(64)	-	(2,675)
	Interest paid – outflows	(790)	(2)	-	(792)
Non-cash changes	Interest accrued	790	2	-	792
	Non-cash increase in liabilities	-	-	75,766	75,766
	Foreign exchange differences recognized in financial income/expenses	(1,866)	(5)	-	(1,871)
As at 30 June 2023		33,377	21	75,766	109,164

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

VII. Other explanatory notes

7.1. Off-balance-sheet liabilities

The Company granted the following guarantees and sureties:

	30 June 2023		Date of expiry	31 December 2022		Date of expiry
	PLN'000	EUR'000		PLN'000	EUR'000	
Guarantee facilities						
ASEE Kosovo	890	200	06.09.2023	938	200	06.09.2023
Total guarantees	890			938		

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 2023	31 December 2022
	PLN'000	PLN'000
Liabilities from rental of space		
In the period up to 1 year	48	48
In the period from 1 to 5 years	-	-
Over 5 years	-	-
Total	48	48

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 30 June 2023 are related to lease contracts that were subject to exemptions provided under IFRS 16 (short-term leases and leases of low-value assets).

7.2. Seasonal business

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

7.3. Employment

Number of employees as at	30 June 2023	31 December 2022
Management Board*	2	2
Production departments	9	9
Sales departments	4	5
Administration departments	17	15
Total	32	31

* 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 current reporting period is the same as the number of employees as at the reporting date.

7.4. Significant events after the reporting period

In the period from 30 June 2023 till the date of approval of these interim condensed financial statements, this is until 2 August 2023, we have not observed any 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 2 August 2023, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books and these financial statements.



Approval for publication by the Management Board

These interim condensed consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2023, 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 2023 have been approved for publication by the Management Board of Asseco South Eastern Europe S.A. on 2 August 2023.

Management Board:

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

Person responsible for keeping the accounting books of ASEE S.A.

Monika Kacprzak	Chief Accountant
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