



Semi-Annual Report of
Asseco South Eastern Europe Group
for the period of 6 months
ended 30 June 2020



Present in
22 countries



PLN 464 million
in sales revenues



2,742 highly
committed employees



PLN 50.5 million
in net profit
for Shareholders of
the Parent Company

Semi-Annual Report of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2020

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**Interim Condensed Consolidated
Financial Statements of
[Asseco South Eastern Europe Group](#)
for the period of 6 months ended 30 June 2020**

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 2020 PLN'000	6 months ended 30 June 2019 PLN'000	6 months ended 30 June 2020 EUR'000	6 months ended 30 June 2019 EUR'000
Sales revenues	464,345	376,974	104,553	87,913
Operating profit	64,032	44,610	14,418	10,403
Pre-tax profit	62,026	46,743	13,966	10,901
Net profit for the reporting period	51,166	37,185	11,521	8,672
Net profit attributable to Shareholders of the Parent Company	50,452	36,230	11,360	8,449
Net cash provided by (used in) operating activities	55,504	19,363	12,497	4,516
Net cash provided by (used in) investing activities	(25,863)	(45,198)	(5,823)	(10,540)
Net cash provided by (used in) financing activities	(28,892)	1,446	(6,505)	337
Cash and cash equivalents at the end of period (comparable data as at 31 December 2019)	199,314	199,663	44,629	46,886
Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.97	0.70	0.22	0.16
Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.97	0.70	0.22	0.16

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 2020 to 30 June 2020: EUR 1 = PLN 4.4413
 - for the period from 1 January 2019 to 30 June 2019: EUR 1 = PLN 4.2880
- 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 2020: EUR 1 = PLN 4.4660
 - exchange rate effective on 31 December 2019: EUR 1 = PLN 4.2585

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 2020	6 months ended 30 June 2020	3 months ended 30 June 2019 (*restated)	6 months ended 30 June 2019 (*restated)
	Note	PLN'000	PLN'000	PLN'000	PLN'000
Operating revenues	<u>5.1</u>	233,360	464,345	198,158	376,974
Cost of sales	<u>5.2</u>	(169,334)	(345,045)	(148,387)	(282,581)
Allowances for trade receivables	<u>5.2</u>	(473)	343	(239)	(462)
Gross profit on sales		63,553	119,643	49,532	93,931
Selling costs	<u>5.2</u>	(13,678)	(26,768)	(12,425)	(24,030)
General and administrative expenses	<u>5.2</u>	(14,540)	(29,418)	(14,162)	(25,701)
Net profit on sales		35,335	63,457	22,945	44,200
Other operating income	<u>5.3</u>	635	1,085	696	1,282
Other operating expenses	<u>5.3</u>	(316)	(510)	(575)	(811)
Share of profits of associates and joint ventures		-	-	(6)	(61)
Operating profit		35,654	64,032	23,060	44,610
Financial income	<u>5.4</u>	401	3,968	3,103	5,050
Financial expenses	<u>5.4</u>	(2,151)	(5,974)	(1,134)	(2,827)
Impairment losses on financial instruments		-	-	(90)	(90)
Pre-tax profit		33,904	62,026	24,939	46,743
Corporate income tax (current and deferred tax expense)	<u>5.5</u>	(6,374)	(10,860)	(6,328)	(9,558)
Net profit for the reporting period		27,530	51,166	18,611	37,185
<i>Attributable to:</i>					
Shareholders of the Parent Company		26,905	50,452	18,037	36,230
Non-controlling interests		625	714	574	955
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)					
	<u>5.6</u>	0.52	0.97	0.35	0.70
OTHER COMPREHENSIVE INCOME					
Net profit for the reporting period		27,530	51,166	18,611	37,185
Components that may be reclassified to profit or loss		(21,684)	23,835	(8,244)	(12,214)
Net gain/loss on valuation of financial assets		7	(7)	4	4
Differences on foreign currency translation of subsidiaries		(21,691)	23,842	(8,248)	(12,218)
Components that will not be reclassified to profit or loss		-	-	-	-
Actuarial gains/losses		-	-	-	-
Total other comprehensive income		(21,684)	23,835	(8,244)	(12,214)
TOTAL COMPREHENSIVE INCOME attributable to:		5,846	75,001	10,367	24,971
Shareholders of the Parent Company		5,255	74,180	10,157	24,130
Non-controlling interests		591	821	210	841

* The restatement has been described 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 2020 PLN'000	31 Dec. 2019 (*restated) PLN'000
Non-current assets			
Property, plant and equipment	<u>6.1</u>	146,781	147,061
Intangible assets	<u>6.2</u>	22,947	23,978
Right-of-use assets	<u>6.3</u>	65,618	65,055
Investment property		605	596
Goodwill	<u>6.4</u>	556,978	532,139
Investments accounted for using the equity method		-	-
Other receivables	<u>6.8</u>	774	724
Deferred tax assets		9,830	8,978
Other financial assets	<u>6.6</u>	4,800	4,670
Prepayments and accrued income	<u>6.7</u>	247	614
		808,580	783,815
Current assets			
Inventories	<u>6.9</u>	26,911	37,215
Prepayments and accrued income	<u>6.7</u>	24,930	21,746
Trade receivables	<u>6.8</u>	132,189	164,530
Contract assets	<u>6.8</u>	59,760	28,050
Corporate income tax receivable	<u>6.8</u>	1,481	1,364
Receivables from the state and local budgets	<u>6.8</u>	2,661	2,008
Other receivables	<u>6.8</u>	4,198	2,889
Other non-financial assets		10,823	10,247
Other financial assets	<u>6.6</u>	41	572
Cash and bank deposits	<u>6.10</u>	199,314	199,663
		462,308	468,284
TOTAL ASSETS		1,270,888	1,252,099

* The restatement has been described 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 2020	31 Dec. 2019
EQUITY AND LIABILITIES	Note		(*restated)
		PLN'000	PLN'000
Equity (attributable to shareholders of the Parent Company)			
Share capital		518,942	518,942
Share premium		38,825	38,825
Transactions with non-controlling interests		(11,897)	(8,335)
Other capitals		(586)	(1,319)
Differences on foreign currency translation of subsidiaries		(95,851)	(119,586)
Retained earnings		382,184	370,134
		831,617	798,661
Non-controlling interests		1,909	2,051
Total equity		833,526	800,712
Non-current liabilities			
Bank loans and borrowings	6.12	39,342	43,255
Lease liabilities	6.11	45,965	47,489
Other financial liabilities	6.13	32,161	28,557
Deferred tax liabilities		3,048	3,167
Provisions	6.16	1,936	2,013
Contract liabilities	6.15	1,224	804
Other liabilities	6.14	722	494
		124,398	125,779
Current liabilities			
Bank loans and borrowings	6.12	39,441	49,742
Lease liabilities	6.11	21,243	18,923
Other financial liabilities	6.13	51,065	13,879
Trade payables	6.14	68,926	109,977
Contract liabilities	6.15	61,177	58,707
Corporate income tax payable	6.14	7,599	5,738
Liabilities to the state and local budgets	6.14	22,767	24,231
Other liabilities	6.14	10,934	19,247
Provisions	6.16	3,840	2,847
Accruals	6.17	25,972	22,317
		312,964	325,608
TOTAL LIABILITIES		437,362	451,387
TOTAL EQUITY AND LIABILITIES		1,270,888	1,252,099

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

Interim Condensed Consolidated Statement of Changes in Equity

Asseco South Eastern Europe Group

	Note	Share capital	Share premium	Transactions with non-controlling interests	Other capitals	Differences on foreign currency translation of subsidiaries	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2020		518,942	38,825	(8,335)	(1,319)	(119,586)	370,134	798,661	2,051	800,712
Net profit for the reporting period		-	-	-	-	-	50,452	50,452	714	51,166
Other comprehensive income for the reporting period		-	-	-	(7)	23,735	-	23,728	107	23,835
Total comprehensive income for the reporting period		-	-	-	(7)	23,735	50,452	74,180	821	75,001
Share-based payment transactions with employees		-	-	-	740	-	-	740	-	740
Obtaining control over subsidiaries	6.4	-	-	-	-	-	-	-	114	114
Increase of share capital in subsidiaries		-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	(3,562)	-	-	-	(3,562)	(618)	(4,180)
Dividend for the year 2019	5.7	-	-	-	-	-	(38,402)	(38,402)	(459)	(38,861)
As at 30 June 2020		518,942	38,825	(11,897)	(586)	(95,851)	382,184	831,617	1,909	833,526

Interim Condensed Consolidated Statement of Changes in Equity

Asseco South Eastern Europe Group

	Note	Share capital	Share premium	Transactions with non-controlling interests	Other capitals	Differences on foreign currency translation of subsidiaries	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2019		518,942	38,825	(1,887)	3,153	(103,809)	308,201	763,425	1,664	765,089
Impact of the adoption of IFRS 16		-	-	-	-	-	(729)	(729)	-	(729)
As at 1 January 2019 (including impact of the adoption of IFRS 16)		518,942	38,825	(1,887)	3,153	(103,809)	307,472	762,696	1,664	764,360
Net profit for the reporting period		-	-	-	-	-	89,647	89,647	1,303	90,950
Other comprehensive income for the reporting period		-	-	-	9	(15,777)	-	(15,768)	(126)	(15,894)
Total comprehensive income for the reporting period		-	-	-	9	(15,777)	89,647	73,879	1,177	75,056
Share-based payment transactions with employees		-	-	-	2,094	-	-	2,094	-	2,094
Obtaining control over subsidiaries		-	-	-	(6,575)	-	-	(6,575)	8,914	2,339
Increase of share capital in subsidiaries		-	-	-	-	-	-	-	1,119	1,119
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	(6,448)	-	-	-	(6,448)	(10,371)	(16,819)
Dividend for the year 2018	5.7	-	-	-	-	-	(26,985)	(26,985)	(452)	(27,437)
As at 31 December 2019		518,942	38,825	(8,335)	(1,319)	(119,586)	370,134	798,661	2,051	800,712

Interim Condensed Consolidated Statement of Changes in Equity

Asseco South Eastern Europe Group

	Note	Share capital	Share premium	Transactions with non-controlling interests	Other capitals	Differences on foreign currency translation of subsidiaries	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2019		518,942	38,825	(1,887)	3,153	(103,809)	308,201	763,425	1,664	765,089
Impact of the adoption of IFRS 16		-	-	-	-	-	(729)	(729)	-	(729)
As at 1 January 2019 (including impact of the adoption of IFRS 16)		518,942	38,825	(1,887)	3,153	(103,809)	307,472	762,696	1,664	764,360
Net profit for the reporting period		-	-	-	-	-	36,230	36,230	955	37,185
Other comprehensive income for the reporting period		-	-	-	4	(11,960)	-	(11,956)	(101)	(12,057)
Total comprehensive income for the reporting period		-	-	-	4	(11,960)	36,230	24,274	854	25,128
Share-based payment transactions with employees		-	-	-	1,496	-	-	1,496	-	1,496
Obtaining control over subsidiaries		-	-	-	(6,575)	-	-	(6,575)	8,467	1,892
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	(3,221)	-	-	-	(3,221)	(8,860)	(12,081)
Dividend for the year 2018	5.7	-	-	-	-	-	(26,985)	(26,985)	(383)	(27,368)
As at 30 June 2019 (restated)		518,942	38,825	(5,108)	(1,922)	(115,769)	316,717	751,685	1,742	753,427

Consolidated Statement of Cash Flows

Asseco South Eastern Europe Group

	Note	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 (*restated) PLN'000
Cash flows – operating activities			
Pre-tax profit		62,026	46,743
Total adjustments:		3,441	(16,043)
Depreciation and amortization	5.2	38,675	30,048
Change in inventories		11,026	(2,933)
Change in receivables and other non-financial assets		3,369	(14,309)
Change in liabilities, accruals and provisions		(54,672)	(31,178)
Interest income/expenses		2,036	1,275
Gain/loss on foreign currency translation differences		922	(1,086)
Gain/loss on financial assets (valuation, disposal, etc.)		(394)	-
Other financial income/expenses		751	-
Gain/loss on sale, disposal and impairment of property, plant and equipment, and intangible assets		991	583
Costs of share-based payment transactions with employees		740	1,497
Other adjustments to pre-tax profit		(3)	60
Cash provided by (used in) operating activities		65,467	30,700
Corporate income tax paid		(9,963)	(11,337)
Net cash provided by (used in) operating activities		55,504	19,363
Cash flows – investing activities			
Inflows			
Disposal of property, plant and equipment, and intangible assets		191	740
Disposal/settlement of financial assets carried at fair value through profit or loss		468	143
Disposal of investments in other debt securities carried at amortized cost (cash deposits)		539	3,491
Loans collected		17	8
Interest received		-	-
Dividends received		-	-
Outflows			
Acquisition of property, plant and equipment, and intangible assets (including R&D expenditures)	7.1	(18,232)	(33,960)
Expenditures for the acquisition of subsidiaries and associates, less cash and cash equivalents in subsidiaries acquired	7.1	(8,845)	(10,915)
Acquisition/settlement of financial assets carried at fair value through profit or loss		-	-
Acquisition of investments in other debt securities carried at amortized cost (cash deposits)		-	(4,538)
Loans granted		(1)	(167)
Other cash flows from investing activities		-	-
Net cash provided by (used in) investing activities		(25,863)	(45,198)
Cash flows – financing activities			
Inflows			
Proceeds from non-controlling shareholders due to issuance of shares in subsidiaries		-	-
Proceeds from bank loans and borrowings	7.3	8,925	27,411
Outflows			
Repayments of bank loans and borrowings	7.3	(24,325)	(16,984)
Payments of lease liabilities	7.3	(10,923)	(7,352)
Interest paid	7.3	(1,939)	(1,246)
Dividends paid out by the Parent Company		-	-
Dividends paid out to non-controlling shareholders	7.3	(630)	(383)
Net cash provided by (used in) financing activities		(28,892)	1,446
Net increase (decrease) in cash and cash equivalents		749	(24,389)
Net foreign currency translation differences		3,964	(1,643)
Net cash and cash equivalents as at 1 January		190,661	164,839
Net cash and cash equivalents as at 30 June	6.10	195,374	138,807

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

Explanatory notes to the Interim Condensed Consolidated Financial Statements

I. General information

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

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

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

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

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

Asseco South Eastern Europe Group is engaged in the sale of its own and third-party software as well as in the provision of implementation, integration and outsourcing services. The Group is a provider of IT solutions, authentication solutions, online payment settlement systems, while it is also engaged in the sale, outsourcing and maintenance of ATMs and POS terminals, and provides integration and implementation services for IT systems and hardware. The Group conducts business operations in the countries of Central Europe, South Eastern Europe, Iberian Peninsula, as well as in Turkey, Colombia, Peru, and Dominican Republic.

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

II. Basis for the preparation of financial statements

2.1. Basis for preparation

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

These interim condensed consolidated financial statements do not include all information and disclosures required for annual consolidated financial statements, and therefore they should be read together with the Group's consolidated financial statements for the year ended 31 December 2019 which were published on 24 February 2020.

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

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

As at the date of publication of these interim condensed consolidated financial statements, based on the current analysis of risks and in particular those arising from the coronavirus pandemic prevailing in Poland and worldwide, the Management Board concluded that the Company's and ASEE Group's ability to continue as a going concern over a period not shorter than 12 months from 30 June 2020 is not threatened.

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

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

Description of the impact exerted by the COVID-19 coronavirus pandemic on ASEE Group's business is provided in the Management Report on Operations of ASEE Group for the period of 6 months ended 30 June 2020, in the item 'Impact of the COVID-19 coronavirus pandemic on the business operations of ASEE and Payten'.

2.2. Compliance statement

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

The scope of these interim condensed consolidated financial statements is in accordance with the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent the information required by laws of non-EU member states (consolidated text: Journal of Laws of 2018, item 757) ("Regulation"), and covers the interim reporting period from 1 January to 30 June 2020 and the comparable period from 1 January to 30 June 2019 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 2020 and the comparable data as at 31 December 2019 in case of the statement of financial position.

The cumulative data presented for the period of 6 months ended 30 June 2020 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 2020 and for the corresponding period of 2019 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 2020 which were published on 29 April 2020.

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

2.3. Functional currency and presentation currency

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

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

2.4. Professional judgement and estimates

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

In the period of 6 months ended 30 June 2020, 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 2019.

2.5. Accounting policies applied

The significant accounting policies adopted by the Parent Company have been described in its consolidated financial statements for the year ended 31 December 2019 which were published on 24 February 2020.

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements have remained unchanged in relation to those followed when preparing the Group's annual consolidated financial statements for the year ended 31 December 2019.

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

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

- IFRS 17 'Insurance Contracts' (issued on 18 May 2017) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current' (issued on 23 January 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023;

- Amendments to IFRS 3 'Business Combinations', IAS 16 'Property, Plant and Equipment', IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', Annual Improvements to IFRS Standards 2018-2020 (issued on 14 May 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2022;
- Amendments to IFRS 16 'Leases – Covid-19-Related Rent Concessions' (issued on 18 May 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 June 2020; Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020;
- Amendments to IFRS 4 'Insurance Contracts' (issued on 25 June 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2021;
- IFRS 14 'Regulatory Deferral Accounts' (issued on 30 January 2014) – the European Commission has decided not to initiate the process of endorsement of this standard until the release of its final version – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture' (issued on 11 September 2014) – work for the endorsement of these amendments has been postponed by the EU – the effective date of these amendments has been deferred indefinitely by the IASB.

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

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

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

2.7. Changes in the presentation methods applied

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

2.8. Corrections of material errors

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

2.9. Changes in the comparable data

The Group has changed the comparable data disclosed as at 31 December 2019 as well as for the period of 6 months ended 30 June 2019 due to changes in the values of assets acquired in subsidiaries that were recognized in the purchase price allocation process.

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

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

STATEMENT OF PROFIT AND LOSS	6 months ended 30 June 2019 PLN'000	Purchase price allocation of subsidiaries PLN'000	6 months ended 30 June 2019 (restated) PLN'000
Operating revenues	376,974	-	376,974
Cost of sales	(283,409)	828	(282,581)
Allowances for trade receivables	(462)	-	(462)
Gross profit on sales	93,103	828	93,931
Selling costs	(24,030)	-	(24,030)
General and administrative expenses	(25,701)	-	(25,701)
Net profit on sales	43,372	828	44,200

Other operating income	1,282	-	1,282
Other operating expenses	(811)	-	(811)
Share of profits of associates and joint ventures	(61)	-	(61)
Operating profit	43,782	828	44,610
Financial income	5,050	-	5,050
Financial expenses	(2,917)	-	(2,917)
Pre-tax profit	45,915	828	46,743
Corporate income tax (current and deferred tax expense)	(9,351)	(207)	(9,558)
Net profit for the reporting period	36,564	621	37,185
<i>Attributable to:</i>			
Shareholders of the Parent Company	35,810	420	36,230
Non-controlling interests	754	201	955
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)			
	0.69	0.01	0.70

OTHER COMPREHENSIVE INCOME			
Net profit for the reporting period	36,564	621	37,185
Components that may be reclassified to profit or loss	(12,214)	-	(12,214)
Net gain/loss on valuation of financial assets	4	-	4
Differences on foreign currency translation of subsidiaries	(12,218)	-	(12,218)
Components that will not be reclassified to profit or loss	-	-	-
Actuarial gains/losses	-	-	-
Total other comprehensive income	(12,214)	-	(12,214)
TOTAL COMPREHENSIVE INCOME attributable to:	24,350	621	24,971
Shareholders of the Parent Company	23,710	420	24,130
Non-controlling interests	640	201	841

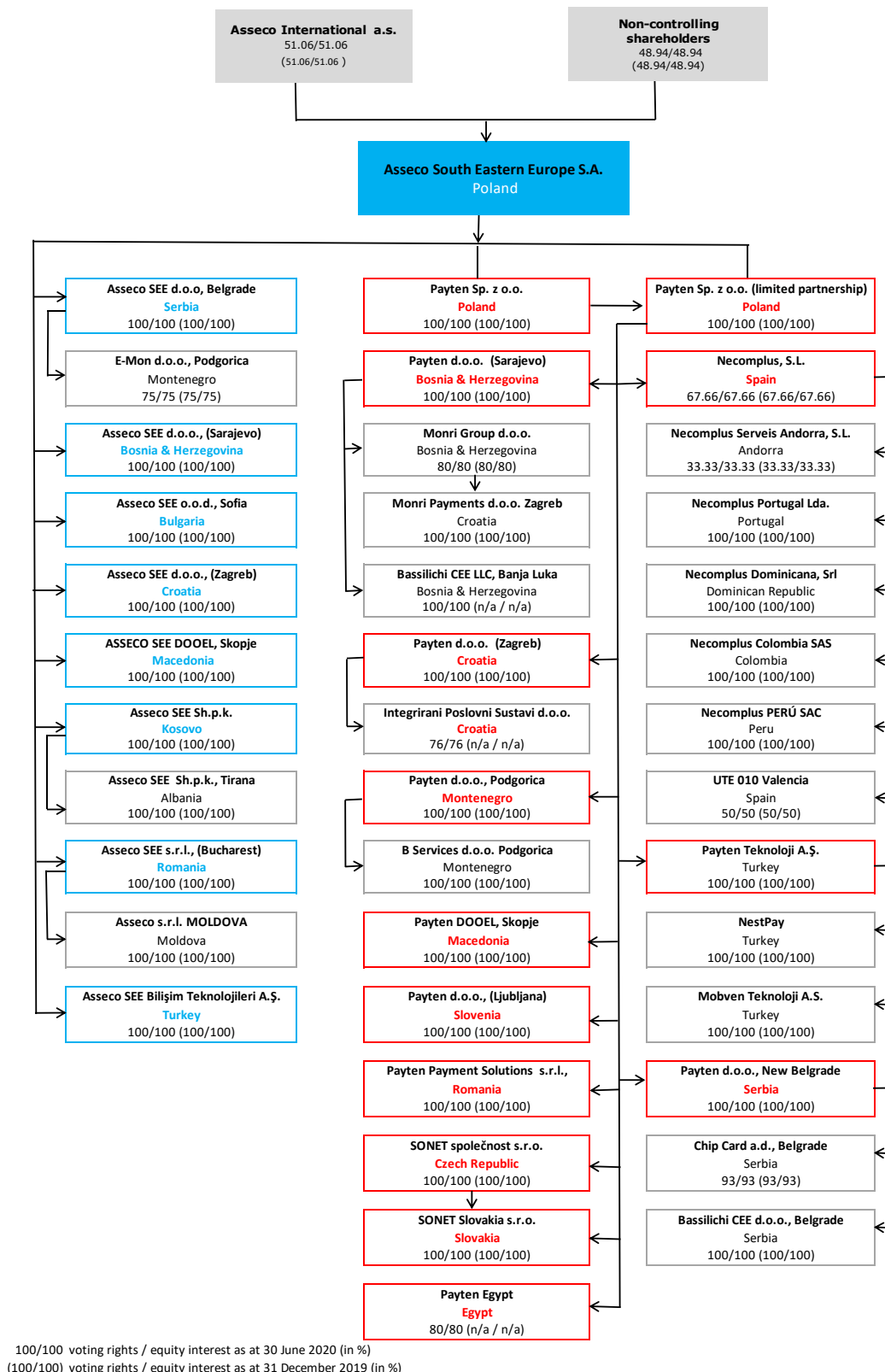
	31 Dec. 2019	Purchase price allocation of subsidiaries	31 Dec. 2019
ASSETS	PLN'000	PLN'000	(restated) PLN'000
Non-current assets			
Property, plant and equipment	147,061	-	147,061
Intangible assets	14,120	9,858	23,978
Right-of-use assets	65,055	-	65,055
Investment property	596	-	596
Goodwill	539,665	(7,526)	532,139
Other receivables	724	-	724
Deferred tax assets	8,978	-	8,978
Other financial assets	4,670	-	4,670
Prepayments and accrued income	614	-	614
	781,483	2,332	783,815
Current assets			
Inventories	37,215	-	37,215
Prepayments and accrued income	21,746	-	21,746
Trade receivables	164,530	-	164,530
Contract assets	28,050	-	28,050
Corporate income tax receivable	1,364	-	1,364
Receivables from the state and local budgets	2,008	-	2,008
Other receivables	2,889	-	2,889
Other non-financial assets	10,247	-	10,247
Other financial assets	572	-	572
Cash and bank deposits	199,663	-	199,663
	468,284	-	468,284
TOTAL ASSETS	1,249,767	2,332	1,252,099

EQUITY AND LIABILITIES	31 Dec. 2019	Purchase price allocation of subsidiaries	31 Dec. 2019
	PLN'000	PLN'000	(restated) PLN'000
Equity <i>(attributable to shareholders of the Parent Company)</i>			
Share capital	518,942	-	518,942
Share premium	38,825	-	38,825
Transactions with non-controlling interests	(9,186)	851	(8,335)
Other capitals	(1,319)	-	(1,319)
Differences on foreign currency translation of subsidiaries	(119,586)	-	(119,586)
Retained earnings	370,476	(342)	370,134
	798,152	509	798,661
Non-controlling interests	2,051	-	2,051
Total equity	800,203	509	800,712
Non-current liabilities			
Bank loans and borrowings	43,255	-	43,255
Lease liabilities	47,489	-	47,489
Other financial liabilities	28,557	-	28,557
Deferred tax liabilities	1,344	1,823	3,167
Provisions	2,013	-	2,013
Contract liabilities	804	-	804
Other liabilities	494	-	494
	123,956	1,823	125,779
Current liabilities			
Bank loans and borrowings	49,742	-	49,742
Lease liabilities	18,923	-	18,923
Other financial liabilities	13,879	-	13,879
Trade payables	109,977	-	109,977
Contract liabilities	58,707	-	58,707
Corporate income tax payable	5,738	-	5,738
Liabilities to the state and local budgets	24,231	-	24,231
Other liabilities	19,247	-	19,247
Provisions	2,847	-	2,847
Accruals	22,317	-	22,317
	325,608	-	325,608
TOTAL LIABILITIES	449,564	1,823	451,387
TOTAL EQUITY AND LIABILITIES	1,249,767	2,332	1,252,099

6 months ended 30 June 2019	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	PLN'000	PLN'000	PLN'000
Sales revenues:	93,090	169,055	132,508	-	-	-	93,090	169,055	132,508
Sales to external customers	84,293	160,920	131,761	-	-	-	84,293	160,920	131,761
Sales between and/or within segments	8,797	8,135	747	-	-	-	8,797	8,135	747
Gross profit on sales	26,013	45,214	21,876	-	606	222	26,013	45,820	22,098
Selling costs	(6,093)	(9,317)	(8,620)	-	-	-	(6,093)	(9,317)	(8,620)
General and administrative expenses	(8,063)	(11,188)	(6,450)	-	-	-	(8,063)	(11,188)	(6,450)
Net profit on sales	11,857	24,709	6,806	-	606	222	11,857	25,315	7,028
Other operating activities	(76)	318	229	-	-	-	(76)	318	229
Share of profits of associates	-	(61)	-	-	-	-	-	(61)	-
Operating profit	11,781	24,966	7,035	-	606	222	11,781	25,572	7,257
Goodwill as at 31 December 2019	194,903	173,419	171,343	-	(7,526)	-	194,903	165,893	171,343

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 2020, the Group's composition changed as follows:

- ***Acquisition of shares in Bassilichi CEE LLC based in Banja Luka***

On 20 January 2020, Payten d.o.o. (Sarajevo) acquired 100% of shares in the company Bassilichi CEE LLC based in Banja Luka.

- ***Establishing of a new company Payten Egypt***

The establishment of Payten Egypt, based in Giza, was registered on 26 January 2020. 80% of shares in this company were acquired by Payten Sp. z o.o. sp.k.

- ***Transfer of shares in Payten Teknoloji A.Ş.***

On 20 March 2020, ASEE S.A. made a non-cash contribution to Payten Sp. z o.o. sp.k. of shares in the company Payten Teknoloji A.Ş. This transaction consisted in making a contribution of our investment in one subsidiary to another subsidiary company of ASEE S.A. and therefore it had no impact on the financial position and financial results of the Group.

- ***Acquisition of shares in Integrirani Poslovni Sustavi d.o.o., based in Oroslavje***

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

- ***Transfer of shares in Payten d.o.o., New Belgrade***

On 26 June 2020, ASEE S.A. made a non-cash contribution to Payten Sp. z o.o. sp.k. of shares in the company Payten d.o.o., New Belgrade. This transaction consisted in making a contribution of our investment in one subsidiary to another subsidiary company of ASEE S.A. and therefore it had no impact on the financial position and financial results of the Group.

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:

- a) Banking Solutions,
- b) Payment Solutions,
- c) Dedicated Solutions (formerly Systems Integration).

Banking Solutions

The Banking Solutions segment portfolio includes the Digital Edge omnichannel solution designed to distribute banking products and services over new, alternative distribution channels and to improve business relations and communication with the customer, as well as integrated core banking systems based on the Oracle and Microsoft platforms. This segment also offers authentication security solutions, reporting systems for regulatory compliance and managerial information, as well as risk management and anti-fraud systems. The Group also offers its clients online 24x7 services and consultancy in the area of digital banking and digital transformation.

Payment Solutions

This segment provides complete payment industry solutions, for financial and non-financial institutions, supporting card and card-less transactions. The product portfolio of ASEE includes solutions for e-Commerce (NestPay®, MSU, Paratika), mobile payments (mPOS, HCE), payment card processing, as well as services related to ATMs and POS terminals. The Group delivers software, services including outsourcing and equipment, providing the highest level of expertise, maintenance and support through the entire portfolio. This segment also operates an independent network of ATMs under the brand name of MoneyGet.

Dedicated Solutions

The Group serves the financial, industry and public administration sectors with the following business lines: development of IT infrastructure, implementations and support, ensuring continuity of business processes, automation of operations, and customized software development. This segment also includes a group of proprietary solutions of ASEE. Among such solutions are LIVE contact center, BPS content management solution, as well as Fidelity asset lifecycle management solution. Furthermore, the product portfolio of the Dedicated Solutions segment includes LeaseFlex, a fully-fledged lease and asset lifecycle management solution.

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

Revenues from none of our clients exceeded 10% of total sales generated by the Group in the period of 6 months ended 30 June 2020.

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

6 months ended 30 June 2020	Banking Solutions PLN'000	Payment Solutions PLN'000	Dedicated Solutions PLN'000	Eliminations PLN'000	Total PLN'000
Sales revenues:	98,689	232,045	151,614	(18,003)	464,345
Sales to external customers	90,504	223,920	149,921	-	464,345
Sales between and/or within segments	8,185	8,125	1,693	(18,003)	-
Gross profit on sales	33,064	61,552	25,027	-	119,643
Selling costs	(6,719)	(11,207)	(8,842)	-	(26,768)
General and administrative expenses	(8,097)	(15,163)	(6,158)	-	(29,418)
Net profit on sales	18,248	35,182	10,027	-	63,457
Other operating activities	(47)	546	76	-	575
Share of profits of associates	-	-	-	-	-
Operating profit	18,201	35,728	10,103	-	64,032
Goodwill as at 30 June 2020	202,181	178,456	176,341	-	556,978

6 months ended 30 June 2020	Banking Solutions EUR'000	Payment Solutions EUR'000	Dedicated Solutions EUR'000	Eliminations EUR'000	Total EUR'000
Sales revenues:	22,221	52,247	34,138	(4,053)	104,553
Sales to external customers	20,378	50,418	33,757	-	104,553
Sales between and/or within segments	1,843	1,829	381	(4,053)	-
Gross profit on sales	7,445	13,859	5,635	-	26,939
Selling costs	(1,513)	(2,523)	(1,991)	-	(6,027)
General and administrative expenses	(1,823)	(3,414)	(1,387)	-	(6,624)
Net profit on sales	4,109	7,922	2,257	-	14,288
Other operating activities	(11)	123	18	-	130
Share of profits of associates	-	-	-	-	-
Operating profit	4,098	8,045	2,275	-	14,418
Goodwill as at 30 June 2020	45,271	39,959	39,485	-	124,715

The financial results presented above have been converted at the average exchange rate in the period of 6 months ended 30 June 2020: EUR 1 = PLN 4.4413, whereas the financial position data have been converted at the exchange rate effective as at 30 June 2020: EUR 1 = PLN 4.4660.

Selected financial data for the period of 6 months ended 30 June 2019, in a breakdown to operating segments:

6 months ended 30 June 2019 (restated)	Banking Solutions PLN'000	Payment Solutions PLN'000	Dedicated Solutions PLN'000	Eliminations PLN'000	Total PLN'000
Sales revenues:	93,090	169,055	132,508	(17,679)	376,974
Sales to external customers	84,293	160,920	131,761	-	376,974
Sales between and/or within segments	8,797	8,135	747	(17,679)	-
Gross profit on sales	26,013	45,820	22,098	-	93,931
Selling costs	(6,093)	(9,317)	(8,620)	-	(24,030)
General and administrative expenses	(8,063)	(11,188)	(6,450)	-	(25,701)
Net profit on sales	11,857	25,315	7,028	-	44,200
Other operating activities	(76)	318	229	-	471
Share of profits of associates	-	(61)	-	-	(61)
Operating profit	11,781	25,572	7,257	-	44,610
Goodwill as at 31 December 2019	194,903	165,893	171,343	-	532,139

6 months ended 30 June 2019	Banking Solutions EUR'000	Payment Solutions EUR'000	Dedicated Solutions EUR'000	Eliminations EUR'000	Total EUR'000
Sales revenues:	21,709	39,425	30,902	(4,123)	87,913
Sales to external customers	19,657	37,528	30,728	-	87,913
Sales between and/or within segments	2,052	1,897	174	(4,123)	-
Gross profit on sales	6,066	10,686	5,153	-	21,905
Selling costs	(1,421)	(2,173)	(2,010)	-	(5,604)
General and administrative expenses	(1,880)	(2,609)	(1,505)	-	(5,994)
Net profit on sales	2,765	5,904	1,638	-	10,307
Other operating activities	(18)	74	54	-	110
Share of profits of associates	-	(14)	-	-	(14)
Operating profit	2,747	5,964	1,692	-	10,403
Goodwill as at 31 December 2019	45,768	38,956	40,236	-	124,960

The financial results presented above have been converted at the average exchange rate in the period of 6 months ended 30 June 2019: EUR 1 = PLN 4.2880, whereas the financial position data have been converted at the exchange rate effective as at 31 December 2019: EUR 1 = PLN 4.2585.

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 2020 and in the comparable periods were as follows:

	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 PLN'000	6 months ended 30 June 2019 PLN'000
Operating revenues by type of products				
Proprietary software and services	160,215	314,653	140,032	260,493
Third-party software and services	30,047	54,203	26,476	53,947
Hardware and infrastructure	43,098	95,489	31,650	62,534
Total	233,360	464,345	198,158	376,974

i. Segment revenues in a breakdown by type of products

Revenues of individual segments from sales to external customers by type of products during the period of 6 months ended 30 June 2020 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 2020				
Proprietary software and services	87,599	158,360	68,694	314,653
Third-party software and services	1,703	6,260	46,240	54,203
Hardware and infrastructure	1,202	59,300	34,987	95,489
Total operating revenues	90,504	223,920	149,921	464,345

	Banking Solutions PLN'000	Payment Solutions PLN'000	Dedicated Solutions PLN'000	Total PLN'000
6 months ended 30 June 2019				
Proprietary software and services	80,740	118,203	61,550	260,493
Third-party software and services	1,824	2,803	49,320	53,947
Hardware and infrastructure	1,729	39,914	20,891	62,534
Total operating revenues	84,293	160,920	131,761	376,974

ii. Breakdown of operating revenues by countries in which they were generated

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Operating revenues by countries		
Austria	10,604	8,698
Bosnia and Herzegovina	15,971	13,906
Bulgaria	8,427	4,613
Croatia	53,860	46,790
Montenegro	8,555	6,772
Czech Republic	8,726	204
Spain	50,842	40,559
Colombia	2,583	1,480
Kosovo	6,778	6,876
Macedonia	32,975	21,306

Peru	5,990	4,978
Poland	5,812	4,970
Portugal	6,026	5,837
Romania	57,303	56,368
Serbia	125,423	105,726
Slovakia	3,567	65
Slovenia	8,080	6,755
Turkey	37,326	27,753
Italy	7,120	3,307
Other countries	8,377	10,011
Total operating revenues	464,345	376,974

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

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Revenues from contracts with customers recognized in accordance with IFRS 15, of which:	416,475	338,368
From goods and services transferred at a specific point in time	147,565	128,290
From goods and services transferred over the passage of time	268,910	210,078
Other operating revenues (mainly from leases)	47,870	38,606
Total operating revenues	464,345	376,974

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.

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 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Future minimum lease payments		
(i) within 1 year	86,377	48,042
(ii) within 1 to 5 years	83,657	74,979
(iii) within more than 5 years	4,809	8,203
Total	174,843	131,224

5.2. Structure of operating costs

The table below presents operating costs incurred in the periods of 3 and 6 months ended 30 June 2020 and in the comparable periods:

Operating costs	3 months ended 30 June 2020	6 months ended 30 June 2020	3 months ended 30 June 2019	6 months ended 30 June 2019
-----------------	--------------------------------	--------------------------------	--------------------------------	--------------------------------

	PLN'000	PLN'000	restated PLN'000	restated PLN'000
Cost of goods, materials and third-party services sold (COGS)	(79,656)	(168,324)	(70,818)	(136,779)
Employee benefits	(78,168)	(152,774)	(67,583)	(127,009)
Third-party non-project services and outsourcing of employees	(7,904)	(14,822)	(6,661)	(12,992)
Depreciation and amortization	(19,554)	(38,675)	(15,598)	(30,048)
Maintenance costs of property and company cars	(7,067)	(15,272)	(6,289)	(13,141)
Business trips	(206)	(1,226)	(1,472)	(2,550)
Advertising	(611)	(1,480)	(1,113)	(2,012)
Other operating expenses	(4,859)	(8,315)	(5,679)	(8,243)
Total	(198,025)	(400,888)	(175,213)	(332,774)
Cost of sales	(169,334)	(345,045)	(148,387)	(282,581)
Selling costs	(13,678)	(26,768)	(12,425)	(24,030)
General and administrative expenses	(14,540)	(29,418)	(14,162)	(25,701)
Recognition (reversal) of allowances for trade receivables	(473)	343	(239)	(462)
Total	(198,025)	(400,888)	(175,213)	(332,774)

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

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

i. Share-based payment transactions with employees

On 23 June 2017, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of 2,221,356 shares in ASEE S.A., representing 4.28% 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 1,572,424 shares in total.

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

The purchase rights were vested on 23 June 2017. The acquisition price was set at PLN 10.89 per share. As at the acquisition date, the market price per share equalled PLN 12.60. According to the concluded agreements, the managers shall exercise all the rights attached to shares acquired (dividend rights, voting rights, etc.) since the shares acquisition date, this is as of 23 June 2017. The consideration for the shares shall be paid in eight annual instalments till 31 July 2024. The right to pay the acquisition price in instalments is granted to persons participating in this plan provided they continue to serve in a managerial position at the Group and do not violate any material conditions of the agreement (among others, make timely payments according to the schedule, establish a pledge on shares acquired, refrain from selling these shares during the lock-up period, etc.). The managers are not allowed to sell these shares over a lock-up period of 2 years in relation to 50% of shares and 3 years for the remaining 50% of shares. The managers shall be entitled to make an earlier payment for shares acquired at the agreed price of PLN 10.89 per share, except for shares being subject to the lock-up obligation. Therefore, over a period of 2 years from the date of concluding the agreement, payments for shares acquired must be made in accordance with the agreed schedule. Hence, after 2 years have passed and still before the lapse of 3 years, the managers can make an early payment for 50% of shares at maximum. Upon expiry of the 3-year period, early payment can be made for all shares acquired. An unpaid portion of the selling price shall be secured by establishing a pledge on shares purchased by each buyer.

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

The fair value of this share-based incentive plan has been estimated as the sum of the discount between the shares market price on the transaction date and their actual acquisition price, and the valuation of put options measured using the Black-Scholes Merton model. The total fair value of the plan as at the rights vesting date amounts to PLN 5,642 thousand. The incentive plan costs will be accounted for, along with the corresponding increase in equity, as costs of employee benefits and recognized in the financial results of ASEE Group for the years 2017-2020.

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

Market price of 1 share of ASEE S.A. on the acquisition date	PLN 12.60
Acquisition price of 1 share	PLN 10.89
Expected share price volatility	25.61%
Risk-free interest rate	2.25%
Dividend yield	3.81%
Employee turnover ratio	9.0%

The expected share price volatility of 25.61% has been computed based on historical quotes of our shares in the period of two years preceding the date of the shares sale transaction, taking into account their average closing prices.

The risk-free interest rate has been assumed in correspondence to the interest offered on three-year Treasury bills, equalling 2.25%.

The dividend yield has been determined on the basis of dividend amounting to PLN 0.48 per share that was paid out to the shareholders of ASEE S.A. from the company's net profit for the year 2016.

The employee turnover ratio has been estimated based on historical data for the years 2015-2017 and updated with current changes in the employment of persons participating in the incentive plan.

The options exercise period has been set at 2 years in relation to 50% of shares and 3 years for the remaining 50% of shares. The options exercise period has been correlated with the lock-up period applicable to the sale of shares, lasting 2 or 3 years.

The costs of share-based payment plan disclosed in the interim condensed consolidated financial statements for the period of 6 months ended 30 June 2020 amounted to PLN 740 thousand (vs. PLN 1,496 thousand in the first half of 2019), of which costs related to shares acquired by Members of the Management Board amounted to PLN 442 thousand (vs. PLN 1,059 thousand in the first half of 2019). In correspondence, this transaction was recognized as a separate item of the Group's equity, in the same amount as disclosed in remuneration costs.

ii. Reconciliation of depreciation and amortization charges

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

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Depreciation charges as disclosed in the table of changes in property, plant and equipment	(23,646)	(20,298)
Amortization charges as disclosed in the table of changes in intangible assets	(3,813)	(2,441)
Depreciation charges as disclosed in the table of changes in right-of-use assets	(11,199)	(7,311)
Depreciation charges on investment property	(17)	(16)
Reduction of amortization charges due to recognition of grants to internally generated licenses	-	18
Total depreciation and amortization charges disclosed in the statement of profit and loss and in the statement of cash flows	(38,675)	(30,048)

5.3. Other operating income and expenses

Other operating income and expenses recognized in the periods of 3 and 6 months ended 30 June 2020 and in the comparable periods were as follows:

Other operating income	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 PLN'000	6 months ended 30 June 2019 PLN'000
Gain on disposal of property, plant and equipment	73	113	238	488
Proceeds from letting of own office space	14	29	17	34
Reversal of a provision for the costs of court litigation relating to other operations	-	1	-	74
Other	548	942	441	686
Total	635	1,085	696	1,282

Other operating expenses	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 PLN'000	6 months ended 30 June 2019 PLN'000
Loss on disposal of property, plant and equipment	(9)	(9)	(17)	(31)
Charitable contributions to unrelated parties	(126)	(159)	(45)	(139)
Provisions created, including for the costs of court litigation relating to other operations	-	-	(47)	(175)
Other	(181)	(342)	(466)	(466)
Total	(316)	(510)	(575)	(811)

5.4. Financial income and expenses

Financial income earned during the periods of 3 and 6 months ended 30 June 2020 and in the comparable periods was as follows:

Financial income	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 PLN'000	6 months ended 30 June 2019 PLN'000
Interest income on loans granted and bank deposits	317	738	624	1,177
Positive foreign currency translation differences	2	3,222	303	1,685
Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss	76	1	159	156
Gain on remeasurement of an associate to fair value	-	-	2,003	2,003
Other financial income	6	7	14	29
Total financial income	401	3,968	3,103	5,050

Financial expenses incurred during the periods of 3 and 6 months ended 30 June 2020 and in the comparable periods were as follows:

Financial expenses	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 PLN'000	6 months ended 30 June 2019 PLN'000
Interest expenses on bank loans and borrowings	(395)	(816)	(211)	(489)
Interest expenses on leases	(593)	(1,196)	(518)	(829)
Other interest expenses	(35)	(85)	(25)	(25)
Negative foreign currency translation differences	(185)	(2,683)	(371)	(1,032)
Expenses related to obtaining control over subsidiaries	(1)	(7)	(9)	(343)
Loss on revaluation of conditional payments in transactions to obtain control	(938)	(751)	-	-
Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss	-	(394)	-	(109)
Other financial expenses	(4)	(42)	-	-
Total financial expenses	(2,151)	(5,974)	(1,134)	(2,827)

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

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

5.5. Corporate income tax

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

	3 months ended 30 June 2020	6 months ended 30 June 2020	3 months ended 30 June 2019 <i>restated</i>	6 months ended 30 June 2019 <i>restated</i>
	PLN'000	PLN'000	PLN'000	PLN'000
Current corporate income tax expense as disclosed in the statement of profit and loss, of which:				
<i>Current portion of income tax</i>	(7,078)	(11,602)	(6,627)	(9,576)
<i>Adjustments to prior years' income tax</i>	(8,351)	(13,562)	(6,074)	(9,381)
Deferred income tax	1,273	1,960	(553)	(195)
Income tax expense as disclosed in the statement of profit and loss	704	742	299	18
	(6,374)	(10,860)	(6,328)	(9,558)

During the period of 6 months ended 30 June 2020, our effective tax rate equalled 17.5%, as compared with 20.4% in the comparable period last year.

5.6. Earnings per share

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

	3 months ended 30 June 2020	6 months ended 30 June 2020	3 months ended 30 June 2019	6 months ended 30 June 2019
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)	26,905	50,452	18,037	36,230
Consolidated earnings per share for the reporting period (in PLN)	0.52	0.97	0.35	0.70

5.7. Information on dividends paid out

The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to § 12 sec. 4 item 2) of the Company's Articles of Association, on 16 June 2020 decided to pay out a dividend in the total amount of PLN 38,402 thousand or PLN 0.74 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 25 June 2020 as the dividend record date. The dividend was paid out on 8 July 2020. The number of shares eligible for dividend was 51,894,251.

In 2019, the Parent Company paid out to its shareholders a dividend for the year 2018. 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 11 April 2019 decided to pay out a dividend in the total amount of PLN 26,985 thousand or PLN 0.52 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 28 June 2019 as the dividend record date. The dividend was paid out on 11 July 2019. 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

The net book value of property, plant and equipment, during the period of 6 months ended 30 June 2020 and in the comparable period, changed as a result of the following transactions:

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Net book value of property, plant and equipment as at 1 January	147,061	126,873
Additions, of which:	19,857	37,238
Purchases and modernization	16,451	30,944
Obtaining control over subsidiaries	1,384	6,135
Other	2,022	159
Reductions, of which:	(25,197)	(20,736)
Depreciation charges for the reporting period	(23,646)	(20,298)
Disposal and liquidation	(1,077)	(429)
Other	(474)	(9)
Differences on foreign currency translation of subsidiaries	5,060	(1,410)
Net book value of property, plant and equipment as at 30 June	146,781	141,965

As at 30 June 2020, tangible assets with a book value of PLN 8,034 thousand served as collateral for bank loans. As at 31 December 2019, tangible assets with a book value of PLN 8,674 thousand served as collateral for bank loans.

6.2. Intangible assets

The net book value of intangible assets, during the period of 6 months ended 30 June 2020 and in the comparable period, changed as a result of the following transactions:

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 (restated) PLN'000
Net book value of intangible assets as at 1 January	23,978	10,854
Additions, of which:	2,470	7,945
Purchases and modernization	1,654	2,748
Obtaining control over subsidiaries	225	4,485
Costs of development projects in progress	591	712
Reductions, of which:	(4,000)	(3,673)
Amortization charges for the reporting period	(3,813)	(2,441)
Disposal and liquidation	(187)	(1,232)
Change in presentation	-	(681)
Differences on foreign currency translation of subsidiaries	499	(107)
Net book value of intangible assets as at 30 June	22,947	14,338

Both as at 30 June 2020 and 31 December 2019, intangible assets did not serve as collateral for any bank loans.

6.3. Right-of-use assets

The net book value of right-of-use assets, during the period of 6 months ended 30 June 2020 and in the comparable period, changed as a result of the following transactions:

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
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Net book value of right-of-use assets as at 1 January	65,055	34,974
Additions, of which:	9,566	34,475
Conclusion of new lease contracts	6,748	25,750
Modification of existing contracts	1,995	-
Obtaining control over subsidiaries	823	8,725
Reductions, of which:	(11,324)	(8,438)
Depreciation charges for the reporting period	(11,199)	(7,311)
Early termination of contracts	(73)	(1,098)
Modification of contracts	(52)	(29)
Differences on foreign currency translation of subsidiaries	2,321	(754)
Net book value of right-of-use assets as at 30 June	65,618	60,257

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 2020 and 31 December 2019, in a breakdown to operating segments:

Goodwill	30 June 2020	31 Dec. 2019 (restated)
	PLN'000	PLN'000
Goodwill at the beginning of the period	532,139	481,089
Banking Solutions	194,903	198,983
Payment Solutions	165,893	106,696
Dedicated Solutions	171,343	175,410
Change in consolidation goodwill due to the acquisition of shares (+/-)	9,559	62,757
Banking Solutions	-	-
Payment Solutions	9,559	62,757
Dedicated Solutions	-	-
Foreign currency translation differences (+/-)	15,280	(11,707)
Banking Solutions	7,278	(4,080)
Payment Solutions	3,004	(3,560)
Dedicated Solutions	4,998	(4,067)
Total goodwill	556,978	532,139
Banking Solutions	202,181	194,903
Payment Solutions	178,456	165,893
Dedicated Solutions	176,341	171,343
Total at the end of period	556,978	532,139

In the period of 6 months ended 30 June 2020, the balance of goodwill arising from consolidation was affected by the following transactions:

i. Acquisition of shares in Basilichi CEE LLC based in Banja Luka

On 20 January 2020, Payten d.o.o. (Sarajevo) acquired 100% of shares in the company Basilichi CEE LLC based in Banja Luka.

The transaction price amounted to EUR 1.

Until 30 June 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of Basilichi may still be subject to change.

The provisional values of identifiable assets and liabilities of Basilichi as at the date of obtaining control were as follows (converted at the exchange rate of PLN/BAM effective as at the acquisition date):

	Provisional values as at the acquisition date PLN'000
Assets acquired	
Property, plant and equipment	1,451
Intangible assets	162
Right-of-use assets	402
Trade receivables	352
Inventories	321
Cash and cash equivalents	223
Other assets	9
Total assets	2,920
Liabilities acquired	
Bank loans and borrowings	1,722
Lease liabilities	428
Trade payables	2,255
Liabilities to the state and local budgets	116
Provisions and accruals	42
Other liabilities	48
Total liabilities	4,611
Net assets value	(1,691)
Equity interest acquired	100%
Purchase price	-
Goodwill as at the acquisition date	1,691

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

ii. Acquisition of shares in Integrirani Poslovni Sustavi d.o.o., based in Oroslavje

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

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

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

Until 30 June 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of IPS may still be subject to change.

The provisional values of identifiable assets and liabilities of IPS as at the date of obtaining control were as follows (converted at the exchange rate of PLN/HRK effective as at the acquisition date):

	Provisional values as at the acquisition date PLN'000
Assets acquired	
Property, plant and equipment	59
Intangible assets	57
Right-of-use assets	406
Trade receivables	685
Receivables from the state and local budgets	32
Inventories	242
Cash and cash equivalents	774
Other assets	261
Total assets	2,516
Liabilities acquired	
Bank loans and borrowings	469
Lease liabilities	415
Other financial liabilities	245
Trade payables	395
Liabilities to the state and local budgets	297
Other liabilities	231
Total liabilities	2,052
Net assets value	464
Equity interest acquired	76%
Value of non-controlling interests	111
Purchase price	8,221
Goodwill as at the acquisition date	7,868

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

iii. Change in allocation of the purchase price of shares in Sonet spol. s.r.o. and Sonet Slovakia s.r.o.

On 5 September 2019, Payten Sp. z o.o. sp.k. based in Warsaw signed an agreement to acquire 100% of shares in the company Sonet spol. s.r.o. based in Brno as well as 50% of shares in the company Sonet Slovakia s.r.o. based in Bratislava, in which the remaining 50% stake is held by Sonet spol. s.r.o. based in Brno, for the total consideration of EUR 4 million, increased by EUR 1.4 million of net cash surplus as at the transaction closing date as determined in the agreement, and possible conditional payments up to the amount of EUR 0.2 million depending on the achievement of target financial results by Sonet.

Until 30 June 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of Sonet Group as at the date of obtaining control were as follows (converted at the exchange rate of PLN/CZK effective as at the acquisition date):

	Provisional values as at the acquisition date PLN'000
Assets acquired	
Property, plant and equipment	1,806
Intangible assets	5,917
Right-of-use assets	873
Trade receivables	4,355
Receivables from the state and local budgets	118
Inventories	248
Cash and cash equivalents	8,879
Other assets	321
Total assets	22,517
Liabilities acquired	
Bank loans and borrowings	244
Lease liabilities	873
Trade payables	919
Liabilities to the state and local budgets	484
Deferred tax liabilities	942

Other liabilities	538
Total liabilities	4,000
Net assets value	18,517
Equity interest acquired	100%
Purchase price	24,382
Goodwill as at the acquisition date	5,865

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

iv. Change in allocation of the purchase price of shares in Monri Group d.o.o.

On 8 October 2019, Payten d.o.o. (Sarajevo) concluded a conditional agreement to acquire 80% of shares in Monri Group d.o.o. for the total consideration of EUR 1.96 million. The Group obtained control over Monri Group d.o.o. on 15 November 2019 upon satisfying all the conditions precedent. Monri Group holds 100% of shares in the company Monri Payments d.o.o. Zagreb.

Payten d.o.o. (Sarajevo) also signed a put option agreement with the non-controlling shareholders of Monri. The amount of liabilities under put options has been disclosed in explanatory note 6.13.

Until 30 June 2020, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of Monri Group as at the date of obtaining control were as follows (converted at the exchange rate of PLN/BAM effective as at the acquisition date):

	Provisional values as at the acquisition date PLN'000
Assets acquired	
Property, plant and equipment	76
Intangible assets	5,361
Trade receivables	637
Receivables from the state and local budgets	94
Cash and cash equivalents	495
Other assets	925
Total assets	7,588
Liabilities acquired	
Bank loans and borrowings	2,565
Trade payables	848
Liabilities to the state and local budgets	79
Accruals	427
Deferred tax liabilities	966
Other liabilities	530
Total liabilities	5,415
Net assets value	2,173
Equity interest acquired	80%
Value of non-controlling interests	434
Purchase price	8,359
Goodwill as at the acquisition date	6,620

In the consolidated financial statements of ASEE Group, goodwill arising from the acquisition of Monri Group was allocated to the Payment 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 2020, the Group verified its assumptions for the impairment test performed on goodwill as at 31 December 2019. In particular we checked whether the assumptions made in 2019 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 2020, and whether internal or external factors did not cause a deterioration of our forecasts for the next financial years.

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

In line with the Group's policy, goodwill allocated to all of our operating segments will be tested for impairment as at 31 December 2020, even if there are no indications of impairment.

6.6. Other financial assets

Both as at 30 June 2020 and 31 December 2019, 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 2020		31 Dec. 2019	
	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	37	-	109	-
Other assets	1	4	-	4
	38	4	109	4
Financial assets carried at fair value through other comprehensive income, of which:				
Shares in companies quoted in an active market	48	25	53	25
Shares in companies not quoted in an active market	21	-	20	-
	69	25	73	25
Financial assets carried at amortized cost, of which:				
Loans granted, of which:				
granted to employees	-	-	-	13
granted to other entities	-	4	-	3
Short-term deposits	4,693	8	4,488	527
	4,693	12	4,488	543
Total	4,800	41	4,670	572

Both as at 30 June 2020 and 31 December 2019, financial assets carried at fair value through profit or loss included currency forward contracts held by ASEE S.A. The fair value of currency forward contracts is determined at each reporting date using calculation models based on inputs that are directly observable in active markets.

The line of 'Financial assets carried at amortized cost – cash deposits' includes term bank deposits with an original maturity of more than 3 months that are held by ASEE Macedonia. These cash deposits, to a large extent, serve as collateral for a bank guarantee used under an IT project that is implemented for a public administration institution.

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

In the period of 6 months ended 30 June 2020, 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 2020 and 31 December 2019, the fair values of financial assets were not significantly different from their book values.

As at 30 June 2020	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial assets carried at fair value through profit or loss				
Currency forward contracts	37	-	37	-
Other assets	5	-	-	5
Total	42	-	37	5
Financial assets carried at fair value through other comprehensive income				
Shares in companies quoted in an active market	73	73	-	-
Shares in companies not listed on regulated markets	21	-	-	21
Total	94	73	-	21

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

As at 31 December 2019	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	109	-	109	-
Other assets	4	-	-	4
Total	113	-	109	4
Financial assets available for sale				
Shares in companies quoted in an active market	78	78	-	-
Shares in companies not listed on regulated markets	20	-	-	20
Total	98	78	-	20

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

6.7. Prepayments and accrued income

As at 30 June 2020 and 31 December 2019, prepayments and accrued income included the following items:

	30 June 2020		31 Dec. 2019	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Prepaid services, of which:	247	23,050	613	20,162
<i>maintenance services and license fees</i>	247	18,958	560	17,543
<i>insurances</i>	-	1,805	-	783
<i>rents and averaging of instalments under operating leases</i>	-	263	-	340
<i>prepaid consulting services</i>	-	163	-	116
<i>other services</i>	-	1,861	53	1,380
Expenses related to services performed for which revenues have not been recognized yet	-	246	-	153
Other prepayments and accrued income	-	1,634	1	1,431
Total	247	24,930	614	21,746

6.8. Receivables and contract assets

The table below presents the amounts of receivables as at 30 June 2020 as well as at 31 December 2019.

	30 June 2020		31 Dec. 2019	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade receivables, of which:	-	132,189	-	164,530
Trade receivables:	-	131,923	-	162,866
from related parties	-	477	-	1,374
from other entities	-	131,446	-	161,492
Receivables from operating leases	-	6,497	-	7,690
Allowances for trade receivables	-	(6,231)	-	(6,026)
Corporate income tax receivable	-	1,481	-	1,364
Receivables from the state and local budgets	-	2,661	-	2,008
Value added tax	-	1,283	-	649
Other	-	1,378	-	1,359
Other receivables	774	4,198	724	2,889
Security deposits receivable	772	1,652	724	986
Other receivables	2	2,632	-	1,903
Allowance for other doubtful receivables	-	(86)	-	-
Total receivables	774	140,529	724	170,791

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

The table below presents assets from contracts with customers as at 30 June 2020 as well as at 31 December 2019.

Contract assets	30 June 2020		31 Dec. 2019	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Uninvoiced receivables	-	30,540	-	8,667
from related parties	-	-	-	-
from other entities	-	30,540	-	8,667
Receivables from valuation of IT contracts	-	29,220	-	19,383
from related parties	-	714	-	-
from other entities	-	28,506	-	19,383
Total contract assets	-	59,760	-	28,050

Related party transactions have been presented in explanatory note 6.18 to these interim condensed consolidated financial statements.

Changes in the amount of allowances for trade receivables during the period of 6 months ended 30 June 2020 and in the comparable period are presented in the table below:

Allowances for trade receivables	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
As at 1 January	(6,026)	(3,099)
Recognized during the reporting period	(2,448)	(1,381)
Utilized during the reporting period	-	114
Reversed during the reporting period	2,788	921
Acquisition of subsidiaries	(355)	-
Foreign currency translation differences	(190)	73
Impairment losses as at 30 June	(6,231)	(3,372)

6.9. Inventories

The table below presents inventories as at 30 June 2020 and in the comparable period:

Inventories	30 June 2020 PLN'000	31 Dec. 2019 PLN'000
Computer hardware, third-party software licenses and other goods for resale	29,920	39,146
Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services	13,872	12,060
Impairment losses on inventories	(16,881)	(13,991)
Total	26,911	37,215

Changes in the amount of impairment losses on inventories during the period of 6 months ended 30 June 2020 and in the comparable period are presented in the table below:

Impairment losses on inventories	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
As at 1 January	(13,991)	(13,137)
Recognized during the reporting period	(1,766)	(1,536)
Utilized during the reporting period	86	315
Reversed during the reporting period	1,063	2,848
Obtaining of control over subsidiaries	(1,696)	-
Foreign currency translation differences	(577)	107
As at 31 December	(16,881)	(11,403)

6.10. Cash and cash equivalents

The table below presents cash and cash equivalents as at 30 June 2020 and in the comparable period:

	30 June 2020 PLN'000	31 Dec. 2019 PLN'000
Cash at bank and on hand	154,051	139,854
Cash at split payment accounts	426	341
Short-term bank deposits (up to 3 months)	44,717	59,190
Cash in transit and other cash equivalents	120	278
Total cash and cash equivalents as disclosed in the statement of financial position	199,314	199,663
Interest accrued on cash and cash equivalents	(23)	(46)
Bank overdraft facilities utilized for current liquidity management	(3,917)	(8,956)
Total cash and cash equivalents as disclosed in the cash flow statement	195,374	190,661

6.11. Lease liabilities

As at 30 June 2020, the Group was a lessee under lease contracts. Assets leased under such contracts included:

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

The table below presents the amounts of lease liabilities as at 30 June 2020 as well as at 31 December 2019:

Financial liabilities	30 June 2020		31 Dec. 2019	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Leases of real estate	37,491	14,833	37,650	12,402
Leases of transportation vehicles	5,272	3,710	5,677	3,533
Leases of IT hardware	3,202	2,700	4,162	2,988
	45,965	21,243	47,489	18,923

6.12. Bank loans and borrowings

The table below presents the Group's debt outstanding as at 30 June 2020 and 31 December 2019.

	Currency	Repayment date	30 June 2020		31 Dec. 2019	
			Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Bank overdraft facilities			-	3,917	-	8,956
<i>fixed interest rate</i>	MKD	10.07.2020	-	14	-	60
<i>fixed interest rate</i>	TRY	10.07.2020	-	32	-	55
<i>fixed interest rate</i>	EUR	10.07.2020	-	35	-	125
<i>fixed interest rate</i>	COP	28.09.2020	-	53	-	58
<i>fixed interest rate</i>	EUR	26.08.2020	-	3,783	-	8,658
Other bank loans			39,342	33,629	40,061	37,573
1M EURIBOR + margin	EUR	15.06.2021	-	1,510	-	4,516
1M EURIBOR + margin	EUR	31.07.2023	11,454	9,267	14,746	10,023
3M EURIBOR + margin	EUR	30.06.2024	9,745	3,248	10,857	3,102
3M EURIBOR + margin	EUR	31.12.2022	1,831	1,762	2,590	1,682
3M EURIBOR + margin	EUR	21.09.2020	-	231	-	656
3M EURIBOR + margin	EUR	21.09.2022	390	312	521	298
3M EURIBOR + margin	EUR	05.06.2023	1,585	793	1,895	757
6M EURIBOR + margin	EUR	13.03.2020	-	-	-	110
6M EURIBOR + margin	EUR	31.12.2020	-	-	-	426
1Y EURIBOR + margin	EUR	30.06.2022	22	21	31	22
<i>fixed interest rate</i>	EUR	31.03.2021	-	715	227	908
<i>fixed interest rate</i>	EUR	02.04.2020	-	-	-	236
<i>fixed interest rate</i>	EUR	28.06.2021	-	1,782	851	1,703
<i>fixed interest rate</i>	EUR	04.06.2021	-	2,971	1,419	2,838
<i>fixed interest rate</i>	EUR	03.06.2022	2,674	2,674	3,831	2,554
<i>fixed interest rate</i>	EUR	02.07.2021	247	2,971	1,655	2,601
<i>fixed interest rate</i>	EUR	28.08.2021	59	386	227	341
<i>fixed interest rate</i>	COP	28.09.2020	-	75	-	81
<i>fixed interest rate</i>	EUR	30.06.2024	5,024	1,675	1,211	3,784
<i>fixed interest rate</i>	EUR	27.09.2020	-	46	-	131
<i>fixed interest rate</i>	EUR	01.02.2020	-	-	-	56
<i>fixed interest rate</i>	EUR	31.12.2020	-	558	-	628
<i>fixed interest rate</i>	EUR	15.11.2020	-	57	-	120
<i>fixed interest rate</i>	PEN	13.02.2023	142	77	-	-
<i>fixed interest rate</i>	EUR	01.03.2022	337	135	-	-
<i>fixed interest rate</i>	EUR	05.02.2024	930	79	-	-
<i>fixed interest rate</i>	EUR	17.09.2020	-	30	-	-
<i>fixed interest rate</i>	HRK	29.04.2021	-	472	-	-
<i>fixed interest rate</i>	EUR	22.04.2023	4,902	1,783	-	-
Loans			-	1,894	3,194	3,213
3M EURIBOR + margin	EUR	30.06.2021	-	1,894	3,194	3,213
Total			39,342	39,441	43,255	49,742

The Group's total debt amounted to PLN 78,783 thousand as at 30 June 2020, as compared with PLN 92,997 thousand as at 31 December 2019. The amount of debt decreased as a result of scheduled repayment of principal instalments under bank loans.

Total proceeds from and repayments of bank loans disclosed in the statement of cash flows for the period of 6 months ended 30 June 2020 amounted to PLN 8,925 thousand (proceeds) and PLN 24,325 thousand (repayments).

As at 30 June 2020, tangible assets with a book value of PLN 8,034 thousand and trade receivables in the amount of PLN 3,274 thousand served as collateral for bank loans. As at 30 June 2020, liabilities that were secured with such assets amounted to PLN 4,737 thousand.

As at 31 December 2019, tangible assets with a book value of PLN 8,674 thousand and trade receivables in the amount of PLN 4,844 thousand served as collateral for bank loans. As at 31 December 2019, liabilities that were secured with such assets amounted to PLN 8,526 thousand.

In the reporting period, the margins realized by lenders to ASEE Group companies ranged from 1.2 to 4.2 percentage points on an annual basis. Whereas, in the comparable period such margins ranged from 1.3 to 3.5 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 2020 and 31 December 2019, ASEE Group companies did not infringe any covenants defined in their loan agreements.

Fair value of financial liabilities

In the period of 6 months ended 30 June 2020, the Group did not transfer any debt instruments between individual levels of the fair value hierarchy.

As at 30 June 2020 and 31 December 2019, 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

Financial liabilities	30 June 2020		31 Dec. 2019	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Dividends payable	-	38,476	-	-
Liabilities under deferred and/or conditional payments for controlling interests	11,162	12,585	11,692	13,876
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	20,998	-	16,819	-
Currency forward contracts	1	4	46	-
Other financial liabilities	-	-	-	3
	32,161	51,065	28,557	13,879

As at 30 June 2020, ASEE Group recognized liabilities amounting to PLN 17,759 thousand under put options that were granted to non-controlling shareholders of Necomplus company, liabilities amounting to PLN 717 thousand under put options that were granted to non-controlling shareholders of Monri company, as well as liabilities amounting to PLN 2,522 thousand under put options that were granted to non-controlling shareholders of IPS company. These liabilities have been estimated using the price calculation formula as defined in the agreement, i.e. the company's profit for the contractual term multiplied by a predetermined coefficient, and in the case Necomplus additionally adjusted for net cash held by Necomplus Group.

Short-term liabilities arising from deferred payments for controlling interests are related to the acquisition of shares in Necomplus S.L. (PLN 4,932 thousand) and in Sonet companies (PLN 2,233 thousand). Short-term liabilities arising from conditional payments for controlling interests are related to the acquisition of shares in Mobven company (PLN 4,527 thousand) and in Sonet company (PLN 893 thousand).

Long-term liabilities arising from conditional payments for controlling interests are related to the acquisition of shares in Mobven company (PLN 7,373 thousand) and in IPS company (PLN 3,789 thousand).

The amounts of liabilities arising from conditional payments for controlling interests 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 2020 and 31 December 2019, the fair values of financial liabilities were not significantly different from their book values.

As at 30 June 2020	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial liabilities				
Dividends payable	38,476	-	-	38,476
Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	23,747	-	-	23,747
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	20,998	-	-	20,998
Currency forward contracts	5	-	5	-
Other financial liabilities	-	-	-	-
Total	83,226	-	5	83,221

- 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 2019	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial liabilities				
Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	25,568	-	-	25,568
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	16,819	-	-	16,819
Currency forward contracts	46	-	46	-
Other financial liabilities	3	-	-	3
Total	42,436	-	46	42,390

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

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

The table below presents the structure of the Group's liabilities outstanding as at 310 June 2020 and 31 December 2019:

	30 June 2020		31 Dec. 2019	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade payables, of which:	-	68,926	-	109,977
Trade payables	-	59,259	-	100,839
from related parties	-	92	-	142
from other entities	-	59,167	-	100,697
Uninvoiced payables	-	9,667	-	9,138
from related parties	-	13	-	13
from other entities	-	9,654	-	9,125
Corporate income tax payable	-	7,599	-	5,738
Liabilities to the state and local budgets	-	22,767	-	24,231
Value added tax (VAT)	-	10,432	-	15,850
Personal income tax (PIT)	-	2,769	-	2,623
Social insurance	-	9,195	-	5,053
Withholding income tax	-	132	-	155
Other	-	239	-	550
Other liabilities	722	10,934	494	19,247
Liabilities to employees (including salaries payable)	-	7,352	-	14,846
Liabilities from purchases of tangible assets and intangible assets	672	1,049	445	756
Other liabilities	50	2,533	49	3,645

Total	722	110,226	494	159,193
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Trade payables are non-interest bearing. Related party transactions have been presented in explanatory note 6.18 to these interim condensed consolidated financial statements.

6.15. Contract liabilities

As at 30 June 2020 and 31 December 2019, the Group's liabilities from contracts with customers resulted from obligations listed in the table below:

	30 June 2020		31 Dec. 2019	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Liabilities from valuation of IT contracts, of which:	-	5,194	-	13,259
From related parties	-	-	-	-
From other entities	-	5,194	-	13,259
Deferred income from IT projects, of which:	1,224	55,983	804	45,448
Maintenance services	879	34,170	804	25,288
License fees	345	775	-	1,570
Prepaid implementation services	-	1,047	-	1,865
Obligations to supply hardware	-	19,942	-	16,725
Other prepaid services	-	49	-	-
Total contract liabilities	1,224	61,177	804	58,707

6.16. Provisions

Changes in the amount of provisions during the period of 6 months ended 30 June 2020 and in the comparable period are presented in the table below:

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 (restated) PLN'000
As at 1 January	4,860	4,695
Obtaining control over subsidiaries	-	-
Provisions created during the reporting period	1,829	1,389
Provisions utilized/reversed during the reporting period	(941)	(1,343)
Differences on foreign currency translation of subsidiaries	28	(141)
As at the end of the reporting period, of which:	5,776	4,600
Short-term	3,840	2,853
Long-term	1,936	1,747

6.17. Accruals

	30 June 2020		31 Dec. 2019	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Accruals, of which:				
Accrual for unused holiday leaves	-	5,518	-	3,938
Accrual for employee and management bonuses	-	20,454	-	18,379
	-	25,972	-	22,317

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

6.18. Related party transactions

The table below discloses the total values of transactions conducted with our related parties during the periods of 6 months ended 30 June 2020 and 30 June 2019, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2020 and 31 December 2019:

	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 2020 / 31 Dec. 2019 PLN'000	Trade payables and other liabilities 30 June 2020 / 31 Dec. 2019 PLN'000	Lease liabilities 30 June 2020 / 31 Dec. 2019 PLN'000
Transactions with Asseco Poland					
2020	32	92	57	34	-
2019	32	961	60	33	-
Transactions with entities of Asseco Poland Group					
2020	1,320	14	1,181	29	-
2019	368	65	116	139	-
Transactions with associates					
2020	-	-	-	-	-
2019	261	-	-	-	-
Transactions with entities or individuals related through the Group's Key Management Personnel					
2020	-	635	-	74	12,955
2019	165	442	1,245	73	14,062
Transactions with Members of Management Board and Supervisory Board of ASEE S.A. and companies of ASEE Group					
2020	-	15	267	-	134
2019	-	-	256	-	153

As at 30 June 2020, total receivables from related parties comprised trade receivables amounting to PLN 477 thousand, contract assets amounting to PLN 715 thousand, and other receivables amounting to PLN 314 thousand. As at 31 December 2019, total receivables from related parties comprised trade receivables amounting to PLN 1,374 thousand, and other receivables amounting to PLN 303 thousand.

As at 30 June 2020, total liabilities to related parties comprised trade payables amounting to PLN 105 thousand, and other liabilities amounting to PLN 32 thousand. As at 31 December 2019, total liabilities to related parties comprised trade payables amounting to PLN 155 thousand, and other liabilities amounting to PLN 90 thousand.

In addition, dividends payable which are disclosed under financial liabilities as at 30 June 2020 include dividends payable to Asseco International a.s. in the amount of PLN 19,606 thousand. Whereas, short-term liabilities

arising from deferred payments for controlling interests include a liability for the acquisition of Necomplus S.L. from Asseco Western Europe S.A. in the amount of PLN 4,932 thousand, as compared with PLN 9,868 thousand reported as at 31 December 2019.

Moreover, bank loans and borrowings disclosed as at 30 June 2020 include a borrowing that was obtained by Necomplus S.L. from Asseco Western Europe S.A. in the amount of PLN 1,894 thousand, as compared with PLN 6,407 thousand as at 31 December 2019.

Purchases from and sales to related parties presented in the table above resulted from purchases and sales of hardware and services that were conducted by companies of ASEE Group with related companies of Asseco Poland Group as well as with parties related through the Key Management Personnel or directly with the Key Management Personnel. The Group also incurs costs arising from rentals of space from MHM d.o.o., Belgrade¹, Miljan Mališ and Mini Invest d.o.o., Belgrade², that meet the definition of a lease under IFRS 16. Hence, the Group disclosed right-of-use assets which are subject to depreciation, as well as lease liabilities in the statement of financial position. Lease liabilities arising from rental contracts concluded with parties related through the Key Management Personnel and directly with the Key Management Personnel amounted to PLN 13,089 thousand.

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

On 23 June 2017, Asseco Poland S.A. 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	966,942
Miljan Mališ	300,000
Miodrag Mirčetić (Member of the Management Board till 30 September 2019)	275,482
Marcin Rulnicki	30,000
Kostadin Slavkoski (Member of the Management Board since 1 October 2019)	30,000

In the period of 6 months ended 30 June 2020, the costs of share-based payment plan related to shares acquired by Members of the Management Board amounted to PLN 442 thousand, as compared with PLN 1,059 thousand in the comparable period.

Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2020 include dividends payable to the Management Board Members as well as to parties that are related through Members of the Management Board of ASEE S.A. in the total gross amount of PLN 1,008 thousand. The above-stated amount does not include dividends payable to Asseco International a.s. The numbers of ASEE shares held by its Management Personnel as well as by their related parties have been presented in the item 'Shares and Shareholders' in the Management Report on Operations of the Group for the period of 6 months ended 30 June 2020. The dividend was paid out on 8 July 2020.

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

¹ President of the Management Board of ASEE S.A. holds indirectly a 15% stake in MHM d.o.o. through his wholly-owned Kompania Petyhorska d.o.o. Moreover, 20% of shares in MHM d.o.o. are held by I4 Invention d.o.o. which is also a shareholder in ASEE S.A. Whereas, 100% of shares in I4 Invention d.o.o. are held by Miodrag Mirčetić, who served as Member of the Management Board of ASEE S.A. till 30 September 2019.

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 2020, Mini Invest d.o.o. held 322,715 shares in ASEE S.A.

VII. Explanatory notes to the consolidated statement of cash flows

7.1. Cash flows – operating activities

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

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Change in inventories	11,026	(2,933)
Change in receivables and non-financial assets	3,369	(14,309)
Change in liabilities	(65,851)	(40,384)
Change in prepayments and accruals	10,291	9,159
Change in provisions	888	47
Total	(40,277)	(48,420)

7.2. Cash flows – investing activities

In the period of 6 months ended 30 June 2020, the amount of cash flows from investing activities was affected primarily by:

- expenditures for the acquisition of property, plant and equipment (PLN 16,584 thousand), intangible assets (PLN 1,057 thousand), and expenditures for development projects (PLN 591 thousand),
- expenditures for the acquisition of subsidiaries decreased by cash and cash equivalents in subsidiaries acquired, as disclosed in the table below:

	6 months ended 30 June 2020 Acquisition of subsidiaries PLN'000	Cash in subsidiaries acquired PLN'000
Necomplus Group	(4,936)	-
Bassilichi B&H	-	230
Monri Group	(434)	-
IPS	(4,483)	778
Total	(9,853)	1,008

7.3. Cash flows – financing activities

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

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

Non-cash increase in lease liabilities resulted from the conclusion of new lease contracts as well as modification of existing contracts. Non-cash decrease in lease liabilities resulted from the early termination of lease contracts. Dividends paid out to non-controlling shareholders represent payments to the minority shareholders of eMon and IPS companies.

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 2020, the related contingent liabilities equalled PLN 48,663 thousand, while as at 31 December 2019 they amounted to PLN 50,220 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 2020 PLN'000	31 Dec. 2019 PLN'000	30 June 2020 PLN'000	31 Dec. 2019 PLN'000
Financial assets	4,693	4,502	12,007	11,478
Trade receivables	3,734	1,364	1,677	1,681
Other non-financial assets	281	274	281	-
Total	8,708	6,140	13,966	13,159

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 2020.

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

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

As at 30 June 2020 and 31 December 2019, the above-mentioned contracts resulted in the following off-balance-sheet liabilities to make future payments:

	30 June 2020 PLN'000	31 Dec. 2019 PLN'000
<i>Liabilities from rental of space</i>		
In the period up to 1 year	1,343	1,692
In the period from 1 to 5 years	180	139
Over 5 years	-	-
	1,523	1,831
<i>Liabilities under operating leases of equipment</i>		
In the period up to 1 year	190	126
In the period from 1 to 5 years	-	-
Over 5 years	-	-
	190	126

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 30 June 2020 are related to lease contracts that were subject to exemptions provided under IFRS 16 (short-term leases and leases of low-value assets).

Disputes in litigation as at the end of the reporting period

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

8.2. Seasonal and cyclical business

The Group's sales revenues are subject to some seasonality in individual quarters of the year. The fourth quarter revenues tend to be higher than in the remaining periods, as bulk of such turnover is generated from the sale of IT services for large enterprises and public administration. Such entities often decide to make higher purchases of hardware and licenses in the last months of a year.

8.3. Employment

Number of employees in the Group companies as at	30 June 2020	31 Dec. 2019
Management Board of the Parent Company	4	4
Management Boards of the Group companies	47	43
Production departments	2,253	2,207
Sales departments	184	175
Administration departments	254	247
Total	2,742	2,676

Number of employees in the Group companies as at:	30 June 2020	31 Dec. 2019
ASEE S.A.	28	29
ASEE B&H	75	69
ASEE Bulgaria	18	19
ASEE Croatia	205	176
ASEE Macedonia	214	190
ASEE Kosovo Group	77	71
ASEE Romania Group	138	138
ASEE Serbia Group	478	437
ASEE Turkey	88	92
Payten B&H Group	65	55
Payten Croatia Group	149	107
Payten Montenegro Group	18	17
Payten Macedonia	31	31
Payten Serbia Group	170	170
Payten Slovenia	32	32
Payten Romania	48	49
Payten Turkey Group	181	178
Necomplus Group	640	729
Sonet Group	87	86
Total	2,742	2,675

8.4. Significant events after the reporting period

▪ Acquisition of shares in Gastrobit GRC Grupa d.o.o., Dugo Selo

On 23 July 2020, Payten d.o.o. (Zagreb) acquired 100% of shares in the company Gastrobit GRC Grupa d.o.o. based in Dugo Selo (Croatia).

In the period from 30 June 2020 till the date of approval of these consolidated financial statements, this is until 5 August 2020, 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 consolidated financial statements for the period of 6 months ended 30 June 2020, 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 2020

Asseco
SOUTH EASTERN EUROPE

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

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Financial Highlights of Asseco South Eastern Europe S.A.

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

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000	6 months ended 30 June 2020 EUR'000	6 months ended 30 June 2019 EUR'000
Revenues from holding activities	51,192	42,921	11,526	10,010
Revenues from operating activities	5,787	4,604	1,303	1,074
Operating profit	45,524	36,927	10,250	8,612
Pre-tax profit	47,540	37,008	10,704	8,631
Net profit for the reporting period	44,653	34,542	10,054	8,056
Net cash provided by (used in) operating activities	32,161	7,360	7,241	1,716
Net cash provided by (used in) investing activities	5,387	3,567	1,213	832
Net cash provided by (used in) financing activities	(5,535)	(2,467)	(1,246)	(575)
Cash and cash equivalents at the end of period (comparable data as at 31 December 2019)	43,057	11,044	9,641	2,593
Earnings per ordinary share (in PLN/EUR)	0.86	0.67	0.19	0.16
Diluted earnings per ordinary share (in PLN/EUR)	0.86	0.67	0.19	0.16

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 2020 to 30 June 2020: EUR 1 = PLN 4.4413
 - for the period from 1 January 2019 to 30 June 2019: EUR 1 = PLN 4.2880
- 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 2020: EUR 1 = PLN 4.4660
 - exchange rate effective on 31 December 2019: EUR 1 = PLN 4.2585

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

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

STATEMENT OF PROFIT AND LOSS	Note	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 restated PLN'000	6 months ended 30 June 2019 restated* PLN'000
Holding activities		30,909	51,192	39,928	42,921
Dividend income	<u>4.1</u>	26,182	42,194	35,292	35,292
Revenues from sale of services	<u>4.1</u>	4,727	8,998	4,636	7,629
Operating activities		3,166	5,787	2,459	4,604
Revenues from sale of IT services and software	<u>4.2</u>	3,166	5,787	2,459	4,604
Total sales revenues		34,075	56,979	42,387	47,525
Cost of sales	<u>4.3</u>	(5,210)	(10,233)	(5,325)	(9,653)
Recognition/reversal of allowances for trade receivables	<u>4.3</u>	(94)	(94)	-	-
Gross profit on sales		28,771	46,652	37,062	37,872
Selling costs	<u>4.3</u>	(302)	(599)	(254)	(439)
General and administrative expenses	<u>4.3</u>	(207)	(444)	(220)	(530)
Net profit on sales		28,262	45,609	36,588	36,903
Other operating income		1	1	57	57
Other operating expenses		(86)	(86)	(33)	(33)
Operating profit		28,177	45,524	36,612	36,927
Financial income	<u>4.4</u>	4,627	5,986	343	599
Financial expenses	<u>4.4</u>	(4,796)	(4,658)	(383)	(449)
Recognition/reversal of impairment losses on loans granted and other financial instruments	<u>4.4</u>	667	688	(69)	(69)
Pre-tax profit		28,675	47,540	36,503	37,008
Corporate income tax	<u>4.5</u>	(2,198)	(2,887)	(2,633)	(2,466)
Net profit for the reporting period		26,477	44,653	33,870	34,542
Earnings per share (in PLN):					
basic earnings per share	<u>4.6</u>	0.51	0.86	0.65	0.67
diluted earnings per share	<u>4.6</u>	0.51	0.86	0.65	0.67

COMPREHENSIVE INCOME:	Note	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 restated PLN'000	6 months ended 30 June 2019 restated PLN'000
Net profit		26,477	44,653	33,870	34,542
Other comprehensive income:		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		26,477	44,653	33,870	34,542

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

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

ASSETS	Note	30 June 2020 PLN'000	31 Dec. 2019 PLN'000
Non-current assets			
Property, plant and equipment	<u>5.1</u>	372	385
Intangible assets	<u>5.2</u>	5,511	5,626
<i>of which goodwill from business combinations</i>		4,567	4,567
Right-of-use assets	<u>5.3</u>	324	376
Investments in subsidiaries	<u>5.4</u>	608,998	606,812
Deferred tax assets		540	713
Other receivables	<u>5.7</u>	47	579
Other financial assets	<u>5.8</u>	38,537	31,738
		654,329	646,229
Current assets			
Trade receivables	<u>5.7</u>	8,429	3,617
Contract assets	<u>5.7</u>	131	-
Corporate income tax receivable		-	-
Other receivables	<u>5.7</u>	235	1,642
Prepayments and accrued income	<u>5.6</u>	2,505	1,228
Other financial assets	<u>5.8</u>	7,695	15,995
Cash and short-term deposits	<u>5.9</u>	43,057	11,044
		62,052	33,526
TOTAL ASSETS		716,381	679,755

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

EQUITY AND LIABILITIES	Note	30 June 2020 PLN'000	31 Dec. 2019 PLN'000
TOTAL EQUITY			
Share capital		518,942	518,942
Share premium		38,825	38,825
Other capitals		2,935	2,601
Retained earnings		83,568	77,317
		644,270	637,685
Non-current liabilities			
Bank loans	<u>5.10</u>	11,454	14,747
Lease liabilities	<u>5.11</u>	231	277
Other financial liabilities	<u>5.12</u>	1	4,978
Deferred tax liabilities		-	-
		11,686	20,002
Current liabilities			
Bank loans	<u>5.10</u>	9,266	10,023
Lease liabilities	<u>5.11</u>	110	103
Other financial liabilities	<u>5.12</u>	43,337	4,936
Trade payables	<u>5.13</u>	1,374	2,180
Contract liabilities	<u>5.13</u>	2,282	1,391
Corporate income tax payable	<u>5.13</u>	1,059	374
Liabilities to the state and local budgets	<u>5.13</u>	639	137
Other liabilities	<u>5.13</u>	149	266
Accruals	<u>5.14</u>	2,209	2,658
		60,425	22,068
TOTAL LIABILITIES		72,111	42,070
TOTAL EQUITY AND LIABILITIES		716,381	679,755

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

	Note	Share capital	Share premium	Other capitals	Retained earnings	Total equity
As at 1 January 2020		518,942	38,825	2,601	77,317	637,685
Net profit for the reporting period		-	-	-	44,653	44,653
Total comprehensive income for the reporting period		-	-	-	44,653	44,653
Dividend for the year 2019	<u>4.7</u>	-	-	-	(38,402)	(38,402)
Valuation of share-based payment plan	<u>4.3</u>	-	-	334	-	334
As at 30 June 2020		518,942	38,825	2,935	83,568	644,270
As at 1 January 2019		518,942	38,825	1,655	64,064	623,486
Restatement of opening balance resulting from the adoption of IFRS 16		-	-	-	(7)	(7)
As at 1 January 2019 (including impact of the adoption of IFRS 16)		518,942	38,825	1,655	64,057	623,479
Net profit for the reporting period		-	-	-	40,245	40,245
Total comprehensive income for the reporting period		-	-	-	40,245	40,245
Dividend for the year 2018		-	-	-	(26,985)	(26,985)
Valuation of share-based payment plan	<u>4.3</u>	-	-	946	-	946
As at 31 December 2019		518,942	38,825	2,601	77,317	637,685
As at 1 January 2019		518,942	38,825	1,655	64,064	623,486
Restatement of opening balance resulting from the adoption of IFRS 16		-	-	-	(7)	(7)
As at 1 January 2019 (including impact of the adoption of IFRS 16)		518,942	38,825	1,655	64,057	623,479
Net profit for the reporting period		-	-	-	34,542	34,542
Total comprehensive income for the reporting period		-	-	-	34,542	34,542
Dividend for the year 2018		-	-	-	(26,985)	(26,985)
Valuation of share-based payment plan	<u>4.3</u>	-	-	685	-	685
As at 30 June 2019		518,942	38,825	2,340	71,614	631,721

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

	Note	6 months ended 30 June 2020	6 months ended 30 June 2019
		PLN'000	PLN'000
Cash flows – operating activities			
Pre-tax profit		47,540	37,008
Total adjustments:		(50,516)	(37,329)
Depreciation and amortization	4.3	324	284
Change in receivables and contract assets	6.1	(4,943)	(598)
Change in liabilities, accruals and provisions	6.1	(1,253)	(2,390)
Interest income/expenses		(385)	(180)
Gain/loss on foreign currency translation differences		(1,038)	166
Gain/loss on investing activities		(43,557)	(35,292)
Valuation of share-based payment plan	4.3	334	685
Other		2	(4)
Selected operating cash flows		35,506	8,763
Sale of shares in subsidiaries	6.1	2,005	685
Acquisition of shares in related companies	6.1	(6,857)	(25,770)
Dividends received	6.1	40,358	33,848
Cash generated from operating activities		32,530	8,442
Corporate income tax (paid) recovered		(369)	(1,082)
Net cash provided by (used in) operating activities		32,161	7,360
Cash flows – investing activities			
Inflows:		5,728	3,739
Disposal of property, plant and equipment, and intangible assets		-	33
Disposal/settlement of financial assets carried at fair value through profit or loss		471	143
Loans collected	5.8	4,759	3,282
Interest received	5.8	498	281
Outflows:		(341)	(172)
Acquisition of property, plant and equipment, and intangible assets	6.2	(150)	(152)
Loans granted	5.8	(191)	(20)
Net cash provided by (used in) investing activities		5,387	3,567
Cash flows – financing activities			
Inflows:		-	-
Proceeds from bank loans and borrowings	6.3	-	-
Outflows:		(5,535)	(2,467)
Repayments of bank loans	6.3	(5,297)	(2,304)
Payments of lease liabilities	6.3	(57)	-
Interest paid	6.3	(181)	(101)
Other		-	(62)
Net cash provided by (used in) financing activities		(5,535)	(2,467)
Net change in cash and cash equivalents		32,013	8,460
Net foreign currency translation differences		-	(2)
Cash and cash equivalents as at 1 January		11,044	36,944
Cash and cash equivalents as at 30 June	5.9	43,057	45,402

Explanatory Notes to the Interim Condensed Financial Statements

I. General information

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

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

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

The Company prepared the interim consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2020, which have been approved for publication by the Management Board on 5 August 2020.

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 2020, AI held 26,494,676 shares representing 51.06% in the share capital of our Company, which carried 26,494,676 votes or 51.06% of total voting rights at the Company’s General Meeting of Shareholders.

II. Basis for the preparation of financial statements

2.1. Basis for preparation

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

These interim condensed financial statements do not include all information and disclosures required for annual financial statements and therefore they should be read together with the financial statements of ASEE S.A. for the year ended 31 December 2019 which were published on 24 February 2020.

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

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

As at the date of publication of these interim condensed financial statements, based on the current analysis of risks and in particular those arising from the coronavirus pandemic prevailing in Poland and worldwide, the Management Board concluded that the Company's and ASEE Group's ability to continue as a going concern over a period not shorter than 12 months from 30 June 2020 is not threatened.

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

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

Description of the impact exerted by the COVID-19 coronavirus pandemic on ASEE Group's business is provided in the Management Report on Operations of ASEE Group for the period of 6 months ended 30 June 2020, in the item 'Impact of the COVID-19 coronavirus pandemic on the business operations of ASEE and Payten'.

2.2. Compliance statement

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

The scope of these interim condensed financial statements, being a part of the semi-annual report, is in accordance with the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent the information required by laws of non-EU member states (consolidated text: Journal of Laws of 2018, item 757) ("Regulation"), and covers the semi-annual reporting period from 1 January to 30 June 2020 and the comparable period from 1 January to 30 June 2019 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 2020 and the comparable data as at 31 December 2019 in case of the statement of financial position.

The cumulative data presented for the period of 6 months ended 30 June 2020 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 2020 and for the corresponding period of 2019 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 2020 which were published on 29 April 2020.

2.3. Functional currency and presentation currency

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

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

At the reporting date:

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

- non-monetary items carried at fair value denominated in a foreign currency are translated using the exchange rate effective on the fair value measurement date.

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

- ✓ exchange rate effective on 30 June 2020: EUR 1 = PLN 4.4660
- ✓ exchange rate effective on 31 December 2019: EUR 1 = PLN 4.2585
- ✓ exchange rate effective on 30 June 2020: USD 1 = PLN 3.9806
- ✓ exchange rate effective on 31 December 2019: USD 1 = PLN 3.7977

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 2020, 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 2019.

2.5. Accounting policies applied

The significant accounting policies adopted by the Company have been described in its financial statements for the year ended 31 December 2019 which were published on 24 February 2020.

The accounting policies adopted in the preparation of these interim condensed financial statements have remained unchanged in relation to those followed when preparing the Company's annual financial statements for the year ended 31 December 2019.

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

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

- IFRS 17 'Insurance Contracts' (issued on 18 May 2017) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current' (issued on 23 January 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IFRS 3 'Business Combinations', IAS 16 'Property, Plant and Equipment', IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', Annual Improvements to IFRS Standards 2018-2020 (issued on 14 May 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2022;
- Amendments to IFRS 16 'Leases – Covid-19-Related Rent Concessions' (issued on 18 May 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 June 2020; Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020;
- Amendments to IFRS 4 'Insurance Contracts' (issued on 25 June 2020) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2021;
- IFRS 14 'Regulatory Deferral Accounts' (issued on 30 January 2014) – the European Commission has decided not to initiate the process of endorsement of this standard until the release of its final version – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016;

- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture' (issued on 11 September 2014) – work for the endorsement of these amendments has been postponed by the EU – the effective date of these amendments has been deferred indefinitely by the IASB.

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

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

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

2.7. Corrections of material errors

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

2.8. Changes in the comparable data

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

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

STATEMENT OF PROFIT AND LOSS	6 months ended 30 June 2019 PLN'000	Change	6 months ended 30 June 2019 <i>restated</i> PLN'000
Holding activities	42,921	-	42,921
Dividend income	35,292	-	35,292
Revenues from sale of services	7,629	-	7,629
Operating activities	4,604	-	4,604
Revenues from sale of IT services and software	4,604	-	4,604
Total sales revenues	47,525	-	47,525
Cost of sales	(8,229)	(1,424)	(9,653)
Recognition/reversal of allowances for trade receivables	-	-	-
Gross profit on sales	39,296	(1,424)	37,872
Selling costs	(2,259)	1,820	(439)
General and administrative expenses	(134)	(396)	(530)
Net profit on sales	36,903	-	36,903
Operating profit	57	-	57
Pre-tax profit	(33)	-	(33)
Net profit	36,927	-	36,927

Restatements related to operating segments:

Period of 6 months ended 30 June 2019	Holding activities PLN'000	Change PLN'000	Holding activities restated PLN'000		IT services PLN'000	Change PLN'000	IT services restated PLN'000
Dividend income	35,292	-	35,292		-	-	-
Revenues from sale of services	7,629	-	7,629		-	-	-
Revenues from sale of IT services and software	-	-	-		4,604	-	4,604
Total sales revenues	42,921	-	42,921		4,604	-	4,604
Gross profit on sales	37,255	(1,365)	35,890		2,041	(59)	1,982
Selling costs	(1,733)	1,733	-		(526)	87	(439)
General and administrative expenses	-	(396)	(396)		(134)	-	(134)
Net profit on sales	35,522	(28)	35,494		1,381	28	1,409

III. Information on operating segments

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

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

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

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

Period of 6 months ended 30 June 2020	Holding activities	IT services	Total
	PLN'000	PLN'000	PLN'000
Dividend income	42,194	-	42,194
Revenues from sale of services	8,998	-	8,998
Revenues from sale of IT services and software	-	5,787	5,787
Total sales revenues	51,192	5,787	56,979
Gross profit on sales	43,710	2,942	46,652
Selling costs	-	(599)	(599)
General and administrative expenses	(417)	(27)	(444)
Net profit on sales	43,293	2,316	45,609

Period of 6 months ended 30 June 2019 <i>restated</i>	Holding activities	IT services	Total
	PLN'000	PLN'000	PLN'000
Dividend income	35,292	-	35,292
Revenues from sale of services	7,629	-	7,629
Revenues from sale of IT services and software	-	4,604	4,604
Total sales revenues	42,921	4,604	47,525
Gross profit on sales	35,890	1,982	37,872
Selling costs	-	(439)	(439)
General and administrative expenses	(396)	(134)	(530)
Net profit on sales	35,494	1,409	36,903

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 2020 and in the comparable periods were as follows:

	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 PLN'000	6 months ended 30 June 2019 PLN'000
Dividends from related parties, of which:	26,182	42,194	35,292	35,292
ASEE B&H	-	2,263	-	-
ASEE Croatia	7,359	7,359	2,143	2,143
ASEE Macedonia	4,800	4,800	11,728	11,728
ASEE Romania	-	2,172	3,620	3,620
ASEE Serbia	9,603	16,319	13,512	13,512
Payten Slovenia	-	-	2,575	2,575
Payten Croatia	-	-	1,714	1,714
Payten Turkey	-	4,861	-	-
ASEE Kosovo	4,420	4,420	-	-
Revenues from sale of services	4,727	8,998	4,636	7,629
Total operating revenues from holding activities	30,909	51,192	39,928	42,921

Cash inflows generated from dividends received during the first 6 months of 2020 amounted to PLN 40,358 thousand, as compared with PLN 33,848 thousand in the first 6 months of 2019.

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

4.2. IT services – structure of operating revenues

Operating revenues generated during the periods of 3 and 6 months ended 30 June 2020 and in the comparable periods were as follows:

	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 PLN'000	6 months ended 30 June 2019 PLN'000
Revenues from sale of software and IT services	3,166	5,787	2,459	4,604
Total operating revenues from IT service activities	3,166	5,787	2,459	4,604

In the periods of 3 and 6 months ended 30 June 2020 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 2020 and in the comparable periods were as follows:

	3 months ended 30 June 2020	6 months ended 30 June 2020	3 months ended 30 June 2019 <i>restated</i>	6 months ended 30 June 2019 <i>restated</i>
	PLN'000	PLN'000	PLN'000	PLN'000
Operating costs				
Cost of goods, materials and third-party services sold	(1,136)	(1,920)	(891)	(1,797)
Employee benefits, of which:	(2,151)	(4,606)	(2,087)	(3,636)
<i>Valuation of share-based payment plan</i>	<i>(191)</i>	<i>(334)</i>	<i>(380)</i>	<i>(685)</i>
Third-party services and outsourcing of employees	(1,331)	(2,755)	(1,702)	(3,205)
Depreciation and amortization	(159)	(324)	(152)	(284)
Maintenance costs of property and company cars	(565)	(1,133)	(379)	(733)
Business trips	-	(73)	(173)	(347)
Advertising	(47)	(87)	(79)	(136)
Other	(424)	(472)	(336)	(484)
Total	(5,813)	(11,370)	(5,799)	(10,622)
Cost of sales	(5,210)	(10,233)	(5,325)	(9,653)
Selling costs	(302)	(599)	(254)	(439)
General and administrative expenses	(207)	(444)	(220)	(530)
Recognition/reversal of allowances for trade receivables	(94)	(94)	-	-
Total	(5,813)	(11,370)	(5,799)	(10,622)

Share-based payment transactions with employees

On 23 June 2017, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of 2,221,356 shares in ASEE S.A., representing 4.28% 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 1,572,424 shares in total.

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

The purchase rights were vested on 23 June 2017. The acquisition price was set at PLN 10.89 per share. As at the acquisition date, the market price per share equalled PLN 12.60. According to the concluded agreements, the managers shall exercise all the rights attached to shares acquired (dividend rights, voting rights, etc.) since the shares acquisition date, this is as of 23 June 2017. The consideration for the shares shall be paid in eight annual instalments till 31 July 2024. The right to pay the acquisition price in instalments is granted to persons participating in this plan provided they continue to serve in a managerial position at the Group and do not violate any material conditions of the agreement (among others, make timely payments according to the schedule, establish a pledge on shares acquired, refrain from selling these shares during the lock-up period, etc.). The managers are not allowed to sell these shares over a lock-up period of 2 years in relation to 50% of shares and 3 years for the remaining 50% of shares. The managers shall be entitled to make an earlier payment for shares acquired at the agreed price of PLN 10.89 per share, except for shares being subject to the lock-up obligation. An unpaid portion of the selling price has been secured by establishing a pledge on shares purchased by each buyer.

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

The fair value of this share-based incentive plan has been estimated as the sum of the discount between the shares market price on the transaction date and their actual acquisition price, and the valuation of put options measured using the Black-Scholes Merton model. The total fair value of the plan as at the rights vesting

date amounts to PLN 5,642 thousand. The incentive plan costs will be accounted for, along with the corresponding increase in equity, as costs of employee benefits and recognized in the financial results of ASECO Group for the years 2017-2020.

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

Market price of 1 share of ASECO on the acquisition date	PLN 12.60
Acquisition price of 1 share	PLN 10.89
Expected share price volatility	25.61%
Risk-free interest rate	2.25%
Dividend yield	3.81%
Employee turnover ratio	9.0%

The expected share price volatility of 25.61% has been computed based on historical quotes of our shares in the period of two years preceding the date of the shares sale transaction, taking into account their average closing prices.

The risk-free interest rate has been assumed in correspondence to the interest offered on three-year Treasury bills, equalling 2.25%.

The dividend yield has been determined on the basis of dividend amounting to PLN 0.48 per share that was paid out to the shareholders of ASECO S.A. from the company's net profit for the year 2016.

The employee turnover ratio has been estimated based on historical data for the years 2015-2017 and updated with current changes in the employment of persons participating in the incentive plan.

The options exercise period has been set at 2 years in relation to 50% of shares and 3 years for the remaining 50% of shares. The options exercise period has been correlated with the lock-up period applicable to the sale of shares, lasting 2 or 3 years.

The standalone financial statements present the costs related to the acquisition of 1,003,442 shares, including 966,942 shares acquired by Piotr Jeleński, CEO of ASECO S.A., and 30,000 shares acquired by Marcin Rułnicki, Member of the Management Board of ASECO S.A.

The costs of share-based payment plan disclosed in these interim condensed financial statements of ASECO S.A. for the period of 6 months ended 30 June 2020 amounted to PLN 334 thousand (vs. PLN 685 thousand in the comparable period of 2019). In correspondence, this transaction was recognized as a separate item of the Company's equity, in the same amount as disclosed in remuneration costs.

4.4. Financial income and expenses

Financial income earned during the periods of 3 and 6 months ended 30 June 2020 and in the comparable periods was as follows:

Financial income	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 PLN'000	6 months ended 30 June 2019 PLN'000
Interest income on investments in debt securities and bank deposits carried at amortized cost	283	610	176	371
Positive foreign currency translation differences	-	1,017	-	-
Commissions received on guarantees granted	5	11	8	15
Net gain on exercise and/or valuation of derivative instruments	74	83	159	213
Reversal of impairment losses on investments in subsidiaries	4,265	4,265	-	-
Total	4,627	5,986	343	599

Gain on reversal of impairment losses on investments in subsidiaries is related to our investment in ASECO Bulgaria, which has been described in detail in explanatory note 5.5.

Financial expenses incurred during the periods of 3 and 6 months ended 30 June 2020 and in the comparable periods were as follows:

Financial expenses	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 PLN'000	6 months ended 30 June 2019 PLN'000
Interest expenses on bank loans	(85)	(179)	(52)	(106)
Interest expenses on leases	(1)	(2)	-	-
Negative foreign currency translation differences	(710)	-	(331)	(246)
Loss on exercise and/or valuation of derivative instruments	-	(477)	-	(97)
Impairment losses on investments in subsidiaries	(4,000)	(4,000)	-	-
Total	(4,796)	(4,658)	(383)	(449)

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

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

Impairment losses on investments in subsidiaries resulted from the impairment of our investment in ASEE B&H, recognized on the basis of an impairment test carried out, which has been described in detail in explanatory note 5.5.

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

	3 months ended 30 June 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 PLN'000	6 months ended 30 June 2019 PLN'000
Gain on revaluation of financial assets (reversal of allowance for loans granted)	667	688	21	21
Loss on impairment of financial assets (allowance for loans granted)	-	-	(90)	(90)
Recognition/reversal of impairment losses on loans granted and other financial instruments	667	688	(69)	(69)

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 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 PLN'000	6 months ended 30 June 2019 PLN'000
Current income tax and prior years' adjustments	(2,361)	(2,715)	(2,404)	(2,323)
Deferred income tax	163	(172)	(229)	(143)
Income tax expense as disclosed in the statement of profit and loss	(2,198)	(2,887)	(2,633)	(2,466)

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 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Pre-tax profit from continuing operations	47,540	37,008
Statutory corporate income tax rate	19%	19%
Corporate income tax computed at the statutory tax rate	(9,033)	(7,032)
Tax-exempt dividends received from subsidiaries	1,811	1,538
Income tax on taxable dividends paid by subsidiaries	3,465	2,683
Share-based payment plan	(63)	(175)
Depreciation and amortization	(5)	17
Adjustments to prior years' income tax	653	551
Other permanent differences	285	(48)
Corporate income tax computed at the effective tax rate	(2,887)	(2,466)

During the period of 6 months ended 30 June 2020, our effective tax rate equalled 6.1%, as compared with 6.7% 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 2020 PLN'000	6 months ended 30 June 2020 PLN'000	3 months ended 30 June 2019 PLN'000	6 months ended 30 June 2019 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)	26,477	44,653	33,870	34,542
Net earnings per share (in PLN)	0.51	0.86	0.65	0.67

4.7. Information on dividends paid out

The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to § 12 sec. 4 item 2) of the Company's Articles of Association, on 16 June 2020 decided to pay out a dividend in the total amount of PLN 38,402 thousand or PLN 0.74 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 25 June 2020 as the dividend record date. The dividend was paid out on 8 July 2020. The number of shares eligible for dividend was 51,894,251.

In 2019, the Parent Company paid out to its shareholders a dividend for the year 2018. 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 11 April 2019 decided to pay out a dividend in the total amount of PLN 26,985 thousand or PLN 0.52 per share to all of the Company's shareholders.

The Company's Annual General Meeting established 28 June 2019 as the dividend record date. The dividend was paid out on 11 July 2019. 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

The net book value of property, plant and equipment, during the period of 6 months ended 30 June 2020 and in the comparable period, changed as a result of the following transactions:

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Net book value of property, plant and equipment as at 1 January	385	514
Additions, of which:	70	17
Purchases and modernization	70	17
Reductions, of which:	(83)	(121)
Depreciation charges for the reporting period	(83)	(111)
Disposal and liquidation	-	(10)
Net book value of property, plant and equipment as at 30 June	372	410

Both as at 30 June 2020 and 31 December 2019, property, plant and equipment did not serve as collateral for any bank loans.

5.2. Intangible assets

The net book value of intangible assets, during the period of 6 months ended 30 June 2020 and in the comparable period, changed as a result of the following transactions:

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Net book value of intangible assets as at 1 January	5,626	5,695
Additions, of which:	74	66
Purchases and modernization	74	66
Reductions, of which:	(189)	(122)
Amortization charges for the reporting period	(189)	(122)
Net book value of intangible assets as at 30 June	5,511	5,639

Both as at 30 June 2020 and 31 December 2019, intangible assets did not serve as collateral for any bank loans.

5.3. Right-of-use assets

The net book value of right-of-use assets, during the period of 6 months ended 30 June 2020 and in the comparable period, changed as a result of the following transactions:

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Net book value of right-of-use assets as at 1 January	376	478
Additions, of which:	-	-
Conclusion of new lease contracts	-	-
Reductions, of which:	(52)	(51)
Depreciation charges for the reporting period	(52)	(51)
Net book value of right-of-use assets as at 30 June	324	427

5.4. Investments in subsidiaries

The Company's equity investments held as at 30 June 2020 and in the comparable period are disclosed in the table below:

		30 June 2020	31 Dec. 2019
		PLN'000	PLN'000
Asseco SEE d.o.o. (Sarajevo)	ASEE B&H	21,830	25,830
Asseco SEE o.o.d. (Sofia)	ASEE Bulgaria	4,265	-
Asseco SEE d.o.o. (Zagreb)	ASEE Croatia	56,783	56,783
Asseco SEE Sh.p.k. (Pristina)	ASEE Kosovo	21,241	21,241
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 d.o.o. (Belgrade)	Payten Serbia	-	19,618
Payten Teknoloji A.Ş.	Payten Turkey	-	50,842
Payten Sp. z o.o.	Payten	25	25
Payten Sp. z o.o. (limited partnership)	Payten SK	227,157	154,776
		608,998	606,812

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 2019, which was published on 24 February 2020 and is available at the Issuer's website: www.asseco.com/see.

During the period of 6 months ended 30 June 2020, the organizational structure of the Issuer's Group changed as a result of separating payment services into a standalone organizational unit, as well as further development of our payment services business.

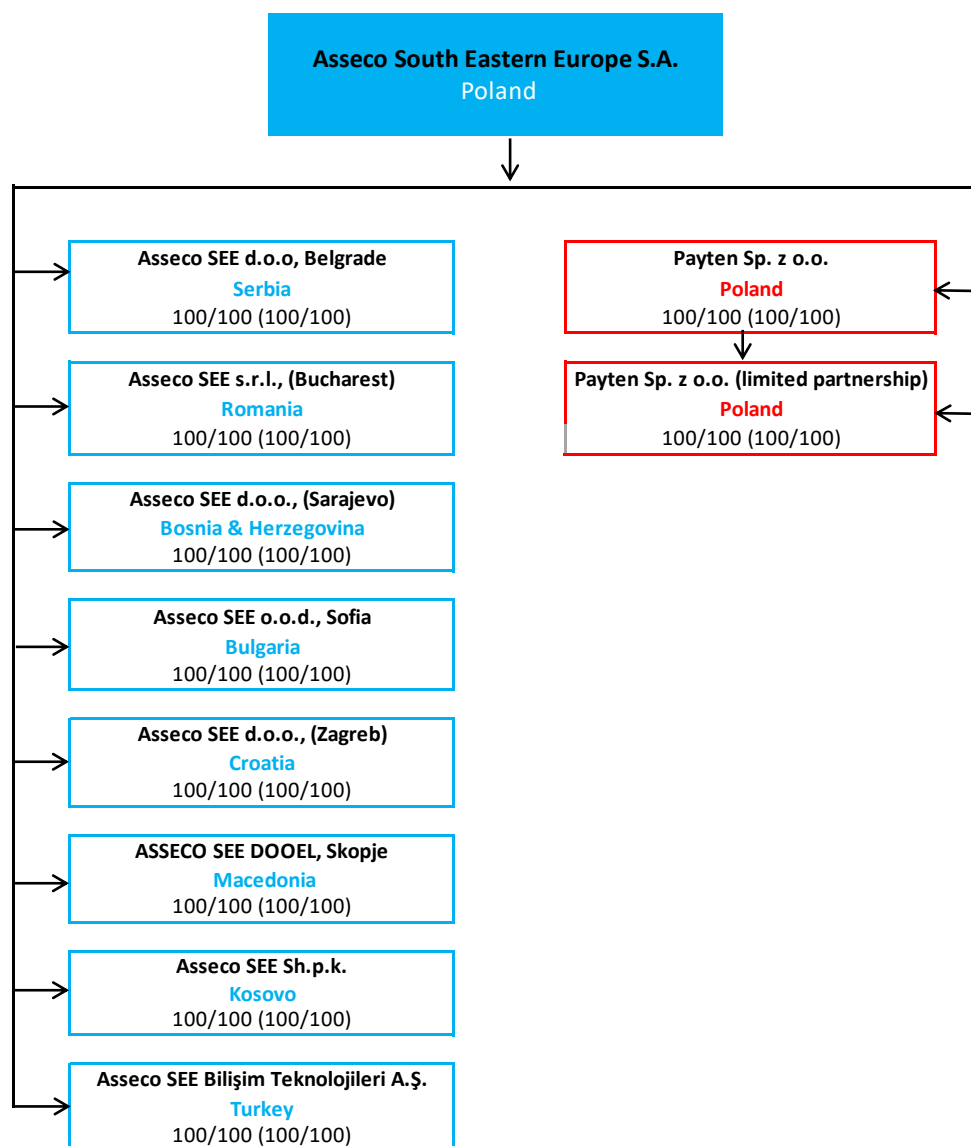
- **Transfer of shares in Payten Teknoloji A.Ş.**

On 20 March 2020, ASEE S.A. made a non-cash contribution to Payten Sp. z o.o. sp.k. of shares in the company Payten Teknoloji A.Ş.

- **Transfer of shares in Payten d.o.o. Belgrade**

On 26 June 2020, ASEE S.A. made a non-cash contribution to Payten Sp. z o.o. sp.k. of shares in the company Payten d.o.o. Belgrade, based in Belgrade.

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



100/100 voting rights / equity interest as at 30 June 2020 (in %)
(100/100) voting rights / equity interest as at 31 December 2019 (in %)

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 2020, we estimated the recoverable amounts of our investments in the companies of ASEE Romania, ASEE Kosovo, ASEE Macedonia, and ASEE B&H because their actual financial results were weaker than expected and/or 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.

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 2020 was determined on the basis of their value in use, applying the forecasted free cash flow to firm (FCFF) based on financial forecasts approved by our management personnel. The detailed forecast covered the period of 5 years, while the residual value was determined assuming no real growth of the achieved margins after the forecast period.

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

The table below presents the basic assumptions concerning the discount rate and sales revenue growth as adopted in the testing model prepared as at 30 June 2020:

	Book value of investment	Discount rate applied in the model	Sales revenue growth rate
ASEE B&H	21,830	22.71%	12.59%
ASEE Kosovo	21,241	17.85%	5.95%
ASEE Macedonia	98,480	16.90%	12.43%
ASEE Romania	97,919	12.45%	4.47%

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

As a result of the conducted impairment test, we have determined that the value of our investment in ASEE B&H shall be written down by PLN 4,000 thousand. The write-down was recognized in financial expenses. This impairment charge was made largely due to weaker than expected financial performance of that company as well as an increase in its weighted average cost of capital.

In order to estimate the free cash flow to firm (FCFF), we assumed that the average revenue growth rate over the period of forecast will be 12.59% per annum. The residual value was determined assuming no growth in margins achieved after the detailed forecast period. The discount rate applied to estimate the present value of expected future cash flows was equivalent to the estimated weighted average cost of capital of ASEE B&H that equalled 22.71%.

In the case of other impairment tests performed as at 30 June 2020, the value in use of our investments was higher than their book value. The Company also carried out a sensitivity analysis in relation to the impairment tests performed for our investing activity assets.

Analysis of sensitivity

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

- discount rate applied, and
- sales revenue growth rate

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

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

In the case of ASEE 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 2.82 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 1.44 pp with other assumptions remaining constant. As at 30 June 2020, the excess of the recoverable amount of this investment over its carrying value equalled PLN 26.2 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 3.09 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 2.84 pp with other assumptions remaining constant. As at 30 June 2020, the excess of the recoverable amount of this investment over its carrying value equalled PLN 17.9 million.

In the case of ASEE Kosovo, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 4.01 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 2.39 pp with other assumptions remaining constant. As at 30 June 2020, the excess of the recoverable amount of this investment over its carrying value equalled PLN 5.6 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.

Reversal of an impairment loss on our investment in ASEE Bulgaria

As at 30 June 2020, the Company also analyzed the validity of indications for recognition of an impairment charge on our investment in ASEE Bulgaria that was made in previous years. Our investment in ASEE Bulgaria was written down by PLN 4,265 thousand due to weaker than expected financial performance of that company. Our recent analysis of the indications of impairment showed that it is no longer justified to carry such a write-down on our subsidiary ASEE Bulgaria. Since the time of recognizing the impairment charge on this investment, we have observed a significant and permanent improvement in the economic results of that company. As a result, the carrying value of our investment in ASEE Bulgaria has been increased to match its carrying value from before making the write-down, this is by PLN 4,265 thousand.

In order to estimate the free cash flow to firm (FCFF), we assumed that the average revenue growth rate over the period of forecast will be 4.38% per annum. The residual value was determined assuming no growth of the achieved margins after the forecast period. The discount rate applied to estimate the present value of expected future cash flows was equivalent to the company's estimated weighted average cost of capital that equalled 9.54% as at the date of write-down reversal. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the expected market yield and the beta coefficient leveraged to reflect the market debt/equity ratio.

5.6. Prepayments and accrued income

As at 30 June 2020 and in the comparable period, prepayments and accrued income included the following items:

	30 June 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Prepaid services, of which:	-	2,505	-	1,228
maintenance services and license fees	-	1,351	-	689
insurances	-	48	-	22
other services	-	1,106	-	517
Total	-	2,505	-	1,228

Both as at 30 June 2020 and at the end of the comparable period, prepayments included primarily the costs of maintenance services and license fees 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 2020 as well as at 31 December 2019:

	30 June 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Trade receivables				
From related parties	-	6,223	-	2,834
From other entities	-	2,300	-	783
Allowance for doubtful receivables (-)	-	(94)	-	-
Total trade receivables	-	8,429	-	3,617
Receivables from dividends	-	8	-	-
Receivables from disposal of financial instruments or capital investments	-	-	532	1,367
Other receivables	47	227	47	275
Total other receivables	47	235	579	1,642

Trade receivables from related parties in the amount of PLN 6,223 thousand resulted from the sale of consulting, business and technical support services to subsidiaries of ASEE Group.

The table below presents assets from contracts with customers as at 30 June 2020 as well as at 31 December 2019:

	30 June 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Uninvoiced receivables				
From related parties	-	-	-	-
From other entities	-	131	-	-
Total contract assets	-	131	-	-

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 2020, 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 2020		31 Dec. 2019	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Financial assets carried at amortized cost, of which:	38,501	7,695	31,629	15,995
loans granted to related parties	38,501	7,695	31,629	15,992
loans granted to employees	-	-	-	3
Financial assets carried at fair value through profit or loss, of which:	36	-	109	-
currency forward contracts	36	-	109	-
Total	38,537	7,695	31,738	15,995

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 2020 and as at 31 December 2019, including their nature and changes in the amounts outstanding between those reporting dates.

	1 January 2020	Granted	Repaid	Other/ Valuation	Interest accrued	Interest repaid	Foreign currency translation differences	30 June 2020
Loans granted to related parties:	47,621	191	(4,756)	666	567	(498)	2,405	46,196
ASEE B&H	1	-	-	-	-	(1)	-	-
ASEE Bulgaria	7	-	(751)	688	10	(17)	63	-
Payten B&H	3,437	-	(443)	(4)	80	(71)	162	3,161
Payten Croatia	6,981	-	(2,310)	(18)	97	(127)	367	4,990
Payten Montenegro	2,140	-	(430)	-	25	(6)	92	1,821
Payten Slovenia	769	-	(822)	-	7	(9)	55	-
Payten Sp. z o.o. s.k.	34,286	171	-	-	348	(267)	1,666	36,204
Payten Sp. z o.o.	-	20	-	-	-	-	-	20
Other loans:	3	-	(3)	-	-	-	-	-
Loans granted to employees	3	-	(3)	-	-	-	-	-
Total	47,624	191	(4,759)	666	567	(498)	2,405	46,196
Long-term	31,629							38,501
Short-term	15,995							7,695

The following table provides information on the key terms of loans granted to related parties as at 30 June 2020:

	30 June 2020 PLN'000	Interest rate	Loan currency	Repayment date
Loans granted during the financial year				
Payten Sp. z o.o. s.k.	171	3M LIBOR + margin	USD	13.05.2023
Payten Sp. z o.o.	20	3M WIBOR + margin	PLN	30.06.2022
Loans granted in previous years				
Payten B&H	3,161	1M EURIBOR + margin	EUR	31.12.2020
Payten Croatia	272	1M EURIBOR + margin	EUR	19.12.2020
Payten Croatia	125	1M EURIBOR + margin	EUR	19.12.2020
Payten Croatia	143	1M EURIBOR + margin	EUR	14.12.2020
Payten Croatia	281	1M EURIBOR + margin	EUR	14.12.2020
Payten Croatia	2,357	1M EURIBOR + margin	EUR	25.08.2021
Payten Croatia	1,812	1M EURIBOR + margin	EUR	25.03.2022
Payten Montenegro	1,821	1M EURIBOR + margin	EUR	31.07.2023
Payten Sp. z o.o. s.k.	17,918	1M EURIBOR + margin	EUR	25.06.2023
Payten Sp. z o.o. s.k.	6,445	1M EURIBOR + margin	EUR	25.06.2023
Payten Sp. z o.o. s.k.	11,670	1M EURIBOR + margin	EUR	30.09.2024
Total	46,196			

Changes in the amount of allowances for loans granted that took place during the period of 6 months ended 30 June 2020 have been presented in explanatory note 4.4 to the interim condensed financial statements of ASEE S.A.

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

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

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

In the period of 6 months ended 30 June 2020, 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 2020 and 31 December 2019 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 2020 and in the comparable period:

	30 June 2020 PLN'000	31 Dec. 2019 PLN'000
Cash at bank accounts	21,623	5,062
Cash at split payment accounts	426	341
Short-term bank deposits	21,008	5,641
Total cash and cash equivalents as disclosed in the balance sheet	43,057	11,044
Bank overdraft facilities utilized for current liquidity management	-	-
Total cash and cash equivalents as disclosed in the cash flow statement	43,057	11,044

Interest earned on cash at bank is variable and depends on interest rates offered on bank deposits. Short-term deposits are made for varying periods of between one day and three months and earn interest at their respective fixed interest rates.

5.10. Bank loans

Interest-bearing bank loans	Effective interest rate %	Repayment date	30 June 2020 PLN'000	31 Dec. 2019 PLN'000
Short-term	1M EURIBOR + margin	31.07.2023	9,266	10,023
Long-term	1M EURIBOR + margin	31.07.2023	11,454	14,747
Total interest-bearing bank loans			20,720	24,770

Liabilities under interest-bearing bank loans resulted from a bank credit facility provided by ING Bank Śląski up to the amount of EUR 9 million. On 10 June 2019, the Company signed an annex to this loan agreement. The line of credit may be used over a period of two years till 10 June 2021. Whereas, the repayment date has been scheduled for 31 July 2023. Interest is payable on the amount of loan actually drawn and shall be based on the 1-month EURIBOR rate plus margin. Repayment of the loan to the bank is secured by sureties furnished by our subsidiaries as well as by the assignment of the amounts receivable under loans granted to our subsidiaries. As at 30 June 2020, our liability under this bank loan amounted to PLN 20,720 thousand. As at 31 December 2019, our liability under this bank loan amounted to PLN 24,770 thousand. Funds obtained under this bank loan were used for loans granted to our subsidiaries in order to finance outsourcing projects within ASEE Group as well as for new business acquisitions.

5.11. Lease liabilities

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

	30 June 2020 PLN'000	31 Dec. 2019 PLN'000
Liabilities from leases of real estate		
Short-term	110	103
Long-term	231	277
Total	341	380

5.12. Other financial liabilities

The table below presents other financial liabilities as at 30 June 2020 and in the comparable period:

Other financial liabilities	30 June 2020		31 Dec. 2019	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Liabilities from the acquisition of shares	-	4,932	4,932	4,936
Liabilities from currency forward contracts	1	3	46	-
Dividends payable	-	38,402	-	-
Total	1	43,337	4,978	4,936

Liabilities from the acquisition of shares include deferred payments under the agreement for purchase of shares in Necomplus that concluded on 29 January 2019.

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

The fair value of currency forward contracts is determined at each reporting date using calculation models based on inputs that are directly observable in active markets.

5.13. Contract liabilities, trade payables and other liabilities

As at 30 June 2020 and in the comparable period, the Company had the following trade payables:

	30 June 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Trade payables, of which:				
Trade payables	-	411	-	1,039
<i>to related parties</i>	-	9	-	718
<i>to other entities</i>	-	402	-	321
Uninvoiced payables	-	963	-	1,141
<i>to related parties</i>	-	481	-	213
<i>to other entities</i>	-	482	-	928
Total trade payables	-	1,374	-	2,180

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 2020 and in the comparable period, the Company had the following liabilities from contracts with customers:

	30 June 2020		31 Dec. 2019	
	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	-	2,282	-	1,391
<i>to related parties</i>	-	-	-	-
<i>to other entities</i>	-	2,282	-	1,391
Total contract liabilities	-	2,282	-	1,391

Liabilities from contracts with customers included deferred income relating to advance payments received for maintenance services to be provided in future periods.

As at 30 June 2020 and in the comparable period, the Company had the following other liabilities:

	30 June 2020		31 Dec. 2019	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Corporate income tax payable	-	1,059	-	374
Other liabilities to the state and local budgets:	-	639	-	137
Value added tax (VAT)	-	485	-	-
Personal income tax (PIT)	-	49	-	65
Social security contributions	-	105	-	69
Other	-	-	-	3
Total liabilities to the state and local budgets	-	1,698	-	511
Other liabilities				
Liabilities from purchases of tangible assets and intangible assets	-	-	-	-
Financial audit liabilities	-	149	-	265
Other liabilities	-	-	-	1
Total other liabilities	-	149	-	266

5.14. Accruals

	30 June 2020		31 Dec. 2019	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Accruals, of which:				
Accrual for unused holiday leaves	-	762	-	447
Accrual for employee and management bonuses	-	1,447	-	2,211
Total	-	2,209	-	2,658

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

5.15. Related party transactions

The table below discloses the total values of transactions conducted with our related parties during the periods of 6 months ended 30 June 2020 and 30 June 2019, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2020 and 31 December 2019:

	Sales to related parties PLN'000	Purchases from related parties PLN'000	Receivables from related parties PLN'000	Liabilities to related parties PLN'000
Transactions with entities of Asseco Poland Group				
2020	23	108	63	4,945
2019	19	153	61	9,882
Transactions with entities controlled by the Company				
2020	8,998	693	6,209	477
2019	7,565	426	4,724	917

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 2020, receivables from related parties comprised trade receivables amounting to PLN 6,223 thousand, as well as other receivables amounting to PLN 49 thousand (of which PLN 47 thousand of deposits for rental of office space, and PLN 2 thousand of other receivables). As at 31 December 2019, receivables from related parties comprised trade receivables amounting to PLN 2,834 thousand, as well as other receivables amounting to PLN 1,951 thousand (of which PLN 1,899 thousand of receivables from the sale of shares in Sigma Turkey to ASEE Turkey, PLN 47 thousand of deposits for rental of office space, and PLN 5 thousand of other receivables).

As at 30 June 2020, liabilities to related parties comprised trade payables amounting to PLN 490 thousand, as well as other liabilities in the amount of PLN 4,932 million arising from deferred payment for the acquisition of shares in Necomplis. As at 31 December 2019, liabilities to related parties comprised trade payables amounting to PLN 931 thousand, as well as other liabilities in the amount of PLN 9,868 million arising from deferred payment for the acquisition of shares in Necomplis. 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 2020 include dividends payable to Asseco International a.s. in the amount of PLN 19,606 thousand. The dividend was paid out on 8 July 2020.

On 23 June 2017, Asseco Poland S.A. 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. The standalone financial statements present the costs related to the acquisition of 1,003,442 shares, including 966,942 shares acquired by Piotr Jeleński, CEO of ASEE S.A., and 30,000 shares acquired by Marcin Rulnicki, Member of the Management Board of ASEE S.A.

The costs of share-based payment plan disclosed in these interim condensed financial statements of ASEE S.A. for the period of 6 months ended 30 June 2020 amounted to PLN 334 thousand (vs. PLN 685 thousand in the comparable period of 2019).

Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2020 include dividends payable to the Management Board Members as well as to parties that are related through Members of the Management Board in the total gross amount of PLN 1,008 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 2020. The dividend was paid out on 8 July 2020.

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

VI. Explanatory notes to the statement of cash flows

6.1. Cash flows – operating activities

Operating cash flows were mainly influenced by the following elements:

- Changes in working capital, including:

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Change in receivables and contract assets	(4,943)	(598)
Change in liabilities	470	(1,480)
Change in prepayments and accruals	(1,723)	(910)

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

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
ASEE Serbia	15,491	12,797
ASEE Croatia	7,302	2,146
ASEE Romania	2,183	3,623
ASEE Macedonia	4,462	11,060
ASEE B&H	2,244	-
ASEE Kosovo	4,437	-
Payten Turkey	4,239	-
Payten Slovenia	-	2,588
Payten Croatia	-	1,634
Total	40,358	33,848

- Proceeds from the sale of shares related to receiving a deferred payment for the sale of shares in Sigma company in the amount of PLN 2,005 thousand (vs. PLN 685 thousand in the comparable period).
- Expenditures for the acquisition of shares in subsidiaries:

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Necomplus Spain	(4,936)	(23,354)
Payten Sp. z o.o.	-	(25)
Payten Sp. z o.o. sp.k.	(1,921)	(1,538)
Payten B&H	-	(853)
Total	(6,857)	(25,770)

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 2020:

	6 months ended 30 June 2020 PLN'000	6 months ended 30 June 2019 PLN'000
Acquisition of property, plant and equipment	(75)	(86)
Acquisition of intangible assets	(75)	(66)
Total	(150)	(152)

Our inflows from loans collected as well as outflows for loans granted during the period of 6 months ended 30 June 2020 have been presented in detail in explanatory note 5.8 to these interim condensed financial statements.

6.3. Cash flows – financing activities

		Interest-bearing bank loans	Leases	Dividend payment liabilities	Total
		PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2020		24,770	380		25,150
Cash flows	Inflows (+)	-	-	-	-
	Repayment of principal amount – outflows	(5,297)	(57)	-	(5,354)
	Interest paid – outflows	(179)	(2)	-	(181)
	Outflows (-)	-	-	-	(26,985)
Non-cash changes	Interest accrued	179	2	-	181
	Non-cash increase in liabilities	-	-	38,402	38,402
	Foreign currency translation differences recognized in financial income/expenses	1,247	18	-	1,265
As at 30 June 2020		20,720	341	38,402	59,463

VII. Other explanatory notes

7.1. Off-balance-sheet liabilities

The Company granted the following guarantees and sureties:

	30 June 2020		Date of expiration	31 Dec. 2019		Date of expiration
	PLN'000	EUR'000		PLN'000	EUR'000	
Guarantee facilities	2,233			2,130		
- ASEE Kosovo	1,340	300	05.04.2021	1,278	300	05.04.2021
- ASEE Kosovo	893	200	06.09.2023	852	200	06.09.2023
Guarantees for due performance of contracts	-			639		
- ASEE Slovenia	-	-	-	256	60	31.01.2020
- ASEE Slovenia	-	-	-	383	90	05.06.2020
Total guarantees and sureties	2,233			2,769		

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 2020	31 Dec. 2019
	PLN'000	PLN'000
Liabilities from rental of space		
In the period up to 1 year	44	50
In the period from 1 to 5 years	-	-
Over 5 years	-	-
Total	44	50

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 30 June 2020 are related to lease contracts that were subject to exemptions provided under IFRS 16 (short-term leases and leases of low-value assets).

7.2. Seasonal business

Because we are a holding company, the distribution of our financial results during a fiscal year depends largely on the dates when our subsidiaries adopt resolutions to pay out dividends.

7.3. Employment

Number of employees as at	30 June 2020	31 Dec. 2019
Management Board*	2	2
Production departments	7	10
Sales departments	5	4
Administration departments	14	13
Total	28	29

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

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

On 23 June 2017, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of shares in ASEE S.A. The above-mentioned agreements constitute an equity-settled share-based payment transaction as defined by IFRS 2. This transaction has been described in detail in explanatory note 4.3 to these interim condensed financial statements.

During the period of 6 months ended 30 June 2020 and in the comparable period last year, Members of the Management Board and the Supervisory Board did not receive any severance payments or post-employment benefits.

7.4. Significant events after the reporting period

In the period from 30 June 2020 till the date of approval of these financial statements, this is until 5 August 2020, we have not observed any other major events, the disclosure of which might significantly affect the assessment of human resources, assets and financial position of ASEE S.A.

7.5. Significant events related to prior years

Until the date of preparing these financial statements, this is until 5 August 2020, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books and these financial statements.



**Approval for publication
by the Management Board**

The interim condensed consolidated financial statements Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2020, 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 2020 have been approved for publication by the Management Board of Asseco South Eastern Europe S.A. on 5 August 2020.

Management Board:

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

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

Solutions for demanding business.

[Asseco South Eastern Europe S.A.](#)

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