

**Solutions  
for demanding  
business.**



**REPORT OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE PERIOD OF 6 MONTHS ENDED  
30 JUNE 2019**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
INCLUDING THE REPORT OF  
INDEPENDENT CERTIFIED AUDITORS**

**Rzeszów, 8 August 2019**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
INCLUDING THE REPORT OF INDEPENDENT CERTIFIED AUDITORS  
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2019**

**Table of contents**

**Page**

FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE GROUP .....	4
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT .....	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	6
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	7
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS .....	8
SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES .....	9
I. GENERAL INFORMATION .....	9
II. ORGANIZATIONAL STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP .....	9
III. EFFECTS OF CHANGES IN THE GROUP'S STRUCTURE .....	10
IV. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS .....	11
1. Basis for the preparation of interim condensed consolidated financial statements .....	11
2. Compliance statement .....	12
3. Significant accounting policies .....	12
4. IFRS 16 'Leases' .....	12
5. New standards and interpretations published but not in force yet .....	15
6. Functional currency and presentation currency .....	16
7. Professional judgement and estimates .....	16
8. Seasonal nature of business .....	16
9. Corrections of material errors .....	16
V. INFORMATION ON OPERATING SEGMENTS .....	17
VI. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....	19
1. Breakdown of sales revenues .....	19
2. Breakdown of operating costs .....	20
3. Other operating income and expenses .....	20
4. Financial income and expenses .....	21
5. Corporate income tax .....	21
6. Earnings per share .....	22
7. Information on dividends paid out or declared .....	22
8. Property, plant and equipment, and intangible assets .....	22
9. Right-of-use assets .....	23
10. Goodwill .....	23
11. Inventories .....	25
12. Short-term receivables .....	25
13. Cash and short-term deposits .....	25
14. Financial assets .....	25
15. Prepayments and accrued income .....	26
16. Long-term and short-term financial liabilities .....	26
17. Interest-bearing bank loans and borrowings .....	27
18. Current liabilities .....	27
19. Accruals .....	28
20. Assets and liabilities from contracts with customers .....	28
21. Contingent liabilities and receivables .....	28
22. Cases in court .....	28
23. Remuneration of Members of the Management Board and Supervisory Board of the Parent Company and its subsidiaries .....	29
24. Employment .....	29
25. Share-based payment plan .....	29
26. Information on related parties .....	29
27. Outsourcing contracts .....	31
28. Capital management .....	31
29. Objectives and principles of financial risk management .....	31
30. Significant events after the reporting period .....	31
31. Significant events related to prior years .....	31
INTERIM CONDENSED FINANCIAL STATEMENTS OF ASSECO SOUTH EASTERN EUROPE S.A. ....	33

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
INCLUDING THE REPORT OF INDEPENDENT CERTIFIED AUDITORS  
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2019**

These interim condensed consolidated financial statements have been approved for publication by the Management Board of Asseco South Eastern Europe S.A.

Management Board of Asseco South Eastern Europe S.A.:

Piotr Jeleński	President of the Management Board
----------------	--------------------------------------

Miljan Mališ	Member of the Management Board
--------------	-----------------------------------

Miodrag Mirčetić	Member of the Management Board
------------------	-----------------------------------

Marcin Rulnicki	Member of the Management Board
-----------------	-----------------------------------

**FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE GROUP**

	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Sales revenues	376,974	297,344	87,913	70,137
II. Operating profit	43,782	30,881	10,210	7,284
III. Pre-tax profit	45,915	33,573	10,707	7,919
IV. Net profit for the reporting period	36,564	26,780	8,527	6,317
V. Net profit attributable to Shareholders of the Parent Company	<b>35,810</b>	<b>26,620</b>	<b>8,351</b>	<b>6,279</b>
VI. Net cash provided by (used in) operating activities	19,363	6,837	4,650	1,613
VII. Net cash provided by (used in) investing activities	(45,198)	(21,200)	(10,680)	(5,001)
VIII. Net cash provided by (used in) financing activities	1,446	6,678	337	1,575
IX. Cash and cash equivalents at the end of period (comparable data as at 31 December 2018)	141,863	164,887	33,364	38,346
X. Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.69	0.51	0.16	0.12
XI. Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.69	0.51	0.16	0.12

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 income statement 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 2019 to 30 June 2019: EUR 1 = PLN 4.2880
  - for the period from 1 January 2018 to 30 June 2018: EUR 1 = PLN 4.2395
- 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 2019: EUR 1 = PLN 4.2520
  - exchange rate effective on 31 December 2018: EUR 1 = PLN 4.3000

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
<b>Sales revenues</b>	<u>1</u>	<b>198,158</b>	<b>376,974</b>	<b>158,740</b>	<b>297,344</b>
Cost of sales (-)	<u>2</u>	(148,883)	(283,409)	(119,127)	(225,211)
Recognition (reversal) of impairment losses on financial assets (+/-)	<u>2</u>	(239)	(462)	(139)	(436)
<b>Gross profit on sales</b>		<b>49,036</b>	<b>93,103</b>	<b>39,474</b>	<b>71,697</b>
Selling costs (-)	<u>2</u>	(12,425)	(24,030)	(11,063)	(21,605)
General and administrative expenses (-)	<u>2</u>	(14,162)	(25,701)	(10,348)	(19,031)
<b>Net profit on sales</b>		<b>22,449</b>	<b>43,372</b>	<b>18,063</b>	<b>31,061</b>
Other operating income	<u>3</u>	696	1,282	181	496
Other operating expenses (-)	<u>3</u>	(575)	(811)	(247)	(467)
Share of profits of associates and joint ventures (+/-)		(6)	(61)	(209)	(209)
<b>Operating profit</b>		<b>22,564</b>	<b>43,782</b>	<b>17,788</b>	<b>30,881</b>
Financial income	<u>4</u>	3,103	5,050	2,798	4,333
Financial expenses (-)	<u>4</u>	(1,224)	(2,917)	(1,146)	(1,641)
<b>Pre-tax profit</b>		<b>24,443</b>	<b>45,915</b>	<b>19,440</b>	<b>33,573</b>
Corporate income tax (current and deferred tax expense)	<u>5</u>	(6,204)	(9,351)	(3,917)	(6,793)
<b>Net profit for the reporting period</b>		<b>18,239</b>	<b>36,564</b>	<b>15,523</b>	<b>26,780</b>
Attributable to:					
<b>Shareholders of the Parent Company</b>		<b>17,785</b>	<b>35,810</b>	<b>15,454</b>	<b>26,620</b>
Non-controlling interests		454	754	69	160
<b>Consolidated earnings per share for the reporting period attributable to Shareholders of ASECO S.A. (in PLN):</b>					
Basic consolidated earnings per share for the reporting period	<u>6</u>	0.34	0.69	0.30	0.51
Diluted consolidated earnings per share for the reporting period	<u>6</u>	0.34	0.69	0.30	0.51

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
<b>Net profit for the reporting period</b>	<b>18,239</b>	<b>36,564</b>	<b>15,523</b>	<b>26,780</b>
<b>Other comprehensive income, of which:</b>	<b>(8,243)</b>	<b>(12,214)</b>	<b>20,817</b>	<b>21,819</b>
Components that may be reclassified to profit or loss	(8,243)	(12,214)	20,817	21,819
Foreign exchange differences on translation of foreign operations	(8,247)	(12,218)	20,817	21,819
Net gain/loss on valuation of financial assets	4	4	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>	<b>9,996</b>	<b>24,350</b>	<b>36,340</b>	<b>48,599</b>
Attributable to:				
Shareholders of the Parent Company	9,905	23,710	36,247	48,402
Non-controlling interests	91	640	93	197

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

ASSETS	Note	30 June 2019	31 Dec. 2018
		(unaudited)	(audited)
<b>Non-current assets</b>		<b>727,838</b>	<b>627,571</b>
Property, plant and equipment	8	141,965	128,692
Investment property		613	632
Intangible assets	8	18,445	10,854
Right-of-use assets	9	60,257	-
Goodwill	10	492,712	481,089
Investments in associates		-	111
Long-term financial assets	14	5,120	588
Long-term receivables		899	186
Deferred tax assets		7,669	4,785
Long-term prepayments and accrued income	15	158	634
<b>Current assets</b>		<b>389,627</b>	<b>361,995</b>
Inventories	11	34,953	17,006
Prepayments and accrued income	15	17,662	15,264
Trade receivables	12	140,734	132,120
Corporate income tax receivable		4,802	2,227
Other receivables from the state and local budgets		3,545	1,355
Contract assets	20	34,593	19,022
Other receivables	12	11,226	6,353
Short-term financial assets	14	249	3,761
Cash and short-term deposits	13	141,863	164,887
<b>TOTAL ASSETS</b>		<b>1,117,466</b>	<b>989,566</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EQUITY AND LIABILITIES	Note	30 June 2019	31 Dec. 2018
		(unaudited)	(audited)
<b>Equity (attributable to shareholders of the Parent Company)</b>		<b>755,163</b>	<b>763,425</b>
Share capital		518,942	518,942
Share premium		38,825	38,825
Transactions with non-controlling interests		(3,921)	(1,887)
Other capitals		933	3,153
Foreign exchange differences on translation of foreign operations		(115,913)	(103,809)
Retained earnings and current net profit		316,297	308,201
<b>Non-controlling interests</b>		<b>1,742</b>	<b>1,664</b>
<b>Total equity</b>		<b>756,905</b>	<b>765,089</b>
<b>Non-current liabilities</b>		<b>110,317</b>	<b>22,095</b>
Interest-bearing bank loans and borrowings	17	39,077	17,223
Deferred tax liabilities		3,505	1,599
Long-term trade payables and other liabilities		862	-
Long-term provisions		1,747	1,982
Long-term financial liabilities	16	64,848	1,055
Contract liabilities	20	278	236
<b>Current liabilities</b>		<b>250,244</b>	<b>202,382</b>
Interest-bearing bank loans and borrowings	17	31,507	30,836
Trade payables	18	78,666	78,362
Corporate income tax payable	18	3,683	3,684
Other liabilities to the state and local budgets	18	14,040	19,333
Financial liabilities	16	46,745	829
Contract liabilities	20	44,130	37,166
Other liabilities	18	8,621	16,098
Short-term provisions		2,853	2,713
Accruals	19	19,999	13,361
<b>TOTAL LIABILITIES</b>		<b>360,561</b>	<b>224,477</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,117,466</b>	<b>989,566</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the period of 6 months ended 30 June 2019

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Transactions with non-controlling interests	Other capitals	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
<b>As at 1 January 2019</b>	<b>518,942</b>	<b>38,825</b>	<b>(103,809)</b>	<b>(1,887)</b>	<b>3,153</b>	<b>308,201</b>	<b>763,425</b>	<b>1,664</b>	<b>765,089</b>
Impact of the adoption of IFRS 16	-	-	-	-	-	(729)	(729)	-	(729)
<b>As at 1 January 2019 (including impact of the adoption of IFRS 16)</b>	<b>518,942</b>	<b>38,825</b>	<b>(103,809)</b>	<b>(1,887)</b>	<b>3,153</b>	<b>307,472</b>	<b>762,696</b>	<b>1,664</b>	<b>764,360</b>
Net profit (loss) for the reporting period	-	-	-	-	-	35,810	35,810	754	36,564
Other comprehensive income	-	-	(12,104)	-	4	-	(12,100)	(114)	(12,214)
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>(12,104)</b>	<b>-</b>	<b>4</b>	<b>35,810</b>	<b>23,710</b>	<b>640</b>	<b>24,350</b>
Valuation of share-based payment plan	-	-	-	-	1,496	-	1,496	-	1,496
Obtaining control over subsidiaries	-	-	-	-	(3,720)	-	(3,720)	9,868	6,148
Settlement of contingent financial liabilities to non-controlling shareholders (put options)	-	-	-	(2,034)	-	-	(2,034)	(10,047)	(12,081)
Dividend	-	-	-	-	-	(26,985)	(26,985)	(383)	(27,368)
<b>As at 30 June 2019 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(115,913)</b>	<b>(3,921)</b>	<b>933</b>	<b>316,297</b>	<b>755,163</b>	<b>1,742</b>	<b>756,905</b>

for the period of 6 months ended 30 June 2018

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Transactions with non-controlling interests	Other capitals	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
<b>As at 1 January 2018</b>	<b>518,942</b>	<b>38,825</b>	<b>(109,270)</b>	<b>(1,887)</b>	<b>660</b>	<b>270,470</b>	<b>717,740</b>	<b>1,572</b>	<b>719,312</b>
Net profit (loss) for the reporting period	-	-	-	-	-	26,620	26,620	160	26,780
Other comprehensive income	-	-	21,768	-	14	-	21,782	37	21,819
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>21,768</b>	<b>-</b>	<b>14</b>	<b>26,620</b>	<b>48,402</b>	<b>197</b>	<b>48,599</b>
Valuation of share-based payment plan	-	-	-	-	1,205	-	1,205	-	1,205
Dividend	-	-	-	-	-	(26,985)	(26,985)	(362)	(27,347)
<b>As at 30 June 2018 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(87,502)</b>	<b>(1,887)</b>	<b>1,879</b>	<b>270,105</b>	<b>740,362</b>	<b>1,407</b>	<b>741,769</b>

for the period of 12 months ended 31 December 2018

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Transactions with non-controlling interests	Other capitals	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
<b>As at 1 January 2018</b>	<b>518,942</b>	<b>38,825</b>	<b>(109,270)</b>	<b>(1,887)</b>	<b>660</b>	<b>270,470</b>	<b>717,740</b>	<b>1,572</b>	<b>719,312</b>
Net profit (loss) for the reporting period	-	-	-	-	-	64,716	64,716	447	65,163
Other comprehensive income	-	-	5,461	-	-	-	5,461	24	5,485
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>5,461</b>	<b>-</b>	<b>-</b>	<b>64,716</b>	<b>70,177</b>	<b>471</b>	<b>70,648</b>
Valuation of share-based payment plan	-	-	-	-	2,493	-	2,493	-	2,493
Dividend	-	-	-	-	-	(26,985)	(26,985)	(379)	(27,364)
<b>As at 31 December 2018 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(103,809)</b>	<b>(1,887)</b>	<b>3,153</b>	<b>308,201</b>	<b>763,425</b>	<b>1,664</b>	<b>765,089</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)
<b>Cash flows – operating activities</b>			
Pre-tax profit		45,915	33,573
<b>Total adjustments:</b>		<b>(15,215)</b>	<b>(18,827)</b>
Depreciation and amortization		30,876	22,244
Change in inventories		(2,933)	2,692
Change in receivables		(14,309)	1,157
Change in liabilities, accruals and provisions		(31,178)	(45,110)
Interest income and expenses		1,275	700
Gain/loss on foreign exchange differences		(1,086)	(2,385)
Gain/loss on investing activities		583	602
Costs of share-based payment plan		1,497	1,205
Other		60	68
<b>Net cash generated from operating activities</b>		<b>30,700</b>	<b>14,746</b>
Corporate income tax paid		(11,337)	(7,909)
<b>Net cash provided by (used in) operating activities</b>		<b>19,363</b>	<b>6,837</b>
<b>Cash flows – investing activities</b>			
Disposal of property, plant and equipment and intangible assets		740	293
Acquisition of property, plant and equipment, and intangible assets	8	(33,248)	(19,320)
Expenditures for development projects		(712)	(1,101)
Acquisition of subsidiaries		(25,809)	-
Cash and cash equivalents in subsidiaries acquired		14,894	-
Acquisition of investments in debt securities carried at amortized cost (cash deposits)		(4,538)	(1,219)
Disposal of investments in debt securities carried at amortized cost (cash deposits)		3,491	-
Acquisition of financial instruments carried at fair value through profit or loss		-	(160)
Disposal of financial instruments carried at fair value through profit or loss		143	180
Loans collected		8	13
Loans granted		(167)	-
Interest received		-	114
<b>Net cash provided by (used in) investing activities</b>		<b>(45,198)</b>	<b>(21,200)</b>

	Note	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)
<b>Cash flows – financing activities</b>			
Proceeds from bank loans and borrowings	16	27,411	14,685
Repayments of bank loans and borrowings	16	(16,984)	(6,466)
Lease liabilities paid		(7,352)	(650)
Dividends paid out to non-controlling interests		(383)	(362)
Interest paid		(1,246)	(529)
<b>Net cash provided by (used in) financing activities</b>		<b>1,446</b>	<b>6,678</b>
Net increase (decrease) in cash and cash equivalents		(24,390)	(7,685)
Net foreign exchange differences		(1,642)	3,080
Cash and cash equivalents as at 1 January	13	164,839	115,562
<b>Cash and cash equivalents as at 30 June</b>	<b>13</b>	<b>138,807</b>	<b>110,957</b>



## **SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES**

### **I. GENERAL INFORMATION**

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

The Parent Company Asseco South Eastern Europe S.A. was established on 10 April 2007. The Company has been listed on the main market of the Warsaw Stock Exchange since 28 October 2009.

ASEE S.A. is the parent 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 markets of Poland, South Eastern Europe, Iberian Peninsula, Turkey, as well as in Colombia, Peru and Dominican Republic.

The Group's business profile and product portfolio have been described in detail in its financial statements for the year 2018 which are available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see).

These interim condensed consolidated financial statements cover the period of 6 months ended 30 June 2019 and contain comparable data for the period of 6 months ended 30 June 2018 in case of the income statement, statement of comprehensive income, statement of changes in equity and the statement of cash flows, as well as comparable data as at 31 December 2018 in case of the statement of financial position. The income statement as well as notes to the income statement cover the period of 3 months ended 30 June 2019 and contain comparable data for the period of 3 months ended 30 June 2018; these data have not been reviewed by certified auditors.

The Group draws up its financial statements in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

These interim consolidated financial statements have been approved for publication by the Management Board of ASEE S.A. on 8 August 2019.

### **II. ORGANIZATIONAL STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP**

The chart below presents the structure of ASEE Group along with equity interests and voting rights at the general meetings of shareholders/partners as at 30 June 2019.

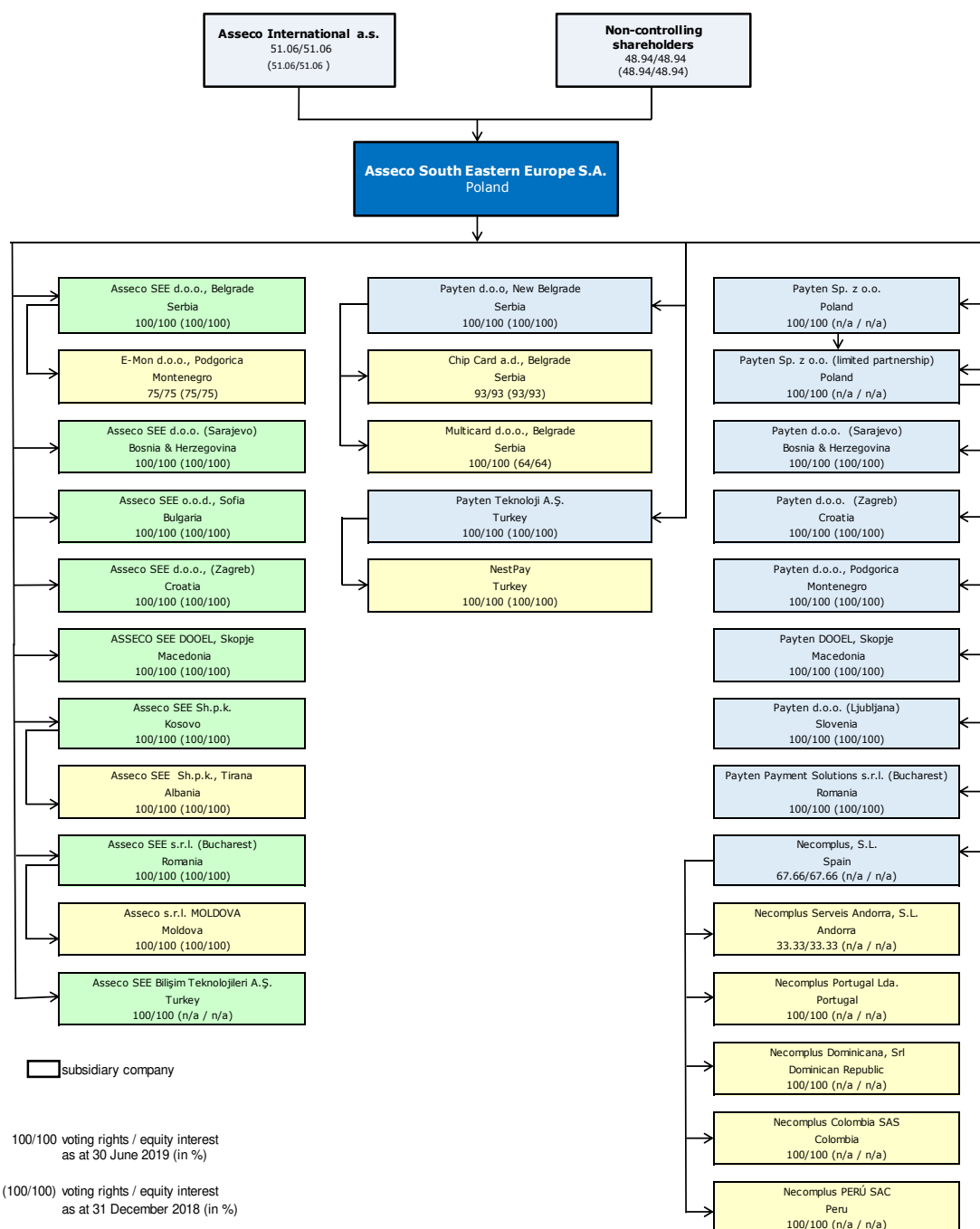
The parent company of Asseco South Eastern Europe S.A. is Asseco International a.s. (AI), seated in Bratislava.

As at 30 June 2019, Asseco International a.s. held a 51.06% equity interest in ASEE S.A.

Companies incorporated within the Group are treated as subsidiaries and are subject to full consolidation.

Both as at 30 June 2019 and 31 December 2018, voting rights held by ASEE Group in its subsidiaries were equivalent to the Group's equity interests in these entities.

Organizational structure of Asseco South Eastern Europe Group



### III. EFFECTS OF CHANGES IN THE GROUP'S STRUCTURE

During the period of 6 months ended 30 June 2019, 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.

The planned spin-off of payment services has been described in the Management Report on Operations of the Company and Group for the year ended 31 December 2018.

#### Division of ASEE Turkey

The division of ASEE Turkey was registered on 2 January 2019, in connection with the process of separating our payment services into a standalone organizational unit.

This division resulted in the creation of two separate entities, namely Payten Turkey (Payten Teknoloji A.Ş.) and ASEE Turkey (Asseco SEE Bilişim Teknolojileri A.Ş.), being engaged in the payment business and other operations, respectively.

#### **Establishing of Payten Sp. z o.o.**

On 29 January 2019, we registered a new company called Payten Sp. z o.o. seated in Warsaw. 100% of shares in this company are held by ASEE S.A.

#### **Acquisition of shares in Necomplus S.L. based in Alicante**

On 29 January 2019, the Company signed an agreement to acquire a 67.66% stake in the share capital of Necomplus S.L. based in Alicante, Spain ("Necomplus") for the total amount of PLN 32,888.5 thousand, being the equivalent of EUR 7,669 thousand converted at the mid exchange rate published by the National Bank of Poland on 28 January 2019.

In accordance with the acquisition agreement, the payment for these shares shall be made in three instalments:

- the first instalment amounting to PLN 23,020.7 thousand has already been paid before the reporting date;
- the second instalment amounting to PLN 4,936.1 thousand shall be paid till the first anniversary of the transaction date;
- the third instalment amounting to PLN 4,931.8 thousand shall be paid till the second anniversary of the transaction date.

The acquisition of these shares is financed with own funds with the option of partial refinancing with a bank loan in the future.

Concurrently, ASEE signed an agreement with the shareholders of Necomplus, based on the existing agreement concluded by the seller, among others providing for a put option reserved for minority shareholders.

Necomplus conducts business operations in Spain, Portugal, Peru, Colombia, Andorra, and in the Dominican Republic. The company is mainly engaged in installation and maintenance of POS terminals, as well as in BPO/call center services. Necomplus has been a member of the capital group of Asseco Poland since 2010. The said shares were sold by Asseco Western Europe S.A., a subsidiary of Asseco Poland S.A.

The goal of this acquisition is to further build the payment services business within the target organizational structure called Payten.

#### **Establishing of Payten Sp. z o.o. (limited partnership)**

On 20 March 2019, we registered a new company called Payten Sp. z o.o. (limited partnership) seated in Warsaw. 99% of shares in this company are held by ASEE S.A., while a 1% stake is held by Payten Sp. z o.o.

#### **Acquisition of shares in Multicard d.o.o.**

On 17 April 2019, Payten Serbia signed an agreement to purchase a 36.30% stake in the share capital of Multicard. As a result of this transaction, Payten Serbia holds 100% of shares in Multicard. Consequently, Multicard is treated as a subsidiary company and it is fully consolidated.

#### **Making a non-cash contribution to Payten Sp. z o.o. (limited partnership)**

On 28 June 2019, ASEE S.A. contributed shares in the following companies:

- Payten B&H,
- Payten Croatia,
- Payten Montenegro,
- Payten Macedonia,
- Payten Romania,
- Payten Slovenia,
- Necomplus

to the company Payten Sp. z o.o. (limited partnership).

The said transaction had no impact on the consolidated financial statements of ASEE Group.

### **IV. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **1. Basis for the preparation of interim condensed consolidated financial statements**

The interim condensed consolidated financial statements have been prepared in accordance with the historical cost convention, except for financial instruments that are carried at fair value.

The presentation currency of these interim condensed consolidated financial statements is the Polish zloty (PLN), and all figures are presented in thousands of zlotys (PLN'000), unless stated otherwise.

These interim condensed consolidated financial statements have been prepared on a going-concern basis, assuming the Group, Parent Company as well as its subsidiaries will continue their business activities in the foreseeable future.

Till the date of approving these financial statements, we have not observed any circumstances that would threaten the Company and the Group companies' ability to continue as going concerns for at least 12 months after the reporting period.

## 2. Compliance statement

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

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.

## 3. Significant accounting policies

The significant accounting policies adopted by ASEE Group have been described in its consolidated financial statements for the year ended 31 December 2018, which were published on 20 February 2019 and are available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see). 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 2018.

The accounting policies adopted in the preparation of this report are consistent with those followed when preparing the financial statements for the year ended 31 December 2018, except for the adoption of amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2019.

## 4. IFRS 16 'Leases'

In January 2016, the International Accounting Standards Board issued the International Financial Reporting Standard 16 'Leases' (IFRS 16) that replaced IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases - Incentives', and SIC-27 'Evaluating the Substance of Transactions in the Legal Form of a Lease'. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases.

ASEE Group has adopted the new standard as of its required effective date, and therefore this standard has been first applied in our consolidated financial statements for the reporting period beginning on 1 January 2019.

According to the transition guidance provided in the standard, entities are allowed to choose from two methods for the presentation of comparable data:

- a) retrospective approach to each prior period reported in compliance with IAS 8, or
- b) retrospective approach while recognizing the cumulative effect of applying the new standard as at the date of its initial application.

ASEE Group has used the modified retrospective approach as described in item b, under which the comparable data for the year 2018 have not been restated, but the cumulative effect of adopting this new standard has been presented as an adjustment to the opening balance of retained earnings as at the date of its initial application, i.e. as at 1 January 2019.

Furthermore, the Group has adhered to the new guidance on identifying leases only in respect of those contracts that were entered into (or modified) on or after the date of initial application, i.e. 1 January 2019. Hence, in respect of all contracts that were concluded prior to 1 January 2019, we have decided to use a practical expedient permitted under IFRS 16 whereby it is not required to reassess whether a contract is a lease or contains a lease as at the date of initial application. Instead, the Group has applied IFRS 16 only for contracts that were earlier identified as leases under IAS 17 and IFRIC 4.

According to the Group's assessment, applying the new definition of a lease would not cause any significant changes to our existing classification of contracts between those being a lease or containing a lease.

### Group acting as a lessee

In accordance with IFRS 16 'Leases', in case of contracts where ASEE Group acts as a lessee, the Group has implemented a single accounting model, requiring the lessee to recognize assets and liabilities in respect of all leases, subject to exceptions for short-term leases and leases of low-value assets as specified in the standard. As a result, ASEE Group has recognized right-of-use assets and lease liabilities in respect of all lease contracts that transfer the right to control the use of identified assets for a definite period of time. In connection with the above, the recurring costs arising from lease payments, that earlier used to be expensed, have been capitalized and subsequently depreciated. Whereas, the unwinding of discount on lease liabilities is recognized in financial expenses.

In case of contracts that have been commenced on or after 1 January 2019, the Group applies the following valuation principles:

Right-of-use assets shall be initially recognized at the cost comprising:

- a) the amount of initial measurement of the lease liability;
- b) any lease payments made at or before the lease commencement date, less any lease incentives;
- c) any initial direct costs incurred by the lessee;
- d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease liabilities shall be initially recognized at the present value of outstanding lease payments, comprising:

- a) fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable by the lessee under residual value guarantees;
- d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequently to initial recognition, the Group shall measure right-of-use assets in a similar manner as other non-financial fixed assets, and lease liabilities in a similar manner as financial liabilities. As a result, after initial recognition, the Group shall recognize depreciation charges on the right-of-use asset and interest expenses on the lease liability, and shall also classify the lease payments into two groups: payments for the principal portion to be disclosed in the statement of cash flows within financing activities, and payments for the interest portion to be disclosed in the statement of cash flows within financing activities.

The application of IFRS 16 by the Group required making estimates that affect the measurement of lease liabilities and right-of-use assets, which estimates were in particular related to the determination of the lease term and the discount rate.

The lease term determined by the Group represents the non-cancellable period of the lease, including a period covered by an option to extend the lease if the Group is reasonably certain to exercise that option, and a period covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

In case of lease contracts concluded for an indefinite period, the Group shall analyze the options to terminate the lease either by the lessee or the lessor. If the lessor and the lessee have an option to terminate the lease without the other party's consent and without significant penalties, the lease term is determined based on the earliest termination period. If such earliest termination period is 12 months or less, the Group shall apply the exception for short-term leases. Contracts concluded for an indefinite period are primarily associated with locations for ATMs.

The Group has decided to use the exceptions for short-term leases and leases of low-value assets as specified in the standard. As a result, in case of such contracts, lease payments shall be recognized directly in costs, similarly as done so far for operating leases.

Moreover, in case of car lease contracts, the Group has decided to use a practical expedient not to separate non-lease components from lease components, and instead to account for each lease component and any associated non-lease components (car maintenance costs, insurance policies, etc.) as a single lease component.

Lease payments shall be discounted using the incremental borrowing rate of the Group or the rate implicit in the lease if that rate can be readily determined.

#### **Group acting as a lessor**

Accounting by lessors under IFRS 16 remained substantially unchanged from the approach required by IAS 17. Lessors will continue to treat all lease agreements according to the same criteria as specified in IAS 17, hence each lease shall be classified as an operating lease or a finance lease.

In respect of lease contracts where the Group acts as a lessor, the Group will make no adjustments following the adoption of IFRS 16. Starting from 1 January 2019, the Group has recognized these contracts in accordance with IFRS 16.

### Measurement of right-of-use assets and lease liabilities at the date of initial application of IFRS 16

At the date of initial application of IFRS 16 (i.e. at 1 January 2019), for all contracts that were earlier classified as operating leases and have not been completed prior to 1 January 2019, the Group has recognized:

- a lease liability measured at the present value of outstanding lease payments, discounted using the incremental borrowing rate of the Group at the date of initial application;
- a right-of-use asset measured at its carrying value as if this standard was applied from the lease commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

Concurrently, in respect of individual lease contracts, the Group has used the following practical expedients:

- exemption from the requirement to recognize right-of-use assets and lease liabilities in case of leases where the underlying asset has a low value;
- application of a single discount rate to a portfolio of leases with similar characteristics;
- exemption from the requirement to recognize right-of-use assets and lease liabilities in case of leases where the lease term shall end within 12 months from the date of initial application;
- use of hindsight, such as in determining the lease term if the contract contains an option to extend or terminate the lease.

### Summary of the impact of adopting IFRS 16 as at 1 January 2019

The table below presents the impact of IFRS 16 on the consolidated statement of financial position of ASSEE Group as at the date of initial application, i.e. at 1 January 2019:

<b>ASSETS</b>		<b>1 Jan. 2019</b>
<b>Non-current assets</b>		<b>33,292</b>
Right-of-use assets		33,154
Deferred tax assets		138
<b>TOTAL ASSETS</b>		<b>33,292</b>

### EQUITY AND LIABILITIES

**1 Jan. 2019**

<b>Equity (attributable to shareholders of the Parent Company)</b>	<b>(729)</b>
Retained earnings (deficit)	(729)
<b>Total equity</b>	<b>(729)</b>
<b>Non-current liabilities</b>	<b>24,383</b>
Long-term lease liabilities	25,056
Deferred income	(673)
<b>Current liabilities</b>	<b>9,638</b>
Short-term lease liabilities	9,638
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>33,292</b>

### Off-balance-sheet liabilities

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 31 December 2018, the above-mentioned contracts resulted in future payments as presented in explanatory note 21 to these financial statements.

The said contracts meet the definition of a lease under IFRS 16.

Presented below is the reconciliation of liabilities under our rental contracts with lease liabilities that have been recognized as at 1 January 2019 in accordance with IFRS 16.

<b>Lease liabilities</b>	<b>1 Jan. 2019</b>
<b>Operating lease liabilities as at 31 December 2018 (IAS 17)</b>	<b>38,260</b>
<b>Finance lease liabilities as at 31 December 2018 (IAS 17)</b>	<b>1,875</b>
Discount calculated using the incremental borrowing rate and changes in the Group's estimates concerning the options to extend or terminate rental contracts that used to be classified as operating leases (-)	(2,085)
Short-term leases (-)	(1,377)
Leases of low-value assets (-)	(104)
<b>Lease liabilities as at 1 January 2019 (IFRS 16)</b>	<b>36,569</b>

### Impact of the adoption of IFRS 16 on the income statement for the first half of 2019

The table below presents the impact of applying IFRS 16 on the income statement of ASSEE Group for the period of 6 months ended 30 June 2019.



**6 months ended 30 June 2019**

Rental costs of leased assets	6,223
Depreciation of right-of-use assets	(5,977)
<b>Operating profit</b>	<b>246</b>
<b>EBITDA</b>	<b>6,223</b>
Interest	(794)
<b>Pre-tax profit (loss)</b>	<b>(548)</b>

## 5. 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' was issued by the International Accounting Standards Board on 18 May 2017 and it shall be effective for annual periods beginning on or after 1 January 2021. The new IFRS 17 'Insurance Contracts' will replace the currently effective IFRS 4 which allows a variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts. As at the date of preparation of these financial statements, the new standard has not yet been endorsed by the European Union.
- IFRS 3 'Business Combinations'. Amendments to IFRS 3 revised the definition of a business. The currently introduced definition has been narrowed as a result of which it is likely that more acquisition transactions will be recognized as an acquisition of assets. Amendments to IFRS 3 shall be effective for annual periods beginning on or after 1 January 2020. As at the date of preparation of these financial statements, the new standard has not yet been endorsed by the European Union.
- IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The IASB has issued a new definition of 'material'. Amendments to IAS 1 and IAS 8 clarify the concept of materiality and increase consistency between the standards; however they are not expected to have a significant impact on the preparation of financial statements. The amendments shall be effective for annual periods beginning on or after 1 January 2020.
- IFRS 14 'Regulatory Deferral Accounts'. This standard permits entities which are first-time adopters of IFRS (on or after 1 January 2016)

to continue to recognize amounts arising from rate-regulated activities in accordance with the accounting principles applied previously. For the sake of comparability with entities that already apply this standard and do not disclose such amounts, in accordance with the issued IFRS 14, amounts arising from rate-regulated activities should be presented in a separate line both in the statement of financial position and the income statement, as well as in the statement of other comprehensive income. The European Union has decided not to endorse IFRS 14.

- Amendments to IFRS 10 and IAS 28 concerning the sale or contribution of assets between an investor and its associate or joint venture. The amendments solve the problem of an existing inconsistency between the requirements of IFRS 10 and IAS 28. The accounting treatment depends on whether non-monetary assets sold or contributed to an associate or joint venture constitute a business. If non-monetary assets constitute a business, the investor shall recognize a full gain or loss on the transaction. If, however, such assets do not meet the definition of a business, the investor shall recognize a gain or loss excluding the portion attributable to other investors' interests. These amendments were issued on 11 September 2014. The effective date of the amended regulations has not yet been determined by the International Accounting Standards Board. As at the date of preparation of these financial statements, the endorsement of this amendment has been postponed by the European Union.
- Amendments to References to the Conceptual Framework in IFRS Standards. These amendments will become effective from 1 January 2020.

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 is currently conducting an analysis of how the introduction of the above-mentioned standards and interpretations may affect the financial statements and accounting policies applied by the Group.

## **6. Functional currency and presentation currency**

The functional currency applied by the Parent Company as well as the reporting currency used in these interim condensed consolidated financial statements is the Polish zloty (PLN).

Standalone and consolidated financial statements of the Group companies are drawn up in the functional currencies of their primary business environments.

The functional currencies of direct subsidiaries of ASEE S.A. include the Romanian leu (RON), Croatian kuna (HRK), Serbian dinar (RDS), Macedonian denar (MKD), euro (EUR), Turkish lira (TRY), Bulgarian lev (BGN), and Bosnia and Herzegovina convertible mark (BAM).

## **7. 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. The main areas which, in the process of applying the accounting policies, were largely subject to the management's professional judgement remained unchanged as compared with their description presented in the annual financial statements for the year ended 31 December 2018.

Changes in estimates as at 30 June 2019 included the calculation of deferred income tax, the

preparation of impairment tests for goodwill as described in note 10, as well as the estimated value of accruals for employee benefits as presented in note 19.

## **8. Seasonal nature of business**

The Group's business operations are subject to seasonality, which involves revenue fluctuations in individual quarters of the year. Because the bulk of sales revenues are generated from IT services contracts executed for large companies and public institutions, turnovers recorded in the fourth quarter tend to be higher than in the remaining periods. Such phenomenon occurs for the reason that the above-mentioned entities close their annual budgets for implementation of IT projects and carry out investment purchases of hardware and licenses usually in the last quarter.

## **9. Corrections of material errors**

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



## V. INFORMATION ON OPERATING SEGMENTS

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) 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.

### *Systems Integration*

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 Systems Integration segment includes LeaseFlex, a fully-fledged lease and asset lifecycle management solution.

The Group's business profile and product portfolio have been described in detail in its financial statements for the year 2018.

For the period of 6 months ended 30 June 2019 and as at 30 June 2019 in thousands of PLN (unaudited)	Banking Solutions	Payment Solutions	Systems Integration	Eliminations / Reconcilia-tions	Total
<b>Sales revenues:</b>	<b>93,090</b>	<b>169,055</b>	<b>132,508</b>	<b>(17,679)</b>	<b>376,974</b>
Sales to external customers	84,293	160,920	131,761	-	376,974
Inter/intra segment sales	8,797	8,135	747	(17,679)	-
<b>Gross profit on sales</b>	<b>26,013</b>	<b>45,214</b>	<b>21,876</b>	<b>-</b>	<b>93,103</b>
Selling costs (-)	(6,093)	(9,317)	(8,620)	-	(24,030)
General and administrative expenses (-)	(8,063)	(11,188)	(6,450)	-	(25,701)
<b>Net profit on sales</b>	<b>11,857</b>	<b>24,709</b>	<b>6,806</b>	<b>-</b>	<b>43,372</b>
Other operating activities	(76)	318	229	-	471
Share of profits of associates	-	(61)	-	-	(61)
<b>Operating profit</b>	<b>11,781</b>	<b>24,966</b>	<b>7,035</b>	<b>-</b>	<b>43,782</b>
<i>Goodwill</i>	<i>195,811</i>	<i>124,806</i>	<i>172,095</i>	<i>-</i>	<i>492,712</i>

For the period of 6 months ended 30 June 2019 in thousands of EUR (unaudited)	Banking Solutions	Payment Solutions	Systems Integration	Eliminations / Reconcilia-tions	Total
<b>Sales revenues:</b>	<b>21,709</b>	<b>39,425</b>	<b>30,902</b>	<b>(4,123)</b>	<b>87,913</b>
Sales to external customers	19,657	37,528	30,728	-	87,913
Inter/intra segment sales	2,052	1,897	174	(4,123)	-
<b>Gross profit on sales</b>	<b>6,066</b>	<b>10,544</b>	<b>5,102</b>	<b>-</b>	<b>21,712</b>
Selling costs (-)	(1,421)	(2,173)	(2,010)	-	(5,604)
General and administrative expenses (-)	(1,880)	(2,609)	(1,505)	-	(5,994)
<b>Net profit on sales</b>	<b>2,765</b>	<b>5,762</b>	<b>1,587</b>	<b>-</b>	<b>10,114</b>
Other operating activities	(18)	74	54	-	110
Share of profits of associates	-	(14)	-	-	(14)
<b>Operating profit</b>	<b>2,747</b>	<b>5,822</b>	<b>1,641</b>	<b>-</b>	<b>10,210</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2019 to 30 June 2019: EUR 1 = PLN 4.2880

For the period of 6 months ended 30 June 2018 and as at 31 December 2018 in thousands of PLN (unaudited)	Banking Solutions	Payment Solutions	Systems Integration	Eliminations / Reconcilia-tions	Total
<b>Sales revenues:</b>	<b>76,003</b>	<b>127,355</b>	<b>105,988</b>	<b>(12,002)</b>	<b>297,344</b>
Sales to external customers	69,755	123,171	104,418	-	297,344
Inter/intra segment sales	6,248	4,184	1,570	(12,002)	-
<b>Gross profit on sales</b>	<b>19,753</b>	<b>34,018</b>	<b>17,926</b>	<b>-</b>	<b>71,697</b>
Selling costs (-)	(5,755)	(6,833)	(9,017)	-	(21,605)
General and administrative expenses (-)	(7,153)	(7,387)	(4,491)	-	(19,031)
<b>Net profit on sales</b>	<b>6,846</b>	<b>19,798</b>	<b>4,418</b>	<b>-</b>	<b>31,061</b>
Other operating activities	76	(38)	(9)	-	29
Share of profits of associates	-	(209)	-	-	(209)
<b>Operating profit</b>	<b>6,922</b>	<b>19,551</b>	<b>4,408</b>	<b>-</b>	<b>30,881</b>
<i>Goodwill</i>	<i>198,983</i>	<i>106,696</i>	<i>175,410</i>	<i>-</i>	<i>481,089</i>

For the period of 6 months ended 30 June 2018 in thousands of EUR (unaudited)	Banking Solutions	Payment Solutions	Systems Integration	Eliminations / Reconcilia-tions	Total
<b>Sales revenues:</b>	<b>17,928</b>	<b>30,040</b>	<b>25,000</b>	<b>(2,831)</b>	<b>70,137</b>
Sales to external customers	16,454	29,053	24,630	-	70,137
Inter/intra segment sales	1,474	987	370	(2,831)	-
<b>Gross profit on sales</b>	<b>4,659</b>	<b>8,025</b>	<b>4,228</b>	<b>-</b>	<b>16,912</b>
Selling costs (-)	(1,357)	(1,612)	(2,127)	-	(5,096)
General and administrative expenses (-)	(1,687)	(1,743)	(1,059)	-	(4,489)
<b>Net profit on sales</b>	<b>1,615</b>	<b>4,670</b>	<b>1,042</b>	<b>-</b>	<b>7,327</b>
Other operating activities	17	(9)	(2)	-	6
Share of profits of associates	-	(49)	-	-	(49)
<b>Operating profit</b>	<b>1,632</b>	<b>4,612</b>	<b>1,040</b>	<b>-</b>	<b>7,284</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2018 to 30 June 2018: EUR 1 = PLN 4.2395

## VI. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Breakdown of sales revenues

Operating revenues generated during the period of 6 months ended 30 June 2019 and in the comparable period were as follows:

Sales revenues by type of products	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Proprietary software and services	140,032	260,493	103,363	191,051
Third-party software and services	26,476	53,947	24,614	41,641
Hardware and infrastructure	31,650	62,534	30,763	64,652
	<b>198,158</b>	<b>376,974</b>	<b>158,740</b>	<b>297,344</b>

Revenues from proprietary software and services include sales of own software licenses, implementation services, system modifications, own maintenance services, as well as outsourcing of ATMs and POS terminals.

Revenues from third-party software and services include sales of third-party software licenses and third-party maintenance services.

Revenues from hardware and infrastructure include sales of equipment.

Presented below are sales revenues in a breakdown to segments and main categories of revenues:

Sales revenues: Banking Solutions	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Proprietary software and services	43,854	80,740	35,937	66,940
Third-party software and services	1,126	1,824	1,026	1,519
Hardware and infrastructure	821	1,729	626	1,296
	<b>45,801</b>	<b>84,293</b>	<b>37,589</b>	<b>69,755</b>

Sales revenues: Payment Solutions	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Proprietary software and services	63,630	118,203	44,884	84,405
Third-party software and services	744	2,803	1,858	4,316
Hardware and infrastructure	19,729	39,914	10,627	34,450
	<b>84,103</b>	<b>160,920</b>	<b>57,369</b>	<b>123,171</b>

Sales revenues: Systems Integration	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Proprietary software and services	32,548	61,550	22,542	39,706
Third-party software and services	24,606	49,320	21,730	35,806
Hardware and infrastructure	11,100	20,891	19,510	28,906
	<b>68,254</b>	<b>131,761</b>	<b>63,782</b>	<b>104,418</b>

The largest portion of sales generated by ASEE Group is constituted by revenues from contracts with customers that are recognized in line with IFRS 15. However, revenues from contracts for outsourcing of ATMs and POS terminals do not constitute revenues under IFRS 15 and are treated as operating leases.

The table below presents sales revenues in a breakdown to contracts with customers and outsourcing contracts:

Sales revenues	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Revenues other than from contracts with customers recognized in accordance with IFRS 15 – operating leases	20,127	38,606	19,879	38,681
Revenues from contracts with customers recognized in the reporting period	178,031	338,368	138,861	258,663
	<b>198,158</b>	<b>376,974</b>	<b>158,740</b>	<b>297,344</b>

## 2. Breakdown of operating costs

	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Employee benefits (-)	(67,583)	(127,009)	(49,401)	(96,014)
Third-party non-project services and outsourcing of employees (-)	(6,661)	(12,992)	(5,676)	(10,279)
Depreciation and amortization (-)	(16,094)	(30,876)	(11,442)	(22,244)
Maintenance costs of property and business cars (-)	(6,289)	(13,141)	(10,596)	(18,945)
Business trips (-)	(1,472)	(2,550)	(1,279)	(2,298)
Advertising (-)	(1,113)	(2,012)	(1,253)	(1,885)
Other operating expenses (-)	(5,679)	(8,243)	(676)	(3,126)
	<b>(104,891)</b>	<b>(196,823)</b>	<b>(80,323)</b>	<b>(154,791)</b>
<b>Cost of sales, of which (-)</b>	<b>(148,883)</b>	<b>(283,409)</b>	<b>(119,127)</b>	<b>(225,211)</b>
Cost of goods and third-party services sold (-)	(70,818)	(136,779)	(60,354)	(111,492)
Production costs (-)	(78,065)	(146,630)	(58,773)	(113,719)
Recognition / reversal of impairment losses on financial assets (+/-)	(239)	(462)	(139)	(436)
<b>Selling costs (-)</b>	<b>(12,425)</b>	<b>(24,030)</b>	<b>(11,063)</b>	<b>(21,605)</b>
<b>General and administrative expenses (-)</b>	<b>(14,162)</b>	<b>(25,701)</b>	<b>(10,348)</b>	<b>(19,031)</b>

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 business 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 and company cars, as well as fees for short-term rental of office space.

The decrease in the maintenance costs of property and business cars is due to the implementation of

IFRS 16 as a result of which in 2019 such costs include the costs of short-term leases and leases of low-value assets only. In accordance with IFRS 16, since 2019 long-term rental contracts are treated as leases resulting in the recognition of right-of-use assets and their subsequent depreciation. Therefore, we have also observed a significant increase in depreciation charges in the period of 6 months ended 30 June 2019 in relation to the comparable period of the previous year.

## 3. Other operating income and expenses

Other operating income	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Gain on disposal of property, plant and equipment and intangible assets	238	488	-	98
Proceeds from letting of own space	17	34	16	30
Reversal of a provision for the costs of court litigation relating to other operations	-	74	29	128
Other	441	686	136	240
	<b>696</b>	<b>1,282</b>	<b>181</b>	<b>496</b>

The line 'Other' includes primarily compensations received by the Group, proceeds related to past-due liabilities written off, discounts and rebates related

to prior years that were obtained by the Group, as well as proceeds from recharge invoices unrelated to the core business of our companies.

Other operating expenses	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Loss on disposal of property, plant and equipment (-)	(17)	(31)	(15)	(35)
Provisions for the costs of court litigation relating to other operations (-)	(47)	(175)	-	-
Charitable contributions to unrelated parties (-)	(45)	(139)	(18)	(157)
Other (-)	(466)	(466)	(214)	(275)
	<b>(575)</b>	<b>(811)</b>	<b>(247)</b>	<b>(467)</b>

#### 4. Financial income and expenses

Financial income	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Interest income on loans granted and bank deposits	624	1,177	381	765
Gain on valuation of derivative instruments	159	156	44	199
Positive foreign exchange differences	303	1,685	2,373	3,363
Gain on remeasurement of an associate to fair value	2,003	2,003	-	-
Other financial income	14	29	-	6
	<b>3,103</b>	<b>5,050</b>	<b>2,798</b>	<b>4,333</b>

The gain on remeasurement of an associate to fair value is related to the acquisition of a 36.30% stake in the share capital of Multicard d.o.o. by Payten

Serbia and obtaining control over that company. The details of accounting for this acquisition are presented in explanatory note 10.

Financial expenses	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Interest expenses (-)	(211)	(489)	(267)	(500)
Bank fees and commissions (-)	(25)	(25)	(18)	(32)
Negative foreign exchange differences (-)	(371)	(1,032)	(115)	(215)
Interest expenses on leases (-)	(518)	(829)	(9)	(52)
Loss on valuation of derivative instruments (-)	0	(109)	(733)	(838)
Cost of company acquisitions (-)	(9)	(343)	-	-
Other financial expenses (-)	(90)	(90)	(4)	(4)
	<b>(1,224)</b>	<b>(2,917)</b>	<b>(1,146)</b>	<b>(1,641)</b>

#### 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 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Current portion of income tax and prior years' adjustments	(6,627)	(9,576)	(4,023)	(6,694)
Deferred income tax	423	225	106	(99)
<b>Income tax expense as disclosed in the income statement</b>	<b>(6,204)</b>	<b>(9,351)</b>	<b>(3,917)</b>	<b>(6,793)</b>

Income tax expense incurred in the period of 6 months ended 30 June 2019 resulted from the current income tax paid in individual countries (PLN -7,936 thousand), withholding tax on dividends paid out by subsidiaries to ASEE S.A. (PLN -1,342 thousand) and to ASEE Serbia (PLN -103 thousand), adjustments to prior years' income tax (PLN -195 thousand), as well as from the origination and reversal of temporary differences (PLN 225 thousand). Whereas, in the comparable period of 2018, income tax expense resulted from the current income tax paid in individual countries (PLN -6,117 thousand), withholding tax on dividends paid out by subsidiaries to ASEE S.A. (PLN -454 thousand) and to ASEE Serbia (PLN -98 thousand), adjustments to prior years' income tax (PLN -25 thousand), as well as from the origination

and reversal of temporary differences (PLN -99 thousand).

During the period of 6 months ended 30 June 2019, our effective tax rate equalled 20.4%, as compared with 20.2% in the comparable period last year.

The Company's dividend strategy for the foreseeable future does not assume making any dividend payments that might have a material impact on its fiscal position.

As at 30 June 2019, the Group recognized deferred tax assets in the amount of PLN 7,669 thousand (vs. PLN 4,785 thousand as at 31 December 2018) as well as deferred tax liabilities in the amount of PLN 3,505 thousand (vs. PLN 1,599 thousand as at 31 December 2018).

## 6. Earnings per share

Basic earnings per share are computed by dividing net profit for the reporting period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during that financial year.

Both during the reporting period and the comparable period, there were no instruments that could potentially dilute basic earnings per share.

The table below presents net profits and numbers of shares used for the calculation of basic and diluted earnings per share.

	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
<b>Consolidated net profit for the reporting period attributable to Shareholders of ASEE S.A.</b>	<b>17,785</b>	<b>35,810</b>	<b>15,454</b>	<b>26,620</b>
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
<b>Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):</b>				
Basic consolidated earnings per share for the reporting period	0.34	0.69	0.30	0.51
Diluted consolidated earnings per share for the reporting period	0.34	0.69	0.30	0.51

## 7. Information on dividends paid out or declared

The Annual General Meeting of Shareholders 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 that the net profit for the financial year 2018 amounting to PLN 28,501,002.56 and a portion of the capital reserve established pursuant to Resolution No. 7 of the Company's Annual General Meeting of Shareholders of 31 March 2016, shall be distributed as follows:

- a) the amount of PLN 2,280,080.20 from the net profit for the financial year 2018 has been allocated to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;
- b) the amount of PLN 26,220,922.36 from the net profit for the financial year 2018 as well as the amount of PLN 764,088.16 representing a portion of the above-mentioned capital reserve have been allocated for distribution among all of the Company's shareholders by payment of a dividend amounting to PLN 0.52 per share.

The Company's Annual General Meeting of Shareholders 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.

## 8. Property, plant and equipment, and intangible assets

	Tangible assets	Intangible assets
<b>Net book value as at 1 January 2019</b>	<b>128,692</b>	<b>10,854</b>
Restatement of comparable data resulting from the adoption of IFRS 16	(1,819)	-
<b>Net book value as at 1 January 2019 (restated)</b>	<b>126,873</b>	<b>10,854</b>
Purchases	30,944	2,748
Obtaining control over subsidiaries	6,135	9,455
Capitalization of development project costs	-	712
Transfers from inventories	159	-
Other increases/decreases (+/-)	80	(681)
Depreciation/amortization charges (-)	(20,298)	(3,269)
Disposal and liquidation (-)	(429)	(1,232)
Foreign exchange differences on translation of foreign operations (+/-)	(1,410)	(142)
<b>Net book value as at 30 June 2019</b>	<b>141,965</b>	<b>18,445</b>
	Tangible assets	Intangible assets
<b>Net book value as at 1 January 2018</b>	<b>131,958</b>	<b>17,946</b>
Purchases	19,931	559
Capitalization of development project costs	-	1,101
Transfers from inventories	367	-
Finance lease liabilities	627	-
Other increases/decreases (+/-)	(121)	10
Depreciation/amortization charges (-)	(19,692)	(2,536)
Disposal and liquidation (-)	(238)	-
Foreign exchange differences on translation of foreign operations (+/-)	5,459	(392)
<b>Net book value as at 30 June 2018</b>	<b>138,291</b>	<b>16,688</b>

The increase in the value of tangible assets during the period of 6 months ended 30 June 2019 resulted primarily from purchases of ATMs, POS terminals and other elements of infrastructure to be offered in the outsourcing model, as well as from obtaining control over Necomplus Group companies.

The increase in intangible assets during the period of 6 months ended 30 June 2019 resulted primarily from obtaining control over Necomplus Group companies.

In the first half of 2019, capitalized costs of development projects amounted to PLN 712 thousand as compared with PLN 1,101 thousand in the comparable period of 2018.

Liabilities arising from purchases of property, plant and equipment and intangible assets amounted to PLN 1,634 thousand as at 30 June 2019, as compared with PLN 1,190 thousand as at 31 December 2018.

## 9. Right-of-use assets

The Group has adopted the new IFRS 16 standard as of 1 January 2019. Following the adoption of this standard, the Group has introduced a new line in the statement of financial position, namely 'right-of-use assets' reflecting the value of the rights to use underlying assets arising from lease contracts, rental and hire contracts, as well as other contracts of similar nature that meet the definition of a lease under IFRS 16.

As a consequence of applying the modified retrospective approach, the Group has not restated the relevant data for the comparable period and such data are not presented.

	Land and buildings	Transportation vehicles	Other	Total
<b>Net book value as at 1 January 2019</b>	-	-	-	-
Impact of the adoption of IFRS 16 on the opening balance	27,781	7,193	-	34,974
<b>Net book value as at 1 January 2019 – after restatement</b>	<b>27,781</b>	<b>7,193</b>	<b>-</b>	<b>34,974</b>
Conclusion of lease contracts	22,227	3,107	416	25,750
Obtaining control over subsidiaries	7,900	825	-	8,725
Depreciation/amortization charges (-)	(5,766)	(1,517)	(28)	(7,311)
Early termination of contracts (-)	(1,070)	(28)	-	(1,098)
Other changes (+/-)	646	(675)	-	(29)
Foreign exchange differences on translation of foreign operations (+/-)	(593)	(165)	4	(754)
<b>Net book value as at 30 June 2019</b>	<b>51,125</b>	<b>8,740</b>	<b>392</b>	<b>60,257</b>

## 10. Goodwill

During the reporting period and comparable period, goodwill arising from consolidation changed as follows:

	6 months ended 31 June 2019 (unaudited)	12 months ended 31 Dec. 2018 (audited)
<b>Goodwill at the beginning of the period</b>	<b>481,089</b>	<b>475,360</b>
Banking Solutions	198,983	194,330
Payment Solutions	106,696	106,449
Systems Integration	175,410	174,581
<b>Change in consolidation goodwill due to the acquisition of shares (+/-)</b>	<b>19,565</b>	<b>-</b>
Payment Solutions	19,565	-
<b>Foreign exchange differences on translation of goodwill in foreign subsidiaries (+/-)</b>	<b>(7,942)</b>	<b>5,729</b>
Banking Solutions	(3,172)	4,653
Payment Solutions	(1,455)	247
Systems Integration	(3,315)	829
<b>Total book value at the end of period</b>	<b>492,712</b>	<b>481,089</b>
Banking Solutions	195,811	198,983
Payment Solutions	124,806	106,696
Systems Integration	172,095	175,410

## Acquisition of shares in Necomplus S.L. based in Alicante

On 29 January 2019, the Company signed an agreement to acquire a 67.66% stake in the share capital of Necomplus, for a total consideration of PLN 32,888.5 thousand. This transaction has been described in the Supplementary Information and Explanatory Notes, in item III regarding changes in the organizational structure of ASEE Group.

Because the acquisition of shares in Necomplus represents a transaction under common control, it has been accounted for in the consolidated financial statements of ASEE Group based on the values of assets and liabilities that were disclosed in the consolidated financial statements of Asseco Poland Group as at the acquisition date. The values of assets and liabilities of Necomplus Group as at the acquisition date were as follows (converted at the exchange rate of PLN/EUR effective as at the acquisition date):



<b>Necomplus Group</b>	<b>Value as at the acquisition date</b>
<b>Assets acquired</b>	
Property, plant and equipment	6,132
Intangible assets	9,476
Right-of-use assets	8,737
Goodwill	7,568
Trade receivables	15,376
Receivables from the state and local budgets	4,826
Inventories	14,800
Cash and cash equivalents	14,878
Other assets	5,251
<b>Total assets</b>	<b>87,044</b>
<b>Liabilities acquired</b>	
Bank loans and borrowings	9,566
Lease liabilities	9,600
Trade payables	26,614
Liabilities to the state and local budgets	3,073
Prepayments and accrued income	5,518
Other liabilities	2,492
<b>Total liabilities</b>	<b>56,863</b>
<b>Net assets value</b>	<b>30,181</b>
<b>Equity interest acquired</b>	<b>67.66%</b>
<b>Value of non-controlling interests</b>	<b>9,888</b>
<b>Purchase price</b>	<b>32,889</b>
<b>Goodwill taken over from Asseco Poland</b>	<b>8,870</b>
<b>Purchase price recognized in equity</b>	<b>3,726</b>

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

The acquisition-related costs in the amount of PLN 334 thousand have been recognized in financial expenses.

#### Acquisition of shares in Multicard d.o.o.

On 17 April 2019, Payten Serbia signed an agreement to purchase a 36.30% stake in the share capital of Multicard d.o.o. As a result of this transaction, the equity interest held by Payten Serbia in Multicard increased from 63.7% to 100%, and the Group obtained control over the acquired company. Consequently, Multicard is treated as a subsidiary company and it is fully consolidated. Until the date of obtaining control, that company was accounted for using the equity method.

The transaction price amounted to EUR 269.4 thousand.

Until 30 June 2019, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of Multicard may still be subject to change.

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

<b>Multicard d.o.o.</b>	<b>Provisional value as at the acquisition date</b>
<b>Assets acquired</b>	
Property, plant and equipment	4
Trade receivables	304
Receivables from the state and local budgets	160
Prepayments and accrued income	-
Cash and cash equivalents	82
<b>Total assets</b>	<b>550</b>
<b>Liabilities acquired</b>	
Trade payables	442
Liabilities to the state and local budgets	28
Other liabilities	21
<b>Total liabilities</b>	<b>491</b>
<b>Net assets value</b>	<b>59</b>
<b>Equity interest acquired</b>	<b>36.3%</b>
<b>Purchase price</b>	<b>1,154</b>
<b>Fair value of equity interest held</b>	<b>2,032</b>
<b>Goodwill as at the acquisition date</b>	<b>3,127</b>

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

#### Impairment testing of goodwill

As at 31 December 2018, the Management Board of the Parent Company performed an impairment test on goodwill arising from the acquisition of subsidiaries. This task required making estimates of the value in use of operating segments that constitute cash-generating units to which goodwill is allocated. The value in use was estimated by determining future cash flows expected to be achieved from the cash-generating unit and a discount rate that was subsequently used in order to calculate the net present value of those cash flows.

As at 30 June 2019, the Company verified its assumptions for the impairment test performed on goodwill as at 31 December 2018. In particular we checked whether the assumptions made in 2018 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 2019, 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 2019, even if there are no indications of impairment.

## 11. Inventories

Inventories	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Goods for resale	33,510	18,823
Maintenance inventories	12,846	11,320
Impairment loss on inventories (-)	(11,403)	(13,137)
	<b>34,953</b>	<b>17,006</b>

The increase in goods for resale as at 30 June 2019 in relation to those reported as at 31 December 2018 is attributable primarily to obtaining control over Necomplus Group companies.

During the period of 6 months ended 30 June 2019, the Group recognized impairment losses on inventories in the amount of PLN 1,536 thousand (mainly in Payten Croatia, Payten Romania, ASEE Serbia and Payten Serbia), while the amount of impairment losses reversed equalled PLN 3,136 thousand.

## 12. Short-term receivables

Trade receivables	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Trade receivables, of which:	137,537	127,617
From related parties	232	632
From other entities	137,305	126,985
Receivables from operating leases	6,568	7,602
Allowance for doubtful receivables (-)	(3,371)	(3,099)
	<b>140,734</b>	<b>132,120</b>

The table below presents the ageing structure of trade receivables:

	30 June 2019 (unaudited)		31 Dec. 2018 (audited)	
	Amount	structure	Amount	structure
Receivables not yet due	99,219	70.5%	114,913	87.0%
Receivables past-due up to 3 months	29,056	20.6%	13,554	10.3%
Receivables past-due over 3 months	12,459	8.9%	3,652	2.7%
	<b>140,734</b>	<b>100.0%</b>	<b>132,120</b>	<b>100.0%</b>

Other receivables	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Advance payments to other suppliers	9,222	4,588
Security deposits receivable	564	389
Other receivables	1,440	1,376
	<b>11,226</b>	<b>6,353</b>

Advance payments to other suppliers correspond to advances paid to subcontractors on the account of execution of contracts.

Other receivables disclosed as at 30 June 2019 and 31 December 2018 include mainly receivables from employees, restricted cash, receivables from disposal of tangible assets, as well as other amounts receivable.

## 13. Cash and short-term deposits

	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Cash at bank and on hand	59,937	79,970
Short-term bank deposits	81,631	84,478
Cash being transferred	295	439
	<b>141,863</b>	<b>164,887</b>
Interest accrued on cash and cash equivalents as at the end of the reporting period	(18)	(8)
Overdraft facilities utilized for liquidity management	(3,038)	(40)
<b>Cash and cash equivalents as disclosed in the cash flow statement</b>	<b>138,807</b>	<b>164,839</b>

## 14. Financial assets

	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
<b>Investments in equity instruments carried at fair value through other comprehensive income:</b>	<b>94</b>	<b>92</b>
Shares in companies listed on regulated markets	74	71
Shares in companies not listed on regulated markets	20	21
<b>Investments in debt securities and cash deposits carried at amortized cost:</b>	<b>5,218</b>	<b>4,105</b>
Loans granted to unrelated entities	143	91
Loans granted to employees	43	-
Bank deposits for 3 to 12 months	8	3,492
Bank deposits for over 12 months	5,024	522
<b>Financial assets carried at fair value through profit or loss:</b>	<b>57</b>	<b>152</b>
Currency forward contracts	53	152
Shares in companies not listed on regulated markets	4	-
<b>Total financial assets</b>	<b>5,369</b>	<b>4,349</b>
- long-term	5,120	588
- short-term	249	3,761

Both as at 30 June 2019 and 31 December 2018, financial assets carried at amortized cost included primarily bank deposits held by ASEE Macedonia.

The book values of financial assets held by the Group as at 30 June 2019 and 31 December 2018 did not significantly differ from their fair values.

## 15. Prepayments and accrued income

Long-term	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Prepaid maintenance services and license fees	12	27
Other	146	607
	<b>158</b>	<b>634</b>

Short-term	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Prepaid maintenance services and license fees	12,278	11,585
Prepaid insurance	1,527	528
Prepaid rents	398	229
Prepaid consulting services	145	38
Other prepaid services	2,028	1,689
Costs of services performed for which revenues have not been recognized yet	171	92
Other	1,115	1,103
	<b>17,662</b>	<b>15,264</b>

Both as at 30 June 2019 and 31 December 2018, prepayments included primarily the costs of maintenance services amounting to PLN 12,290 thousand and PLN 11,612 thousand, respectively, that will be successively expensed in future periods.

## 16. Long-term and short-term financial liabilities

Long-term	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Lease liabilities	47,835	1,055
Liabilities arising from deferred payments for controlling interests	4,932	-
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	12,081	-
	<b>64,848</b>	<b>1,055</b>

As at 30 June 2019, ASEE Group recognized liabilities under put options in the amount of PLN 12,081 thousand that were granted to non-controlling shareholders of Necomplus company. These liabilities have been estimated using the price calculation formula as defined in the agreement, i.e. Necomplus Group's profit for the period specified in the agreement multiplied by a predetermined coefficient, adjusted for net cash held by Necomplus Group.

Short-term	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Dividends payable to shareholders of ASEE S.A.	26,985	-
Lease liabilities	14,823	820
Liabilities for unpaid shares	4,936	-
Currency forward contracts	-	1
Other	1	8
	<b>46,745</b>	<b>829</b>

Short-term financial liabilities disclosed as at 30 June 2019 include dividends payable to shareholders of ASEE S.A. in the amount of PLN 26,985 thousand. This liability was settled on 11 July 2019.

Long-term and short-term liabilities arising from deferred payments for controlling interests are related to the acquisition of shares in Necomplus S.L.

As at 30 June 2019, assets used under lease contracts where the Group is a lessee, included:

- office buildings,
- cars,
- IT hardware.

The table below presents the amounts of lease liabilities as at 30 June 2019 as well as at 31 December 2018. The amounts as at 31 December 2018 have been disclosed in line with the requirements of IAS 17 and they represent finance lease liabilities. Whereas, lease liabilities reported as at 30 June 2019 include all liabilities arising from contracts that used to be accounted for as finance leases and operating leases in accordance with IAS 17, which meet the definition of a lease under IFRS 16.

Leases of cars and equipment	30 June 2019 (IFRS 16) (unaudited)	31 Dec. 2018 (IAS 17) (audited)
<b>Minimum lease payments</b>		
in the period shorter than 1 year	16,743	885
in the period from 1 to 5 years	43,903	1,094
in the period longer than 5 years	4,292	-
<b>Future minimum lease payments</b>	<b>64,938</b>	<b>1,979</b>
Future interest expense	(2,280)	(104)
<b>Present value of finance lease liabilities</b>	<b>62,658</b>	<b>1,875</b>
in the period shorter than 1 year	14,823	820
in the period from 1 to 5 years	43,585	1,055
in the period longer than 5 years	4,250	-

## 17. Interest-bearing bank loans and borrowings

Effective interest rate %	Currency	Repayment date	Amounts drawn as at			
			30 June 2019 (unaudited)		31 Dec. 2018 (audited)	
			long-term portion	short-term portion	long-term portion	short-term portion
<b>BANK OVERDRAFT FACILITIES</b>						
fixed interest rate	MKD	30.06.2019	-	4	-	10
fixed interest rate	MKD	30.06.2019	-	21	-	39
fixed interest rate	EUR	10.07.2019	-	62	-	-
fixed interest rate	COP	22.12.2019	-	59	-	-
fixed interest rate	EUR	31.12.2019	-	2,892	-	-
<b>OTHER BANK LOANS</b>						
1M EURIBOR + margin	RON	15.06.2020	-	9,916	-	9,982
-	TRY	09.07.2010	-	1	-	-
3M EURIBOR + margin	HRK/EUR	30.04.2019	-	-	-	1,204
3M EURIBOR + margin	HRK/EUR	31.12.2021	14,813	-	1,505	753
3M EURIBOR + margin	HRK/EUR	31.11.2022	3,563	1,678	2,839	946
6M EURIBOR + margin	EUR	30.04.2019	-	-	-	151
fixed interest rate	EUR	31.03.2021	680	907	1,148	916
3M EURIBOR + margin	EUR	15.06.2019	-	-	-	6,609
1M EURIBOR + margin	EUR	31.07.2023	5,150	5,437	7,811	5,207
6M EURIBOR + margin	EUR	13.03.2020	-	328	112	443
3M EURIBOR + margin	EUR	21.09.2020	221	867	662	858
fixed interest rate	EUR	13.11.2019	-	854	-	1,716
fixed interest rate	EUR	28.06.2021	1,707	1,707	2,574	1,716
fixed interest rate	EUR	04.06.2021	2,846	1,423	-	-
fixed interest rate	EUR	03.06.2022	5,086	1,318	-	-
fixed interest rate	EUR	28.08.2021	398	341	572	286
fixed interest rate	COP	13.09.2019	-	129	-	-
1Y EURIBOR + margin	EUR	30.06.2020	42	20	-	-
3M EURIBOR + margin	EUR	30.06.2021	3,189	3,189	-	-
fixed interest rate	EUR	30.06.2024	1,382	-	-	-
6M EURIBOR + margin	EUR	04.11.2019	-	298	-	-
fixed interest rate	EUR	01.02.2020	-	56	-	-
			<b>39,077</b>	<b>31,507</b>	<b>17,223</b>	<b>30,836</b>

As at 30 June 2019, total liabilities of ASEE Group under all bank loans and borrowings aggregated at PLN 70,584 thousand as compared with PLN 48,059 thousand as at 31 December 2018.

Proceeds from and repayments of bank loans disclosed in the statement of cash flows for the period of 6 months ended 30 June 2019 amounted respectively to PLN 27,411 thousand (proceeds) and PLN 16,984 thousand (repayments).

As at 30 June 2019, tangible assets with a book value of PLN 10,034 thousand and trade receivables in the amount of PLN 2,126 thousand served as collateral for bank loans. As at 30 June 2019, liabilities that were secured with such assets amounted to PLN 9,977 thousand.

As at 31 December 2018, tangible assets with a book value of PLN 1,076 thousand served as collateral for bank loans. As at 31 December 2018, liabilities that were secured with such assets amounted to PLN 9,982 thousand.

## 18. Current liabilities

	30 June 2019	31 Dec. 2018
	(unaudited)	(audited)
<b>Trade payables</b>		
Trade payables, of which:	73,361	72,009
To related parties	816	95
To other entities	72,545	71,914
Liabilities for uninvoiced deliveries, of which:	5,305	6,353
To related parties	-	-
To other entities	5,305	6,353
	<b>78,666</b>	<b>78,362</b>

The term for payment of the Group's liabilities is 70 days on average.

	30 June 2019	31 Dec. 2018
	(unaudited)	(audited)
<b>Other current liabilities</b>		
Liabilities to employees relating to salaries	5,636	13,428
Liabilities from purchases of tangible assets and intangible assets	820	1,190
Other liabilities	2,165	1,480
	<b>8,621</b>	<b>16,098</b>

	30 June 2019	31 Dec. 2018
	(unaudited)	(audited)
<b>Current liabilities to the state and local budgets</b>		
Value added tax	8,189	13,775
Corporate income tax (CIT)	3,683	3,684
Personal income tax (PIT)	1,060	2,033
Social security payable	4,323	3,170
Other	468	355
	<b>17,723</b>	<b>23,017</b>

## 19. Accruals

	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
<b>Short-term accruals</b>		
Accrual for unused holiday leaves	3,951	2,798
Accrual for employee bonuses	16,048	10,563
	<b>19,999</b>	<b>13,361</b>

## 20. Assets and liabilities from contracts with customers

Contract assets include receivables arising from valuation of IT contracts and uninvoiced deliveries. Contract liabilities include liabilities arising from valuation of IT contracts as well as deferred income. The table below presents the balances of receivables, assets and liabilities from contracts with customers as at 30 June 2019 and 31 December 2018:

	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
<b>Trade receivables</b>	<b>140,734</b>	<b>132,120</b>
<b>Contract assets, of which:</b>	<b>34,593</b>	<b>19,022</b>
Receivables arising from valuation of IT contracts	20,484	10,433
Uninvoiced receivables	14,109	8,589
<b>Contract liabilities, of which:</b>	<b>44,408</b>	<b>37,402</b>
Liabilities arising from valuation of IT contracts	4,874	5,900
Deferred income	39,534	31,502

Trade receivables have been described in explanatory note 12.

Contract liabilities include deferred income as well as liabilities arising from valuation of IT contracts.

The balance of deferred income relates mainly to advance payments received for services to be provided, such as support and maintenance services, as well as for hardware to be delivered, as presented in the tables below.

	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
<b>Long-term deferred income</b>		
Maintenance services	160	236
Other	118	-
	<b>278</b>	<b>236</b>

	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
<b>Short-term deferred income</b>		
Maintenance services	23,479	20,843
Prepaid implementation services	696	1,779
License fees	652	670
Obligation to supply hardware	13,011	7,243
Other	1,418	731
	<b>39,256</b>	<b>31,266</b>

## 21. Contingent liabilities and receivables

Within its commercial activities ASEE Group uses bank guarantees, letters of credit, contract performance guarantees as well as tender deposits as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies. As at 30 June 2019, the related contingent liabilities equalled PLN 34,537 thousand, while as at 31 December 2018 they amounted to PLN 24,638 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 2019	31 Dec. 2018	30 June 2019	31 Dec. 2018
Trade receivables	611	1,698	1,304	1,887
<b>Total</b>	<b>611</b>	<b>1,698</b>	<b>1,304</b>	<b>1,887</b>

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 2019 and 31 December 2018, the above-mentioned contracts resulted in the following future payments:

Liabilities from rental of space	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
In the period up to 1 year	2,286	9,797
In the period from 1 to 5 years	3,508	23,259
	<b>5,795</b>	<b>33,056</b>

Liabilities under operating leases of property, plant and equipment	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
In the period up to 1 year	280	1,820
In the period from 1 to 5 years	199	3,384
	<b>479</b>	<b>5,204</b>

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 30 June 2019 are related to lease contracts that were subject to exemptions provided under IFRS 16 (short-term leases and leases of low-value assets).

## 22. Cases in court

Since 2016, ASEE Romania has been party to legal proceedings brought by Romsys S.R.L. that demands ASEE Romania to pay damages in the amount of EUR 1,226 thousand in order to compensate for their losses so far incurred due to allegedly unfair competition. On 28 February 2018, the first instance court dismissed the claim made by Romsys S.R.L., and subsequently the appeal

filed by Romsys S.R.L. was rejected by the court of second instance. Pursuant to the provisions of law, it is still possible to appeal against the decision of the second instance court to the court of cassation, however the risk of continuing these court proceedings is minimal.

ASEE Croatia was party to legal proceedings brought by eSanctuary SAGL that demanded ASEE Croatia to pay compensation in the amount of EUR 306 thousand for commissions on contracts executed by ASEE Croatia in the Italian market. Until 2016, the parties were bound by the Partner and Reseller Agreement which was terminated by ASEE Croatia. On 12 April 2019, the parties reached an amicable settlement before the Commercial Court in Zagreb, under which ASEE Croatia paid EUR 90 thousand in compensation. In addition, eSanctuary SAGL signed a written waiver of any other claims against ASEE Croatia and its related parties, thus the dispute was definitively ended.

During the reporting period, no other significant proceedings were instituted or pending before any court, arbitration authority or public administration authority, concerning any liabilities or receivables of ASEE S.A. or of its subsidiaries.

To the best knowledge of the Management Board of ASEE S.A., during the reporting period the Group made no other significant settlements resulting from court litigation.

### 23. Remuneration of Members of the Management Board and Supervisory Board of the Parent Company and its subsidiaries

Total remuneration paid or payable to all members of the Management Boards and Supervisory Boards of the Parent Company as well as of subsidiary companies of Asseco South Eastern Europe Group in the period of 6 months ended 30 June 2019 amounted to PLN 11,792 thousand, as compared with PLN 9,183 thousand in the period of 6 months ended 30 June 2018.

### 24. Employment

Number of employees in the Group as at	30 June 2019	31 Dec. 2018
	(unaudited)	(audited)
Management Board of the Parent Company*	4	4
Management Boards of the Group companies	41	41
Production departments	2,073	1,302
Sales departments	168	133
Administration departments	219	175
	<b>2,504</b>	<b>1,655</b>

\* 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.

Number of employees in the Group companies as at	30 June 2019	31 Dec. 2018
	(unaudited)	(audited)
ASEE S.A.	28	30
ASEE Romania Group*	142	141
ASEE Serbia Group*	410	420
ASEE Croatia	170	162
ASEE Kosovo Group	64	61
Payten Turkey Group*	95	186
ASEE Bulgaria	19	20
ASEE B&H*	69	63
ASEE Macedonia*	173	177
Payten Slovenia	32	30
Payten Montenegro	12	11
Payten Croatia	107	108
Payten B&H*	38	34
Payten Macedonia*	30	28
Payten Serbia Group*	139	132
Payten Romania*	52	52
ASEE Turkey*	95	-
Necomplus Group	829	-
	<b>2,504</b>	<b>1,655</b>

\* Due to the process of official separation of our payment services into a standalone organizational unit, a number of employees of ASEE Serbia, ASEE Macedonia, ASEE B&H, ASEE Romania and ASEE Turkey, being responsible for the Payment Solutions segment, were transferred to Payten Serbia, Payten Macedonia, Payten B&H, Payten Romania and Payten Turkey, respectively.

### 25. Share-based payment plan

On 23 June 2017, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of a total 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.

A detailed description of the plan is provided in the consolidated financial statements of ASEE Group for the year 2018.

The costs of the share-based payment plan disclosed in these consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2019 amounted to PLN 1,496 thousand (vs. PLN 1,205 thousand in the comparable period). In correspondence, this transaction was recognized as a separate item of the Group's equity, in the same amount as disclosed in remuneration costs.

### 26. Information on related parties

#### Related party transactions

The values of transactions conducted by ASEE Group with related parties of Asseco Poland Group during the periods of 6 months ended 30 June 2019 and 30 June 2018, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2019 and 31 December 2018 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
<b>Party having significant influence over the Group:</b>				
2019	32	961	48	612
2018	64	223	58	19
<b>Related parties - Asseco Poland Group:</b>				
2019	368	65	211	19
2018	7,281	191	131	1
<b>Associates and joint ventures:</b>				
2019	261	-	-	-
2018	212	-	360	-

Apart from trade receivables, the above table also discloses receivables from deposits paid-in by us under space rental contracts, amounting to PLN 47 thousand as at 30 June 2019 and PLN 47 thousand as at 31 December 2018.

In addition, within financial liabilities disclosed as at 30 June 2019, 'Dividends payable to shareholders of ASEE S.A.' include dividends payable to Asseco International a.s. in the amount of PLN 13,777 thousand, while 'Liabilities arising from deferred payments for controlling interests' include long-term and short-term liabilities towards Asseco Western Europe S.A. for the acquisition of shares in Necomplis S.L. in the amount of PLN 9,868 thousand.

#### Transactions conducted with the Key Management Personnel or parties related through the Key Management Personnel (members of Management Boards and Supervisory Boards) of Asseco South Eastern Europe S.A. and the Group companies

The values of transactions conducted by ASEE Group with the Key Management Personnel or parties related through the Key Management Personnel during the periods of 6 months ended 30 June 2019 and 30 June 2018, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2019 and 31 December 2018 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
<b>Key Management Personnel or parties related through the Key Management Personnel of the Group:</b>				
2019	165	442	32	185
2018	161	1,278	130	75

Purchases from and sales to related parties presented in the table above are associated primarily with the rental and maintenance of space and with purchases or sales of hardware and services that were conducted by ASEE Group companies with parties related through the Key Management Personnel or directly with the Key

Management Personnel. In the period of 6 months ended 30 June 2019, the amounts of purchases are lower than in the comparable period last year, because the rentals of business space from MHM d.o.o., Belgrade<sup>1</sup>, Miljan Mališ and Mini Invest d.o.o., Belgrade<sup>2</sup> meet the definition of a lease under IFRS 16. Therefore, the Group did not recognize any space rental costs, and instead in the statement of financial position it disclosed a right-of-use asset, which is subject to depreciation, as well as financial liabilities in respect of such leases. Lease liabilities arising from rental contracts with parties related through the Key Management Personnel amounted to PLN 15,452 thousand.

All the above-mentioned transactions were carried out on an arm's length basis.

The above table does not include the remuneration received for performing managerial or supervisory functions at subsidiary companies that are presented in explanatory note 24 to these financial statements.

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 25 in this report. Members of the Management Board of ASEE S.A., acting directly or through their related parties, have acquired the following numbers of shares:

Management Board Members	Number of shares acquired
Piotr Jeleński	966,942
Miljan Mališ <sup>1)</sup>	300,000
Miodrag Mirčetić <sup>2)</sup>	275,482
Marcin Rulnicki	30,000
	<b>1,572,424</b>

<sup>1)</sup> 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. On 23 June 2017, Mini Invest d.o.o. acquired 300,000 shares in ASEE S.A. under the agreement concluded with Asseco Poland S.A.

<sup>2)</sup> Miodrag Mirčetić, Member of the Management Board of ASEE S.A., is a shareholder in the company I4 INVENTION d.o.o. which in turn is a shareholder in ASEE S.A. On 23 June 2017, I4 INVENTION d.o.o. acquired 275,482 shares in ASEE S.A. under the agreement concluded with Asseco Poland S.A.

<sup>1</sup> 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.

Whereas, 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. 100% of shares in I4 Invention d.o.o. are owned by Miodrag Mirčetić, Member of the Management Board of ASEE S.A. As at 30 June 2019, I4 Invention d.o.o. held 275,482 shares in ASEE S.A.



In the consolidated financial statements for the period of 6 months ended 30 June 2019, the costs of share-based payment plan related to shares acquired by Members of the Management Board amounted to PLN 1,059 thousand.

'Dividends payable to shareholders of ASEE S.A.' which are disclosed under financial liabilities as at 30 June 2019 include dividends payable to the Management Board Members as well as to parties that are related through Members of the Management Board and Supervisory Board of ASEE S.A. in the total gross amount of PLN 824 thousand. The above-stated amount does not include dividends payable to Asseco International a.s. The numbers of ASEE shares held by its management and supervisory staff as well as by their related parties have been presented in note 11 of the Management Report on the Group's Operations. The dividend was paid out on 11 July 2019.

Until the date of approval of these interim condensed 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.

## 27. Outsourcing contracts

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:

	30 June 2019	31 Dec. 2018
Future minimum lease payments	(unaudited)	(audited)
(i) within 1 year	48,042	62,672
(ii) within 1 to 5 years	74,979	49,525
(iii) within more than 5 years	8,203	4,903
	<b>131,224</b>	<b>117,100</b>

## 28. Capital management

During the period of 6 months ended 30 June 2019 as well as in the period of 6 months ended 30 June 2018, we did not introduce any changes to our objectives, policies and processes adopted in the area of capital management.

## 29. Objectives and principles of financial risk management

During the period of 6 months ended 30 June 2019, our financial risk exposure as well as objectives and principles adopted for financial risk management have not changed substantially in relation to those described in the annual consolidated financial statements of ASEE Group for the year 2018.

## 30. Significant events after the reporting period

### Acquisition of shares in Bassilichi CEE d.o.o. Belgrade

On 30 July 2019, Payten d.o.o. Belgrade purchased 100% of shares in the company Bassilichi CEE d.o.o. Belgrade.

### Acquisition of shares in B Servis d.o.o. Podgorica

On 31 July 2019, Payten d.o.o. Podgorica signed an agreement to acquire 100% of shares in the company B Servis d.o.o. Podgorica.

In the period from 30 June 2019 till the date of approval of these interim condensed consolidated financial statements, this is until 8 August 2019, 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.

## 31. Significant events related to prior years

Until the date of preparing these interim condensed financial statements, this is until 8 August 2019, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books.



**INTERIM CONDENSED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE S.A.**

**FOR THE PERIOD OF 6 MONTHS  
ENDED 30 JUNE 2019  
INCLUDING THE REPORT OF  
INDEPENDENT CERTIFIED AUDITORS**

**Rzeszów, 8 August 2019**



**INTERIM CONDENSED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE S.A.  
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2019**

<b>Table of contents</b>	<b>Page</b>
FINANCIAL HIGHLIGHTS.....	35
INTERIM CONDENSED INCOME STATEMENT.....	36
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME.....	36
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION .....	37
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY .....	38
INTERIM CONDENSED STATEMENT OF CASH FLOWS.....	38
SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES.....	39
I. GENERAL INFORMATION.....	39
II. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS .....	39
1. Basis for the preparation of interim condensed financial statements .....	39
2. Compliance statement.....	39
3. Significant accounting policies .....	39
4. IFRS 16 'Leases' .....	40
5. New standards and interpretations published but not in force yet .....	42
6. Professional judgement and estimates.....	43
7. Seasonal nature of business.....	43
8. Changes in the presentation methods.....	43
9. Corrections of material errors.....	43
III. INFORMATION ON OPERATING SEGMENTS.....	44
IV. EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS.....	44
1. Holding activities – Dividend income and service revenues.....	44
2. Operating activities – Revenues from sales of IT services and software .....	45
3. Breakdown of operating costs.....	45
4. Financial income and expenses.....	45
5. Corporate income tax .....	46
6. Earnings per share.....	46
7. Information on dividends paid out or declared .....	47
8. Property, plant and equipment, and intangible assets.....	47
9. Right-of-use assets .....	47
10. Investments in subsidiaries.....	48
11. Short-term and long-term receivables .....	50
12. Financial assets .....	51
13. Cash and short-term deposits.....	51
14. Trade payables, financial liabilities .....	51
15. Bank loans.....	52
16. Prepayments, accruals and provisions .....	52
17. Assets and liabilities from contracts with customers .....	52
18. Information and explanations to the statement of cash flows .....	53
19. Share-based payment plan .....	53
20. Information on related parties .....	54
21. Contingent liabilities.....	55
22. Capital management .....	55
23. Objectives and principles of financial risk management.....	55
24. Significant events after the reporting period.....	55
25. Significant events related to prior years.....	55

**INTERIM CONDENSED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE S.A.  
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2019**

These interim condensed financial statements have been approved for publication by the Management Board of Asseco South Eastern Europe S.A.

Management Board of Asseco South Eastern Europe S.A.:

Piotr Jeleński	President of the Management Board
----------------	--------------------------------------

Miljan Mališ	Member of the Management Board
--------------	-----------------------------------

Miodrag Mirčetić	Member of the Management Board
---------------------	-----------------------------------

Marcin Rulnicki	Member of the Management Board
-----------------	-----------------------------------

## FINANCIAL HIGHLIGHTS

	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Revenues from holding activities	42,921	20,232	10,010	4,772
II. Revenues from operating activities	4,604	4,024	1,074	949
III. Operating profit	36,927	15,511	8,612	3,659
IV. Pre-tax profit	37,008	16,532	8,631	3,900
V. Net profit for the reporting period	<b>34,542</b>	<b>15,275</b>	<b>8,056</b>	<b>3,603</b>
VI. Net cash provided by (used in) operating activities	7,360	15,063	1,716	3,553
VII. Net cash provided by (used in) investing activities	3,567	810	832	191
VIII. Net cash provided by (used in) financing activities	(2,467)	1,372	(575)	324
IX. Cash and cash equivalents at the end of period (comparable data as at 31 December 2018)	45,402	36,944	10,678	8,592
X. Basic earnings per ordinary share for the reporting period (in PLN/EUR)	0.67	0.29	0.16	0.07
XI. Diluted earnings per ordinary share for the reporting period (in PLN/EUR)	0.67	0.29	0.16	0.07

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

- items of the interim condensed income statement 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 2019 to 30 June 2019: EUR 1 = PLN 4.2880
  - for the period from 1 January 2018 to 30 June 2018: EUR 1 = PLN 4.2395
- the Company'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 2019: EUR 1 = PLN 4.2520
  - exchange rate effective on 31 December 2018: EUR 1 = PLN 4.3000

## INTERIM CONDENSED INCOME STATEMENT

	Note	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
<b>Holding activities</b>		<b>39,928</b>	<b>42,921</b>	<b>17,273</b>	<b>20,232</b>
Dividend income	1	35,292	35,292	14,517	14,517
Revenues from sales of services	1	4,636	7,629	2,756	5,715
<b>Operating activities</b>		<b>2,459</b>	<b>4,604</b>	<b>1,991</b>	<b>4,024</b>
Revenues from sales of IT services and software	2	2,459	4,604	1,991	4,024
<b>Total sales revenues</b>		<b>42,387</b>	<b>47,525</b>	<b>19,264</b>	<b>24,256</b>
Cost of sales (-)	3	(4,315)	(8,229)	(3,738)	(6,739)
<b>Gross profit on sales</b>		<b>38,072</b>	<b>39,296</b>	<b>15,526</b>	<b>17,517</b>
Selling costs (-)	3	(1,414)	(2,259)	(930)	(1,873)
General and administrative expenses (-)	3	(70)	(134)	(64)	(133)
<b>Net profit on sales</b>		<b>36,588</b>	<b>36,903</b>	<b>14,532</b>	<b>15,511</b>
Other operating income		57	57	-	16
Other operating expenses (-)		(33)	(33)	(16)	(16)
<b>Operating profit</b>		<b>36,612</b>	<b>36,927</b>	<b>14,516</b>	<b>15,511</b>
Financial income	4	364	620	1,506	1,969
Financial expenses (-)	4	(473)	(539)	(789)	(948)
<b>Pre-tax profit</b>		<b>36,503</b>	<b>37,008</b>	<b>15,233</b>	<b>16,532</b>
Corporate income tax (current and deferred tax expense)	5	(2,633)	(2,466)	(931)	(1,257)
<b>Net profit for the reporting period</b>		<b>33,870</b>	<b>34,542</b>	<b>14,302</b>	<b>15,275</b>
<b>Earnings per share for the reporting period (in PLN):</b>					
Basic earnings per share	6	0.65	0.67	0.28	0.29
Diluted earnings per share	6	0.65	0.67	0.28	0.29

## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
<b>Net profit for the reporting period</b>		<b>33,870</b>	<b>34,542</b>	<b>14,302</b>	<b>15,275</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>		<b>33,870</b>	<b>34,542</b>	<b>14,302</b>	<b>15,275</b>

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
<b>Non-current assets</b>		<b>623,928</b>	<b>591,941</b>
Property, plant and equipment	<u>8</u>	410	514
Goodwill arising from business combinations	<u>8</u>	4,567	4,567
Intangible assets	<u>8</u>	1,072	1,128
Right-of-use assets	<u>9</u>	427	-
Investments in subsidiaries	<u>10</u>	606,812	571,174
Deferred tax assets		422	565
Long-term financial assets	<u>12</u>	8,976	11,637
Prepayments and accrued income	<u>16</u>	-	429
Other long-term receivables	<u>11</u>	1,242	1,927
<b>Current assets</b>		<b>60,990</b>	<b>52,322</b>
Prepayments and accrued income	<u>16</u>	2,227	1,720
Trade receivables	<u>11</u>	5,815	5,436
Contract assets	<u>17</u>	-	44
Other short-term receivables	<u>11</u>	1,780	1,521
Short-term financial assets	<u>12</u>	5,766	6,657
Cash and short-term deposits	<u>13</u>	45,402	36,944
<b>TOTAL ASSETS</b>		<b>684,918</b>	<b>644,263</b>

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	Note	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
<b>Equity</b>			
Share capital		518,942	518,942
Share premium		38,825	38,825
Other capitals		2,340	1,655
Retained earnings and current net profit		71,614	64,064
<b>Total equity</b>		<b>631,721</b>	<b>623,486</b>
<b>Non-current liabilities</b>		<b>10,398</b>	<b>7,811</b>
Interest-bearing bank loans	<u>15</u>	5,150	7,811
Long-term financial liabilities	<u>14</u>	4,932	-
Long-term lease liabilities		316	-
<b>Current liabilities</b>		<b>42,799</b>	<b>12,966</b>
Interest-bearing bank loans	<u>15</u>	5,437	5,207
Trade payables	<u>14</u>	1,194	2,617
Corporate income tax payable	<u>14</u>	724	841
Other liabilities to the state and local budgets	<u>14</u>	151	290
Lease liabilities		108	-
Financial liabilities	<u>14</u>	31,921	-
Other liabilities		9	84
Contract liabilities	<u>17</u>	1,868	1,665
Accruals	<u>16</u>	1,273	2,102
Short-term provisions	<u>16</u>	114	160
<b>TOTAL LIABILITIES</b>		<b>53,197</b>	<b>20,777</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>684,918</b>	<b>644,263</b>

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

for the periods of 6 months ended 30 June 2019, 12 months ended 31 December 2018, and 6 months ended 30 June 2018

	Share capital	Share premium	Other capitals	Retained earnings and current net profit	Total equity
<b>As at 1 January 2019</b>	<b>518,942</b>	<b>38,825</b>	<b>1,655</b>	<b>64,064</b>	<b>623,486</b>
Impact of the adoption of IFRS 16	-	-	-	(7)	(7)
<b>As at 1 January 2019 (including impact of the adoption of IFRS 16)</b>	<b>518,942</b>	<b>38,825</b>	<b>1,655</b>	<b>64,057</b>	<b>623,479</b>
Net profit for the reporting period	-	-	-	34,542	<b>34,542</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,542</b>	<b>34,542</b>
Valuation of share-based payment plan	-	-	685	-	<b>685</b>
Dividends	-	-	-	(26,985)	<b>(26,985)</b>
<b>As at 30 June 2019 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>2,340</b>	<b>71,614</b>	<b>631,721</b>
<b>As at 1 January 2018</b>	<b>518,942</b>	<b>38,825</b>	<b>528</b>	<b>62,548</b>	<b>620,843</b>
Net profit for the reporting period	-	-	-	28,501	<b>28,501</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,501</b>	<b>28,501</b>
Valuation of share-based payment plan	-	-	1,127	-	<b>1,127</b>
Dividends	-	-	-	(26,985)	<b>(26,985)</b>
<b>As at 31 December 2018 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>1,655</b>	<b>64,064</b>	<b>623,486</b>
<b>As at 1 January 2018</b>	<b>518,942</b>	<b>38,825</b>	<b>528</b>	<b>62,548</b>	<b>620,843</b>
Net profit for the reporting period	-	-	-	15,275	<b>15,275</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,275</b>	<b>15,275</b>
Valuation of share-based payment plan	-	-	545	-	<b>545</b>
Dividends	-	-	-	(26,985)	<b>(26,985)</b>
<b>As at 30 June 2018 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>1,073</b>	<b>50,838</b>	<b>609,678</b>

## INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Note	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)
<b>Cash flows – operating activities</b>			
Pre-tax profit		37,008	16,532
<b>Total adjustments:</b>		<b>(37,329)</b>	<b>(16,204)</b>
Depreciation and amortization		284	233
Change in receivables	18	(598)	(1,558)
Change in liabilities, accruals and provisions	18	(2,390)	(166)
Interest income and expenses		(180)	(276)
Gain/loss on foreign exchange differences		166	(1,174)
Gain/loss on valuation of derivative instruments		(27)	624
Gain/loss on investing activities		(35,292)	(14,518)
Valuation of share-based payment plan		684	545
Other		24	86
<b>Selected operating cash flows</b>		<b>8,763</b>	<b>15,082</b>
Sale of shares in subsidiaries	18	685	962
Acquisition of shares in subsidiaries	18	(25,770)	(86)
Dividends received	18	33,848	14,206
<b>Net cash generated from operating activities</b>		<b>8,442</b>	<b>15,410</b>
Corporate income tax paid		(1,082)	(347)
<b>Net cash provided by (used in) operating activities</b>		<b>7,360</b>	<b>15,063</b>
<b>Cash flows – investing activities</b>			
Acquisition of property, plant and equipment, and intangible assets		(152)	(229)
Disposal of property, plant and equipment		33	-
Acquisition/settlement of financial instruments carried at fair value through profit or loss		143	25
Loans granted	12	(20)	(3,861)
Loans collected	12	3,282	4,678
Interest received	12	281	197
<b>Net cash provided by (used in) investing activities</b>		<b>3,567</b>	<b>810</b>
<b>Cash flows – financing activities</b>			
Proceeds from bank loans		-	3,865
Repayments of bank loans		(2,304)	(2,350)
Interest repaid		(101)	(143)
Other cash flows from financing activities		(62)	-
<b>Net cash provided by (used in) financing activities</b>		<b>(2,467)</b>	<b>1,372</b>
Net increase (decrease) in cash and cash equivalents		8,460	17,245
Net foreign exchange differences		(2)	82
<b>Cash and cash equivalents as at 1 January</b>	13	36,944	26,074
<b>Cash and cash equivalents as at 30 June</b>	13	<b>45,402</b>	<b>43,401</b>

**SUPPLEMENTARY INFORMATION AND  
EXPLANATORY NOTES****I. GENERAL INFORMATION**

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. The Company has been listed on the main market of the Warsaw Stock Exchange since 28 October 2009.

In accordance with its Articles of Association, the Company is engaged in holding operations as well as sales of services and software. The Company's business profile and product portfolio have been described in detail in its annual report for the year 2018, which is available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see).

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 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 2019, 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.

These interim condensed financial statements cover the period of 6 months ended 30 June 2019 and contain comparable data for the period of 6 months ended 30 June 2018 in case of the income statement, statement of comprehensive income, statement of changes in equity and the statement of cash flows, as well as comparable data as at 31 December 2018 in case of the statement of financial position. The income statement as well as notes to the income statement cover the period of 3 months ended 30 June 2019 and contain comparable data for the period of 3 months ended 30 June 2018; these data have not been reviewed by certified auditors.

The Company draws up its financial statements in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

These interim condensed financial statements have been approved for publication by the Management Board on 8 August 2019.

The Company also prepared the interim consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2019, which have been approved for publication by the Management Board on 8 August 2019.

**II. ACCOUNTING POLICIES APPLIED WHEN  
PREPARING THE FINANCIAL STATEMENTS****1. Basis for the preparation of interim  
condensed financial statements**

The interim condensed financial statements have been prepared in accordance with the historical cost convention, except for financial instruments that are carried at fair value.

The presentation currency of these interim condensed financial statements is the Polish zloty (PLN), and all figures are presented in thousands of zlotys (PLN'000), unless stated otherwise.

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 approving these financial statements, we have not observed any circumstances that would threaten the Company's ability to continue as a going concern for at least 12 months after the reporting period.

**2. Compliance statement**

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

**3. Significant accounting policies**

The significant accounting policies adopted by ASEE S.A. have been described in its financial statements for the year ended 31 December 2018, which were published on 20 February 2019 and are available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see). 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 Company's financial statements for the year ended 31 December 2018.

The accounting policies adopted in the preparation of this report are consistent with those followed when preparing the financial statements for the year ended 31 December 2018, except for the adoption of amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2019.

#### 4. IFRS 16 'Leases'

In January 2016, the International Accounting Standards Board issued the International Financial Reporting Standard 16 'Leases' (IFRS 16) that replaced IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases – Incentives', and SIC-27 'Evaluating the Substance of Transactions in the Legal Form of a Lease'. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases.

ASEE S.A. has adopted the new standard as of its required effective date, and therefore this standard has been first applied in our financial statements for the reporting period beginning on 1 January 2019.

According to the transition guidance provided in the standard, entities are allowed to choose from two methods for the presentation of comparable data:

- a) retrospective approach to each prior period reported in compliance with IAS 8, or
- b) retrospective approach while recognizing the cumulative effect of applying the new standard as at the date of its initial application.

ASEE S.A. has used the modified retrospective approach as described in item b, under which the comparable data for the year 2018 have not been restated, but the cumulative effect of adopting this new standard has been presented as an adjustment to the opening balance of retained earnings as at the date of its initial application, i.e. as at 1 January 2019.

Furthermore, the Company has adhered to the new guidance on identifying leases only in respect of those contracts that were entered into (or modified) on or after the date of initial application, i.e. 1 January 2019. Hence, in respect of all contracts that were concluded prior to 1 January 2019, we have decided to use a practical expedient permitted under IFRS 16 whereby it is not required to reassess whether a contract is a lease or contains a lease as at the date of initial application. Instead, ASEE S.A. will apply IFRS 16 only for contracts that have been earlier identified as leases under IAS 17 and IFRIC 4.

According to the assessment of ASEE S.A., applying the new definition of a lease has not caused any significant changes to our existing classification of contracts between those being a lease or containing a lease.

#### ASEE S.A. acting as a lessee

In accordance with IFRS 16 'Leases', in case of contracts where ASEE S.A. acts as a lessee, the Company has implemented a single accounting model, requiring the lessee to recognize assets and liabilities in respect of all leases, subject to exceptions for short-term leases and leases of low-value assets as specified in the standard. As a result, the Company has recognized right-of-use assets and lease liabilities at the lease commencement date in respect of all lease contracts that transfer the right to control the use of identified assets for a definite period of time. In connection with the above, the recurring costs arising from lease payments, that earlier used to be expensed, have been capitalized and subsequently depreciated. Whereas, the unwinding of discount on lease liabilities is recognized in financial expenses.

In case of contracts that have been commenced on or after 1 January 2019, ASEE S.A. applies the following valuation principles:

Right-of-use assets shall be initially recognized at the cost comprising:

- a) the amount of initial measurement of the lease liability;
- b) any lease payments made at or before the lease commencement date, less any lease incentives;
- c) any initial direct costs incurred by the lessee;
- d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease liabilities shall be initially recognized at the present value of outstanding lease payments, comprising:

- a) fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable by the lessee under residual value guarantees;
- d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.



Subsequently to initial recognition, ASEE S.A. shall measure right-of-use assets in a similar manner as other non-financial fixed assets, and lease liabilities in a similar manner as financial liabilities. As a result, after initial recognition, ASEE S.A. will recognize depreciation charges on the right-of-use asset and interest expenses on the lease liability, and also classify the lease payments into two groups: payments for the principal portion to be disclosed in the statement of cash flows within financing activities, and payments for the interest portion to be disclosed in the statement of cash flows within financing activities.

The application of IFRS 16 by the Company required making estimates that affect the measurement of lease liabilities and right-of-use assets; such estimates were in particular related to the determination of the lease term and the discount rate.

The lease term determined by the Company represents the non-cancellable period of the lease, including a period covered by an option to extend the lease if ASEE S.A. is reasonably certain to exercise that option, and a period covered by an option to terminate the lease if ASEE S.A. is reasonably certain not to exercise that option.

In case of lease contracts concluded for an indefinite period, ASEE S.A. has analyzed the options to terminate the lease either by the lessee or the lessor. If the lessor and the lessee have an option to terminate the lease without the other party's consent and without significant penalties, the lease term is determined based on the earliest termination period. If such earliest termination period is 12 months or less, ASEE S.A. shall apply the exception for short-term leases. Contracts concluded for an indefinite period are primarily associated with rental of office space.

ASEE S.A. has decided to use the exceptions for short-term leases and leases of low-value assets as specified in the standard. As a result, in case of such contracts, lease payments shall be recognized directly in costs, similarly as done so far for operating leases.

Lease payments shall be discounted using the incremental borrowing rate of ASEE S.A. or the rate implicit in the lease if that rate can be readily determined.

### **Measurement of right-of-use assets and lease liabilities at the date of initial application of IFRS 16**

At the date of initial application of IFRS 16 (i.e. at 1 January 2019), for all contracts that were earlier classified as operating leases and have not been completed prior to 1 January 2019, the Company has recognized:

- a) a lease liability measured at the present value of outstanding lease payments, discounted using the incremental borrowing rate of ASEE S.A. at the date of initial application;
- b) a right-of-use asset measured at its carrying value as if this standard was applied from the lease commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

Concurrently, in respect of individual lease contracts, the Company has used the following practical expedients:

- e) exemption from the requirement to recognize right-of-use assets and lease liabilities in case of leases where the underlying asset has a low value;
- f) application of a single discount rate to a portfolio of leases with similar characteristics;
- g) exemption from the requirement to recognize right-of-use assets and lease liabilities in case of leases where the lease term shall end within 12 months from the date of initial application;
- h) use of hindsight, such as in determining the lease term if the contract contains an option to extend or terminate the lease.

For all contracts that were earlier classified as finance leases under IAS 17 and have not been completed prior to 1 January 2019, the carrying value of the right-of-use asset and lease liability as at 1 January 2019 has been determined as the carrying value of the leased asset and lease liability measured in accordance with IAS 17, directly before this date.

### Summary of the impact of adopting IFRS 16 as at 30 June 2019

ASEE S.A. is party to contracts for rental of office space. The table below presents the impact of IFRS 16 on the Company's statement of financial position as at 30 June 2019.

	30 June 2019
	Impact of IFRS 16
<b>Non-current assets</b>	
Right-of-use assets	427
Deferred tax assets	-
<b>TOTAL ASSETS</b>	<b>427</b>
<b>Equity</b>	
Retained earnings (deficit)	(7)
Net profit (loss) for the reporting period	10
<b>Total equity</b>	<b>3</b>
<b>Non-current liabilities</b>	<b>316</b>
Long-term lease liabilities	316
<b>Current liabilities</b>	<b>108</b>
Short-term lease liabilities	108
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>427</b>

	6 months ended 30 June 2019
	Impact of IFRS 16
Rental costs	58
Depreciation and amortization	(51)
Operating profit	7
EBITDA	7
Interest	(2)
Other (deferred tax, foreign exchange differences)	5
<b>Net profit (loss) for the reporting period</b>	<b>10</b>

### Summary of the impact of adopting IFRS 16 as at 1 January 2019

The table below presents the impact of IFRS 16 on the statement of financial position of the Company as at the date of initial application, i.e. at 1 January 2019:

	1 Jan. 2019
<b>Non-current assets</b>	<b>478</b>
Right-of-use assets	478
<b>TOTAL ASSETS</b>	<b>478</b>
<b>Equity</b>	<b>(7)</b>
Retained earnings (deficit)	(7)
<b>Total equity</b>	<b>(7)</b>
<b>Non-current liabilities</b>	<b>382</b>
Long-term lease liabilities	382
<b>Current liabilities</b>	<b>103</b>
Short-term lease liabilities	103
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>485</b>

### Off-balance-sheet liabilities

The Company is party to a number of contracts for rental of office space that resulted in future payments both as at 30 June 2019 and 31 December 2018, which have been disclosed in explanatory note 21 to these financial statements.

The said contracts meet the definition of a lease under IFRS 16. Presented below is the reconciliation of liabilities under our rental contracts with lease liabilities to be recognized as at 1 January 2019.

Lease liabilities	1 Jan. 2019
<b>Operating lease liabilities as at 31 December 2018 (IAS 17)</b>	<b>525</b>
Amount of discount calculated using the incremental borrowing rate (-)	(12)
Short-term leases (-)	(28)
<b>Lease liabilities as at 1 January 2019 (IFRS 16)</b>	<b>485</b>

### 5. 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' was issued by the International Accounting Standards Board on 18 May 2017 and it shall be effective for annual periods beginning on or after 1 January 2021. The new IFRS 17 'Insurance Contracts' will replace the currently effective IFRS 4 which allows a variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts. As at the date of preparation of these financial statements, the new standard has not yet been endorsed by the European Union.
- IFRS 3 'Business Combinations'. Amendments to IFRS 3 revised the definition of a business. The currently introduced definition has been narrowed as a result of which it is likely that more acquisition transactions will be recognized as an acquisition of assets. Amendments to IFRS 3 shall be effective for annual periods beginning on or after 1 January 2020. As at the date of preparation of these financial statements, the new standard has not yet been endorsed by the European Union.

- IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The IASB has issued a new definition of 'material'. Amendments to IAS 1 and IAS 8 clarify the concept of materiality and increase consistency between the standards; however they are not expected to have a significant impact on the preparation of financial statements. The amendments shall be effective for annual periods beginning on or after 1 January 2020.
- IFRS 14 'Regulatory Deferral Accounts'. This standard permits entities which are first-time adopters of IFRS (on or after 1 January 2016) to continue to recognize amounts arising from rate-regulated activities in accordance with the accounting principles applied previously. For the sake of comparability with entities that already apply this standard and do not disclose such amounts, in accordance with the issued IFRS 14, amounts arising from rate-regulated activities should be presented in a separate line both in the statement of financial position and the income statement, as well as in the statement of other comprehensive income. The European Union has decided not to endorse IFRS 14.
- Amendments to IFRS 10 and IAS 28 concerning the sale or contribution of assets between an investor and its associate or joint venture. The amendments solve the problem of an existing inconsistency between the requirements of IFRS 10 and IAS 28. The accounting treatment depends on whether non-monetary assets sold or contributed to an associate or joint venture constitute a business. If non-monetary assets constitute a business, the investor shall recognize a full gain or loss on the transaction. If, however, such assets do not meet the definition of a business, the investor shall recognize a gain or loss excluding the portion attributable to other investors' interests. These amendments were issued on 11 September 2014. The effective date of the amended regulations has not yet been determined by the International Accounting Standards Board. As at the date of preparation of these financial statements, the endorsement of this amendment has been postponed by the European Union.
- Amendments to References to the Conceptual Framework in IFRS Standards. These amendments will become effective from 1 January 2020.

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 is currently conducting an analysis of how the introduction of the above-mentioned standards and interpretations may affect the financial statements and accounting policies applied by the Company.

## 6. 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.

The main areas which, in the process of applying the accounting policies, were largely subject to the management's professional judgement remained unchanged as compared with their description presented in the annual financial statements for the year ended 31 December 2018.

Changes in estimates as at 30 June 2019 included the calculation of deferred income tax as presented in note 5, the preparation of impairment tests for investments as described in note 10, as well as the estimated value of accruals for employee benefits as presented in note 16.

## 7. Seasonal nature of 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. Sales of IT services and software are not subject to seasonal fluctuations.

## 8. Changes in the presentation methods

In the reporting period, the Group did not introduce any presentation changes.

## 9. Corrections of material errors

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

### III. INFORMATION ON OPERATING SEGMENTS

The Company's operating activities comprise holding operations as well as sales of IT services and software.

The holding activities segment includes revenues and expenses related to managing the Group. The segment's revenues comprise primarily dividend income as well as sales of business and technical support services to the Company's subsidiaries.

The IT services segment includes revenues and expenses related to our information technology operations in two areas: authentication solutions (banking) and voice automation solutions (systems integration).

For the period of 6 months ended 30 June 2019 in thousands of PLN (unaudited)	Holding activities	IT services	Total
Dividend income	35,292	-	<b>35,292</b>
Revenues from sales of services	7,629	-	<b>7,629</b>
Revenues from sales of IT services and software	-	4,604	<b>4,604</b>
<b>Total sales revenues</b>	<b>42,921</b>	<b>4,604</b>	<b>47,525</b>
<b>Gross profit on sales</b>	<b>37,255</b>	<b>2,041</b>	<b>39,296</b>
Selling costs (-)	(1,733)	(526)	<b>(2,259)</b>
General and administrative expenses (-)	-	(134)	<b>(134)</b>
<b>Net profit on sales</b>	<b>35,522</b>	<b>1,381</b>	<b>36,903</b>

For the period of 6 months ended 30 June 2018 in thousands of PLN (unaudited)	Holding activities	IT services	Total
Dividend income	14,517	-	<b>14,517</b>
Revenues from sales of services	5,715	-	<b>5,715</b>
Revenues from sales of IT services and software	-	4,024	<b>4,024</b>
<b>Total sales revenues</b>	<b>20,232</b>	<b>4,024</b>	<b>24,256</b>
<b>Gross profit on sales</b>	<b>15,890</b>	<b>1,627</b>	<b>17,517</b>
Selling costs (-)	(1,437)	(436)	<b>(1,873)</b>
General and administrative expenses (-)	-	(133)	<b>(133)</b>
<b>Net profit on sales</b>	<b>14,453</b>	<b>1,058</b>	<b>15,511</b>

### IV. EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

#### 1. Holding activities – Dividend income and service 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.

	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Dividends from related parties, of which:	<b>35,292</b>	<b>35,292</b>	<b>14,517</b>	<b>14,517</b>
ASEE Croatia	2,143	2,143	4,257	4,257
ASEE Macedonia	11,728	11,728	4,496	4,496
ASEE Romania	3,620	3,620	1,283	1,283
ASEE Serbia	13,512	13,512	4,481	4,481
Payten Slovenia	2,575	2,575	-	-
Payten Croatia	1,714	1,714	-	-

Cash inflows generated from dividends amounted to PLN 33,848 thousand in the period of 6 months ended 30 June 2019, as compared with PLN 14,206 thousand received in the period of 6 months ended 30 June 2018.

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

	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Revenues from sales of services	4,636	7,629	2,756	5,715

## 2. Operating activities – Revenues from sales of IT services and software

	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Revenues from sales of software and IT services	2,459	4,604	1,991	4,024

Both in the period of 6 months ended 30 June 2019 and in the comparable period, operating activities included revenues from licensing fees as well as

from maintenance, implementation and consulting services.

## 3. Breakdown of operating costs

	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Employee benefits (-)	(2,087)	(3,636)	(1,654)	(3,174)
Third-party services and outsourcing of employees (-)	(1,702)	(3,205)	(1,411)	(2,526)
Depreciation and amortization (-)	(152)	(284)	(119)	(233)
Maintenance costs of property and business cars (-)	(379)	(733)	(413)	(782)
Business trips (-)	(173)	(347)	(204)	(383)
Advertising (-)	(79)	(136)	(33)	(44)
Other expenses (-)	(336)	(484)	(45)	(73)
	<b>(4,908)</b>	<b>(8,825)</b>	<b>(3,879)</b>	<b>(7,215)</b>
<b>Cost of sales, of which (-)</b>	<b>(4,315)</b>	<b>(8,229)</b>	<b>(3,738)</b>	<b>(6,739)</b>
Cost of goods and third-party services sold (-)	(891)	(1,797)	(853)	(1,530)
Production costs (-)	(3,424)	(6,432)	(2,885)	(5,209)
<b>Selling costs (-)</b>	<b>(1,414)</b>	<b>(2,259)</b>	<b>(930)</b>	<b>(1,873)</b>
<b>General and administrative expenses (-)</b>	<b>(70)</b>	<b>(134)</b>	<b>(64)</b>	<b>(133)</b>

## 4. Financial income and expenses

Financial income	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Positive foreign exchange differences	-	-	1,166	1,191
Interest received on cash deposits and loans granted	176	371	298	586
Gain on valuation of derivative instruments	159	213	35	180
Commissions received on guarantees granted	8	15	7	12
Reversal of an impairment loss on loans granted	21	21	-	-
	<b>364</b>	<b>620</b>	<b>1,506</b>	<b>1,969</b>

Financial expenses	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Negative foreign exchange differences (-)	(331)	(246)	-	-
Interest paid on bank loans and borrowings (-)	(52)	(106)	(73)	(143)
Loss on valuation of derivative instruments (-)	-	(97)	(715)	(804)
Recognition of an impairment loss on loans granted (-)	(90)	(90)	-	-
Other (-)	-	-	(1)	(1)
	<b>(473)</b>	<b>(539)</b>	<b>(789)</b>	<b>(948)</b>

Financial income and expenses for the period of 6 months ended 30 June 2019 present the result from valuation and settlement of currency forward contracts which amounted to PLN 116 thousand (including PLN 213 thousand recognized in income and PLN -97 thousand recognized in expenses).

Financial income and expenses for the period of 6 months ended 30 June 2018 present the result from valuation and settlement of currency forward contracts which amounted to PLN -624 thousand (including PLN 180 thousand recognized in income and PLN -804 thousand recognized in expenses).

## 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 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
Current portion of income tax	(1,062)	(1,532)	(531)	(676)
Income tax on dividends	(1,342)	(1,342)	(454)	(454)
Adjustments to the prior years' income tax	-	551	-	-
Deferred income tax related to origination and reversal of temporary differences	(229)	(143)	54	(127)
<b>Income tax expense as disclosed in the income statement</b>	<b>(2,633)</b>	<b>(2,466)</b>	<b>(931)</b>	<b>(1,257)</b>

Income tax expense incurred in the period of 6 months ended 30 June 2019 resulted from income tax on profit earned which amounted to PLN -1,532 thousand, withholding tax on dividends from our subsidiaries in the amount of PLN -1,342 thousand, adjustments to prior years' income tax amounting to PLN 551 thousand, as well as from the origination or reversal of temporary differences in the amount of PLN -143 thousand (mainly due to the recognition of accruals for employee bonuses, as well as foreign exchange differences arising from the valuation of currency instruments).

Income tax expense incurred in the period of 6 months ended 30 June 2018 resulted from income tax on profit earned which amounted to PLN -676 thousand, withholding tax on dividends from our subsidiaries in the amount of PLN -454 thousand, as well as from the origination or reversal of temporary differences in the amount of PLN -127 thousand (mainly due to the recognition of accruals for employee bonuses, as well as foreign exchange differences arising from the valuation of currency instruments).

The effective tax rate for the period of 6 months ended 30 June 2019 equalled 6.7%, as compared with 7.6% in the period of 6 months ended 30 June 2018.

## 6. Earnings per share

Basic earnings per share are computed by dividing net profit for the reporting period by the weighted average number of ordinary shares outstanding during that financial year.

Both during the reporting period and the comparable period, there were no instruments that could potentially dilute basic earnings per share.

The table below presents net profits and numbers of shares used for the calculation of basic and diluted earnings per share:

	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)
<b>Net profit for the reporting period</b>	<b>33,870</b>	<b>34,542</b>	<b>14,302</b>	<b>15,275</b>
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
<b>Earnings per share for the reporting period (in PLN):</b>				
Basic earnings per share	0.65	0.67	0.28	0.29
Diluted earnings per share	0.65	0.67	0.28	0.29

## 7. Information on dividends paid out or declared

The Annual General Meeting of Shareholders 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 that the net profit for the financial year 2018 amounting to PLN 28,501,002.56 and a portion of the capital reserve established pursuant to Resolution No. 7 of the Company's Annual General Meeting of Shareholders of 31 March 2016, shall be distributed as follows:

a) the amount of PLN 2,280,080.20 from the net profit for the financial year 2018 has been allocated

to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;

b) the amount of PLN 26,220,922.36 from the net profit for the financial year 2018 as well as the amount of PLN 764,088.16 representing a portion of the above-mentioned capital reserve have been allocated for distribution among all of the Company's shareholders by payment of a dividend amounting to PLN 0.52 per share.

The Company's Annual General Meeting of Shareholders 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.

## 8. Property, plant and equipment, and intangible assets

	Tangible assets	Goodwill arising from business combinations	Intangible assets
<b>Net book value as at 1 January 2019</b>	<b>514</b>	<b>4,567</b>	<b>1,128</b>
Restatement of comparable data resulting from the adoption of IFRS 16	-	-	-
<b>Net book value as at 1 January 2019 (restated)</b>	<b>514</b>	<b>4,567</b>	<b>1,128</b>
Purchases	17	-	66
Liquidation and disposal of tangible assets (-)	(10)	-	-
Depreciation/amortization charges (-)	(111)	-	(122)
<b>Net book value as at 30 June 2019</b>	<b>410</b>	<b>4,567</b>	<b>1,072</b>

In the period of 6 months ended 30 June 2019 as well as in the comparable period, the book values of property, plant and equipment, and intangible assets changed primarily due to purchases, as well as depreciation and amortization charges recognized in this period.

## 9. Right-of-use assets

The Company has adopted the new IFRS 16 standard. Following the adoption of this standard, the Company has introduced a new line in the statement of financial position, namely 'right-of-use assets' reflecting the value of the rights to use underlying assets arising from lease contracts, rental and hire contracts, as well as other contracts of similar nature that meet the definition of a lease under IFRS 16. As a consequence of applying the modified retrospective approach, the Company has not restated the relevant data for the comparable period and such data are not presented.

	Tangible assets	Goodwill arising from business combinations	Intangible assets
<b>Net book value as at 1 January 2018</b>	<b>599</b>	<b>4,567</b>	<b>894</b>
Purchases	145	-	70
Liquidation and disposal of tangible assets (-)	-	-	-
Depreciation/amortization charges (-)	(129)	-	(104)
<b>Net book value as at 30 June 2018</b>	<b>615</b>	<b>4,567</b>	<b>860</b>

As at 30 June 2019, we had no liabilities arising from purchases of property, plant and equipment or intangible assets, whereas as at 31 December 2018 such liabilities stood at PLN 64 thousand.

	Land and buildings
<b>Net book value as at 1 January 2019</b>	-
Adoption of IFRS 16	478
<b>Net book value as at 1 January 2019 (restated)</b>	<b>478</b>
Depreciation charges for the reporting period (-)	(51)
<b>Net book value as at 30 June 2019</b>	<b>427</b>



## 10. Investments in subsidiaries

Full name of company	Short name	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Asseco SEE d.o.o. (Sarajevo)	ASEE B&H	25,830	25,830
Asseco SEE o.o.d. (Sofia)	ASEE Bulgaria	-	-
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	-
Payten d.o.o. (Sarajevo)	Payten B&H	-	2
Payten d.o.o., Zagreb	Payten Croatia	-	66,184
Payten d.o.o. (Podgorica)	Payten Montenegro	-	1,009
Payten DOEL (Skopje)	Payten Macedonia	-	84
Payten Payment Solution s.r.l. (Bucharest)	Payten Romania	-	49,552
Payten d.o.o. (Belgrade)	Payten Serbia	19,618	19,618
Payten d.o.o. (Ljubljana)	Payten Slovenia	-	2,332
Payten Teknoloji A.Ş.	Payten Turkey	50,842	71,460
Payten Sp. z o.o.	Payten Sp. z o.o.	25	-
Payten Sp. z o.o. (limited partnership)	Payten Sp. z o.o. s.k.	154,776	-
		<b>606,812</b>	<b>571,174</b>

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 2018, which was published on 20 February 2019 and is available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see).

During the period of 6 months ended 30 June 2019, 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.

The planned spin-off of payment services has been described in the Management Report on Operations of the Company and Group for the year ended 31 December 2018. If a given change involved dividing a company, the previous value of our investment was allocated to entities created from such division on the basis of the share in fair value of each of these companies that was estimated on the basis of their discounted cash flows.

### Division of ASEE Turkey

The division of ASEE Turkey was registered on 2 January 2019, in connection with the process of separating our payment services into a standalone organizational unit.

This division resulted in the creation of two separate entities, namely Payten Turkey (Payten Teknoloji A.Ş.) and ASEE Turkey (Asseco SEE Bilişim Teknolojileri A.Ş.), being engaged in the payment business and other operations, respectively.

### Establishing of Payten Sp. z o.o.

On 29 January 2019, we registered a new company called Payten Sp. z o.o. seated in Warsaw. 100% of shares in this company are held by ASEE S.A.

### Acquisition of shares in Necomplus S.L. based in Alicante

On 29 January 2019, the Company signed an agreement to acquire a 67.66% stake in the share capital of Necomplus S.L. based in Alicante, Spain ("Necomplus") for the total amount of PLN 32,888.5 thousand, being the equivalent of EUR 7,669 thousand converted at the mid exchange rate published by the National Bank of Poland on 28 January 2019. In accordance with the acquisition agreement, the payment for these shares shall be made in three instalments:

- the first instalment amounting to PLN 23,020.7 thousand has already been paid before the reporting date;
- the second instalment amounting to PLN 4,936.1 thousand shall be paid till the first anniversary of the transaction date;
- the third instalment amounting to PLN 4,931.8 thousand shall be paid till the second anniversary of the transaction date.

The acquisition of these shares is financed with own funds with the option of partial refinancing with a bank loan in the future.

Concurrently, ASEE signed an agreement with the minority shareholders of Necomplus, based on the existing agreement concluded by the seller, among others providing for a put option reserved for minority shareholders.



On 28 June 2019, shares in Necomplus were contributed to the company Payten Sp. z o.o. (limited partnership).

Necomplus conducts business operations in Spain, Portugal, Peru, Colombia, Andorra, and in the Dominican Republic. The company is mainly engaged in installation and maintenance of POS terminals, as well as in BPO/call center services. Necomplus has been a member of the capital group of Asseco Poland since 2010. The said shares were sold by Asseco Western Europe S.A., a subsidiary of Asseco International a.s.

The goal of this acquisition is to further build the payment services business within the target organizational structure called Payten.

#### **Establishing of Payten Sp. z o.o. (limited partnership)**

On 20 March 2019, we registered a new company called Payten Sp. z o.o. (limited partnership) seated in Warsaw. 99% of shares in this company are held by ASEE S.A., while a 1% stake is held by Payten Sp. z o.o.

#### **Making a non-cash contribution to Payten Sp. z o.o. (limited partnership)**

On 28 June 2019, ASEE S.A. contributed shares in the following companies:

- Payten B&H,
- Payten Croatia,
- Payten Montenegro,
- Payten Macedonia,
- Payten Romania,
- Payten Slovenia,
- Necomplus Spain

to the company Payten Sp. z o.o. (limited partnership).

This transaction consisted in making a contribution of our investments in several subsidiaries to another subsidiary company of ASEE S.A. and, in accordance with the Company's accounting policy, it has been accounted for only by transferring the carrying value of investments in the acquiree subsidiaries to the value of our investment in the acquirer subsidiary. Hence, such a takeover of our subsidiaries by another subsidiary company had no impact on the Company's financial results.

#### **Impairment testing of investments**

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 2019, we estimated the recoverable amounts of our investments in the companies of ASEE Romania, Payten Romania, Payten Croatia, ASEE Kosovo, ASEE Macedonia, ASEE B&H, Payten Montenegro 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 2019 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 residual value was determined assuming no 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 conducted impairment tests did not indicate a necessity to recognize any impairment charges on our investments.

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 2019:

30 June 2019	Discount rate	Sales revenue growth rate
	applied in the model	applied in the model
ASEE B&H	19.44%	8.59%
ASEE Kosovo	12.25%	4.97%
ASEE Macedonia	11.68%	6.17%
ASEE Romania	12.54%	5.18%
Payten Croatia	10.56%	1.13%
Payten Montenegro	16.08%	1.45%
Payten Romania	12.24%	11.42%

### Analysis of sensitivity

The Company carried out a sensitivity analysis in relation to the impairment test performed for our investing activity assets. Such sensitivity analysis examined the impact of changes in:

- discount rate applied;
- compound annual growth rate over the period of forecast;

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 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 0.81 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 0.44 pp with other assumptions remaining constant. As at 30 June 2019, the excess of the recoverable amount of our investment in ASEE Romania over its carrying value equalled PLN 8 million.

In the case of Payten 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 1.25 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 1.20 pp with other assumptions remaining constant. As at 30 June 2019, the excess of the recoverable amount of our investment in Payten Romania over its carrying value equalled PLN 8 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 3.52 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 1.98 pp with other assumptions remaining constant. As at 30 June 2019, the excess of the recoverable amount of our investment in ASEE Kosovo over its carrying value equalled PLN 5 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 2.17 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 2019, the excess of the recoverable amount of our

investment in ASEE Kosovo over its carrying value equalled PLN 22 million.

In the case of ASEE B&H, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 3.12 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 2.44 pp with other assumptions remaining constant. As at 30 June 2019, the excess of the recoverable amount of our investment in ASEE B&H over its carrying value equalled PLN 3 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.

The conducted impairment tests did not indicate a necessity to recognize any impairment charges on our investments in subsidiaries as at 30 June 2019.

### 11. Short-term and long-term receivables

Trade receivables	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Trade receivables, of which:	5,815	5,436
From related parties	4,746	3,982
From other entities	1,069	1,454
Allowance for doubtful receivables (-)	-	-
	<b>5,815</b>	<b>5,436</b>

Receivables from related parties, as presented herein, resulted from sales of consulting, business and technical support services to subsidiaries of ASEE Group for the amount of PLN 4,740 thousand, as well as from sales of IT services to other related parties for the amount of PLN 6 thousand.

Other receivables	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Receivables from sale of shares	2,539	3,233
Other receivables	483	215
	<b>3,022</b>	<b>3,448</b>
- short-term	1,780	1,521
- long-term	1,242	1,927

As at 30 June 2019, receivables of ASEE S.A. from the sale of shares in Sigma Turkey amounted to PLN 2,539 thousand (including PLN 1,195 thousand presented in long-term receivables and PLN 1,344 thousand in short-term receivables).

As at 31 December 2018, receivables from the sale of shares in Sigma Turkey amounted to PLN 3,233 thousand (including PLN 1,880 thousand presented in long-term receivables and PLN 1,353 thousand in short-term receivables).

## 12. Financial assets

Financial assets	31 Dec. 2018	Granted/ Evaluated	Repaid	Interest accrued	Interest repaid	Foreign exchange difference s	Other	30 June 2019
<b>Investments in debt securities carried at amortized cost:</b>								
<b>Loans, of which receivable from:</b>	<b>18,214</b>	<b>20</b>	<b>(3,282)</b>	<b>282</b>	<b>(281)</b>	<b>(178)</b>	<b>(86)</b>	<b>14,689</b>
ASEE B&H	876	-	-	13	(19)	(10)	-	860
ASEE Bulgaria	81	-	(94)	13	(14)	(1)	21	6
ASEE Serbia	354	-	(350)	2	(6)	-	-	-
Payten B&H	3,467	-	-	75	(65)	(38)	-	3,439
Payten Croatia	11,437	-	(2,188)	159	(150)	(114)	(17)	9,127
Payten Montenegro	5	-	-	-	-	-	-	5
Payten Serbia	351	-	(260)	3	(7)	(1)	-	86
Payten Slovenia	1,552	-	(385)	17	(20)	(13)	-	1,151
Other – foreign	91	-	-	-	-	(1)	(90)	-
Other – domestic	-	20	(5)	-	-	-	-	15
<b>Financial assets carried at fair value through profit or loss:</b>								
<b>Currency forward contracts</b>	<b>80</b>	<b>116</b>	<b>(143)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>
	<b>18,294</b>	<b>136</b>	<b>(3,425)</b>	<b>282</b>	<b>(279)</b>	<b>(180)</b>	<b>(86)</b>	<b>14,742</b>
- long-term	11,637	-	-	-	-	-	-	8,976
- short-term	6,657	-	-	-	-	-	-	5,766

In the case of loans granted to subsidiaries, in order to estimate expected credit losses the Company applied the probability of default based on the borrower's credit rating, however not higher than the rating of the borrower's country of residence. As at 30 June 2019, we have not recognized any additional allowance due to insignificant amount.

The book values of financial assets held by the Company as at 30 June 2019 and 31 December 2018 did not significantly differ from their fair values.

## 14. Trade payables, financial liabilities

Short-term trade payables	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Invoiced deliveries, of which from:	327	1,716
-related parties	61	111
-other entities	266	1,605
Uninvoiced deliveries, of which from:	867	901
-related parties	258	49
-other entities	609	852
	<b>1,194</b>	<b>2,617</b>

The table below discloses the Company's trade payables as at 30 June 2019 and 31 December 2018, by maturity based on contractual undiscounted payments.

Ageing of trade payables	30 June 2019 (unaudited)		31 Dec. 2018 (audited)	
	Amount	Structure	Amount	Structure
Liabilities due already	38	11.6%	38	2.2%
Liabilities falling due within 3 months	289	88.4%	1,678	97.8
	<b>327</b>	<b>100.0%</b>	<b>1,716</b>	<b>100.0%</b>

## 13. Cash and short-term deposits

	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Cash at bank and on hand	5,066	6,313
Short-term bank deposits	40,336	30,631
	<b>45,402</b>	<b>36,944</b>

Dividend payment liabilities reported as at 30 June 2019 comprised dividends payable to shareholders of ASEE S.A. The dividend was paid out on 11 July 2019.

Liabilities to the state and local budgets	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Corporate income tax (CIT)	724	841
Personal income tax (PIT)	28	65
Social security payable	122	89
Value added tax	-	134
Other	1	2
	<b>875</b>	<b>1,131</b>

## 15. Bank loans

Interest-bearing bank loans	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Interest-bearing bank loans	10,587	13,018
- short-term	5,437	5,207
- long-term	5,150	7,811

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 2019, liabilities outstanding under this bank loan amounted to EUR 2,490 thousand (PLN 10,587 thousand), as compared with EUR 3,027 thousand (PLN 13,018 thousand) as at 31 December 2018. Funds obtained under this bank loan have been used to grant loans to ASEE Group subsidiaries in order to finance their outsourcing projects.

## 16. Prepayments, accruals and provisions

Prepayments	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Prepaid maintenance services and license fees	875	1,288
Prepaid insurance	40	25
Other	1,312	836
	<b>2,227</b>	<b>2,149</b>
- short-term	2,227	1,720
- long-term	-	429

Short-term provisions	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Provision for the audit of financial statements	114	160
- short-term	114	160
- long-term	-	-

Accruals	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
Accrual for unused holiday leaves	475	321
Accrual for salaries	798	1,781
	<b>1,273</b>	<b>2,102</b>
- short-term	1,273	2,102
- long-term	-	-

Provisions and accruals disclosed both as at 30 June 2019 and 31 December 2018, comprised the provision for the audit of financial statements, the accrual for salaries along with payroll overheads to be paid out in future periods that resulted from bonus schemes applied by ASEE S.A., as well as the accrual for unused holiday leaves.

## 17. Assets and liabilities from contracts with customers

Contract assets include receivables arising from valuation of IT contracts and un invoiced deliveries. Contract liabilities include liabilities arising from valuation of IT contracts as well as deferred income from such contracts.

The table below presents the opening and closing balances of receivables, assets and liabilities from contracts with customers as at 30 June 2019 and 31 December 2018:

	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
<b>Trade receivables</b>	<b>5,815</b>	<b>5,436</b>
<b>Contract assets</b> (uninvoiced deliveries)	-	<b>44</b>
<b>Contract liabilities, of which:</b>	<b>1,868</b>	<b>1,665</b>
Liabilities arising from valuation of IT contracts	-	-
Deferred income	1,868	1,665

Trade receivables have been described in explanatory note 11.

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

	31 Dec. 2018 (audited)	31 Dec. 2017 (audited)
<b>Deferred income</b>		
Prepaid maintenance services	1,868	1,665
- short-term	1,868	1,665
- long-term	-	-

## 18. Information and explanations to the statement of cash flows

The table below presents items comprising changes in working capital as disclosed in the statement of cash flows:

Changes in working capital	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)
Change in receivables	(598)	(1,558)
Change in liabilities	(1,686)	329
Change in prepayments, accruals and provisions	(704)	(495)
	<b>(2,988)</b>	<b>(1,724)</b>

The following tables present the reconciliation between changes in working capital recognized in the statement of financial position, and changes that affect operating cash flows as reported in the statement of cash flows:

Changes in working capital	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)
<b>Changes in liabilities as per the statement of financial position</b>	<b>35,038</b>	<b>27,633</b>
Unpaid dividends	(26,985)	(26,985)
Change in corporate income tax payable	118	(329)
Acquisition of Necomplis	(9,868)	-
Other adjustments	11	10
<b>Total changes affecting operating cash flows</b>	<b>(1,686)</b>	<b>329</b>

Changes in working capital	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)
<b>Changes in receivables as per the statement of financial position</b>	<b>91</b>	<b>(1,156)</b>
Sale of shares in Sigma – foreign exchange differences	(9)	289
Sale of shares in Sigma	(685)	(948)
Dividend receivable (Romania)	-	(1,262)
Dividend received (Romania)	-	1,315
Other adjustments	5	204
<b>Total changes affecting operating cash flows</b>	<b>(598)</b>	<b>(1,558)</b>

In the period of 6 months ended 30 June 2019, the amount of cash flows from operating activities was considerably affected also by dividends received as well as expenditures for the acquisition of shares in subsidiaries. The details are presented in the table below:

Dividend income received	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)
ASEE Serbia	12,797	4,263
ASEE Croatia	2,146	4,338
ASEE Romania	3,623	1,262
ASEE Macedonia	11,060	4,343
Payten Slovenia	2,588	-
Payten Croatia	1,634	-
	<b>33,848</b>	<b>14,206</b>

Acquisition of shares in subsidiaries	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)
Necomplis Spain	(23,354)	-
Payten Sp. z o.o.	(25)	-
Payten Sp. z o.o. s.k.	(1,538)	-
Payten B&H	(853)	-
Other	-	(86)
	<b>(25,770)</b>	<b>(86)</b>

Sale of shares in subsidiaries	6 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2018 (unaudited)
Transferring of 1 share in Payten Romania	-	14
SIGMA Turkey	685	948
	<b>685</b>	<b>962</b>

## 19. Share-based payment plan

On 23 June 2017, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of a total 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.

A detailed description of the plan is provided in the financial statements of ASEE S.A. for the year 2018.

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 the share-based payment plan disclosed in these financial statements of ASEE S.A. for the period of 6 months ended 30 June 2019 amounted to PLN 685 thousand (vs. PLN 545 thousand in the comparable period). In correspondence, this transaction was recognized as a separate item of the Company's equity, in the same amount as disclosed in remuneration costs.

## 20. Information on related parties

### Related party transactions

The total values of transactions conducted with our related parties during the periods of 6 months ended 30 June 2019 and 30 June 2018, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2019 and 31 December 2018 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
<b>Asseco Poland Group</b>				
2019	19	153	53	-
2018	3	153	60	2
<b>Subsidiaries</b>				
2019	7,565	426	4,740	319
2018	5,757	847	4,013	158

Apart from trade receivables, the above table also discloses receivables from deposits paid-in by us under space rental contracts, amounting to PLN 47 thousand as at 30 June 2019 and PLN 47 thousand as at 31 December 2018.

In addition, ASEE S.A. granted loans to its related parties as presented in explanatory note 12 in this report. As at 30 June 2019, our receivables arising from such loans amounted to PLN 14,674 thousand, as compared with PLN 18,123 thousand as at 31 December 2018.

In other receivables, ASEE S.A. disclosed receivables from the sale of shares in Sigma Turkey to Payten Turkey. As at 30 June 2019, such receivables amounted to PLN 2,539 thousand, as compared with PLN 3,233 thousand as at 31 December 2018.

In addition, dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2019 include the dividend of PLN 13,777 thousand payable to Asseco International a.s. The dividend was paid out on 11 July 2019.

### Transactions conducted with or through the Key Management Personnel (members of the Management Board and Supervisory Board) of Asseco South Eastern Europe S.A.

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 explanatory note 19 in this report. Members of the Management Board of ASEE S.A., acting directly or through their related parties, have acquired the following numbers of shares:

Management Board Members	Number of shares acquired
Piotr Jeleński	966,942
Miljan Mališ <sup>1)</sup>	300,000
Miodrag Mirčetić <sup>2)</sup>	275,482
Marcin Rulnicki	30,000
	<b>1,572,424</b>

<sup>1)</sup> 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. On 23 June 2017, Mini Invest d.o.o. acquired 300,000 shares in ASEE S.A. under the agreement concluded with Asseco Poland S.A.

<sup>2)</sup> Miodrag Mirčetić, Member of the Management Board of ASEE S.A., is a shareholder in the company I4 INVENTION d.o.o. which in turn is a shareholder in ASEE S.A. On 23 June 2017, I4 INVENTION d.o.o. acquired 275,482 shares in ASEE S.A. under the agreement concluded with Asseco Poland S.A.

Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2019 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 824 thousand. The above-stated amount does not include dividends payable to Asseco International a.s. The numbers of ASEE shares held by its management and supervisory staff as well as by their related parties have been presented in note 11 of the Management Report on the Group's Operations. The dividend was paid out on 11 July 2019.

During the periods of 6 months ended 30 June 2019 and 30 June 2018, ASEE S.A. did not conduct any other transactions directly with its Key Management Personnel nor with any parties related through the Key Management Personnel.

Until the date of approval of these interim condensed 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.



## 21. Contingent liabilities

Guarantees and sureties granted by the Company as at 30 June 2019 as well as at 31 December 2018 were as follows:

Guarantees and sureties	30 June 2019	30 June 2019		Date of expiration	31 Dec. 2018	31 Dec. 2018		Date of expiration
	PLN'000	in thousands	Currency		PLN'000	in thousands	currency	
<b>Guarantee facilities</b>	<b>2,126</b>				<b>2,150</b>			
- ASEE Kosovo	1,276	300	EUR	05.04.2021	1,290	300	EUR	05.04.2021
- ASEE Kosovo	850	200	EUR	06.09.2023	860	200	EUR	06.09.2023
<b>Guarantees for due performance of contracts</b>	<b>1,063</b>				<b>1,075</b>			
- ASEE Slovenia	425	100	EUR	15.07.2019	430	100	EUR	15.07.2019
- ASEE Slovenia	255	60	EUR	31.01.2020	258	60	EUR	31.01.2020
- ASEE Slovenia	383	90	EUR	05.06.2020	387	90	EUR	05.06.2020
<b>Total guarantees and sureties</b>	<b>3,189</b>				<b>3,225</b>			

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 probability of having to satisfy our liabilities from guarantees of due performance of contracts as presented in the table above is negligible; however, due to their amount, we decided to make an appropriate disclosure in these financial statements.

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 Company's statement of financial position as at 30 June 2019 nor as at 31 December 2018.

Moreover, ASEE S.A. is party to contracts for rental of office space. These contracts meet the definition of a lease under IFRS 16 and most of them have been disclosed in the statement of financial position as at 1 January 2019. The table below presents off-balance-sheet liabilities disclosed as at 30 June 2019 that are related to lease contracts being subject to exemptions provided under IFRS 16.

Liabilities from rental of office and warehouse space	30 June 2019 (unaudited)	31 Dec. 2018 (audited)
In the period up to 1 year	45	103
In the period from 1 to 5 years	-	422
	<b>45</b>	<b>525</b>

As at 30 June 2019 and 31 December 2018, the Company had no other contingent or off-balance-sheet liabilities.

## 22. Capital management

During the period of 6 months ended 30 June 2019 as well as in the period of 6 months ended 30 June 2018, we did not introduce any changes to our objectives, policies and processes adopted in the area of capital management.

## 23. Objectives and principles of financial risk management

During the period of 6 months ended 30 June 2019, our financial risk exposure as well as objectives and principles adopted for financial risk management have not changed substantially in relation to those described in the annual financial statements of ASEE S.A. for the year 2018.

## 24. Significant events after the reporting period

In the period from 30 June 2019 till the date of approval of these interim condensed financial statements, this is until 8 August 2019, 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.

## 25. Significant events related to prior years

Until the date of preparing these interim condensed financial statements, this is until 8 August 2019, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books.