



**Consolidated Financial Statements
of Asseco South Eastern Europe Group
for the year ended 31 December 2023**



Present in
23 countries



PLN 1,642.5 million
in sales revenues



3,920
highly committed
employees



PLN 200.4 mln
of net profit
for Shareholders of
the Parent Company

Consolidated Financial Statements of Asseco South Eastern Europe Group

For the year ended 31 December 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME.....	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	10
CONSOLIDATED STATEMENT OF CASH FLOWS	12
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	13
I. GENERAL INFORMATION	13
II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS.....	14
2.1. Basis for preparation	14
2.2. Compliance statement	14
2.3. Functional currency, presentation currency and hyperinflation	15
2.4. Professional judgement and estimates	15
2.5. Accounting policies applied.....	15
2.6. New standards and interpretations published but not in force yet	16
2.7. Changes in the presentation methods applied.....	17
2.8. Correction of errors.....	17
2.9. Changes in the comparable data.....	17
2.10. Accounting effects of Turkey's status as a hyperinflationary economy	19
III. ORGANIZATION AND CHANGES IN THE STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP, INCLUDING THE ENTITIES SUBJECT TO CONSOLIDATION.....	24
IV. INFORMATION ON OPERATING SEGMENTS	28
V. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS	31
5.1. Structure of operating revenues	31
5.2. Structure of operating costs.....	35
5.3. Other operating income and expenses	39
5.4. Financial income and expenses	39
5.5. Corporate income tax	40
5.6. Earnings per share.....	42
5.7. Information on dividends paid out.....	43
VI. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	43
6.1. Property, plant and equipment.....	43
6.2. Intangible assets	45
6.3. Right-of-use assets	48
6.4. Goodwill	49
6.5. Impairment tests.....	55
6.6. Other financial assets.....	57
6.7. Prepayments and accrued income.....	60
6.8. Receivables and contract assets.....	60
6.9. Inventories	63
6.10. Cash and cash equivalents	64
6.11. Share capital and share premium	64
6.12. Non-controlling interests	65
6.13. Lease liabilities	65
6.14. Bank loans and borrowings.....	67
6.15. Other financial liabilities	69
6.16. Trade payables, state budget liabilities, and other liabilities	71
6.17. Contract liabilities	71
6.18. Provisions.....	72
6.19. Accruals and deferred income	74
6.20. Related party transactions	75
VII. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS	77
7.1. Cash flows – operating activities	77
7.2. Cash flows – investing activities	77

7.3.	Cash flows – financing activities	77
VIII.	EXPLANATORY NOTES ON OBJECTIVES AND PRINCIPLES OF FINANCIAL RISK MANAGEMENT	79
8.1.	Foreign currency risk	79
8.2.	Interest rate risk	81
8.3.	Credit risk	82
8.4.	Financial liquidity risk	82
8.5.	Items of income, expenses, gains and losses recognized in the statement of profit and loss in correspondence to balance sheet items	83
IX.	OTHER EXPLANATORY NOTES	84
9.1.	Off-balance-sheet liabilities	84
9.2.	Seasonal and cyclical business	85
9.3.	Employment	85
9.4.	Remuneration of the entity authorized to audit financial statements	86
9.5.	Remuneration of the Management Board and Supervisory Board	86
9.6.	Capital management	87
9.7.	Climate and operations of ASEE Group	88
9.8.	Significant events after the reporting period	88
9.9.	Significant events related to prior years	89

Consolidated Financial Statements of **Asseco South Eastern Europe Group** for the year ended **31 December 2023**

These consolidated financial statements have been approved for publication by the Management Board of Asseco South Eastern Europe S.A. on 27 February 2024.

Management Board:

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

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

Michał Nitka	Member of the Management Board
--------------	--------------------------------

Kostadin Slavkoski	Member of the Management Board
--------------------	--------------------------------

Financial Highlights

Asseco South Eastern Europe Group

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

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000	12 months ended 31 December 2023 EUR'000	12 months ended 31 December 2022 EUR'000
Sales revenues	1,642,531	1,565,493	362,720	333,916
Operating profit	226,008	215,453	49,909	45,956
Pre-tax profit	255,426	237,719	56,406	50,705
Net profit for the reporting period	208,328	195,556	46,005	41,712
Net profit attributable to Shareholders of the Parent Company	200,362	187,828	44,246	40,063
Net cash provided by (used in) operating activities	309,609	240,576	68,371	51,314
Net cash provided by (used in) investing activities	(119,957)	(96,449)	(26,490)	(20,572)
Net cash provided by (used in) financing activities	(133,205)	(75,162)	(29,416)	(16,032)
Cash and cash equivalents at the end of the period	313,112	298,034	72,013	63,548
Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	3.86	3.62	0.85	0.77
Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	3.86	3.62	0.85	0.77

The selected financial data disclosed in these annual consolidated financial statements have been translated into EUR in the following way:

- Items of the consolidated statement of profit and loss and consolidated 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:
 - in the period from 1 January 2023 to 31 December 2023: EUR 1 = PLN 4.5284
 - in the period from 1 January 2022 to 31 December 2022: EUR 1 = PLN 4.6883
- 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 31 December 2023: EUR 1 = PLN 4.3480
 - exchange rate effective on 31 December 2022: EUR 1 = PLN 4.6899

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

Consolidated Statement of Profit and Loss and Other Comprehensive Income

Asseco South Eastern Europe Group

STATEMENT OF PROFIT AND LOSS	Note	12 months ended	12 months ended
		31 December 2023	31 December 2022 (restated)
		PLN'000	PLN'000
Operating revenues	5.1	1,642,531	1,565,493
Cost of sales	5.2	(1,211,525)	(1,170,924)
Allowances for trade receivables	5.2	(8,795)	(1,890)
Gross profit on sales		422,211	392,679
Selling costs	5.2	(101,308)	(93,039)
General and administrative expenses	5.2	(95,994)	(84,755)
Net profit on sales		224,909	214,885
Other operating income	5.3	3,672	3,167
Other operating expenses	5.3	(2,655)	(2,580)
Share of profits of associates and joint ventures		82	(19)
Operating profit		226,008	215,453
Financial income	5.4	56,707	44,176
Financial expenses	5.4	(27,289)	(21,910)
Impairment loss on financial instruments		-	-
Pre-tax profit		255,426	237,719
Corporate income tax (current and deferred tax expense)	5.5	(47,098)	(42,163)
Net profit for the reporting period		208,328	195,556
<i>Attributable to:</i>			
Shareholders of the Parent Company		200,362	187,828
Non-controlling interests		7,966	7,728
Basic consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)			
	5.6	3.86	3.62
Diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)			
	5.6	3.86	3.62
OTHER COMPREHENSIVE INCOME			
Net profit for the reporting period		208,328	195,556
Components that may be reclassified to profit or loss		(121,376)	38,202
Net gain/loss on valuation of financial assets		152	5
Exchange differences on translation of foreign operations		(121,528)	9,545
Restatement of non-monetary assets as at 1 January – impact of hyperinflation	2.10	-	28,652
Components that will not be reclassified to profit or loss		-	-
Actuarial gains/losses		-	-
Total other comprehensive income		(121,376)	38,202
TOTAL COMPREHENSIVE INCOME attributable to:		86,952	233,758
Shareholders of the Parent Company		79,930	225,658
Non-controlling interests		7,022	8,100

Consolidated Statement of Financial Position

Asseco South Eastern Europe Group

ASSETS	Note	31 December 2023	31 December 2022
		PLN'000	(restated) PLN'000
Non-current assets			
Property, plant and equipment	<u>6.1</u>	137,030	135,969
Intangible assets	<u>6.2</u>	43,450	59,616
Right-of-use assets	<u>6.3</u>	46,309	43,131
Investment property		474	550
Goodwill	<u>6.4</u>	913,187	794,100
Investments accounted for using the equity method		252	170
Other receivables	<u>6.8</u>	7,274	7,886
Deferred tax assets	<u>5.5</u>	12,375	11,417
Other financial assets	<u>6.6</u>	2,021	2,424
Prepayments and accrued income	<u>6.7</u>	3,088	1,454
		1,165,460	1,056,717
Current assets			
Inventories	<u>6.9</u>	97,872	57,045
Prepayments and accrued income	<u>6.7</u>	53,904	48,008
Trade receivables	<u>6.8</u>	299,114	290,358
Contract assets	<u>6.8</u>	95,104	78,739
Corporate income tax receivable	<u>6.8</u>	2,693	2,433
Receivables from the state and local budgets	<u>6.8</u>	5,044	3,806
Other receivables	<u>6.8</u>	79,663	23,822
Other non-financial assets		2,952	9,936
Other financial assets	<u>6.6</u>	1,173	319
Cash and cash equivalents	<u>6.10</u>	313,112	298,034
		950,631	812,500
TOTAL ASSETS		2,116,091	1,869,217

Consolidated Statement of Financial Position

Asseco South Eastern Europe Group

EQUITY AND LIABILITIES	Note	31 December 2023	31 December 2022
		PLN'000	(restated) PLN'000
Equity <i>(attributable to shareholders of the Parent Company)</i>			
Share capital	6.11	518,943	518,943
Share premium	6.11	38,826	38,826
Transactions with non-controlling interests		(34,877)	(35,692)
Other capitals		717	(77)
Exchange differences on translation of foreign operations		(198,888)	(78,304)
Retained earnings		791,065	666,469
		1,115,786	1,110,165
Non-controlling interests	6.12	7,810	8,515
Total equity		1,123,596	1,118,680
Non-current liabilities			
Bank loans and borrowings	6.14	54,124	48,635
Lease liabilities	6.13	29,867	25,700
Other financial liabilities	6.15	174,055	91,566
Deferred tax liabilities	5.5	4,263	7,205
Provisions	6.18	3,906	3,886
Contract liabilities	6.17	10,690	8,455
Other liabilities	6.16	47	74
		276,952	185,521
Current liabilities			
Bank loans and borrowings	6.14	51,610	66,455
Lease liabilities	6.13	17,833	19,418
Other financial liabilities	6.15	58,928	62,071
Trade payables	6.16	214,561	123,980
Contract liabilities	6.17	158,114	148,360
Corporate income tax payable	6.16	15,275	9,081
Liabilities to the state and local budgets	6.16	50,849	46,357
Other liabilities	6.16	102,856	48,894
Provisions	6.18	6,688	5,289
Deferred income	6.19	2,407	2,570
Accruals	6.19	36,422	32,541
		715,543	565,016
TOTAL LIABILITIES		992,495	750,537
TOTAL EQUITY AND LIABILITIES		2,116,091	1,869,217

Consolidated Statement of Changes in Equity

Asseco South Eastern Europe Group

	Note	Share capital	Share premium	Transactions with non-controlling interests	Other capitals	Exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2023		518,943	38,826	(35,692)	(77)	(78,304)	666,469	1,110,165	8,515	1,118,680
Net profit for the reporting period		-	-	-	-	-	200,362	200,362	7,966	208,328
Other comprehensive income for the reporting period		-	-	-	152	(120,584)	-	(120,432)	(944)	(121,376)
Total comprehensive income for the reporting period		-	-	-	152	(120,584)	200,362	79,930	7,022	86,952
Share-based payment transactions with employees		-	-	-	642	-	-	642	-	642
Obtaining control over subsidiaries		-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	815	-	-	-	815	1,371	2,186
Dividend	<u>5.7</u>	-	-	-	-	-	(75,766)	(75,766)	(9,098)	(84,864)
As at 31 December 2023		518,943	38,826	(34,877)	717	(198,888)	791,065	1,115,786	7,810	1,123,596

Consolidated Statement of Changes in Equity

Asseco South Eastern Europe Group

	Note	Share capital	Share premium	Transactions with non-controlling interests	Other capitals	Exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2022		518,943	38,826	(19,887)	(500)	(116,129)	545,066	966,319	4,157	970,476
Net profit for the reporting period		-	-	-	-	-	187,828	187,828	7,728	195,556
Other comprehensive income for the reporting period		-	-	-	5	37,825	-	37,830	372	38,202
Total comprehensive income for the reporting period		-	-	-	5	37,825	187,828	225,658	8,100	233,758
Share-based payment transactions with employees		-	-	-	418	-	-	418	-	418
Obtaining control over subsidiaries		-	-	-	-	-	-	-	4	4
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	(15,805)	-	-	-	(15,805)	51	(15,754)
Dividend	<u>5.7</u>	-	-	-	-	-	(66,425)	(66,425)	(3,797)	(70,222)
As at 31 December 2022 (restated)		518,943	38,826	(35,692)	(77)	(78,304)	666,469	1,110,165	8,515	1,118,680

Consolidated Statement of Cash Flows

Asseco South Eastern Europe Group

	Note	12 months ended 31 December 2023	12 months ended 31 December 2022 (restated)
		PLN'000	PLN'000
Cash flows – operating activities			
Pre-tax profit		255,426	237,719
Total adjustments:		102,176	48,515
Depreciation and amortization	5.2	88,441	93,367
Changes in working capital	7.1	32,163	(39,198)
Interest income/expenses		5,296	3,906
Gain/loss on foreign exchange differences		409	388
Gain/loss on financial assets (valuation, disposal, etc.)		(905)	15
Gain/loss on sale of subsidiaries		-	3,035
Other financial income/expenses		(4,322)	7,617
Gain/loss on sale, disposal and impairment of property, plant and equipment, intangible assets, and right-of-use assets		1,452	5,255
Costs of share-based payment transactions with employees		642	418
Impact of hyperinflation		(20,907)	(26,293)
Other adjustments to pre-tax profit		(93)	5
Cash provided by (used in) operating activities		357,602	286,234
Corporate income tax paid		(47,993)	(45,658)
Net cash provided by (used in) operating activities		309,609	240,576
Cash flows – investing activities			
Inflows			
Disposal of property, plant and equipment and intangible assets		1,014	1,328
Sale of shares in subsidiaries, net of cash and cash equivalents in subsidiaries sold	7.2	721	3,423
Disposal/settlement of financial assets carried at fair value through profit or loss		236	3
Disposal of investments in other debt securities carried at amortized cost		-	-
Loans collected		511	251
Interest received		444	12
Dividends received		-	2
Outflows			
Acquisition of property, plant and equipment, and intangible assets (including R&D expenditures)	7.2	(61,812)	(59,151)
Expenditures for acquisition of subsidiaries and associates, net of cash and cash equivalents in companies acquired	7.2	(60,062)	(40,900)
Acquisition/settlement of financial assets carried at fair value through profit or loss		(41)	(43)
Acquisition/settlement of financial assets carried at fair value through other comprehensive income		(525)	(1,169)
Acquisition/settlement of financial assets carried at amortized cost		(116)	-
Loans granted		(327)	(205)
Other cash flows from investing activities		-	-
Net cash provided by (used in) investing activities		(119,957)	(96,449)
Cash flows – financing activities			
Inflows			
Proceeds from non-controlling shareholders due to issuance of shares in subsidiaries		-	4
Proceeds from bank loans and borrowings	7.3	32,216	55,057
Received grants related to assets and/or development projects		903	909
Outflows			
Repayments of bank loans and borrowings	7.3	(30,043)	(34,869)
Payments of lease liabilities	7.3	(22,009)	(21,886)
Interest paid	7.3	(5,340)	(3,826)
Acquisition of non-controlling interests	7.3	(22,454)	(201)
Dividends paid out by the Parent Company	7.3	(75,765)	(66,425)
Dividends paid out to non-controlling shareholders	7.3	(10,713)	(3,925)
Net cash provided by (used in) financing activities		(133,205)	(75,162)
Net increase (decrease) in cash and cash equivalents		56,447	68,965
Net foreign exchange differences		(35,914)	(8,830)
Net cash and cash equivalents as at 1 January		264,764	204,629
Net cash and cash equivalents as at 31 December	6.10	285,297	264,764

Explanatory Notes to the Consolidated Financial Statements

I. General information

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

General information on the Parent Company	
Name	Asseco South Eastern Europe S.A.
Registered seat	14 Olchowa St., 35-322 Rzeszów, Poland
National Court Register number	0000284571
Statistical ID number (REGON)	180248803
Tax Identification Number (NIP)	813-351-36-07
Core business	Activities of head offices and holdings, production of software

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

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

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

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

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

The parent company of ASEE S.A. is Asseco International a.s. (“AI”) based in Bratislava, Slovakia which is part of Asseco Poland Group. As at 31 December 2023, AI held 26,407,081 shares representing 50.89% in the share capital of our Company, which carried 26,407,081 votes or 50.89% of total voting rights at the Company’s General Meeting of Shareholders. The ultimate parent company of the entire Asseco Poland Group is Asseco Poland S.A. based in Rzeszów, Poland.

These consolidated financial statements cover the year ended 31 December 2023 and contain comparable data for the year ended 31 December 2022.

II. Basis for the preparation of financial statements

2.1. Basis for preparation

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

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

The scope of these consolidated financial statements is in accordance with the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent the information required by laws of non-EU member states (consolidated text: Journal of Laws of 2018, item 757, as amended) ("Regulation"), and covers the annual reporting period from 1 January to 31 December 2023, as well as the comparable period from 1 January to 31 December 2022.

Economic and political situation on the territory of Ukraine

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

ASEE Group does not conduct any significant business operations in Russia, Belarus or in Ukraine. In 2023, the Group's aggregate sales to the above-mentioned countries represented 0.1% of our total revenues, just like in 2022. The Group does not hold any cash at bank accounts in Russia. The existing situation does not have a significant impact on these financial statements.

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

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

Hyperinflation

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

2.2. Compliance statement

These consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU IFRS").

IFRS include standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

As at the date of approving publication of these financial statements, given the ongoing process of implementing IFRS in the European Union as well as the Group’s operations, in the scope of accounting policies applied by the Group there is no difference between IFRS that came into force and IFRS endorsed by the EU.

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

2.3. Functional currency, presentation currency and hyperinflation

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

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

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

2.4. Professional judgement and estimates

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

In relevant explanatory notes, we disclosed the main areas which in the process of applying the accounting policies were subject to accounting estimates and professional judgement made by our management, and whose estimates, if changed, could significantly affect the Group’s financial data to be presented in these notes in the future.

In 2023, our approach to making estimates was not subject to any substantial modification in relation to the previous year.

2.5. Accounting policies applied

The table below provides a list of selected accounting policies along with explanatory notes in which they have been presented.

Selected accounting policies	Note	Page number
Hyperinflation	<u>2.10</u>	19
Sales revenues	<u>5.1</u>	31
Operating costs	<u>5.2</u>	35

Other operating activities	<u>0</u>	39
Financial income and expenses	<u>5.4</u>	39
Corporate income tax	<u>5.5</u>	40
Earnings per share	<u>5.6</u>	42
Property, plant and equipment	<u>6.1</u>	43
Intangible assets	<u>6.2</u>	45
Right-of-use assets	<u>6.3</u>	48
Goodwill	<u>6.4</u>	49
Impairment tests	<u>6.5</u>	55
Other financial assets	<u>6.6</u>	57
Prepayments and accrued income	<u>6.7</u>	60
Receivables and contract assets	<u>6.8</u>	60
Inventories	<u>6.9</u>	63
Cash and cash equivalents	<u>6.10</u>	64
Share capital	<u>6.11</u>	64
Non-controlling interests	<u>0</u>	64
Lease liabilities	<u>6.13</u>	65
Bank loans and borrowings	<u>6.14</u>	67
Other financial liabilities	<u>6.15</u>	69
Trade payables and other liabilities	<u>0</u>	70
Contract liabilities	<u>6.17</u>	71
Provisions	<u>6.18</u>	72
Accruals	<u>6.19</u>	74

Accounting policies adopted in the preparation of these consolidated financial statements have remained unchanged in relation to those followed when preparing the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of amendments to standards that have become effective from 1 January 2023.

New standards or amendments effective from 1 January 2023:

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

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

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

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

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability' (issued on 15 August 2023) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2025;
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures: Supplier Finance Arrangements' (issued on 25 May 2023) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IFRS 16 'Leases – Lease Liability in a Sale and Leaseback' (issued on 22 September 2022) – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IAS 1 'Presentation of Financial Statements': 'Classification of Liabilities as Current or Non-current' (issued on 23 January 2020), 'Classification of Liabilities as Current or Non-current – Deferral

of Effective Date' (issued on 15 July 2020), 'Non-current Liabilities with Covenants' (issued on 31 October 2022) – effective for annual periods beginning on or after 1 January 2024.

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

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

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

2.7. Changes in the presentation methods applied

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

2.8. Correction of errors

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

2.9. Changes in the comparable data

The Group has changed the comparable data disclosed as at 31 December 2022 as well as for the period of 12 months ended 31 December 2022 due to the revaluation of net assets acquired that were recognized in the allocation of the purchase price of subsidiaries.

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

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

STATEMENT OF PROFIT AND LOSS	12 months ended 31 December 2022 PLN'000	Purchase price allocation of subsidiaries PLN'000	12 months ended 31 December 2022 (restated) PLN'000
Operating revenues	1,565,493	-	1,565,493
Cost of sales	(1,170,433)	(491)	(1,170,924)
Allowances for trade receivables	(1,890)	-	(1,890)
Gross profit on sales	393,170	(491)	392,679
Selling costs	(93,039)	-	(93,039)
General and administrative expenses	(84,755)	-	(84,755)
Net profit on sales	215,376	(491)	214,885
Other operating income	3,167	-	3,167
Other operating expenses	(2,580)	-	(2,580)
Share of profits of associates	(19)	-	(19)
Operating profit	215,944	(491)	215,453
Financial income	44,176	-	44,176
Financial expenses	(21,910)	-	(21,910)
Impairment loss on financial instruments	-	-	-
Pre-tax profit	238,210	(491)	237,719
Corporate income tax (current and deferred tax expense)	(42,224)	61	(42,163)
Net profit for the reporting period	195,986	(430)	195,556
<i>Attributable to:</i>			
Shareholders of the Parent Company	188,258	(430)	187,828
Non-controlling interests	7,728	-	7,728
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)	3.63	(0.01)	3.62

OTHER COMPREHENSIVE INCOME

Net profit for the reporting period	195,986	(430)	195,556
Components that may be reclassified to profit or loss	38,209	(7)	38,202
Net gain/loss on valuation of financial assets	5	-	5
Exchange differences on translation of foreign operations	9,552	(7)	9,545
Restatement of non-monetary assets as at 1 January – impact of hyperinflation	28,652	-	28,652
Components that will not be reclassified to profit or loss	-	-	-
Actuarial gains/losses	-	-	-
Total other comprehensive income	38,209	(7)	38,202
TOTAL COMPREHENSIVE INCOME attributable to:	234,195	(437)	233,758
Shareholders of the Parent Company	226,095	(437)	225,658
Non-controlling interests	8,100	-	8,100

ASSETS	31 December 2022	Purchase price allocation of subsidiaries	31 December 2022 (restated)
	PLN'000	PLN'000	PLN'000
Non-current assets			
Property, plant and equipment	135,969	-	135,969
Intangible assets	51,807	7,809	59,616
Right-of-use assets	43,131	-	43,131
Investment property	550	-	550
Goodwill	801,626	(7,526)	794,100
Investments accounted for using the equity method	170	-	170
Other receivables	7,886	-	7,886
Deferred tax assets	11,417	-	11,417
Other financial assets	2,424	-	2,424
Prepayments and accrued income	1,454	-	1,454
	1,056,434	283	1,056,717
Current assets			
Inventories	57,045	-	57,045
Prepayments and accrued income	48,008	-	48,008
Trade receivables	290,358	-	290,358
Contract assets	78,739	-	78,739
Corporate income tax receivable	2,433	-	2,433
Receivables from the state and local budgets	3,806	-	3,806
Other receivables	23,822	-	23,822
Other non-financial assets	9,936	-	9,936
Other financial assets	319	-	319
Cash and cash equivalents	298,034	-	298,034
	812,500	-	812,500
TOTAL ASSETS	1,868,934	283	1,869,217

EQUITY AND LIABILITIES	31 December 2022	Purchase price allocation of subsidiaries	31 December 2022 (restated)
	PLN'000	PLN'000	PLN'000
Equity (attributable to shareholders of the Parent Company)			
Share capital	518,943	-	518,943
Share premium	38,826	-	38,826
Transactions with non-controlling interests	(35,692)	-	(35,692)
Other capitals	(77)	-	(77)
Exchange differences on translation of foreign operations	(78,297)	(7)	(78,304)
Retained earnings	666,899	(430)	666,469
	1,110,602	(437)	1,110,165
Non-controlling interests	8,515	-	8,515
Total equity	1,119,117	(437)	1,118,680
Non-current liabilities			

Bank loans and borrowings	48,635	-	48,635
Lease liabilities	25,700	-	25,700
Other financial liabilities	91,566	-	91,566
Deferred tax liabilities	6,485	720	7,205
Provisions	3,886	-	3,886
Contract liabilities	8,455	-	8,455
Other liabilities	74	-	74
	184,801	720	185,521
Current liabilities			
Bank loans and borrowings	66,455	-	66,455
Lease liabilities	19,418	-	19,418
Other financial liabilities	62,071	-	62,071
Trade payables	123,980	-	123,980
Contract liabilities	148,360	-	148,360
Corporate income tax payable	9,081	-	9,081
Liabilities to the state and local budgets	46,357	-	46,357
Other liabilities	48,894	-	48,894
Provisions	5,289	-	5,289
Deferred income	2,570	-	2,570
Accruals	32,541	-	32,541
	565,016	-	565,016
TOTAL LIABILITIES	749,817	720	750,537
TOTAL EQUITY AND LIABILITIES	1,868,934	283	1,869,217

12 months ended 31 December 2022	Banking Solutions	Payment Solutions	Dedicated Solutions	Change – Banking Solutions	Change – Payment Solutions	Change – Dedicated Solutions	Banking Solutions	Payment Solutions	Dedicated Solutions
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Sales to external customers	293,926	776,256	535,512	-	-	-	293,926	776,256	535,512
Gross profit on sales	101,489	194,334	95,001	(89)	-	(402)	101,400	194,334	94,599
Selling costs	(16,873)	(45,639)	(30,686)	-	-	-	(16,873)	(45,639)	(30,686)
General and administrative expenses	(24,505)	(37,619)	(22,149)	-	-	-	(24,505)	(37,619)	(22,149)
Net profit on sales	60,111	111,076	42,166	(89)	-	(402)	60,022	111,076	41,764
Other operating activities	(486)	53	961	-	-	-	(486)	53	961
Share of profits of associates	-	(19)	-	-	-	-	-	(19)	-
Operating profit	59,625	111,110	43,127	(89)	-	(402)	59,536	111,110	42,725
Goodwill as at 31 December 2022	217,342	194,135	331,938	8,326	(481)	(15,371)	225,668	193,654	316,567

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

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

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

the reporting date. Therefore, in the current reporting period all transactions conducted in Turkey were converted into PLN using the exchange rate effective on 31 December 2023; whereas, all transactions conducted in Turkey in the previous year were converted into PLN using the exchange rate of 31 December 2022, although the Group usually translates transactions in the statement of profit and loss at the average exchange rate for the given reporting period.

Basis of restatements due to hyperinflation

- Price index:

Hyperinflation restatements of the financial data of our subsidiaries operating in Turkey have been based on officially available data on changes in the consumer price index (CPI) as published by the Turkish Statistical Institute. According to this index, the inflation rate for the period of 12 months ended 31 December 2023 reached 65 percent.

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

Inflation rate for particular periods	
December 2023 – December 2022	65%
December 2022 – December 2021	64%
Three-year cumulative inflation rate	
December 2023 – December 2020	268%

- Currency exchange rate:

All financial data of our subsidiary operations in Turkey, both in the statement of financial position and the statement of profit and loss are translated into the Group's presentation currency (PLN) using the TRY/PLN exchange rate effective on the reporting date, which is contrary to the Group's usual practice of translating the statement of profit and loss at the average exchange rate for the reporting period. As at 31 December 2023, this exchange rate was: TRY 1 = PLN 0.1337.

Assumptions for the approach and timing of hyperinflation restatements:

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

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

- Due to the revaluation of non-monetary assets and liabilities, deferred tax calculated as the difference between the tax value and the book value was also revalued.
 - All transactions included in the statement of profit and loss for the year 2023 have been restated to reflect changes in the price index from the month when recognized till 31 December, except for depreciation charges on property, plant and equipment and amortization charges on intangible assets that have been remeasured based on the adjusted gross value of these assets, as well as expenses and income from the accounting for restated amounts of accruals and contract liabilities. The remeasurement of depreciation and amortization charges has been based on the normal periods of useful life of relevant assets. The restatement of the statement of profit and loss for the inflation rate resulted in an increase in the value of individual items presented in the local currency due to changes in the price index from the date of their recognition till 31 December 2023.
 - In correspondence to the restatement of the statement of profit and loss and the statement of financial position for the inflation rate in the current reporting period, the Group has recognized a gain/loss on the net monetary position, disclosed financial income/expenses in the statement of profit and loss. In correspondence to the revaluation of items in the statement of financial position for the inflation rate from the date of their initial recognition till the end of 2021, the Group has recognized exchange differences on translation of foreign operations disclosed separately in other comprehensive income for 2022 and in equity.
- Translation of financial data into the Group's presentation currency
 - Once the financial statements of our subsidiaries operating in Turkey were restated for the effects of inflation in the local currency, they have been translated into PLN which involved translating the statement of financial position and all items of the statement of profit and loss for the reporting period, using the TRY/PLN exchange rate effective on the reporting date. As at 31 December 2023, this exchange rate was: TRY 1 = PLN 0.1337. Translation of the statement of financial position has remained unchanged compared to the Group's usual practice, while the new principle of translating the statement of profit and loss has had a significant impact on its individual items. The effect of translating the statement of comprehensive income using the closing exchange rate of the reporting period has been recognized in correspondence in exchange differences on translation of foreign operations.
 - Time of recognition
 - IAS 29 has been implemented by the Group since 1 January 2022 and the first hyperinflation restatements were made in the interim consolidated financial statements for the period of 6 months ended 30 June 2022. Because the three-year cumulative inflation rate exceeded 100% in April 2022, the already published data for the first quarter of 2022 were not subject to hyperinflation adjustments.

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

STATEMENT OF PROFIT AND LOSS	12 months ended	Impact of hyperinflation	12 months ended
	31 December 2023 without impact of IAS 29 PLN'000		31 December 2023 according to IAS/IFRS PLN'000
Operating revenues	1,645,788	(3,257)	1,642,531
Cost of sales	(1,210,165)	(1,360)	(1,211,525)
Allowances for trade receivables	(8,795)	-	(8,795)
Gross profit on sales	426,828	(4,617)	422,211
Selling costs	(102,486)	1,178	(101,308)
General and administrative expenses	(96,319)	325	(95,994)
Net profit on sales	228,023	(3,114)	224,909
Other operating income	3,908	(236)	3,672
Other operating expenses	(2,646)	(9)	(2,655)
Share of profits of associates	82	-	82
Operating profit	229,367	(3,359)	226,008
Financial income	34,362	22,345	56,707

Financial expenses	(27,707)	418	(27,289)
Impairment loss on financial instruments	-	-	-
Pre-tax profit	236,022	19,404	255,426
Corporate income tax (current and deferred tax expense)	(47,274)	176	(47,098)
Net profit for the reporting period	188,748	19,580	208,328
<i>Attributable to:</i>			
Shareholders of the Parent Company	180,889	19,473	200,362
Non-controlling interests	7,859	107	7,966

OTHER COMPREHENSIVE INCOME			
Net profit for the reporting period	188,748	19,580	208,328
Components that may be reclassified to profit or loss	(105,360)	(16,016)	(121,376)
Net gain/loss on valuation of financial assets	152	-	152
Exchange differences on translation of foreign operations	(105,512)	(16,016)	(121,528)
Restatement of non-monetary assets as at 1 January – impact of hyperinflation	-	-	-
Total other comprehensive income	(105,360)	(16,016)	(121,376)
TOTAL COMPREHENSIVE INCOME attributable to:	83,388	3,564	86,952
Shareholders of the Parent Company	76,473	3,457	79,930
Non-controlling interests	6,915	107	7,022

ASSETS	31 December 2023	Impact of hyperinflation	31 December 2023
	without impact of IAS 29 PLN'000	PLN'000	according to IAS/IFRS PLN'000
Non-current assets			
Property, plant and equipment	133,142	3,888	137,030
Intangible assets	42,751	699	43,450
Right-of-use assets	46,309	-	46,309
Investment property	474	-	474
Goodwill	852,062	61,125	913,187
Investments accounted for using the equity method	252	-	252
Other receivables	7,274	-	7,274
Deferred tax assets	12,699	(324)	12,375
Other financial assets	2,021	-	2,021
Prepayments and accrued income	2,853	235	3,088
	1,099,837	65,623	1,165,460
Current assets			
Inventories	97,872	-	97,872
Prepayments and accrued income	52,173	1,731	53,904
Trade receivables	299,114	-	299,114
Contract assets	95,104	-	95,104
Corporate income tax receivable	2,693	-	2,693
Receivables from the state and local budgets	5,044	-	5,044
Other receivables	79,663	-	79,663
Other non-financial assets	2,952	-	2,952
Other financial assets	1,173	-	1,173
Cash and cash equivalents	313,112	-	313,112
	948,900	1,731	950,631
TOTAL ASSETS	2,048,737	67,354	2,116,091

EQUITY AND LIABILITIES	31 December 2023	Impact of hyperinflation	31 December 2023
	without impact of IAS 29 PLN'000	PLN'000	according to IAS/IFRS PLN'000
Equity <i>(attributable to shareholders of the Parent Company)</i>			
Share capital	518,943	-	518,943
Share premium	38,826	-	38,826
Transactions with non-controlling interests	(34,877)	-	(34,877)
Other capitals	717	-	717
Exchange differences on translation of foreign operations	(188,589)	(10,299)	(198,888)
Retained earnings	718,184	72,881	791,065
	1,053,204	62,582	1,115,786
Non-controlling interests	7,703	107	7,810

Total equity	1,060,907	62,689	1,123,596
Non-current liabilities			
Bank loans and borrowings	54,124	-	54,124
Lease liabilities	29,867	-	29,867
Other financial liabilities	174,055	-	174,055
Deferred tax liabilities	4,092	171	4,263
Provisions	3,906	-	3,906
Contract liabilities	10,085	605	10,690
Other liabilities	47	-	47
	276,176	776	276,952
Current liabilities			
Bank loans and borrowings	51,610	-	51,610
Lease liabilities	17,833	-	17,833
Other financial liabilities	58,928	-	58,928
Trade payables	214,561	-	214,561
Contract liabilities	154,225	3,889	158,114
Corporate income tax payable	15,275	-	15,275
Liabilities to the state and local budgets	50,849	-	50,849
Other liabilities	102,856	-	102,856
Provisions	6,688	-	6,688
Deferred income	2,407	-	2,407
Accruals	36,422	-	36,422
	711,654	3,889	715,543
TOTAL LIABILITIES	987,830	4,665	992,495
TOTAL EQUITY AND LIABILITIES	2,048,737	67,354	2,116,091

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

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

12 months ended 31 December 2023	Banking Solutions		Payment Solutions		Dedicated Solutions	
	without impact of IAS 29	according to IAS/IFRS	without impact of IAS 29	according to IAS/IFRS	without impact of IAS 29	according to IAS/IFRS
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Sales to external customers	318,950	318,534	780,126	774,428	606,199	609,056
Gross profit on sales	114,970	114,889	216,152	211,431	95,706	95,891
Selling costs	(16,584)	(16,541)	(50,977)	(50,419)	(34,925)	(34,348)
General and administrative expenses	(30,284)	(30,259)	(42,324)	(42,268)	(23,711)	(23,467)
Net profit on sales	68,102	68,089	122,851	118,744	37,070	38,076
Other operating activities	256	254	282	204	724	559
Share of profits of associates	-	-	82	82	-	-
Operating profit	68,358	68,343	123,215	119,030	37,794	38,635
Goodwill as at 31 December 2023	209,569	214,988	239,496	271,513	402,998	426,686

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

Selected accounting policies

Consolidation rules

These consolidated financial statements of ASEE Group encompass assets, liabilities and equity, revenues and costs, as well as cash flows of the Parent Company – ASEE S.A. and entities remaining under its control (subsidiaries).

Annual financial statements of our subsidiaries, after being adjusted to comply with IFRS, are prepared for the same reporting period as adopted by the Parent Company and using consistent accounting treatment of similar transactions and economic activities. Any discrepancies in the applied accounting policies are eliminated by making appropriate adjustments.

All significant outstanding settlements and transactions between the Group companies, including unrealized profits resulting from transactions within the Group, have been fully eliminated. All unrealized losses are eliminated as well, except for impairment losses.

Subsidiaries are subject to consolidation from the date the Group obtains control over such entities until such control ceases. The Parent Company controls a subsidiary only when it: (i) has power over a given entity, (ii) is exposed, or has rights, to variable returns from its involvement with a given entity, and (iii) has the ability to use power over a given entity to affect the amount of generated returns.

In a situation when the Group holds less than a majority of voting rights in a given entity, but it is sufficient to unilaterally direct the relevant activities of such entity, then the control is exercised.

Subsidiaries are consolidated for the period in which they were controlled by the Group (from the beginning of such control to its end). Should the Group lose control over a subsidiary company, the consolidated financial statements shall include the results of such subsidiary for the part of the year during which it was controlled by the Group. Acquisitions of subsidiaries are accounted for using the full consolidation method.

Any changes in equity interest / voting rights in a subsidiary that do not result in a loss of control are accounted for as capital transactions. In such events, in order to reflect changes in the ownership of a respective subsidiary, the Group shall adjust the carrying value of controlling interests and non-controlling interests. Any differences between the change in non-controlling interests and the fair value of consideration paid or received are recognized directly in equity (transactions with non-controlling interests) and attributed to the owners of the Parent Company.

Combinations of businesses under common control

A business combination involving business entities under common control is a business combination whereby all of the combining business entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

This refers in particular to transactions such as a transfer of companies or ventures between individual companies within the Group, or a merger of the Parent Company with its subsidiary.

In the event of a business combination in which an investment in one subsidiary is contributed to another subsidiary or in which two subsidiaries of ASEE S.A. are combined, the carrying value of our investment in the acquiree subsidiary is only transferred at the level of standalone financial statements. Hence, a takeover of one subsidiary by another subsidiary has no impact on the Group's financial results whatsoever.

The effects of combinations of businesses under common control are accounted for by the Group by the pooling of interests method, assuming that:

- assets and liabilities of the combining business entities are measured at their carrying values as disclosed in the Group's consolidated financial statements. This means that goodwill previously recognized in the consolidated financial statements as well as any other intangible assets recognized in the merger accounting process are transferred to the standalone financial statements, and at the consolidated level there is no fair value remeasurement of net assets as at the transaction date;
- merger-related transaction costs are expensed in the statement of profit and loss (financial expenses);
- mutual balances of accounts receivable/ payable are eliminated;
- any difference between the purchase price paid or transferred and the value of net assets acquired (at their carrying values disclosed in the consolidated financial statements) shall be recognized in equity of the acquirer (such amounts recognized in equity are not included in reserve capital, and therefore they are not distributable);
- the statement of profit and loss presents the financial results of both combined entities from the date when their merger was effected; whereas, the results for earlier reporting periods are not restated.

ASEE Group consists of ASEE S.A. as the parent company and the following subsidiaries and associates:

Name of entity	Registered seat	Equity interest / Voting rights held by the Group	
		31 December 2023	31 December 2022
Subsidiary companies:			
Asseco SEE d.o.o., Belgrade	Serbia	100/100	100/100
Things Solver d.o.o. Belgrade	Serbia	60/60	60/60
e-mon d.o.o., Podgorica	Montenegro	75/75	75/75
ASEE d.o.o., Sarajevo	Bosnia and Herzegovina	100/100	100/100
Dwelt d.o.o. Banja Luka	Bosnia and Herzegovina	60/60*	n/a / n/a
BS Telecom Solutions d.o.o. Sarajevo	Bosnia and Herzegovina	60/60*	60/60*
ASEE EOOD	Bulgaria	100/100	100/100
Asseco SEE d.o.o., (Zagreb)	Croatia	100/100	100/100
IT Sistemi Nove Tehnologije d.o.o.	Croatia	100/100	100/100
Evision Informacijski Sustavi d.o.o.	Croatia	100/100	100/100
ASEE DOOEL, Skopje	Macedonia	100/100	100/100
Asseco SEE Sh.p.k.	Kosovo	100/100	100/100
ASEE Albania Sh.p.k.	Albania	100/100	100/100
Helius Systems Sh.p.k.	Albania	70/70*	70/70*
ASEE Solutions S.R.L.	Romania	100/100	100/100
ASEE Solutions S.R.L.	Moldova	100/100	100/100
Bitthat Solutions s.r.l.	Romania	70/70*	70/70*
ASEE Bilişim Teknolojileri A.Ş.	Turkey	100/100	100/100
Payten Holding S.A.	Poland	99.07/99.07	99.07/99.07
Necomplus, S.L.	Spain	84.97/84.97	67.66/67.66
Necomplus Serveis Andorra, S.L.	Andorra	33.33/33.33	33.33/33.33
Necomplus Portugal Lda.	Portugal	100/100	100/100
Necomplus Dominicana, Srl	Dominican Republic	100/100	100/100
Necomplus Colombia SAS	Colombia	100/100	100/100
Necomplus PERÚ SAC	Peru	100/100	100/100
Monri Colombia SAS	Colombia	100/100	100/100
IfthenPay Lda	Portugal	80/80*	n/a / n/a
Payten Teknoloji A.Ş.	Turkey	100/100	100/100
Paratika Odeme Hizmetleri A.S.	Turkey	100/100	100/100
Mobven Teknoloji A.S.	Turkey	100/100	100/100
Payten Mobil Teknolojileri A.S.	Turkey	100/100	n/a / n/a
Payten d.o.o, New Belgrade	Serbia	100/100	100/100
Chip Card a.d., Belgrade	Serbia	92.51/92.51	92.51/92.51
Afusion d.o.o., Belgrade	Serbia	95/95	80/80
Payten d.o.o. (Sarajevo)	Bosnia and Herzegovina	100/100	100/100
Monri Payments d.o.o.	Bosnia and Herzegovina	100/100	100/100
Payten d.o.o. (Zagreb)	Croatia	100/100	100/100
Monri Payments d.o.o. Zagreb	Croatia	100/100	100/100
Payten d.o.o., Podgorica	Montenegro	100/100	100/100
Payten DOOEL, Skopje	Macedonia	100/100	100/100
Payten d.o.o. (Ljubljana)	Slovenia	100/100	100/100
Avera d.o.o.	Slovenia	75/75*	n/a / n/a
Payten Payment Solutions s.r.l.	Romania	100/100	100/100
ContentSpeed s.r.l.	Romania	80/80*	80/80*
SONET společnost s.r.o.	Czech Republic	100/100	100/100
SONET Slovakia s.r.o.	Slovak Republic	100/100	100/100
Payten Egypt LLC	Egypt	80/80	80/80
Monri Payments d.o.o., Belgrade	Serbia	100/100	n/a / n/a
Associated companies:			
Clever Solutions Sh.p.k.	Albania	45/45	45/45

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

Both as at 31 December 2023 and 31 December 2022, all the subsidiary companies were subject to consolidation.

The Group had no shares in any jointly controlled entities as at 31 December 2023 or as at 31 December 2022.

During the period of 12 months ended 31 December 2023, the Group's composition changed as follows:

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

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

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

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

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

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

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

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

- ***Liquidation of the company Payten Sp. z o.o.***

On 27 April 2023, the shareholders of Payten Sp. z o.o. adopted a resolution to liquidate this company. On 21 December 2023, this company was deleted from the National Court Register, hence the liquidation process has been completed.

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

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

- ***Merger of Payten Teknoloji A.Ş. and Smarttek Yazılım ve Endüstriyel Oto Sanayi Ve Ticaret A.Ş.***

The companies of Payten Teknoloji A.Ş. and Smarttek Yazılım ve Endüstriyel Oto Sanayi Ve Ticaret A.Ş. merged on 3 August 2023 and from that date they have operated as one company called Payten Teknoloji A.Ş. The said transaction had no impact on the consolidated financial statements of the Group.

- ***Changing the name of a subsidiary company to ASEE EOOD***

On 16 August 2023, our subsidiary company operating in Bulgaria was renamed from Asseco SEE EOOD based in Sofia to ASEE EOOD.

- ***Changing the name of a subsidiary company to ASEE Bilişim Teknolojileri A.Ş.***

On 13 September 2023, our subsidiary company operating in Turkey was renamed from ASSECO SEE BİLİŞİM TEKNOLOJİLERİ A.Ş. to ASEE Bilişim Teknolojileri A.Ş.

- ***Changing the name of a subsidiary company to ASEE d.o.o. Sarajevo***

On 18 September 2023, our subsidiary company operating in Bosnia and Herzegovina was renamed from Asseco SEE d.o.o. Sarajevo to ASEE d.o.o. Sarajevo.

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

On 20 September 2023, our subsidiary company operating in Moldova was renamed from Asseco SEE s.r.l. Moldova to ASEE Solutions S.R.L.

- ***Changing the name of a subsidiary company to ASEE Dooel Skopje***

On 2 October 2023, our subsidiary company operating in Macedonia was renamed from Trade Company for production, service and trade ASSECO SEE Dooel Skopje (short name: ASSECO SEE Dooel Skopje) to Trade Company for production, service and trade ASEE DOOEL Skopje (short name: ASEE Dooel Skopje).

- ***Acquisition of shares in IfthenPay Lda***

On 13 October 2023, Payten Holding S.A. acquired 80% of shares in IfthenPay, Lda, a company based in Santa Maria de Lamas (Portugal).

- ***Acquisition of shares in Avera d.o.o.***

On 28 November 2023, Payten Holding S.A. acquired 75% of shares in Avera d.o.o., a company based in Pristava pri Mestinju (Slovenia).

- ***Changing the name of a subsidiary company to ASEE Albania Sh.p.k.***

On 30 November 2023, our subsidiary company operating in Albania was renamed from Asseco SEE Sh.p.k. Albania to ASEE Albania Sh.p.k.

- ***Acquisition of shares in Dwelt d.o.o.***

On 20 December 2023, ASEE d.o.o. Sarajevo acquired 60% of shares in Dwelt d.o.o., a company based in Banja Luka (Bosnia and Herzegovina).

- ***Sale of shares in E-Mon d.o.o. within the Group***

On 20 December 2023, our subsidiary Asseco SEE d.o.o. Belgrade sold all the shares it held in e-mon d.o.o. (representing a 75% stake in that company) to ASEE S.A.

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

- ***Acquisition of shares in Necomplus, S.L.***

On 29 December 2023, Payten Holding S.A. acquired a 17.31% stake in Necomplus, S.L., a company based in Alicante (Spain), due to a partial exercise of put options that were granted to non-controlling shareholders of Necomplus. Following the transaction, Payten Holding S.A. holds 84.97% of shares in Necomplus, S.L.

- ***Dividing the company of Mobven Teknolojileri A.Ş.***

On 29 December 2023, Mobven Teknolojileri A.Ş. separated part of its operations to establish a new company called Payten Mobil Teknolojileri A.Ş. The newly formed company is owned by Payten Teknolojileri A.Ş. The said transaction had no impact on the consolidated financial statements of the Group.

IV. Information on operating segments

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

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

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

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

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

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

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

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

Revenues from none of our clients exceeded 10% of total sales generated by the Group in the period of 12 months ended 31 December 2023.

Selected financial data for the period of 12 months ended 31 December 2023, in a breakdown by operating segments:

12 months ended 31 December 2023	Banking Solutions	Payment Solutions	Dedicated Solutions	Eliminations	Hyperinflation	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Sales revenues:	318,950	780,126	606,199	(59,487)	(3,257)	1,642,531
Sales to external customers	301,616	754,030	590,142	-	(3,257)	1,642,531
Sales between and/or within segments	17,334	26,096	16,057	(59,487)	-	-
Gross profit on sales	114,970	216,152	95,706	-	(4,617)	422,211
Selling costs	(16,584)	(50,977)	(34,925)	-	1,178	(101,308)
General and administrative expenses	(30,284)	(42,324)	(23,711)	-	325	(95,994)
Net profit on sales	68,102	122,851	37,070	-	(3,114)	224,909
Other operating activities	256	282	724	-	(245)	1,017
Share of profits of associates	-	82	-	-	-	82
Operating profit	68,358	123,215	37,794	-	(3,359)	226,008
Non-cash items						
Depreciation and amortization	(13,171)	(58,795)	(14,973)	-	(1,502)	(88,441)
Impairment losses on assets	595	(1,316)	(9,033)	(16)	-	(9,770)
Goodwill	209,569	239,496	402,998	-	61,124	913,187

12 months ended 31 December 2023	Banking Solutions	Payment Solutions	Dedicated Solutions	Eliminations	Hyperinflation	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Sales revenues:	70,434	172,276	133,866	(13,137)	(719)	362,720
Sales to external customers	66,606	166,513	130,320	-	(719)	362,720
Sales between and/or within segments	3,828	5,763	3,546	(13,137)	-	-
Gross profit on sales	25,389	47,733	21,135	-	(1,020)	93,237
Selling costs	(3,662)	(11,257)	(7,713)	-	260	(22,372)
General and administrative expenses	(6,688)	(9,346)	(5,236)	-	72	(21,198)
Net profit on sales	15,039	27,130	8,186	-	(688)	49,667
Other operating activities	57	62	159	-	(54)	224
Share of profits of associates	-	18	-	-	-	18
Operating profit	15,096	27,210	8,345	-	(742)	49,909
Non-cash items						
Depreciation and amortization	(2,909)	(12,984)	(3,306)	-	(333)	(19,532)
Impairment losses on assets	131	(290)	(1,994)	(4)	-	(2,157)
Goodwill	48,199	55,082	92,686	-	14,058	210,025

The financial results presented above have been converted at the average exchange rate for the period of 12 months ended 31 December 2023: EUR 1 = PLN 4.5284, whereas the financial position data have been converted at the exchange rate effective on 31 December 2023: EUR 1 = PLN 4.3480.

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

Selected financial data for the period of 12 months ended 31 December 2022, in a breakdown by operating segments:

12 months ended 31 December 2022	Banking Solutions	Payment Solutions	Dedicated Solutions	Eliminations	Hyperinflation	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Sales revenues:	293,926	776,256	535,512	(49,249)	9,048	1,565,493
Sales to external customers	275,497	752,773	528,175		9,048	1,565,493
Sales between and/or within segments	18,429	23,483	7,337	(49,249)	-	-
Gross profit on sales	101,400	194,334	94,599	-	2,346	392,679
Selling costs	(16,873)	(45,639)	(30,686)	-	159	(93,039)
General and administrative expenses	(24,505)	(37,619)	(22,149)	-	(482)	(84,755)
Net profit on sales	60,022	111,076	41,764	-	2,023	214,885
Other operating activities	(486)	53	961	-	59	587
Share of profits of associates	-	(19)	-	-	-	(19)
Operating profit	59,536	111,110	42,725	-	2,082	215,453
Non-cash items						
Depreciation and amortization	(12,576)	(64,514)	(15,114)	-	(1,163)	(93,367)
Impairment losses on assets	(1,057)	(2,927)	(3,314)	-	-	(7,298)
Goodwill	225,668	193,654	316,567	-	58,211	794,100

12 months ended 31 December 2022	Banking Solutions	Payment Solutions	Dedicated Solutions	Eliminations	Hyperinflation	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Sales revenues:	62,694	165,574	114,223	(10,505)	1,930	333,916
Sales to external customers	58,763	160,565	112,658	-	1,930	333,916
Sales between and/or within segments	3,931	5,009	1,565	(10,505)	-	-
Gross profit on sales	21,628	41,451	20,179	-	500	83,758
Selling costs	(3,599)	(9,735)	(6,545)	-	34	(19,845)
General and administrative expenses	(5,227)	(8,024)	(4,724)	-	(103)	(18,078)
Net profit on sales	12,802	23,692	8,910	-	431	45,835
Other operating activities	(104)	11	205	-	13	125
Share of profits of associates	-	(4)	-	-	-	(4)
Operating profit	12,698	23,699	9,115	-	444	45,956
Non-cash items						
Depreciation and amortization	(2,682)	(13,761)	(3,224)	-	(248)	(19,915)
Impairment losses on assets	(225)	(624)	(707)	-	-	(1,556)
Goodwill	48,118	41,292	67,500	-	12,412	169,322

The financial results presented above have been converted at the average exchange rate for the period of 12 months ended 31 December 2022: EUR 1 = PLN 4.6883, whereas the financial position data have been converted at the exchange rate effective on 31 December 2022: EUR 1 = PLN 4.6899.

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

5.1. Structure of operating revenues

Selected accounting policies

The Group is engaged in the sale of licenses and broadly defined IT services, and distinguishes the following types of revenues:

- revenues from the sale of proprietary licenses and services,
- revenues from the sale of third-party licenses and services, and
- revenues from the sale of hardware.

a) Sale of proprietary licenses and services

The category of 'Proprietary licenses and services' includes revenues from contracts with customers under which we supply our own software and/or provide related services.

▪ Comprehensive IT projects

A large portion of those revenues is generated from the performance of comprehensive IT projects, whereby the Group is committed to provide the customer with a functional IT system. In those situations the customer can only benefit from a functional system, being the final product that is comprised of our proprietary licenses and significant related services (for example, modifications or implementation). Under such contracts, the Group is virtually always required to provide the customer with comprehensive goods or services, including the supply of proprietary licenses and/or own modification services and/or own implementation services. This means that the so-called comprehensive IT contracts most often result in a separate performance obligation that consists in providing the customer with a functional IT system. In the case of a performance obligation that involves the provision of a functional IT system, we closely examine the promise in granting a licence under each contract. Each licence is analyzed for being distinct from other goods or services promised in the contract. As a general rule, the Group considers that a commitment to sell a licence under such performance obligation does not satisfy the criteria of being distinct, because the transfer of the licence is only part of a larger performance obligation, and services sold together with the licence present such a significant value so that it is impossible to determine whether the licence itself is a predominant obligation.

Revenues from a performance obligation to provide a functional IT system are recognized over time, during the period of its development. This is because, in accordance with IFRS 15, revenues may be recognized over time of transferring control of the supplied goods/services, as long as the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date throughout the duration of the contract. In the Management's opinion, in the case of execution of comprehensive IT projects the provider cannot generate an asset with an alternative use because such systems together with the accompanying implementation services are "tailor-made". Concurrently, the analysis carried out so far showed that essentially all contracts concluded by the Group meet the criterion of ensuring an enforceable right to payment for performance completed throughout the duration of the contract. This means that revenues from comprehensive IT projects, which include the sale of proprietary licenses and own services, shall be recognized according to the percentage of completion method (based on the costs incurred so far) over time of transferring control of the sold goods/services to the customer. Relatively small IT projects, which are usually completed within one year or generate revenues that are insignificant in the Management's opinion, constitute a specific case where revenues may be recognized in the amount the Group is entitled to invoice. The basic method of revenue recognition for these projects is the percentage of total costs incurred so far on a given project. In the case of projects where such approach is impractical for operational reasons or too expensive compared to the project size, the Group recognizes revenues after the completion of work is confirmed by the customer. Revenues are recognized on the basis of a sales invoice issued to the customer, unless such an invoice has not been issued at the reporting date. In such event, revenues are recognized through a posting instruction. The implementation time for the said IT projects may vary due to many factors of both internal and external nature. The most important internal factor is the availability of resources, in particular due to large-scale projects implemented at the same time. Whereas, the most important external factor is the availability of resources on the customer's part, without which it would be impossible to carry out a project either in the phase of defining the scope and requirements or testing the developed solution. Considering the above, it can be assumed that the duration of small projects is usually between 1 and 3 months.

▪ Sale of proprietary licenses without significant related services

In the event the sale of a proprietary licence is distinct from other significant modification and/or implementation services, and thereby it constitutes a separate performance obligation, the Group considers whether the promise in granting the licence is to provide the customer with either:

- ✓ a right to access the entity's intellectual property in the form in which it exists throughout the licensing period; or
- ✓ a right to use the entity's intellectual property in the form in which it exists at the time of granting the licence.

The vast majority of licences sold separately by the Group (thus representing a separate performance obligation) are intended to provide the customer with a right to use the intellectual property, which means revenues from the sale of such licences are recognized at the point in time at which control of the licence is transferred to the customer. This is tantamount to stating that in the case of proprietary licences sold without significant related services, regardless of the licensing period, the arising revenues are recognized on a one-off basis at the point in time of transferring control of the licence. We have also identified instances of selling licences the nature of which is to provide a right to access the intellectual property. Those licences are, as a rule, sold for a definite period. In accordance with IFRS 15, the Group now recognizes such revenues based on the determination whether the licence provides the customer with a right to access or a right to use.

▪ Maintenance services and warranties

The category of 'Proprietary licenses and services' also presents revenues from own maintenance services, including revenues from warranties. Such services, in principle, constitute a separate performance obligation where the customer consumes the benefits of goods/services as they are delivered by the provider, as a consequence of which revenues are recognized over time during the service performance period.

In many cases, the Group also provides a warranty for goods and services sold. Most warranties granted by the Group meet the

definition of service, these are the so-called extended warranties the scope of which is broader than just an assurance to the customer that the product/service complies with agreed-upon specifications. The conclusion regarding the extended nature of a warranty is made whenever the Group contractually undertakes to repair any errors in the delivered software within a strictly specified time limit and/or when such warranty is more extensive than the minimum required by law. In the context of IFRS 15, the fact of granting an extended warranty indicates that the Group actually provides an additional service. In accordance with IFRS 15, this means the Group needs to recognize an extended warranty as a separate performance obligation and allocate a portion of the transaction price to such service. In all cases where an extended warranty is accompanied by a maintenance service, which is even a broader category than an extended warranty itself, revenues are recognized over time because the customer consumes the benefits of such service as it is performed by the provider. If this is the case, the Group continues to allocate a portion of the transaction price to such maintenance service. Likewise, in cases where a warranty service is provided after the project completion and is not accompanied by any maintenance service, then a portion of the transaction price and analogically recognition of a portion of contract revenues will have to be deferred until the warranty service is actually fulfilled. In the case of warranties the scope of which is limited to the statutory minimum, our accounting policy remained unchanged, meaning such future and contingent obligations will be covered by provisions for warranty repairs which, if materialized, will be charged as operating costs.

b) Sale of third-party licenses and services

The category of 'Third-party licenses and services' includes revenues from the sale of third-party licenses as well as from the provision of services which, due to technological or legal reasons, must be carried out by subcontractors (this applies to hardware and software maintenance and outsourcing services provided by their manufacturers). Revenues from the sale of third-party licenses are as a rule accounted for as sales of goods, which means that such revenues are recognized at the point in time at which control of the licence is transferred to the customer. Concurrently, revenues from third-party services, including primarily third-party maintenance services, are recognized over time when such services are provided to the customer. Whenever the Group is involved in the sale of third-party licenses or services, we consider whether the Group acts as a principal or an agent; however, in most cases the conclusion is that the Group is the main party required to satisfy a performance obligation and therefore the resulting revenues are recognized in the gross amount of consideration.

c) Sale of hardware

The category of the 'Sale of hardware' includes revenues from contracts with customers for the supply of infrastructure. In this category, revenues are recognized basically at the point in time at which control of the equipment is transferred. This does not apply only to situations where hardware is not delivered separately from services provided alongside, in which case the sale of hardware is part of a performance obligation involving the supply of a comprehensive infrastructure system. However, such comprehensive projects are a rare practice in the Group as the sale of hardware is predominantly performed on a distribution basis. In the case of contracts that contain a component of providing a service or equipment, the entity considers whether such arrangements contain a lease (i.e. whether the entity conveys the right to control the use of an identified asset for a period of time in exchange for consideration). The Group has not identified any finance lease components within contracts concluded with customers.

Variable consideration

In accordance with IFRS 15, if a contract consideration encompasses any amount that is variable, the Group shall estimate the amount of consideration to which it will be entitled in exchange for transferring promised goods or services to the customer, and shall include a portion or the whole amount of variable consideration in the transaction price but only to the extent that it is highly probable a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group is party to a number of contracts which provide for penalties for non-performance or improper performance of contractual obligations. Any contractual penalties may therefore affect the consideration, which has been stated as a fixed amount in the contract, and make it subject to change due to such expected penalties. Therefore, as part of estimating the amount of consideration receivable under a contract, the Group has estimated the expected amount of consideration while taking into account the probability of paying such contractual penalties as well as other factors that might potentially affect the consideration. This may consequently cause a reduction in revenues. Apart from contractual penalties, there are no other significant factors that may affect the amount of consideration (such as rebates or discounts), but in the event they were identified, they would also affect the amount of revenues recognized by the Group.

Allocating the transaction price to performance obligations

The Group allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group's company with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract is deemed to contain a significant financing component. As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at the contract inception, that the period between when a promised good or service is transferred to the customer and when the customer pays for that good or service will be one year or less. A contract with a customer does not contain a significant financing component if, among other factors, the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to the customer, and the difference between those amounts is proportional to the reason for the difference. This usually occurs when the contractual payment terms provide protection from the other party failing to adequately complete some or all of its obligations under the contract.

Costs of contracts with customers

The costs of obtaining a contract are those additional (incremental) costs incurred by the Group in order to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognizes such costs as an asset if it

expects to recover those costs. Such capitalized costs of obtaining a contract shall be amortized over a period when the Group satisfies the performance obligations arising from the contract.

As a practical expedient, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group would have otherwise recognized is one year or less.

Costs to fulfil a contract are the costs incurred in fulfilling a contract with a customer. The Group recognizes such costs as an asset if they are not within the scope of another standard (for example, IAS 2 'Inventories', IAS 16 'Property, Plant and Equipment' or IAS 38 'Intangible Assets') and if those costs meet all of the following criteria: (i) the costs relate directly to a contract or to an anticipated contract with a customer; (ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered.

Other practical expedients used by the Group

When appropriate, the Group also applies a practical expedient permitted under IFRS 15 whereby if the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date (for example, a service contract in which an entity bills a fixed amount for each hour of service provided), the Group may recognize revenue in the amount it is entitled to invoice.

Revenues other than revenues from contracts with customers (not subject to IFRS 15)

Revenues other than revenues from contracts with customers are generated by the Group primarily from outsourcing of IT hardware (e.g. ATMs, servers and POS terminals). Each time the Group determines whether all the risks and rewards incidental to the use of rented equipment have been transferred to the customer.

Estimates

As described above, the Group fulfils performance obligations, a large number of which (including those for the provision of a functional IT system) are measured using the percentage of completion method. Such valuation requires making estimates of future operating cash flows in order to measure the progress of project execution. The percentage of completion shall be measured as the relation of costs already incurred (provided such costs contribute to the progress of work) to the total costs planned, or as a portion of man-days worked out of the total work effort required. Making a valuation which results in revenue recognition each time requires the exercise of professional judgment and a significant amount of estimates.

Similarly, estimates and professional judgment are required in determining the expected amount of revenues from contracts with customers, in cases where the consideration is variable usually due to the determination of contractual penalties for delayed delivery of IT systems or performance of related services.

Estimates of revenues other than revenues from contracts with customers are related to the assessment of the nature of contracts involving the provision of assets to customers (the Group acting as a lessor). Considering the fact that the lease term is in most cases shorter than the substantial useful life of leased assets, and that significant risks and rewards incidental to ownership of leased assets have not been transferred to the Group's customers, the Group has concluded that these contracts are operating leases.

Operating revenues in the period of 12 months ended 31 December 2023 and in the comparable period were as follows:

	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN'000	PLN'000
Operating revenues by type of products		
Proprietary software and services	1,139,979	1,027,043
Third-party software and services	185,705	180,857
Hardware and infrastructure	316,847	357,593
Total	1,642,531	1,565,493

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

Operating revenues of individual segments from sales to external customers by type of products during the period of 12 months ended 31 December 2023 and in the comparable period were as follows:

	Banking Solutions PLN'000	Payment Solutions PLN'000	Dedicated Solutions PLN'000	Total PLN'000
12 months ended 31 December 2023				
Proprietary software and services	290,667	548,847	300,465	1,139,979
Third-party software and services	3,661	5,695	176,349	185,705
Hardware and infrastructure	6,872	193,790	116,185	316,847
Total operating revenues	301,200	748,332	592,999	1,642,531

	Banking Solutions	Payment Solutions	Dedicated Solutions	Total
--	-------------------	-------------------	---------------------	-------

	PLN'000	PLN'000	PLN'000	PLN'000
12 months ended 31 December 2022				
Proprietary software and services	263,309	491,293	272,441	1,027,043
Third-party software and services	4,695	9,074	167,088	180,857
Hardware and infrastructure	7,696	254,180	95,717	357,593
Total operating revenues	275,700	754,547	535,246	1,565,493

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

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Operating revenues by countries		
Austria	23,095	26,651
Bosnia and Herzegovina	99,331	103,518
Bulgaria	18,117	14,997
Croatia	186,855	197,427
Montenegro	25,664	28,573
Czech Republic	27,036	19,582
Spain	182,371	213,426
Kosovo	29,236	23,054
Colombia	12,320	10,748
Macedonia	62,824	76,382
Malta	8,521	529
Germany	38,788	24,055
Peru	21,117	15,901
Poland	11,752	11,930
Portugal	26,084	14,102
Romania	248,927	201,438
Serbia	372,932	373,079
Slovak Republic	9,411	8,070
Slovenia	24,439	24,454
Turkey	141,025	121,728
Italy	18,833	14,788
Other countries	53,853	41,061
Total operating revenues	1,642,531	1,565,493

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

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Revenues from contracts with customers recognized in accordance with IFRS 15, of which:	1,545,917	1,471,195
From goods and services transferred at a specific point in time	503,722	538,222
From goods and services transferred over the passage of time	1,042,195	932,973
Other operating revenues (mainly from leases)	96,614	94,298
Total operating revenues	1,642,531	1,565,493

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

iv. *Other performance obligations*

The table below discloses revenues that the Group expects to recognize in the future from performance obligations that are not satisfied or only partially satisfied as at the reporting date:

Transaction price allocated to performance obligations to be satisfied within:	PLN'000
1 year	607,765
Over 1 year	377,275
Total	985,040

Because the Group closely monitors its revenues for the next three years only, the amount disclosed in the line 'Over 1 year' corresponds to revenues contracted for 2025-2026.

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

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

	31 December 2023 PLN'000	31 December 2022 PLN'000
Future minimum lease payments		
(i) within 1 year	85,046	94,636
(ii) within 1 to 5 years	41,278	72,987
(iii) within more than 5 years	1,631	1,858
Total	127,955	169,481

5.2. Structure of operating costs

Selected accounting policies

The Group discloses its operating costs both by cost nature and cost function. Cost of sales comprises the costs arising directly from purchases of goods sold and generation of services sold. Selling costs include the costs of distribution and marketing activities. General and administrative expenses include the costs of the Group companies' management and administration activities.

Cost of goods, materials and services sold (COGS) represent the costs of purchases of goods and subcontractor services (excluding personal outsourcing) used for the implementation of projects. Such costs are associated both with revenues presented as own revenues (regarding revenues from services that are performed by subcontractors, if the use of third-party resources results from the Group's decision that treats such third-party resources as a substitute for own resources), as well as third-party revenues (services that must be performed by third parties – mostly software or hardware manufacturers).

Employee benefits comprise all sorts of benefits offered by the Group companies in exchange for work performed by their employees or for termination of employment. If an employee performs work for the benefit of Group companies, we recognize a cost equal to the undiscounted value of employee benefits expected to be paid in exchange for such work. In addition to remuneration, the costs of employee benefits include all paid absences, benefits resulting from the bonus schemes applied in the Group, post-employment benefits, as well as the costs of share-based payment transactions with employees.

Estimates

Due to the fact that the Group's costs are accounted for on an accrual basis, a portion of costs disclosed in the statement of profit and loss represent costs recognized as a result of estimates regarding, for example, the costs expected to arise from a bonus scheme offered to some employees of the Group companies.

The table below presents operating costs incurred in the period of 12 months ended 31 December 2023 and in the comparable period:

Operating costs	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 (restated) PLN'000
Cost of goods, materials and third-party services sold (COGS)	(589,023)	(611,277)
Employee benefits	(551,310)	(485,186)
Third-party non-project services and outsourcing of employees	(73,172)	(62,995)
Depreciation and amortization	(88,441)	(93,367)
Maintenance costs of property and company cars	(63,987)	(52,358)
Business trips	(9,238)	(7,742)
Advertising	(11,713)	(11,163)

Other operating expenses	(30,738)	(26,520)
Total	(1,417,622)	(1,350,608)
Cost of sales	(1,211,525)	(1,170,924)
Selling costs	(101,308)	(93,039)
General and administrative expenses	(95,994)	(84,755)
Recognition (reversal) of allowances for trade receivables	(8,795)	(1,890)
Total	(1,417,622)	(1,350,608)

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

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

Share-based payment transactions with employees

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

2021 plan

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

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

The purchase rights were vested on 23 September 2021. The purchase price was set at the market price on the acquisition date and amounted to PLN 40 per share. According to the concluded agreements, the managers shall exercise all the rights attached to shares acquired (dividend rights, voting rights, etc.) since the shares acquisition date, this is from 23 September 2021. The payment for shares shall be made in 9 instalments, the first one after signing the agreements and subsequently in 8 annual instalments, payable from 31 July 2023. Interest will be charged starting from the shares acquisition date till making the payment, in the amount of 1.5% + max (EURIBOR12M,0) on an annual basis. The amount of such variable component will be determined at the beginning of each subsequent annual interest period. The accrued interest will be paid each year along with the payment of consecutive instalments of the price. The right to pay the acquisition price in instalments is granted to persons participating in this plan provided they continue to serve in a managerial position at the Group and do not violate any material conditions of the agreement (among others, make timely payments according to the schedule, establish a pledge on shares acquired, refrain from selling these shares during the lock-up period, etc.). The managers are not allowed to sell these shares over a lock-up period of 5 years. The managers shall be entitled to make an early payment for all the shares acquired at the agreed price of PLN 40 per share upon expiry of a 4-year period, i.e. from 23 September 2025. Any unpaid portion of the selling price shall be secured by establishing a pledge on shares purchased by each buyer.

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

The fair value of this incentive plan was estimated based on the Black-Scholes Merton model. The value of option rights was measured using Monte Carlo simulation techniques combined with the linear least squares regression, i.e. the Longstaff-Schwartz method. The total fair value of the plan as at the rights vesting date amounted to PLN 1,984 thousand. The incentive plan costs will be accounted for, along with the corresponding increase in equity, as the costs of employee benefits and recognized in the financial results of ASEE Group for the years 2021-2029.

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

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

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

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

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

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

The costs of this share-based payment plan disclosed in the consolidated financial statements of ASEE Group for the year ended 31 December 2023 amounted to PLN 291 thousand, as compared to PLN 291 thousand in 2022. In correspondence, this transaction was recognized as a separate item of the Group's equity, in the same amount as disclosed in remuneration costs.

2022 plan

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

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

The purchase rights were vested on 22 August 2022. The purchase price amounted to PLN 22.57 per share. According to the concluded agreements, the managers shall exercise all the rights attached to shares acquired (dividend rights, voting rights, etc.) since the shares acquisition date. The payment for shares shall be made in 9 instalments, the first one after signing the agreements and subsequently in 8 annual instalments, payable from 31 December 2023. Interest will be charged starting from the shares acquisition date till making the payment, in the amount of 1.5% + max (EURIBOR12M,0) on an annual basis. The amount of such variable component will be determined at the beginning of each subsequent annual interest period. The accrued interest will be paid each year along with the payment of consecutive instalments of the price. The right to pay the acquisition price in instalments is granted to persons participating in this plan provided they continue to serve in a managerial position at the Group and do not violate any material conditions of the agreement (among others, make timely payments according to the schedule, establish a pledge on shares acquired, refrain from selling these shares during the lock-up period, etc.). The managers are not allowed to sell these shares over a lock-up period of 5 years. The managers shall be entitled to make an early payment for all the shares acquired at the agreed price of PLN 22.57 per share upon expiry of a 4-year period, i.e. from 23 August 2026. Any unpaid portion of the selling price shall be secured by establishing a pledge on shares purchased by each buyer.

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

The fair value of this incentive plan was estimated based on the Black-Scholes Merton model. The value of option rights was measured using Monte Carlo simulation techniques combined with the linear least squares regression, i.e. the Longstaff-Schwartz method. The total fair value of the plan as at the rights vesting date amounted to PLN 2,141 thousand. The incentive plan costs will be accounted for, along with

the corresponding increase in equity, as the costs of employee benefits and recognized in the financial results of ASEE Group for the years 2022-2030.

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

Market price of 1 share of Payten Holding S.A. on the acquisition date	PLN 26.06
Purchase price of 1 share	PLN 22.57
Expected volatility in share price	30-36%
Expected volatility in EUR/PLN exchange rate	6-8%
Interest rate on PLN	5.6%-6.5%
Interest rate on EUR	0.67%-1.26%

Payten Holding shares are not listed and their market price has been computed by reference to the market price of ASEE shares. The expected volatility in the price of Payten Holding shares has been calibrated based on historical quotes of ASEE shares in the period comparable to the maturity of purchase rights.

In the valuation process, possible changes in the asset value resulting from the payment of dividends were taken into account. As at the valuation date, it is expected that dividends to be paid over the exercise period of purchase rights for Payten Holding shares will amount to PLN 0.73 per share annually.

The options may be exercised within 4 months for shares to be paid up in 2027, within 1 year and 4 months for shares to be paid up in 2028, within 2 years and 4 months for shares to be paid up in 2029, and within 3 years and 4 months for shares to be paid up in 2030. These periods were correlated with the lock-up period applicable to the sale of shares.

The costs of this share-based payment plan disclosed in the consolidated financial statements of ASEE Group for the year ended 31 December 2023 amounted to PLN 351 thousand, as compared to PLN 127 thousand in 2022. In correspondence, this transaction was recognized as a separate item of the Group's equity, in the same amount as disclosed in remuneration costs.

i. Reconciliation of depreciation and amortization charges

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

	12 months ended 31 December 2023	12 months ended 31 December 2022 (restated)
	PLN'000	PLN'000
Depreciation charges as disclosed in the table of changes in property, plant and equipment	(49,274)	(49,327)
Amortization charges as disclosed in the table of changes in intangible assets	(17,915)	(22,003)
Depreciation charges as disclosed in the table of changes in right-of-use assets	(21,509)	(22,002)
Depreciation charges on investment property	(34)	(35)
Reduction of amortization charges due to recognition of grants to internally generated licenses	291	-
Total depreciation and amortization charges disclosed in the statement of profit and loss and in the statement of cash flows	(88,441)	(93,367)

5.3. Other operating income and expenses

Selected accounting policies

In other operating activities, the Group discloses primarily income and expenses that are not related to our core IT operations.

Other operating income and expenses in the period of 12 months ended 31 December 2023 and in the comparable period were as follows:

Other operating income	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN'000	PLN'000
Gain on disposal of property, plant and equipment and right-of-use assets	585	598
Income from letting of own office space	52	56
Reversal of a provision for the costs of court litigation relating to other operations	44	47
Grants and subsidies received	725	640
Gain on modification of lease contracts	224	515
Other	2,042	1,311
Total	3,672	3,167

Other operating expenses	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN'000	PLN'000
Loss on disposal of property, plant and equipment	(9)	(74)
Charitable contributions to unrelated parties	(1,025)	(625)
Provisions created, including for the costs of court litigation relating to other operations	(67)	(55)
Allowances for other receivables	(682)	-
Other	(872)	(1,826)
Total	(2,655)	(2,580)

5.4. Financial income and expenses

Selected accounting policies

Interest income comprises primarily interest on investments in debt securities (including loans granted and cash deposits with a maturity of more than three months). Such income is measured at amortized cost using the effective interest rate. Other interest income comprises interest on trade receivables, interest on leases, as well as discounts on costs (liabilities) accounted for using the effective interest method.

Interest expenses incurred on external financing obtained by the Group are charged at amortized cost.

Financial income earned during the period of 12 months ended 31 December 2023 and in the comparable period was as follows:

Financial income	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN'000	PLN'000
Interest income on loans granted and bank deposits	2,883	2,127
Positive foreign exchange differences	16,278	17,633
Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss	940	227
Gain on revaluation of conditional payments in transactions to obtain control	4,323	-
Gain on revaluation of liabilities from the acquisition of non-controlling interests (put options)	9,243	1,607
Gain on the net monetary position – hyperinflation	22,992	22,515
Other financial income	48	67
Total financial income	56,707	44,176

Gain on the net monetary position resulted from the inflation-related revaluation of non-monetary items in the statement of financial position and the statement of profit and loss of our subsidiaries operating in

Turkey, using the rate of inflation in the current year. Detailed information on such revaluation is presented in note 2.10.

Financial expenses incurred during the period of 12 months ended 31 December 2023 and in the comparable period were as follows:

Financial expenses	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Interest expenses on bank loans and borrowings	(4,400)	(2,616)
Interest expenses on leases	(2,081)	(1,549)
Other interest expenses	(648)	(558)
Negative foreign exchange differences	(10,889)	(4,699)
Loss on revaluation of conditional payments in transactions to obtain control and/or buyout of minority interests	(2,216)	(1,194)
Loss on revaluation of liabilities from the acquisition of non-controlling interests (put options)	(5,142)	(3,871)
Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss	(95)	(154)
Loss on sale of a subsidiary company	-	(3,035)
Dividends declared for minority shareholders in acquisitions accounted for using the present ownership method	(1,794)	(4,170)
Other financial expenses	(24)	(64)
Total financial expenses	(27,289)	(21,910)

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

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

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

5.5. Corporate income tax

Selected accounting policies

The Group recognizes and measures its current and deferred income tax assets and liabilities in accordance with the requirements of IAS 12 'Income Taxes' on the basis of taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account the assessment of uncertainty over tax treatments.

Income tax comprises current and deferred portion.

Estimates

The Group makes an assessment of realizability of deferred income tax assets at each reporting date. This assessment requires the exercise of professional judgment and estimates, among others, regarding the future taxable income.

Pursuant to IFRIC 23, if the Group believes it is probable that a particular tax treatment or group of tax treatments of the Group companies will be accepted by the taxation authority, then each company of the Group shall determine the taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates consistently with the tax treatment that it used or plans to use in its income tax filings. When assessing such probability, the company shall assume that the taxation authority which is authorized to inspect and challenge its tax treatments will carry out such an inspection and will have access to all information.

If the Group concludes it is not probable that a particular tax treatment or group of tax treatments will be accepted by the taxation authority, then a company of the Group shall reflect the effects of such uncertainty in accounting for income tax for the period when so ascertained. The Group shall recognize an income tax liability using one of the following two methods, depending on which approach provides better predictions of the resolution of the uncertainty:

- *the Group determines the most likely scenario – the single most likely amount in a range of possible outcomes, or*
- *the Group recognizes the expected value – the sum of amounts weighted by the probability of possible outcomes.*

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

	12 months ended 31 December 2023	12 months ended 31 December 2022 (restated)
	PLN'000	PLN'000
Current corporate income tax expense as disclosed in the statement of profit and loss, of which:		
<i>Current portion of income tax</i>	(51,848)	(44,971)
<i>Corrections of CIT filings for prior years</i>	(53,440)	(46,557)
Deferred income tax	1,592	1,586
	4,750	2,808
Income tax expense as disclosed in the statement of profit and loss	(47,098)	(42,163)

Companies of our Group operate in various tax jurisdictions and are subject to different tax laws, while in each country regulations pertaining to the value added tax, corporate income tax, personal income tax or social security are frequently amended, thereby depriving taxpayers of a possibility to refer to well established court decisions and precedents. The current regulations in force are not always unambiguous, which may cause additional discrepancies in their interpretation. Tax treatments may be subject to audit by the taxation authorities. Should any irregularities in tax settlements be detected, a taxpayer is obliged to pay the outstanding amounts along with the statutory interest thereon. Payment of tax arrears does not always release a taxpayer from penal and fiscal liability. Due to such circumstances, tax treatments are subject to a relatively high risk.

Settlement of tax liabilities may come under scrutiny for a period of several years back, depending on the country in which the Group company operates. In effect, the amounts of taxes payable disclosed in the financial statements may be later changed, after they are finally determined by the taxation authorities.

The table below presents the reconciliation of corporate income tax payable on pre-tax profit at the statutory tax rate, with corporate income tax computed at the Group's effective tax rate:

	12 months ended 31 December 2023	12 months ended 31 December 2022 (restated)
	PLN'000	PLN'000
Pre-tax profit	255,426	237,719
Statutory corporate income tax rate	19%	19%
Corporate income tax computed at the statutory tax rate	48,531	45,167
Difference due to different rates of corporate income tax paid abroad	(3,143)	(396)
Change in estimates of deferred tax assets recognized on the so-called "external temporary differences" resulting from dividend payments within the Group	6,466	4,441
Utilization of tax credits and other tax deductibles	(2,057)	(1,065)
Non-taxable income achieved in a special technological zone	(9,782)	(7,558)
Non-tax-deductible expenses incurred in a technological zone	6,227	3,368
Representation expenses	275	289
Depreciation and amortization charges, differences in rates of depreciation and amortization	241	305
Write-downs on receivables/inventories/tangible assets	1,337	97
Costs of share-based payment transactions with employees	122	79
Remuneration of the Supervisory Board	101	79
Changes in the calculation of corporate income tax for the prior years	(1,643)	(1,670)
Gain/loss on disposal of a subsidiary	48	264
Utilization of tax losses and change in deferred tax assets arising from tax losses	832	627
Impact of hyperinflation	(3,863)	(4,400)
Other permanent differences	3,406	2,536
Corporate income tax at the effective tax rate of 18.4% in 2023, and 17.7% in 2022	47,098	42,163

In 2023, our effective tax rate equalled 18.4%, increasing by 0.7 percentage points in relation to the previous year. The effective tax rate increased mainly due to the one-time earthquake-related income tax that was charged in Turkey.

Other changes resulted from our operating activities and the geographical structure of generated income.

The table below presents information on deferred tax assets and liabilities:

	Deferred tax liabilities, gross		Deferred tax assets, gross	
	31 December 2023	31 December 2022 (restated)	31 December 2023	31 December 2022 (restated)
	PLN'000	PLN'000	PLN'000	PLN'000
Property, plant and equipment	1,812	2,638	3,611	3,935
Intangible assets	3,129	5,083	357	364
Right-of-use assets	5,048	1,205	-	-
Financial assets carried at fair value through profit or loss	32	98	45	48
Loans granted	129	429	177	-
Inventories	-	-	1,743	1,721
Prepayments and accrued income	-	-	38	26
Trade receivables	2	25	1,263	1,277
Contract assets	1,480	1,689	76	83
Other receivables	1,268	1,276	9	-
Provisions	-	-	1,420	1,053
Trade payables	75	-	436	1,226
Contract liabilities	234	6	388	1,043
Financial liabilities, including lease liabilities	-	-	5,823	2,147
Other liabilities	-	3	364	300
Accruals	5	5	2,777	2,313
Deferred income	224	41	151	2
Losses deductible against future taxable income	-	-	2,872	1,283
Deferred tax liabilities, gross	13,438	12,498		
Deferred tax assets, gross			21,550	16,821
Write-down due to inability to realize a deferred tax asset			-	(111)
Deferred tax assets, net			21,550	16,710
Deferred tax liabilities/assets, net	4,263	7,205	12,375	11,417

The Group made an estimate of taxable income planned to be achieved in the future and concluded it will enable full recovery of deferred tax assets disclosed in these consolidated financial statements.

5.6. Earnings per share

Selected accounting policies

Basic earnings per share attributable to shareholders of the Parent Company for each reporting period shall be computed by dividing the net profit from continuing operations for the reporting period by the weighted average number of shares outstanding in that period.
Diluted earnings per share attributable to shareholders of the Parent Company for each reporting period shall be calculated by dividing the net profit from continuing operations for the reporting period by the total of weighted average number of shares outstanding in that period and all shares from potential new issuances.

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

	12 months ended 31 December 2023	12 months ended 31 December 2022 (restated)
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251
Net profit attributable to shareholders of the Parent Company for the reporting period (in thousands of PLN)	200,362	187,828
Consolidated earnings per share for the reporting period (in PLN)	3.86	3.62

5.7. Information on dividends paid out

The Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów acting on the basis of art. 395 § 2 item 2 and art. 396 § 1 of the Commercial Companies Code, as well as pursuant to §12 sec. 4 item 2 of the Company's Articles of Association, on 22 June 2023 adopted a resolution to pay out a dividend in the total amount of PLN 75,766 thousand or PLN 1.46 per share to all of the Company's shareholders. The Company's Annual General Meeting established 30 June 2023 as the dividend record date. The dividend was paid out on 13 July 2023. The number of shares eligible for dividend was 51,894,251.

In 2022, the Annual General Meeting of Asseco South Eastern Europe S.A. seated in Rzeszów acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to §12 sec. 4 item 2) of the Company's Articles of Association, on 21 June 2022 adopted a resolution to pay out a dividend in the total amount of PLN 66,425 thousand or PLN 1.28 per share to all of the Company's shareholders. The Company's Annual General Meeting established 29 June 2022 as the dividend record date. The dividend was paid out on 12 July 2022. The number of shares eligible for dividend was 51,894,251.

VI. Explanatory notes to the consolidated statement of financial position

6.1. Property, plant and equipment

Selected accounting policies

Initial recognition

Property, plant and equipment are disclosed at purchase cost or production cost decreased by accumulated depreciation and any impairment losses. The initial value of a tangible asset corresponds to its purchase cost increased by expenditures related directly to the purchase and adaptation of such asset to its intended use. Such expenditures may also include the cost of replacing parts of machinery or equipment at the time that cost is incurred if the recognition criteria are met. Any costs incurred after a tangible asset is made available for use, such as maintenance or repair fees, are expensed in the statement of profit and loss at the time when incurred.

At the time of purchase tangible assets are divided into components of significant value for which separate periods of useful life may be adopted. General overhaul expenses constitute a component of assets as well.

Measurement at each reporting date

Such assets are depreciated using the straight-line method over their expected useful lives. The periods of useful life are presented in the table below:

Type	Period (in years)
Buildings and structures	40
Computers and telecommunication equipment	1-5
Furniture	2-8
Office equipment	5-10
Transportation vehicles	4-6
Other tangible assets	2-5
Leasehold improvements	5

Impairment of property, plant and equipment

At each reporting date, the Group determines whether there are any indications of impairment of tangible assets. In the event such indications occur, or when it is necessary to carry out an annual impairment test, the Group estimates the recoverable amount of a given asset or cash-generating unit to which such asset has been allocated. Impairment losses on assets used in continuing operations are recognized as operating expenses.

Derecognition

Any gains or losses resulting from derecognition of an asset from the balance sheet (measured as the difference between net proceeds from disposal of such asset and its carrying value) are recognized in the statement of profit and loss for the period when such derecognition is made.

Estimates

At each reporting date, the Group determines if there are any objective indications of impairment of a given component of property, plant and equipment.

Such assets are as a rule depreciated using the straight-line method over their expected useful lives.

The level of depreciation rates is determined on the basis of anticipated period of useful life of property, plant and equipment. In 2023 the rates of depreciation and amortization applied by the Group were not subject to any substantial modifications.

The Group companies verify the adopted periods of useful life on an annual basis, taking into account the current estimates.

Changes in the net book value of property, plant and equipment that took place during the period of 12 months ended 31 December 2023 are presented below:

	Land and buildings PLN'000	Outsourcing and other equipment PLN'000	Transportation vehicles PLN'000	Other tangible assets PLN'000	Tangible assets under construction PLN'000	Total PLN'000
Net book value of property, plant and equipment as at 1 January 2023	7,554	107,298	6,068	12,799	2,250	135,969
Additions, of which:	388	42,584	8,836	11,601	14,715	78,124
Purchases and modernization	86	22,121	8,766	10,744	13,365	55,082
Obtaining control over subsidiaries	302	623	70	12	-	1,007
Acquisition of right-of-use assets	-	158	-	-	-	158
Transfers from tangible assets under construction	-	9,831	-	837	-	10,668
Transfers from inventories to tangible assets	-	9,851	-	8	1,350	11,209
Reductions, of which:	(520)	(46,078)	(2,357)	(5,831)	(11,951)	(66,737)
Depreciation charges	(316)	(41,249)	(2,327)	(5,382)	-	(49,274)
Disposal and liquidation	(204)	(990)	(30)	(449)	-	(1,673)
Recognition of impairment losses	-	(127)	-	-	(1)	(128)
Transfers from tangible assets under construction	-	-	-	-	(10,668)	(10,668)
Transfers to inventories	-	(3,712)	-	-	(1,282)	(4,994)
Other	-	1,802	(3)	(1,608)	(152)	39
Impact of hyperinflation	-	1,743	772	4,008	-	6,523
Exchange differences on translation of foreign operations	(556)	(9,621)	(2,207)	(4,218)	(286)	(16,888)
Net book value of property, plant and equipment as at 31 December 2023	6,866	97,728	11,109	16,751	4,576	137,030
As at 1 January 2023						
Gross value	12,223	376,329	17,144	40,713	2,253	448,662
Accumulated depreciation and impairment losses	(4,669)	(269,031)	(11,076)	(27,914)	(3)	(312,693)
Net book value as at 1 January 2023	7,554	107,298	6,068	12,799	2,250	135,969
As at 31 December 2023						
Gross value	11,218	371,531	22,674	47,972	4,582	457,977
Accumulated depreciation and impairment losses	(4,352)	(273,803)	(11,565)	(31,221)	(6)	(320,947)
Net book value as at 31 December 2023	6,866	97,728	11,109	16,751	4,576	137,030

Changes in the net book value of property, plant and equipment that took place during the period of 12 months ended 31 December 2022 are presented below:

	Land and buildings PLN'000	Outsourcing and other equipment PLN'000	Transportation vehicles PLN'000	Other tangible assets PLN'000	Tangible assets under construction PLN'000	Total PLN'000
Net book value of property, plant and equipment as at 1 January 2022	8,144	103,021	4,638	12,324	1,222	129,349
Additions, of which:	200	41,591	3,421	8,803	13,617	67,632
Purchases and modernization	200	23,916	3,304	7,643	12,958	48,021
Obtaining control over subsidiaries	-	404	117	36	-	557
Acquisition of right-of-use assets	-	-	-	-	-	-
Transfers from tangible assets under construction	-	11,508	-	765	-	12,273
Transfers from inventories to tangible assets	-	5,763	-	359	615	6,737
Reversal of impairment losses	-	-	-	-	44	44
Reductions, of which:	(965)	(46,056)	(2,050)	(4,472)	(12,617)	(66,160)
Depreciation charges for the reporting period	(434)	(42,627)	(1,939)	(4,327)	-	(49,327)
Disposal and liquidation	(531)	(602)	(111)	(141)	-	(1,385)
Loss of control over subsidiaries	-	(57)	-	(4)	-	(61)
Recognition of impairment losses	-	(501)	-	-	-	(501)
Transfers from tangible assets under construction	-	-	-	-	(12,273)	(12,273)

Transfers to inventories	-	(2,269)	-	-	(344)	(2,613)
Other	-	6,020	(190)	(5,240)	-	590
Impact of hyperinflation	-	1,335	310	2,053	-	3,698
Exchange differences on translation of foreign operations	175	1,387	(61)	(669)	28	860
Net book value of property, plant and equipment as at 31 December 2022	7,554	107,298	6,068	12,799	2,250	135,969
As at 1 January 2022						
Gross value	12,556	330,523	13,295	32,593	1,268	390,235
Accumulated depreciation and impairment losses	(4,412)	(227,502)	(8,657)	(20,269)	(46)	(260,886)
Net book value as at 1 January 2022	8,144	103,021	4,638	12,324	1,222	129,349
As at 31 December 2022						
Gross value	12,223	376,329	17,144	40,713	2,253	448,662
Accumulated depreciation and impairment losses	(4,669)	(269,031)	(11,076)	(27,914)	(3)	(312,693)
Net book value as at 31 December 2022	7,554	107,298	6,068	12,799	2,250	135,969

Some pieces of equipment have been transferred from inventories to tangible assets because they are utilized in the performance of our outsourcing contracts.

As at 31 December 2023, tangible assets with a book value of PLN 18,350 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities.

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

6.2. Intangible assets

Selected accounting policies

Intangible assets purchased

Intangible assets purchased in a separate transaction shall be capitalized at purchase cost. Intangible assets acquired as a result of a company takeover shall be capitalized at fair value as at the takeover date.

Internally generated intangible assets

The Group presents in separate categories the final products of development projects ("internally generated software and licenses") and the products which have not been finished yet ("costs of development projects in progress"). An intangible asset generated internally as a result of development work (or completion of the development phase of an internal project) is recognized if, and only if, the Company is able to demonstrate: (i) the technical feasibility of completing such intangible asset so that it would be available for use or sale; (ii) the intention to complete the construction of such intangible asset; (iii) the ability to use or sell such intangible asset; (iv) how such intangible asset is going to generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development work and to make the intangible asset ready for use or sale; (vi) its ability to reliably measure the expenditure for the development work attributable to such intangible asset.

The cost of an internally generated intangible asset is the sum of expenditures incurred from the date when the intangible asset first meets the above-mentioned recognition criteria. Expenditures previously recognized as expenses may not be capitalized. The cost of an internally generated intangible asset comprises directly attributable costs necessary to create, produce, and prepare that asset to be capable of operating in the manner intended by management.

The period of useful life of an intangible asset shall be assessed and classified as definite or indefinite. Intangible assets with a definite period of useful life are amortized using the straight-line method over their expected useful life, and amortization charges are expensed adequately in the statement of profit and loss.

All the intangible assets subject to amortization are amortized under the straight-line method. Presented below are the periods of useful life adopted for intangible assets:

Type	Period (in years)
Purchased licenses and software	2-5
Internally generated software and licenses	2-5
Patents and licenses	2-5
Other	3-10

Intangible assets with an indefinite period of useful life and those which are no longer used are tested for possible impairment at least once a year and whenever there are indications to do so. Should the carrying value exceed the estimated recoverable amount (the higher of the following two amounts: net sales price or value in use), the value of these assets shall be reduced to the recoverable amount. Any gains or losses resulting from derecognition of an intangible asset from the statement of financial position are measured as the difference between net proceeds from the sale of such an asset and its carrying value, and are recognized in the statement of profit and

loss at the time when such derecognition is made.

Estimates

At each reporting date, the Group determines if there are any objective indications of impairment of a given component of intangible assets. The period of useful life of an intangible asset shall be assessed and classified as definite or indefinite. Intangible assets with a definite period of useful life are amortized using the straight-line method over their expected useful life, and amortization charges are expensed adequately in the statement of profit and loss.

The Group verifies the adopted periods of useful life on an annual basis, taking into account the current estimates.

The costs of internally generated intangible assets are measured and capitalized in line with the Group's accounting policy. The determination of when to begin the capitalization of such costs is subject to the management's professional judgement as to the technological and economic feasibility of completing the development project. This moment is determined by reaching a stage (milestone) of the project, at which the Group is reasonably certain of being able to complete the intangible asset so that it will be available for use or sale, and that future economic benefits to be obtained from use or sale of such intangible asset will exceed its production cost. When determining the amount of capitalizable expenditures, the Management Board needs to estimate the present value of future cash flows to be generated by the intangible asset.

Changes in the net book value of intangible assets that took place during the period of 12 months ended 31 December 2023 are presented below:

	Software and internally generated licenses	Costs of development projects in progress	Purchased software, patents, licenses and other intangibles	Intangible assets recognized in business combinations	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Net book value of intangible assets as at 1 January 2023 (restated)	36,972	4,012	16,486	2,146	59,616
Additions, of which:	4,494	634	5,411	-	10,539
Purchases and modernization	-	-	5,332	-	5,332
Obtaining control over subsidiaries	-	-	66	-	66
Capitalization of development project costs	-	634	-	-	634
Transfers from the costs of development projects in progress	4,494	-	13	-	4,507
Reductions, of which:	(11,640)	(4,507)	(6,340)	(783)	(23,270)
Depreciation charges for the reporting period	(10,792)	-	(6,340)	(783)	(17,915)
Disposal and liquidation	-	-	-	-	-
Transfers to internally generated software	-	(4,507)	-	-	(4,507)
Impairment losses	(848)	-	-	-	(848)
Other	-	-	(13)	-	(13)
Impact of hyperinflation	269	-	773	-	1,042
Exchange differences on translation of foreign operations	(2,373)	(139)	(1,805)	(147)	(4,464)
Net book value of intangible assets as at 31 December 2023	27,722	-	14,512	1,216	43,450
As at 1 January 2023					
Gross value	97,020	4,012	63,812	5,729	170,573
Accumulated depreciation and impairment losses	(60,048)	-	(47,326)	(3,583)	(110,957)
Net book value as at 1 January 2023 (restated)	36,972	4,012	16,486	2,146	59,616
As at 31 December 2023					
Gross value	94,125	-	64,904	5,190	164,219
Accumulated depreciation and impairment losses	(66,403)	-	(50,392)	(3,974)	(120,769)
Net book value as at 31 December 2023	27,722	-	14,512	1,216	43,450

Changes in the net book value of intangible assets that took place during the period of 12 months ended 31 December 2022 are presented below:

	Software and internally generated licenses	Costs of development projects in progress	Purchased software, patents, licenses and other intangibles	Intangible assets recognized in business combinations	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Net book value of intangible assets as at 1 January 2022	44,212	2,430	18,884	2,812	68,338
Additions, of which:	11,111	2,428	3,838	-	17,377
Purchases and modernization	-	13	3,818	-	3,831
Obtaining control over subsidiaries	10,235	298	20	-	10,553
Capitalization of development project costs	-	2,117	-	-	2,117
Transfers from the costs of development projects in progress	876	-	-	-	876
Reductions, of which:	(19,477)	(876)	(6,893)	(792)	(28,038)
Amortization charges for the reporting period	(14,541)	-	(6,670)	(792)	(22,003)
Disposal and liquidation	-	-	(223)	-	(223)
Transfers to internally generated software	-	(876)	-	-	(876)
Impairment losses	(4,936)	-	-	-	(4,936)
Other	-	(16)	11	-	(5)
Impact of hyperinflation	227	-	479	-	706
Exchange differences on translation of foreign operations	899	46	167	126	1,238
Net book value of intangible assets as at 31 December 2022 (restated)	36,972	4,012	16,486	2,146	59,616
As at 1 January 2022					
Gross value	79,774	2,430	58,406	5,458	146,068
Accumulated amortization and impairment losses	(35,562)	-	(39,522)	(2,646)	(77,730)
Net book value as at 1 January 2022	44,212	2,430	18,884	2,812	68,338
As at 31 December 2022					
Gross value	97,020	4,012	63,812	5,729	170,573
Accumulated amortization and impairment losses	(60,048)	-	(47,326)	(3,583)	(110,957)
Net book value as at 31 December 2022 (restated)	36,972	4,012	16,486	2,146	59,616

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

In the period of 12 months ended 31 December 2023, the Group recognized impairment losses on intangible assets in the amount of PLN 848 thousand. Such impairment write-downs resulted from the Management's assessment of the amount of realizable revenues.

For impairment testing purposes, intangible assets are allocated to individual cash-generating units or groups of cash-generating units. The conducted annual impairment tests have been described in detail in explanatory note 6.5 to these consolidated financial statements. The recoverable amount of the costs of development projects in progress was measured as at the reporting date by analyzing the future cash flows to be generated by each of such ongoing projects. Based on the carried out analysis, it was determined that the costs of development projects in progress were not impaired as at the reporting date.

Development projects

In 2023 as well as in the comparable period, development projects carried out by the Group focused on the generation of new software or significant modification/extension of already marketed applications.

In the year ended 31 December 2023, total development project costs which qualified for capitalization amounted to PLN 634 thousand (vs. PLN 2,117 thousand in the comparable period) and, in both the years, they were incurred by the Dedicated Solutions segment.

The value of completed development projects amounted to PLN 4,507 thousand in the period of 12 months ended 31 December 2023, as compared to PLN 876 thousand in 2022.

The total amount of research and development expenditures that were expensed in the period of 12 months ended 31 December 2023 equalled PLN 23,499 thousand, as compared to PLN 22,645 thousand in the comparable period.

6.3. Right-of-use assets

Selected accounting policies

At the contract inception, the Group determines whether a contract is a lease or contains a lease.

Short-term leases and leases of low-value assets

The Group has applied the exemption not to recognize right-of-use assets and liabilities for short-term leases with terms less than 12 months which do not contain a purchase option. The Group has also applied the exemption for the recognition of leases of low-value assets. Lease payments under short-term leases and leases of low-value assets shall be expensed on a straight-line basis over the lease term.

Initial recognition and measurement of right-of-use assets

In the case of contracts identified as leases, the Group recognizes right-of-use assets as at the lease commencement date (i.e. the date when the asset being leased is available for use by the Group).

Right-of-use assets are initially recognized at cost. The cost of the right-of-use asset shall comprise: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

Subsequent measurement of right-of-use assets

The Group shall measure the right-of-use asset applying a cost model, this is at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability (i.e. modifications that are not required to be accounted for as a separate lease).

Right-of-use assets are depreciated by the Group basically using the straight-line method. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group shall depreciate the right-of-use asset from the lease commencement date to the end of the useful life of the underlying asset. Otherwise, the Group shall depreciate the right-of-use asset from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies the provisions of IAS 36 'Impairment of Assets' to determine whether the right-of-use asset is impaired.

Estimates

At the contract inception, the Group makes an assessment whether the contract is a lease or contains a lease, and estimates the incremental borrowing rate and the lease term.

At each reporting date, the Group determines if there are any objective indications of impairment of a given right-of-use asset.

Such assets are as a rule depreciated using the straight-line method over their expected useful lives.

Changes in the net book value of right-of-use assets that took place during the period of 12 months ended 31 December 2023 are presented below:

	Land and buildings PLN'000	Transportation vehicles PLN'000	Other PLN'000	Total PLN'000
Net book value of right-of-use assets as at 1 January 2023	34,506	7,989	636	43,131
Additions, of which:	23,403	5,261	1,625	30,289
Conclusion of new lease contracts	16,294	4,876	1,566	22,736
Modification of existing contracts	5,504	157	59	5,720
Obtaining control over subsidiaries	1,605	228	-	1,833
Reductions, of which:	(17,330)	(4,201)	(891)	(22,422)
Depreciation charges for the reporting period	(16,502)	(4,117)	(890)	(21,509)
Early termination of contracts	(693)	(84)	(1)	(778)
Modification of existing contracts	(135)	-	-	(135)
Other	(95)	55	(158)	(198)
Exchange differences on translation of foreign operations	(3,577)	(844)	(70)	(4,491)
Net book value of right-of-use assets as at 31 December 2023	36,907	8,260	1,142	46,309
As at 1 January 2023				
Gross value	88,181	19,513	2,912	110,606
Accumulated depreciation and impairment losses	(53,675)	(11,524)	(2,276)	(67,475)
Net book value as at 1 January 2023	34,506	7,989	636	43,131
As at 31 December 2023				
Gross value	88,103	20,759	3,012	111,874
Accumulated depreciation and impairment losses	(51,196)	(12,499)	(1,870)	(65,565)

Net book value as at 31 December 2023	36,907	8,260	1,142	46,309
--	---------------	--------------	--------------	---------------

Changes in the net book value of right-of-use assets that took place during the period of 12 months ended 31 December 2022 are presented below:

	Land and buildings PLN'000	Transportation vehicles PLN'000	Other PLN'000	Total PLN'000
Net book value of right-of-use assets as at 1 January 2022	41,813	7,326	2,077	51,216
Additions, of which:	10,284	4,800	-	15,084
Conclusion of new lease contracts	6,040	4,487	-	10,527
Modification of existing contracts	3,787	313	-	4,100
Obtaining control over subsidiaries	457	-	-	457
Reductions, of which:	(18,305)	(4,214)	(730)	(23,249)
Depreciation charges for the reporting period	(17,269)	(4,003)	(730)	(22,002)
Acquisition of right-of-use assets	-	-	-	-
Early termination of contracts	(273)	(191)	-	(464)
Modification of existing contracts	(763)	(20)	-	(783)
Other	(10)	56	(751)	(705)
Exchange differences on translation of foreign operations	724	21	40	785
Net book value of right-of-use assets as at 31 December 2022	34,506	7,989	636	43,131

As at 1 January 2022

Gross value	86,416	19,176	10,039	115,631
Accumulated depreciation and impairment losses	(44,603)	(11,850)	(7,962)	(64,415)
Net book value as at 1 January 2022	41,813	7,326	2,077	51,216

As at 31 December 2022

Gross value	88,181	19,513	2,912	110,606
Accumulated depreciation and impairment losses	(53,675)	(11,524)	(2,276)	(67,475)
Net book value as at 31 December 2022	34,506	7,989	636	43,131

6.4. Goodwill

Selected accounting policies

Goodwill

Goodwill is an asset representing future economic benefits arising from assets acquired as part of a business acquisition that cannot be individually identified or separately recognized.

As at the acquisition date, the acquired goodwill is allocated to every cash-generating unit which may benefit from synergy effects arising from a business combination.

After initial recognition, goodwill is accounted for at purchase cost less any accumulated impairment charges. Goodwill is tested for impairment on an annual basis as at 31 December, or more frequently if there are indications to do so. Goodwill is not subject to amortization.

An impairment loss is determined by estimating the recoverable amount of a cash-generating unit to which goodwill has been allocated. In the event the recoverable amount of a cash-generating unit is lower than its carrying value, an impairment charge shall be recognized.

Goodwill is derecognized in the case of losing control over the cash-generating unit to which it was allocated.

Within the Group, there are often combinations of businesses under common control, whereby all of the combining business entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory. Under such transactions, the fair value of combined assets (including intangible assets) is not remeasured. Likewise, goodwill previously recognized in the consolidated financial statements remains unchanged.

Estimates

Goodwill is tested for impairment on an annual basis as well as at each reporting date when there is a justified indication to do so. Performing such a test requires estimating the recoverable amount of a cash-generating unit and is usually carried out using the discounted cash flow method, which entails the need to make estimates for future cash flows, changes in working capital and the weighted average cost of capital.

Detailed information on impairment tests has been provided in explanatory note 6.5.

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

The following table presents the amounts of goodwill as at 31 December 2023 and 31 December 2022, in a breakdown by operating segments:

Goodwill	31 December 2023	31 December 2022
	PLN'000	(restated) PLN'000
Goodwill at the beginning of the period	794,100	680,774
Banking Solutions	230,982	205,431
Payment Solutions	223,101	198,392
Dedicated Solutions	340,017	276,951
Change in consolidation goodwill due to the acquisition of shares (+/-)	178,496	51,721
Banking Solutions	-	16,240
Payment Solutions	67,174	-
Dedicated Solutions	111,322	35,481
Change in consolidation goodwill due to the sale of shares (+/-)	-	(5,348)
Banking Solutions	-	-
Payment Solutions	-	(5,348)
Dedicated Solutions	-	-
Change due to hyperinflation (+/-):	37,498	70,739
Banking Solutions	3,208	6,480
Payment Solutions	20,436	35,630
Dedicated Solutions	13,854	28,629
Foreign exchange differences (+/-)	(96,907)	(3,786)
Banking Solutions	(19,202)	2,831
Payment Solutions	(39,198)	(5,572)
Dedicated Solutions	(38,507)	(1,045)
Total goodwill	913,187	794,100
Banking Solutions	214,988	230,982
Payment Solutions	271,513	223,102
Dedicated Solutions	426,686	340,016
Total as at 31 December	913,187	794,100

In the period of 12 months ended 31 December 2023, the balance of goodwill arising from consolidation was affected by the following transactions:

i. Hyperinflation in Turkey

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

The inflation-related revaluation of goodwill by the price index for 2023, translated at the exchange rate of 31 December 2023, amounted in total to PLN 27,993 thousand which was recognized in financial income, under 'Gain/Loss on the net monetary position', for the year 2023.

The inflation-related revaluation of goodwill from the date of obtaining control till the end of 2022 amounted in total to PLN 58,210 thousand which was recognized and described in detail in the consolidated financial statements for 2022. Foreign exchange differences arising from the hyperinflation restatement of prior year goodwill, at the exchange rate of 31 December 2023, were recognized in correspondence under 'Exchange differences on translation of foreign operations'.

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

ii. Acquisition of shares in IfthenPay LDA

On 13 October 2023, Payten Holding S.A. acquired 80% of shares in IfthenPay, Lda, a company based in Santa Maria de Lamas (Portugal). All non-controlling interests are subject to put/call options and accounted for using the present ownership method. Therefore, this acquisition is accounted for as if the Group had purchased 100% of shares in IfthenPay, and consequently it does not recognize any non-controlling interests.

The total purchase price determined as at the acquisition date was EUR 13.8 million and it comprised: the consideration of EUR 8.3 million paid on the transaction date, the fair value of conditional payments depending on financial results achieved by the acquired company in the amount of EUR 1.4 million, as well as the fair value of liabilities under put options held by non-controlling shareholders in the amount of EUR 4.1 million.

Until 31 December 2023, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of IfthenPay, Lda as disclosed below may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of IfthenPay as at the date of obtaining control are presented below (converted at the exchange rate of PLN/EUR effective on the acquisition date):

	Provisional values as at the acquisition date EUR'000	Provisional values as at the acquisition date PLN'000	Level in fair value hierarchy
Assets acquired			
Property, plant and equipment	119	540	3
Intangible assets	-	-	3
Right-of-use assets	72	327	3
Other receivables	8,972	40,748	3
Cash and cash equivalents	1,684	7,648	3
Other assets	174	790	3
Total assets	11,021	50,053	
Liabilities acquired			
Lease liabilities	72	327	3
Trade payables	205	931	3
Contract liabilities	8,981	40,789	3
Liabilities to the state and local budgets	308	1,399	3
Other liabilities	38	173	3
Total liabilities	9,604	43,619	
Net assets value	1,417	6,434	
Equity interest acquired	100%*	100%*	
Value of non-controlling interests	-	-	
Purchase price	13,825	62,789	
Goodwill as at the acquisition date	12,408	56,355	

*The acquisition has been accounted for using the present ownership method due to the put/call options contained in the company acquisition agreement. Figures converted to PLN at the exchange rate effective on the acquisition date, i.e. 13 October 2023: EUR 1 = PLN 4.5417

Input data were derived from the company's financial statements drawn up as at 30 September 2023. The input data were prepared in accordance with the ASEE Group's accounting policy.

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

Acquisition-related expenses were recognized in the statement of profit and loss.

iii. Acquisition of shares in Avera d.o.o.

On 28 November 2023, Payten Holding S.A. acquired 75% of shares in Avera d.o.o., a company based in Pristava pri Mestinju (Slovenia). All non-controlling interests are subject to put/call options and accounted for using the present ownership method. Therefore, this acquisition is accounted for as if the Group had purchased 100% of shares in Avera, and consequently it does not recognize any non-controlling interests.

The total purchase price determined as at the acquisition date was EUR 4.5 million and it comprised: the consideration of EUR 2.7 million paid on the transaction date, the fair value of conditional payments depending on financial results achieved by the acquired company in the amount of EUR 1.2 million, as well as the fair value of liabilities under put options held by non-controlling shareholders in the amount of EUR 0.6 million.

Until 31 December 2023, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of Avera d.o.o. as disclosed below may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of Avera as at the date of obtaining control are presented below (converted at the exchange rate of PLN/EUR effective on the acquisition date):

	Provisional values as at the acquisition date EUR'000	Provisional values as at the acquisition date PLN'000	Level in fair value hierarchy
Assets acquired			
Property, plant and equipment	1	4	3
Intangible assets	-	-	3
Right-of-use assets	56	244	3
Trade receivables	689	3,000	3
Inventories	144	627	3
Cash and cash equivalents	1,484	6,462	3
Other assets	6	26	3
Total assets	2,380	10,363	
Liabilities acquired			
Lease liabilities	56	244	3
Trade payables	157	684	3
Contract liabilities	-	-	3
Liabilities to the state and local budgets	148	644	3
Other liabilities	21	91	3
Total liabilities	382	1,663	
Net assets value	1,998	8,700	
Equity interest acquired	100%*	100%*	
Value of non-controlling interests	-	-	
Purchase price	4,482	19,516	
Goodwill as at the acquisition date	2,484	10,816	

*The acquisition has been accounted for using the present ownership method due to the put/call options contained in the company acquisition agreement. Figures converted to PLN at the exchange rate effective on the acquisition date, i.e. 28 November 2023: EUR 1 = PLN 4.3542

Input data were derived from the company's financial statements drawn up as at 30 November 2023. The input data were prepared in accordance with the ASEE Group's accounting policy.

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

Acquisition-related expenses were recognized in the statement of profit and loss.

iv. Acquisition of shares in Dwelt d.o.o. Banja Luka

On 20 December 2023, ASEE d.o.o. Sarajevo acquired 60% of shares in Dwelt d.o.o., a company based in Banja Luka (Bosnia and Herzegovina). All non-controlling interests are subject to put/call options and accounted for using the present ownership method. Therefore, this acquisition is accounted for as if the Group had purchased 100% of shares in Dwelt, and consequently it does not recognize any non-controlling interests.

The total purchase price determined as at the acquisition date was BAM 51 million and it comprised: the consideration of BAM 7.8 million paid on the transaction date, the fair value of conditional payments depending on financial results achieved by the acquired company in the amount of BAM 11.6 million, as well as the fair value of liabilities under put options held by non-controlling shareholders in the amount of BAM 31.7 million.

Until 31 December 2023, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of Dwelt d.o.o. as disclosed below may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of Dwelt as at the date of obtaining control are presented below (converted at the exchange rate of PLN/BAM effective on the acquisition date):

	Provisional values as at the acquisition date BAM'000	Provisional values as at the acquisition date PLN'000	Level in fair value hierarchy
Assets acquired			
Property, plant and equipment	210	464	3
Intangible assets	29	64	3
Right-of-use assets	543	1,200	3
Trade receivables	654	1,445	3
Cash and cash equivalents	1,005	2,221	3
Other assets	13	29	3
Total assets	2,454	5,423	
Liabilities acquired			
Lease liabilities	543	1,200	3
Trade payables	50	111	3
Liabilities to the state and local budgets	1,157	2,557	3
Other liabilities	-	-	3
Total liabilities	1,750	3,868	
Net assets value	704	1,555	
Equity interest acquired	100%*	100%*	
Value of non-controlling interests	-	-	
Purchase price	51,071	112,877	
Goodwill as at the acquisition date	50,367	111,322	

*The acquisition has been accounted for using the present ownership method due to the put/call options contained in the company acquisition agreement. Figures converted to PLN at the exchange rate effective on the acquisition date, i.e. 20 December 2023: BAM 1 = PLN 2.2102

Input data were derived from the company's financial statements drawn up as at 31 December 2023. The input data were prepared in accordance with the ASEE Group's accounting policy.

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

Acquisition-related expenses were recognized in the statement of profit and loss.

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

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

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

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

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

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

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

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

vi. Allocation of the purchase price of shares in Helius Systems Sh.p.k.

On 27 September 2022, Asseco SEE Sh.p.k. (Kosovo) signed an agreement to acquire 70% of shares in Helius Systems Sh.p.k., a company based in Albania. The Group obtained control over Helius company after the acquisition had been entered into the Albanian register of commercial companies which took place 19 October 2022. The total purchase price equalled EUR 6.9 million. The purchase price includes conditional payments in the amount of EUR 2.0 million depending on financial results achieved by the acquired company. All non-controlling interests are subject to put/call options and accounted for using the present ownership method. As at the acquisition date, the value of put options was measured at purchase price amounting to EUR 2.3 million, while the carrying amount of non-controlling interests stood at 0.

As at 30 September 2023, the process of purchase price allocation has already been completed by the Group. The fair values of identifiable assets and liabilities of Helius Systems as at the date of obtaining control are presented below (converted at the exchange rate of PLN/ALL effective on the acquisition date):

	Provisional values as at the acquisition date ALL'000	Provisional values as at the acquisition date PLN'000	Fair values as at the acquisition date ALL'000	Fair values as at the acquisition date PLN'000	Level in fair value hierarchy
Assets acquired					
Property, plant and equipment	10,998	450	10,998	450	3
Intangible assets, of which:	450	18	120,230	4,924	3
<i>Intangible assets recognized as at the acquisition date (PPA)</i>	-	-	119,780	4,906	3
Right-of-use assets	8,107	332	8,107	332	3
Investments accounted for using the equity method	4,569	187	4,569	187	3
Trade receivables	42,486	1,740	42,486	1,740	3
Financial assets	6,633	272	6,633	272	3
Cash and cash equivalents	58,015	2,376	58,015	2,376	3
Other assets	1,739	71	1,739	71	3
Total assets	132,997	5,446	252,777	10,352	
Liabilities acquired					
Lease liabilities	8,107	332	8,107	332	3
Trade payables	5,790	237	5,790	237	3
Contract liabilities	6,447	264	6,447	264	3
Liabilities to the state and local budgets	19,560	801	19,560	801	3
Prepayments and accrued income	3,151	129	3,151	129	3
Deferred tax liabilities, of which:	-	-	5,989	245	3
<i>Deferred tax liabilities on intangible assets recognized as at the acquisition date (PPA)</i>	-	-	5,989	245	3
Other liabilities	650	27	650	27	3
Total liabilities	43,705	1,790	49,694	2,035	
Net assets value	89,292	3,656	203,083	8,317	
Equity interest acquired	100%*	100%*	100%*	100%*	
Value of non-controlling interests	-	-	-	-	
Purchase price	813,078	33,302	813,078	33,302	
Goodwill as at the acquisition date	723,786	29,646	609,995	24,985	

*The acquisition has been accounted for using the present ownership method due to the put/call options contained in the company acquisition agreement. Figures converted to PLN at the exchange rate effective on the acquisition date, i.e. 19.10.2022: ALL 1 = PLN 0.0410

Input data were derived from the company's financial statements drawn up as at 31 October 2022. The input data were prepared in accordance with the ASEE Group's accounting policy.

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

In the consolidated financial statements of ASEE Group, goodwill arising from the acquisition of Helius Systems was allocated to the Banking Solutions segment in the amount of PLN 16,240 thousand and to the Payment Solutions segment in the amount of PLN 8,745 thousand.

Acquisition-related expenses were recognized in the statement of profit and loss.

6.5. Impairment tests

Selected accounting policies

At each reporting date, the Group determines whether there are any indications of impairment of non-financial fixed assets. In the event such indications occur, or when it is necessary to carry out an annual impairment test, the Group estimates the recoverable amount of a given asset or cash-generating unit to which such asset has been allocated.

The recoverable amount of an asset or cash-generating unit corresponds to the fair value of such asset or cash-generating unit less the costs necessary to make the sale of such asset or cash-generating unit, or to the value in use of such asset or cash-generating unit, whichever is higher. The recoverable amount is measured for individual assets unless a given asset does not generate cash flows significantly independent from cash flows generated by other assets or groups of assets. Impairment takes place when the carrying value of an asset is higher than its recoverable amount, in which case such asset shall be written-down to the determined recoverable

amount. In order to determine the value in use, estimated future cash flows shall be discounted to their present value by applying a discount rate that reflects the current market assessments of the time value of money and the risks related to the given asset. Impairment losses on assets used in continuing operations are recognized as operating expenses.

At each reporting date, the Group determines whether there are any indications for reversal or reduction of an impairment charge that was recognized on a given asset in the prior periods. If such indications exist, the Group needs to estimate the recoverable amount of the relevant asset. A formerly recognized impairment charge may be reversed only when estimates applied for determination of the recoverable amount of the relevant asset have changed since the time of the last recognition of impairment. If this is the case, the carrying value of such asset shall be increased to its recoverable amount. The increased amount cannot exceed the given asset's book value (net of depreciation) that would be carried in case no impairment charge was recognized on such asset in the prior years. A reversal of an impairment charge shall be immediately recognized as a reduction of operating expenses. Following a reversal of an impairment loss, the depreciation charges made on the relevant asset during subsequent financial periods shall be adjusted in such a way as to enable systematic depreciation of the asset's verified book value (net of residual value) over the remaining period of its useful life.

Goodwill – impairment tests

After initial recognition, goodwill is accounted for at purchase cost less any accumulated impairment charges. Goodwill is tested for impairment on an annual basis, or more frequently if there are indications to do so. Goodwill is not subject to amortization. As at the acquisition date, the acquired goodwill is allocated to every cash-generating unit which may benefit from synergy effects of the related business combination. Each cash-generating unit or group of units to which goodwill is so allocated shall represent the lowest level within the Group at which goodwill is monitored for internal management purposes; and not be larger than any operating segment identified in accordance with IFRS 8 'Operating Segments'. An impairment loss is determined by estimating the recoverable amount of a cash-generating unit to which goodwill has been allocated. In the event the recoverable amount of a cash-generating unit is lower than its carrying value, an impairment charge shall be recognized. It is not possible to reverse any impairment loss that was previously recognized on goodwill.

In the event a cash-generating unit contains goodwill and a part of operation of this cash-generating unit is sold, goodwill related to the operation disposed shall be included in its carrying value for the purpose of determining a gain or loss on disposal of that operation. In such circumstances the value of goodwill sold shall be measured as a proportion of the value of operation disposed to the value of the portion of the cash-generating unit retained, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

Estimates

Each impairment test requires making estimates of the value in use of cash-generating units or groups of cash-generating units to which goodwill and/or intangible assets with indefinite useful life have been allocated. The value in use is estimated by determining both the future cash flows expected to be achieved from the cash-generating unit or units and a discount rate to be subsequently used in order to calculate the net present value of those cash flows.

Goodwill is presented in the consolidated financial statements in a breakdown corresponding to the Group's operating segments, i.e. Banking Solutions, Payment Solutions, and Dedicated Solutions.

Goodwill is subject to impairment testing on an annual basis and it was tested for impairment as at 31 December 2023.

The starting point for determining the value of cash generating units to which goodwill has been allocated was to estimate the recoverable amount of our investments in subsidiaries, in a breakdown by business units constituting the Group's operating segments. Subsequently, the recoverable amounts of individual business units from various subsidiaries were aggregated by operating segments to which they were assigned, together creating the value of the cash-generating unit to which goodwill was allocated.

The recoverable amount of investments in subsidiaries as at 31 December 2023 was determined on the basis of their value in use, applying the forecasted free cash flow to firm (FCFF) based on the financial forecasts approved by our management personnel.

The calculations were based on the following uniform assumptions:

- the budgets and forecasts of individual subsidiaries were analyzed in a breakdown to operating segments;
- the detailed forecast covered the period of 5 years at minimum. The first year data were adopted based on the budgets, while forecasted changes in cash flows were assumed for subsequent years;
- the assumed changes in cash flows depend upon the strategy of the entire Group and plans of individual companies, taking due account of conditions prevailing in particular geographical markets and sectors, and at the same time reflecting the present and potential order backlog. The potential order backlog presumes gaining new clients whilst keeping the present ones. The assumed changes are not materially different from average growth observed in relevant markets;
- the cash flow forecasts for foreign subsidiaries are determined in their functional currencies. Subsequently, in order to determine the recoverable amount of our segments, they are translated into

PLN at the exchange rate of 31 December 2023. The revenue growth rate, which is calculated as the compound annual growth rate (CAGR) in the period of detailed forecast, equalled: 4.64% for the Banking Solutions segment, 11.04% for the Payment Solutions segment, and 11.17% for the Dedicated Solutions segment;

- the discount rates applied were equivalent to the weighted average cost of capital determined for individual subsidiaries (a single discount rate was applied for different business segments within one subsidiary). Particular components of the adopted discount rates were determined taking into account the market values of risk-free interest rates, the beta coefficient leveraged to reflect the average market debt/equity ratio, as well as the expected market yield. The discount rate ranged from 9% to 67.8% depending on the market where the segment section operates.

Presented below are the levels of discount rates, in a breakdown by countries in which our subsidiaries operate:

Country of the company's seat	31 December 2023	31 December 2022
Albania / Kosovo	13.1% - 16.9%	17.43% - 19.73%
Bosnia and Herzegovina	16.7% - 18.7%	20.59% - 22.7%
Bulgaria	10.1%	13.5%
Croatia	9.1% - 9.9%	11.01% - 11.91%
Czechia / Slovakia	9.0% - 9.4%	10.03% - 11.41%
Montenegro	13.9% - 15.5%	17.01% - 18.69%
Spain	9.0%	10.1%
Macedonia	12.8% - 14.2%	15.56% - 17.05%
Romania / Moldova	11.7% - 13.9%	18.07% - 19.28%
Serbia	12.2% - 14.6%	16.5% - 17.68%
Slovenia	9.3%	10.5%
Turkey	46.1% - 67.8%	29.73% - 31.29%

Based on the conducted tests, we did not recognize any impairment losses on goodwill in the year ended 31 December 2023 or in the comparable period.

Additionally, the Parent Company carried out a sensitivity analysis of the goodwill impairment tests. The analysis of sensitivity shows how much the recoverable amount is going to change if the discount rate is increased by 1 pp with other assumptions remaining constant, or if the revenue growth rate is decreased by 1 pp with other assumptions remaining constant.

The results of such sensitivity analysis carried out as at 31 December 2023 are presented in the following table:

	Discount rate Change by 1 pp	Sales revenue growth rate Change by 1 pp
Banking Solutions	(47,170)	(97,098)
Payment Solutions	(153,264)	(225,601)
Dedicated Solutions	(57,433)	(94,050)

Any reasonable modification of the key assumptions adopted in the model of valuation of goodwill allocated to our operating segments should not indicate a necessity of recognizing any goodwill impairment charges.

6.6. Other financial assets

Selected accounting policies

The Group classifies its financial assets to the following measurement categories specified in IFRS 9:

- measured at fair value through other comprehensive income
- measured at amortized cost
- measured at fair value through profit or loss.

The Group classifies its financial assets based on the Group's business model for managing financial assets and considering the characteristics of contractual cash flows for a particular financial asset. The Group reclassifies its investments in debt securities if, and only if, the model adopted for managing such assets is modified.

At initial recognition, the Group classifies its investments in equity instruments (other than investments in subsidiaries and associates),

which are not held for trading and not quoted in an active market, as measured at fair value through other comprehensive income. Whereas, investments in derivative instruments and equity instruments quoted in an active market are measured at fair value through profit or loss.

Measurement at initial recognition

With the exception of some trade receivables, the Group's financial assets are initially recognized at fair value. In the case of financial assets that are not classified as measured at fair value through profit or loss, at the time of initial recognition, the entity may increase their fair value by transaction costs directly attributable to their acquisition.

Measurement after initial recognition

Measurement of financial assets at amortized cost

Financial assets that are measured by the Group at amortized cost include: cash and cash equivalents, loans granted (which pass the SPPI classification test), assets from contracts with customers, trade receivables, as well as other receivables which are in the scope of IFRS 9.

Trade receivables with a maturity of less than 12 months are measured at an amount due for payment, less any allowance for expected losses. Long-term receivables that are within the scope of IFRS 9 are discounted as at the reporting date.

The Group measures its financial assets at amortized cost using the effective interest method.

Interest income on investments in debt securities is recognized by the Group as financial income. On disposal of investments in debt securities, the Group recognizes cumulative gains/losses through profit or loss.

Measurement of financial assets at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met: (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that are measured by the Group at fair value through other comprehensive income include: treasury and corporate bonds, as well as investments in equity instruments of companies not quoted in an active market.

Interest income on investments in debt securities is recognized by the Group as financial income. Dividends on equity instruments measured at fair value through other comprehensive income are recognized by the Group as financial income.

On disposal of investments in debt securities, the Group recognizes cumulative gains/losses through profit or loss. At the time of derecognition of an investment in equity instruments measured at fair value through other comprehensive income, cumulative gains or losses arising from the fair value measurement of that investment that were previously recognized in other comprehensive income, are not reclassified by the Group to profit or loss. However, such revaluation gains and losses may be transferred to another item within equity, for example to retained earnings.

Measurement of financial assets at fair value through profit or loss

Changes in the fair values of financial assets classified to this category are recognized by the Group through profit or loss. Interest income and dividends received on equity instruments quoted in an active market are recognized as financial income.

Derecognition

A financial asset is derecognized by the Group when: (i) the contractual rights to the cash flows from the financial asset expire, or (ii) the contractual rights to the cash flows from the financial asset have been transferred by the Group along with substantially all the risks and rewards of ownership of the financial asset.

Impairment of financial assets

In line with IFRS 9, impairment of financial assets is estimated based on the expected loss model. The model applies to financial assets measured at amortized cost as well as to financial assets measured at fair value through other comprehensive income, except for investments in equity instruments.

In order to estimate impairment losses on financial assets, the Group applies the following approaches:

- general approach,
- simplified approach.

The Group applies the general approach for financial assets measured at fair value through other comprehensive income as well as for financial assets measured at amortized cost, except for receivables and contract assets.

Under the general approach, the Group estimates impairment losses on financial assets using a three-stage model based on changes in the credit risk of financial assets since their initial recognition.

Where the credit risk of financial assets has not increased significantly since initial recognition (stage 1), the Group estimates an allowance for 12-month expected credit losses. Where the credit risk of financial assets has increased significantly since initial recognition (stages 2 and 3), the Group estimates an allowance for expected credit losses over the lifetime of financial instruments.

At each reporting date, the Group analyzes if there are indications of a significant increase in the credit risk of financial assets held.

In the case of trade receivables and assets from contracts with customers, the Group applies the simplified approach and therefore changes in credit risk are not monitored, while an impairment allowance is measured at an amount equal to expected credit losses over the lifetime of receivables. Detailed information on estimating impairment losses has been provided in explanatory note 6.8 to these consolidated financial statements.

Both as at 31 December 2023 and 31 December 2022, apart from receivables and cash and cash equivalents described in other notes, the Group also held other financial assets as presented in the table below.

	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term (restated)	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Financial assets carried at fair value through profit or loss, of which:				
Currency forward contracts	-	167	-	19
Shares in companies not quoted in an active market	-	167	-	27
Other financial assets	338	-	-	-
	338	334	-	46
Financial assets carried at fair value through other comprehensive income, of which:				
Shares in companies quoted in an active market	29	1	28	1
Shares in companies not quoted in an active market	21	-	22	-
Other financial assets	491	575	1,035	-
	541	576	1,085	1
Financial assets carried at amortized cost, of which:				
Loans granted, of which:	3	57	15	63
<i>granted to related parties</i>	-	-	-	-
<i>granted to employees</i>	3	57	15	63
<i>granted to other entities</i>	-	-	-	-
Corporate bonds	110	-	-	-
Cash deposits	1,029	206	1,324	209
	1,142	263	1,339	272
Total other financial assets	2,021	1,173	2,424	319

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

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

In the period of 12 months ended 31 December 2023, the Group did not change its methods for measuring the fair value of financial instruments carried at fair value nor did it transfer any instruments between individual levels of the fair value hierarchy.

Both as at 31 December 2023 and 31 December 2022, the fair values of financial assets were not significantly different from their book values.

As at 31 December 2023	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial assets carried at fair value through profit or loss				
Currency forward contracts	167	-	167	-
Shares in companies not quoted in an active market	167	-	-	167
Other financial assets	338	-	-	338
Total	672	-	167	505
Financial assets carried at fair value through other comprehensive income				
Shares in companies quoted in an active market	30	30	-	-
Shares in companies not quoted in an active market	21	-	-	21
Other financial assets	1,066	-	-	1,066
Total	1,117	30	-	1,087

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

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

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

As at 31 December 2022	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial assets carried at fair value through profit or loss				
Currency forward contracts	19	-	19	-
Shares in companies not quoted in an active market	27	-	-	27
Total	46	-	19	27

Financial assets carried at fair value through other comprehensive income				
Shares in companies quoted in an active market	29	29	-	-
Shares in companies not quoted in an active market	22	-	-	22
Other financial assets	1,035	-	-	1,035
Total	1,086	29	-	1,057

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

6.7. Prepayments and accrued income

Selected accounting policies

Prepayments comprise expenses incurred before the end of the reporting period that relate to future periods or to future revenues. Prepayments include in particular: (i) prepaid third-party services (inclusive of maintenance services) which shall be provided in future periods, (ii) advance payments of insurance, subscription, rental fees, etc., and (iii) any other expenses incurred in the current period but related to future periods.

Moreover, the Group capitalizes the costs incurred in obtaining a contract with a customer or in fulfilling a contract with a customer, if those costs are expected to be recovered by the Group.

Costs of contracts with customers

The costs of obtaining a contract are those additional (incremental) costs incurred by the Group in order to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognizes such costs as an asset if it expects to recover those costs. Such capitalized costs of obtaining a contract shall be amortized over a period when the Group satisfies the performance obligations arising from the contract.

As a practical expedient, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group would have otherwise recognized is one year or less.

Costs to fulfil a contract are the costs incurred in fulfilling a contract with a customer. The Group recognizes such costs as an asset if they are not within the scope of another standard (for example, IAS 2 'Inventories', IAS 16 'Property, Plant and Equipment' or IAS 38 'Intangible Assets') and if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract with a customer,
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and
- the costs are expected to be recovered by the Group.

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

	31 December 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Prepaid services, of which:	2,799	51,828	1,451	46,204
<i>maintenance services, license and subscription fees</i>	1,827	44,481	1,254	39,200
<i>insurances</i>	-	2,661	-	1,719
<i>rents and averaged instalments under operating leases</i>	106	427	-	363
<i>prepaid consulting services</i>	-	275	-	24
<i>other services</i>	866	3,984	197	4,898
Expenses related to services performed for which revenues have not been recognized yet	-	694	-	687
Other prepayments and accrued income	289	1,382	3	1,117
Total	3,088	53,904	1,454	48,008

6.8. Receivables and contract assets

Selected accounting policies

Contract assets represent the right to payment in exchange for goods or services that the entity transferred to the customer.

Contract assets include receivables arising from valuation of IT contracts and from uninvoiced deliveries. Receivables from valuation of IT contracts result from the excess of the percentage of completion of implementation contracts over invoices issued. In the case of such assets, the Group has fulfilled its performance obligation but the right to payment is conditioned on something other than just the passage of time, which distinguishes contract assets from trade receivables. Receivables from uninvoiced deliveries arise from the supply of services which were performed during the reporting period (the Group has completed its performance obligation), but have not been invoiced until the end of the reporting period.

Trade receivables represent receivables arising from the sale of goods and services, as well as receivables from operating leases. Trade receivables, usually with payment terms ranging from 14 and 30 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for doubtful receivables. Receivables with remote payment terms are recognized at the present value of expected payments, less any allowances for expected credit losses.

Allowances for trade receivables

In estimating an allowance for trade receivables, the Company applies the simplified approach whereby the impairment allowance is measured at an amount equal to expected credit losses over the lifetime of receivables. In order to estimate such expected credit losses, the Group uses a provisioning matrix prepared on the basis of historical payments received from customers, where appropriate adjusted by the impact of forward-looking information. For this purpose, the Group allocates its customers into homogeneous groups from which receivables are statistically analyzed in respect of aging and collection, based on data from minimum 2 years back. The amount of impairment allowances is revised at each reporting date.

For trade receivables that are past-due more than 180 days, apart from the statistical method of estimating the amount of impairment loss based on the provisioning matrix, the Group also applies individual approach. For each amount of trade receivables that is significant and past-due more than 180 days, the management shall exercise professional judgment taking into account the contractor's financial standing and general market conditions.

Impairment allowances for trade receivables and contract assets are recognized under operating activities.

In the case of other receivables and other financial assets, impairment allowances are measured at an amount equal to the 12-month expected credit losses. Where the credit risk on a financial instrument has increased significantly since initial recognition, the Group shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

Allowances for other receivables are recognized under other operating activities or under financial activities if such receivables resulted from the sale of investments or other activities whose costs and revenues are by principle disclosed in financial activities. Allowances for accrued interest receivables are recognized as financial expenses.

If the cause for recognition of an allowance is no longer valid, such allowance shall be reversed in the whole amount or appropriate portion, and increase in the value of the relevant asset.

Estimates

Each time, the Group exercises professional judgment involving the assessment of the percentage of completion of IT implementation contracts in relation to invoices issued. Similarly, a certain amount of estimates and professional judgment is needed in allocating the transaction price to individual performance obligations, which in turn affects the recognition of receivables/assets from contracts with customers.

The Group estimates the amount of allowances for receivables and assets from contracts with customers in accordance with the requirements of IFRS 9 'Financial Instruments'. In the simplified approach, this requires a statistical analysis which in principle involves making certain assumptions and applying professional judgment.

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

	31 December 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade receivables, of which:	-	299,114	-	290,358
Trade receivables:	-	301,306	-	291,539
from related parties	-	744	-	925
from other entities	-	300,562	-	290,614
Receivables from operating leases	-	8,291	-	9,229
Allowances for trade receivables	-	(10,483)	-	(10,410)
Corporate income tax receivable	-	2,693	-	2,433
Receivables from the state and local budgets	-	5,044	-	3,806
Value added tax	-	3,793	-	1,406
Other	-	1,251	-	2,400
Other receivables	7,274	79,663	7,886	23,822
Receivables from payment transactions processed	-	71,493	-	17,427
Security deposits receivable	682	1,199	758	1,387
Other receivables	6,592	7,764	7,128	5,095
Allowances for other receivables	-	(793)	-	(87)
Total receivables	7,274	386,514	7,886	320,419

The balance of other short-term receivables includes, among others, restricted cash intended for settlement of other liabilities arising from payment transactions, receivables relating to guarantees of due performance of contracts (i.e. security deposits provided to customers in order to compensate for their potential losses in case we fail to fulfil any contractual obligations), receivables from disposal of tangible assets, receivables from security deposits paid-in, receivables from the sale of shares in subsidiaries, as well as other receivables.

The balance of other long-term receivables includes deferred payments for shares in Payten Holding S.A. which were sold to the managers of ASEE Group companies in 2022. Detailed information on this transaction has been provided in explanatory note 5.2.

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

Contract assets	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
Uninvoiced receivables	-	27,329	-	14,375
from related parties	-	-	-	26
from other entities	-	27,329	-	14,349
Receivables from valuation of IT contracts	-	73,811	-	64,364
from related parties	-	462	-	727
from other entities	-	73,349	-	63,637
Allowances	-	(6,036)	-	-
Total contract assets	-	95,104	-	78,739

Changes in the value of assets from contracts with customers that took place during the period of 12 months ended 31 December 2023 and in the comparable period are presented below:

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Contract assets as at 1 January	78,739	44,233
Reclassification of contract assets due to obtaining an unconditional right to payment	(162,665)	(88,320)
Fulfilment of new uninvoiced performance obligations; changes in estimated transaction prices, modification of other assumptions	190,887	121,659
Allowances	(6,036)	-
Obtaining control over subsidiaries	-	577
Exchange differences on translation of foreign operations	(5,821)	590
Contract assets as at 31 December	95,104	78,739

Related party transactions have been presented in explanatory note 6.20 to these consolidated financial statements.

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

The table below presents the ageing structure of receivables as at 31 December 2023.

	31 December 2023					
	Amount before allowance (gross)		Allowance		Amount after allowance (net)	
	PLN'000	%	PLN'000	%		
Receivables not yet due	254,410	82%	(624)	6%	253,786	85%
Past-due receivables	55,187	18%	(9,859)	94%	45,328	15%
Receivables past-due up to 3 months	35,574	11%	(643)	6%	34,931	12%
Receivables past-due from 3 to 6 months	7,497	2%	(417)	4%	7,080	2%
Receivables past-due from 6 to 12 months	4,578	1%	(2,367)	23%	2,211	1%
Receivables past-due over 12 months	7,538	2%	(6,432)	61%	1,106	0%
Book value of trade receivables	309,597		(10,483)		299,114	

The table below presents the ageing structure of receivables as at 31 December 2022:

	31 December 2022					
	Amount before allowance (gross)		Allowance		Amount after allowance (net)	
	PLN'000	%	PLN'000	%		
Receivables not yet due	220,919	73%	(1,577)	15%	219,342	76%
Past-due receivables	79,849	27%	(8,833)	85%	71,016	24%
Receivables past-due up to 3 months	51,033	17%	(783)	8%	50,250	17%
Receivables past-due from 3 to 6 months	19,575	7%	(281)	3%	19,294	7%
Receivables past-due from 6 to 12 months	2,530	1%	(1,388)	13%	1,142	0%
Receivables past-due over 12 months	6,711	2%	(6,381)	61%	330	0%
Book value of trade receivables	300,768		(10,410)		290,358	

Changes in the amount of allowances for trade receivables and contract assets during the period of 12 months ended 31 December 2023 and in the comparable period are presented in the table below:

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Allowances for trade receivables and contract assets		
Allowances as at 1 January	(10,410)	(7,696)
Recognized during the reporting period	(14,921)	(8,043)
Utilized during the reporting period	1,311	170
Reversed during the reporting period	6,126	6,153
Obtaining control over subsidiaries	(85)	(1,365)
Loss of control over subsidiaries	-	45
Foreign exchange differences	1,460	326
As at 31 December	(16,519)	(10,410)

6.9. Inventories

Selected accounting policies

The Group distinguishes two categories of inventories: goods for resale, and service parts (spare parts and computer hardware that have been purchased for the purposes of maintenance service contracts).

Inventories are measured by the Group at the lower of the following two values: purchase cost/production cost or net value realizable upon sale.

The initial value of service parts is expensed on a straight-line basis over the duration of the maintenance service contract, for which such parts have been purchased. The value of consumed inventories is measured using the specific identification method.

At each reporting date, the Group analyzes whether the carrying value of inventories is higher than or equal to their net realizable value. Impairment losses on inventories are recognized as operating expenses.

The table below presents inventories as at 31 December 2023 and in the comparable period:

Inventories	31 December 2023	31 December 2022
	PLN'000	PLN'000
Computer hardware, third-party software licenses and other goods for resale	98,136	58,756
Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services	17,527	15,145
Impairment losses on inventories	(17,791)	(16,856)
Total	97,872	57,045

Changes in the amount of impairment losses on inventories during the period of 12 months ended 31 December 2023 and in the comparable period are presented in the table below:

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Impairment losses on inventories		
Impairment losses as at 1 January	(16,856)	(16,058)
Recognized during the reporting period	(6,235)	(5,217)
Utilized during the reporting period	455	58
Reversed during the reporting period	3,507	4,695

Obtaining of control over subsidiaries	(24)	-
Loss of control over subsidiaries	-	11
Foreign exchange differences	1,362	(345)
As at 31 December	(17,791)	(16,856)

6.10. Cash and cash equivalents

Selected accounting policies

Cash and cash equivalents presented in the statement of financial position comprise cash at bank and on hand, short-term bank deposits with original maturities not exceeding 3 months, and other highly liquid instruments.

The balance of cash and cash equivalents disclosed in the consolidated statement of cash flows consists of the above-defined cash and cash equivalents. For the purposes of the statement of cash flows, the Group decided not to include bank overdraft facilities (used as an element of financing for current operations) in the balance of cash and cash equivalents.

The table below presents cash and cash equivalents as at 31 December 2023 and in the comparable period:

	31 December 2023	31 December 2022
	PLN'000	PLN'000
Cash at bank and on hand	239,652	241,982
Short-term bank deposits (up to 3 months)	70,022	55,923
Cash in transit and other cash equivalents	3,438	129
Total cash and cash equivalents as disclosed in the statement of financial position	313,112	298,034
Interest accrued on cash and cash equivalents	(43)	(10)
Bank overdraft facilities utilized for current liquidity management	(27,772)	(33,260)
Total cash and cash equivalents as disclosed in the cash flow statement	285,297	264,764

As at 31 December 2023, cash in the amount of PLN 10,096 thousand held in bank accounts of ASEE S.A. and Payten Holding S.A. was subject to a registered pledge in order to secure the repayment of a bank loan. As at the reporting date, liabilities under the loan secured with these assets amounted to PLN 33,914 thousand.

6.11. Share capital and share premium

Share capital

The Parent Company's share capital as at 31 December 2023 and in the comparable period amounted to PLN 518,942,510.00 and has been fully paid up. The share capital is divided into 51,894,251 ordinary shares with a par value of PLN 10 each. The Parent Company has not issued any preference shares. The Parent Company's authorized capital is equal to its share capital.

Share premium

Equity includes share premium in the amount of PLN 30,395 thousand arising from the issuances of shares of series L, M and N, which was decreased by the incurred share issuance costs of PLN 3,605 thousand (recognized in 2009), as well as share premium in the amount of PLN 11,759 thousand arising from the issuance of shares of series P, R and S, which was decreased by the incurred share issuance costs of PLN 84 thousand (recognized in 2010). The share premium was additionally increased by the amount of PLN 396 thousand due to the reversal of a provision for issuance related expenses, and decreased by other costs of PLN 35 thousand.

6.12. Non-controlling interests

Selected accounting policies

For each acquisition of a subsidiary company, the Group measures the value of non-controlling interests as at the acquisition date using the method of proportionate share in identifiable net assets of the entity acquired, or at fair value.

The table below presents changes in non-controlling interests:

	31 December 2023	31 December 2022
	PLN'000	PLN'000
As at 1 January	8,515	4,157
Share in profits of subsidiaries	7,966	7,728
Obtaining control over subsidiaries	-	4
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))	1,371	51
Dividends paid out to non-controlling shareholders	(9,098)	(3,797)
Exchange differences on translation of foreign operations	(944)	372
As at 31 December	7,810	8,515

The line 'Transactions with non-controlling interests' presents changes in non-controlling interests resulting from:

- changes in equity interest / voting rights in a subsidiary that do not result in a loss of control over the subsidiary or purchase of additional shares in the subsidiary. In 2023, this item represented basically the acquisition of a portion of non-controlling interests in Necomplus Spain. The Group's equity interest in Necomplus Spain increased from 67.659% to 84.969%. In 2022, this item represented basically the sale of a 0.93% stake in Payten Holding S.A. to the managers of ASEE Group. In addition, the Group purchased shares in IPS company from its non-controlling shareholders; these shares were subject to a put option in previous years;
- settlement of a contingent financial liability to non-controlling shareholders (put options) if the purchase agreement does not provide for the transfer to the parent company of benefits incidental to ownership of equity instruments subject to a put option. At each reporting date non-controlling interests (to which a portion of net profit attributable to non-controlling interests is still allocated) are reclassified by the Group as a financial liability, as if such puttable equity instrument was purchased on that date. In 2023, this item was related to the reclassification of puttable non-controlling interests in Necomplus Spain.

6.13. Lease liabilities

Selected accounting policies

Lease liabilities – initial recognition

At the lease commencement date, the Group measures the lease liability at the present value of lease payments outstanding at that date. The lease payments are discounted by the Group using the incremental borrowing rate. The lease payments comprise: fixed payments (including in-substance fixed lease payments), less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable under residual value guarantees; the exercise price of a purchase option (if the Group is reasonably certain to exercise that option); and payments of penalties for terminating the lease (if the Group is reasonably certain to exercise that option).

Variable lease payments that do not depend on an index or a rate are immediately recognized as expenses in the period in which the event or condition that triggers those payments occurs.

Lease liabilities – subsequent measurement

In subsequent periods, the amount of the lease liability is reduced by the lease payments made and increased by interest accrued on that liability. Such interest is calculated by the Group using the lessee's incremental borrowing rate, which constitutes the sum of the risk-free interest rate (being determined by the Group companies based on the quotations of relevant IRS derivatives or interest rates on government bonds for relevant currencies) and the credit risk premium for the Group companies (being quantified on the basis of margins offered to the Group companies on investment loans adequately secured with assets of these companies).

If a lease contract is subject to modification involving a change in the lease term, a revised amount of in-substance fixed lease payments, or a change in the assessment of an option to purchase the underlying asset, then the lease liability shall be remeasured to reflect such changes. Remeasurement of the lease liability requires making a corresponding adjustment to the right-of-use asset.

Estimates

The lease payments are discounted by the Group using the incremental borrowing rate that needs to be determined on the basis of the risk-free interest rate and the credit risk premium for the Group companies, which is quantified on the basis of margins offered to the Group companies on investment loans adequately secured with assets of these companies.

Some lease contracts contain options to extend or terminate the lease. The Group also concludes contracts for an indefinite period. The Management exercises judgment in order to determine the period over which it can be reasonably assumed that such contracts will be continued.

As at 31 December 2023, the Group was a lessee under lease contracts. Assets leased under such contracts included:

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

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

Lease liabilities	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Leases of real estate	24,331	13,920	21,233	15,104
Leases of transportation vehicles	5,272	3,074	4,369	3,696
Leases of IT hardware and other assets	264	839	98	618
	29,867	17,833	25,700	19,418

Leases of real estate

Net value of office buildings which are held under lease contracts amounted to PLN 36,907 thousand as at 31 December 2023, as compared to PLN 34,506 thousand as at 31 December 2022.

Future minimum cash flows and liabilities arising from leases of real estate are as follows:

	31 December 2023	31 December 2022
	PLN'000	PLN'000
Minimum lease payments		
in the period shorter than 1 year	15,908	16,044
in the period from 1 to 5 years	26,245	21,374
in the period longer than 5 years	796	873
Future minimum lease payments	42,949	38,291
Future interest expenses	(4,698)	(1,954)
Present value of lease liabilities	38,251	36,337
in the period shorter than 1 year	13,920	15,104
in the period from 1 to 5 years	23,587	20,386
in the period longer than 5 years	744	847
Lease liabilities	38,251	36,337

Within the Group, the average effective interest rate on the above-mentioned leases equalled 6.2% as at 31 December 2023.

Leases of cars, IT hardware and other assets

The net value of IT hardware, cars and other assets which are held under lease contracts amounted to PLN 9,402 thousand as at 31 December 2023, as compared to PLN 8,625 thousand as at 31 December 2022.

The aggregate future cash flows and liabilities arising from leases of cars, IT hardware and other assets are as follows:

	31 December 2023	31 December 2022
	PLN'000	PLN'000
Minimum lease payments		
in the period shorter than 1 year	4,287	4,500
in the period from 1 to 5 years	5,833	4,781
in the period longer than 5 years	-	-
Future minimum lease payments	10,120	9,281
Future interest expenses	(671)	(500)
Present value of lease liabilities	9,449	8,781

in the period shorter than 1 year	3,913	4,314
in the period from 1 to 5 years	5,536	4,467
in the period longer than 5 years	-	-
Lease liabilities	9,449	8,781

Within the Group, the average effective interest rate on the above-mentioned leases equalled 4.5% as at 31 December 2023.

The table below presents the amounts of income, expenses, profits and losses arising from lease contracts that have been recognized in the consolidated statement of profit and loss / statement of comprehensive income:

	31 December 2023	31 December 2022
	PLN'000	PLN'000
Depreciation of right-of-use assets	(21,509)	(22,002)
Interest expenses on lease liabilities	(2,081)	(1,549)
Costs of short-term leases	(15,482)	(11,270)
Costs of leases of low-value assets	(2,219)	(1,797)
Total amount recognized in the statement of profit and loss	(41,291)	(36,618)

6.14. Bank loans and borrowings

Selected accounting policies

The Group classifies its financial liabilities to the following categories:

- measured at amortized cost,
- measured at fair value through profit or loss.

Financial liabilities measured by the Group at amortized cost include bank loans, borrowings and debt securities. Other financial liabilities are measured by the Group at fair value through profit or loss, except for liabilities from the acquisition of non-controlling interests in subsidiaries (put options) that are accounted for in accordance with IFRS 3.

All bank loans and borrowings are initially recognized at their purchase cost, representing the fair value of cash received net of any transaction costs directly attributable to incurring financial liabilities.

Subsequently to initial recognition, bank loans and borrowings are measured at amortized cost using the effective interest method. Determination of the amortized cost shall take into account the costs related to obtaining a bank loan or borrowing, as well as any discounts or bonuses received upon repayment of the liability.

A financial liability is removed by the Group from its statement of financial position when it is extinguished, this is when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying value of a financial liability extinguished and the consideration paid, including any non-cash assets transferred, shall be recognized in profit or loss.

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

	Currency	Repayment date	31 December 2023		31 December 2022	
			Long-term	Short-term	Long-term	Short-term
			PLN'000	PLN'000	PLN'000	PLN'000
Bank overdraft facilities			-	27,771	-	33,260
<i>fixed interest rate</i>	BAM	14.06.2024	-	1,899	-	3,379
<i>fixed interest rate</i>	BAM	10.05.2024	-	982	-	4,036
<i>fixed interest rate</i>	BAM	24.05.2024	-	3,322	-	3,600
<i>fixed interest rate</i>	BAM	04.11.2024	-	2,219	-	5,954
<i>fixed interest rate</i>	BAM	12.01.2024	-	-	-	2
<i>fixed interest rate</i>	BAM	15.09.2023	-	-	-	8,646
<i>fixed interest rate</i>	BAM	12.05.2024	-	1,327	-	-
<i>fixed interest rate</i>	BAM	01.04.2023	-	-	-	1,920
<i>fixed interest rate</i>	BAM	28.03.2024	-	-	-	537
<i>fixed interest rate</i>	BAM	28.09.2024	-	-	-	1,200
<i>fixed interest rate</i>	BAM	29.01.2023	-	-	-	3,700
<i>fixed interest rate</i>	BAM	15.05.2023	-	-	-	14
<i>fixed interest rate</i>	BAM	28.12.2025	-	945	-	-
<i>fixed interest rate</i>	BAM	15.12.2024	-	3,324	-	-
<i>fixed interest rate</i>	BAM	28.12.2025	-	1,654	-	-
<i>fixed interest rate</i>	BAM	21.03.2024	-	1,325	-	-
<i>fixed interest rate</i>	BAM	28.12.2025	-	1,619	-	-
<i>fixed interest rate</i>	BAM	28.09.2024	-	1,107	-	-
<i>fixed interest rate</i>	BAM	28.03.2024	-	2	-	-
<i>fixed interest rate</i>	BAM	16.11.2024	-	3,320	-	-

fixed interest rate	BGN	30.04.2025	-	-	-	4
fixed interest rate	COP	04.01.2024	-	13	-	20
fixed interest rate	EUR	05.01.2024	-	46	-	97
fixed interest rate	EUR	10.03.2025	-	10	-	-
fixed interest rate	MKD	10.01.2024	-	40	-	40
fixed interest rate	TRY	05.01.2024	-	79	-	111
1M EURIBOR + margin	EUR	31.01.2024	-	897	-	-
3M EURIBOR + margin	EUR	23.02.2024	-	3,641	-	-
Other bank loans			54,124	23,839	48,635	33,195
fixed interest rate	BAM	21.12.2028	12,369	3,108	-	-
fixed interest rate	EUR	22.04.2023	-	-	-	939
fixed interest rate	EUR	30.06.2024	-	815	879	1,759
fixed interest rate	EUR	10.01.2025	542	6,503	7,626	6,453
fixed interest rate	EUR	20.04.2024	-	1,858	2,011	4,827
fixed interest rate	EUR	10.08.2023	-	-	-	2,187
fixed interest rate	EUR	30.11.2023	-	-	-	2,490
fixed interest rate	EUR	28.06.2027	974	176	-	-
fixed interest rate	EUR	05.12.2025	4,955	3,716	-	-
fixed interest rate	PEN	13.02.2023	-	-	-	15
1M EURIBOR + margin	EUR	31.07.2023	-	-	-	2,680
3M EURIBOR + margin	EUR	30.06.2024	-	1,847	1,708	3,701
3M EURIBOR + margin	EUR	29.09.2029	33,914	19	29,763	5,411
3M EURIBOR + margin	EUR	14.12.2024	-	4,348	-	-
6M EURIBOR + margin	BAM	05.02.2024	-	26	56	299
6M EURIBOR + margin	BAM	22.04.2024	-	217	235	694
6M EURIBOR + margin	BAM	25.10.2025	633	740	1,489	778
6M EURIBOR + margin	EUR	30.09.2023	-	-	-	44
6M EURIBOR + margin	EUR	08.07.2026	737	466	1,339	460
1Y EURIBOR + margin	EUR	22.06.2027	-	-	3,529	458
Total			54,124	51,610	48,635	66,455

The Group's total debt amounted to PLN 105,734 thousand as at 31 December 2023, as compared to PLN 115,090 thousand as at 31 December 2022. The total amount of debt decreased as a result of timely repayment of bank loans that were obtained for company acquisitions as well as for financing of infrastructure being used in our payment process outsourcing projects.

Total proceeds from and repayments of bank loans disclosed in the statement of cash flows for the year 2023 amounted to PLN 32,216 thousand (proceeds) and PLN 30,043 thousand (repayments).

As at 31 December 2023, tangible assets with a book value of PLN 18,350 thousand, trade receivables in the amount of PLN 31,882 thousand, cash in the amount of PLN 10,096 thousand, and financial assets (deposits) in the amount of PLN 1,160 thousand served as collateral for bank loans as well as for bank overdraft and guarantee facilities. As at 31 December 2023, liabilities that were secured with such assets amounted to PLN 53,915 thousand.

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

In the reporting period, the margins realized by lenders to ASEE Group companies ranged from 1.0 to 5.7 percentage points on an annual basis. Whereas, in the comparable period such margins ranged from 1.0 to 7.5 percentage points per annum.

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

Fair value of financial liabilities

In the period of 12 months ended 31 December 2023, the Group did not transfer any debt instruments between individual levels of the fair value hierarchy.

As at 31 December 2023 and 31 December 2022, the fair values of bank loans were not significantly different from their book values, and they were determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets (level 3 of the fair value hierarchy).

6.15. Other financial liabilities

Selected accounting policies

Liabilities under put options represent liabilities arising from agreements concluded with shareholders or non-controlling shareholders of subsidiary companies. Under such agreements, the Group has an obligation to purchase equity instruments which is recognized at the estimated amount of future payment, even if such purchase obligation is conditional on the counterparty's exercise of its contractual right to cause such redemption (e.g. in situation where non-controlling shareholders are entitled to put shares of a subsidiary to be purchased by the parent company). If the purchase agreement does not provide for the transfer to the parent company of any benefits incidental to ownership of an equity instrument subject to a put option, then at each reporting date non-controlling interests (to which a portion of net profit attributable to non-controlling interests is still allocated) are reclassified by the Group as a financial liability, as if such puttable equity instrument was redeemed on that date. Changes in the amount of such reclassified items are recognized directly in the Group's equity, under 'Transactions with non-controlling interests'.

If, under the purchase agreement, benefits incidental to ownership of such puttable equity instruments shall be transferred to the Parent Company (present ownership), then at the date of obtaining control as well as at each subsequent reporting date, non-controlling interests resulting from such puttable equity instruments are not recognized. Hence, a business combination is accounted for as if, at the date of obtaining control, the Parent Company acquired not only an equity interest in a subsidiary but also any existing puttable equity instruments. Liabilities under put options are initially measured at fair value and increase the purchase price of a subsidiary. Subsequently, these liabilities are measured at fair value at each reporting date, and any changes in such estimates are recognized in the statement of profit and loss (as financial income/expenses). The share of profits attributable to puttable equity interests is allocated to the Parent Company, whereas any dividends paid out to non-controlling shareholders are recognized as financial expenses.

Deferred payments for the acquisition of shares

Liabilities under deferred payments for the acquisition of shares are recognized at the present value of the agreed consideration and they increase the purchase price of the controlling interest.

Conditional payments for the acquisition of shares

Liabilities under conditional payments for the acquisition of shares are recognized at the present value of the expected payment and they increase the purchase price of the controlling interest. In contrast to deferred payments, the amount of conditional payments may change at each reporting date due to changes in the probability of meeting the conditions set out in the agreement concluded with the seller of shares. Any changes in the amount of liabilities under conditional payments for the controlling interest are recognized as financial income or expenses, respectively.

Financial derivative instruments

Derivative instruments utilized by the Group in order to hedge against the risk of changes in foreign currency exchange rates include primarily currency forward contracts. Such financial derivatives are measured at fair value. Derivative instruments are recognized as assets if their value is positive or as liabilities if their value is negative.

Gains and losses resulting from changes in the fair value of derivatives are recognized directly in net financial profit or loss of the year in which they occurred.

The fair value of currency forward contracts is determined on the basis of the forward exchange rates available currently for contracts with similar maturity.

Estimates

The Group recognized liabilities under future conditional payments to the sellers of controlling interests in our subsidiaries, as well as liabilities under put options granted to non-controlling shareholders. Determination of the amounts payable under such liabilities required making estimates of future financial results of our subsidiaries. Such liabilities are discounted to the present value.

Financial liabilities	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Dividends payable	-	3,932	-	4,067
Liabilities under deferred and/or conditional payments for controlling interests / buyout of minority interests	930	46,725	13,735	10,546
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	173,125	8,219	77,691	47,135
Currency forward contracts	-	4	140	317
Other financial liabilities	-	48	-	6
	174,055	58,928	91,566	62,071

As at 31 December 2023, ASEE Group recognized liabilities under put options granted to non-controlling shareholders in the total amount of PLN 181,344 thousand which were related to the following companies: Dwelt – PLN 69,961 thousand, Necomplus – PLN 22,481 thousand, ContentSpeed – PLN 3,637 thousand, BS Telecom – PLN 47,642 thousand, Bithat Solutions – PLN 8,379 thousand, Helius Solutions – PLN 8,216 thousand, Avera – PLN 2,790 thousand, and IfthenPay – PLN 18,238 thousand. The above-mentioned liabilities have been estimated using the price calculation formula as defined in the acquisition agreement, which corresponds to the amount of profits for the contractual term multiplied by a predetermined coefficient.

As at 31 December 2023, liabilities under conditional payments for controlling interests amounted in total to PLN 47,655 thousand and were related to acquisitions of the following companies: Dwelt – PLN 25,642 thousand, Helius Systems – PLN 1,196 thousand, ContentSpeed – PLN 2,680 thousand, IfthenPay – PLN 5,982 thousand, Avera – PLN 5,138 thousand, and Smarttek – PLN 930 thousand. The amount of PLN 6,087 thousand represents a conditional payment for the buyout of minority interests in IPS company. The above-mentioned liabilities have been estimated using the price calculation formula as defined in the acquisition agreement, which corresponds to the company's profit for the contractual term multiplied by a predetermined coefficient.

Fair value of financial liabilities

In the period of 12 months ended 31 December 2023, the Group did not transfer any financial liabilities between individual levels of the fair value hierarchy.

Both as at 31 December 2023 and 31 December 2022, the fair values of financial liabilities were not significantly different from their book values.

As at 31 December 2023	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial liabilities				
Dividends payable	3,932	-	-	3,932
Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	47,655	-	-	47,655
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	181,344	-	-	181,344
Currency forward contracts	4	-	4	-
Other financial liabilities	48	-	-	48
Total	232,983	-	4	232,979

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

As at 31 December 2022	Carrying value PLN'000	Level 1 ⁱ⁾ PLN'000	Level 2 ⁱⁱ⁾ PLN'000	Level 3 ⁱⁱⁱ⁾ PLN'000
Financial liabilities				
Dividends payable	4,067	-	-	4,067
Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	24,281	-	-	24,281
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	124,826	-	-	124,826
Currency forward contracts	457	-	457	-
Other financial liabilities	6	-	-	6
Total	153,637	-	457	153,180

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

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

Selected accounting policies

Trade payables represent liabilities for goods and services received which have been invoiced, as well as payables for uninvoiced deliveries. Trade payables related to operating activities are recognized and disclosed at the amounts due for payment. Such liabilities result from goods and services provided to the Group companies, which have already been invoiced or have not been invoiced yet but receiving such invoices is considered as highly probable by the Management and their amount can be precisely determined.

Liabilities to the state and local budgets represent liabilities resulting from taxes and public levies, as well as from social security contributions and customs duties. Such liabilities are recognized at the amounts due for payment, determined in accordance with regulations applicable in the countries in which the Group companies operate.

Other liabilities include liabilities to employees arising from unpaid salaries as at the reporting date, liabilities from purchases of tangible and intangible assets, as well as other liabilities.

The table below presents the Group's liabilities outstanding as at 31 December 2023 and 31 December 2022:

	31 December 2023		31 December 2022	
	Long-term PLN'000	Short-term PLN'000	Long-term PLN'000	Short-term PLN'000
Trade payables, of which:	-	214,561	-	123,980
Trade payables	-	195,547	-	106,743
from related parties	-	648	-	191
from other entities	-	194,899	-	106,552
Uninvoiced payables	-	16,751	-	17,237
from related parties	-	44	-	48
from other entities	-	16,707	-	17,189
Liabilities arising from project-related penalties	-	2,263	-	-
Corporate income tax payable	-	15,275	-	9,081
Liabilities to the state and local budgets	-	50,849	-	46,357
Value added tax (VAT)	-	34,834	-	30,959
Personal income tax (PIT)	-	4,302	-	4,270
Social insurance	-	10,622	-	9,636
Withholding income tax	-	713	-	1,137
Other	-	378	-	355
Other liabilities	47	102,856	74	48,894
Liabilities from payment transactions processed	-	69,584	-	16,332
Liabilities to employees (including salaries payable)	-	25,494	-	24,613
Liabilities from purchases of tangible assets and intangible assets	-	1,504	-	2,562
Other liabilities	47	6,274	74	5,387
Total	47	383,541	74	228,312

Trade payables are non-interest bearing. Related party transactions are presented in explanatory note 6.20 to these consolidated financial statements.

6.17. Contract liabilities

Selected accounting policies

Liabilities from contracts with customers represent obligations to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract liabilities include liabilities arising from the valuation of IT contracts, deferred income from right-to-access licenses that have not been recognized as at the reporting date, future revenues from the provision of services such as IT support (maintenance) which are recognized over time, as well as advance payments for deliveries of hardware.

Due to the large variety of performance obligations, it is difficult to determine the point in time at which the Group's performance obligations are satisfied. Most often, in the case of contracts for the implementation of comprehensive IT systems and maintenance contracts, the Group fulfils its performance obligations while providing services to customers. In the case of an obligation to provide the customer with a software license (with a right to use), the Group considers its performance obligation to have been fulfilled at the time of granting the license, but not earlier than at the beginning of the period when the customer can start using that software (usually when the license key is provided), which in the Group's opinion is tantamount to transferring the control of the license to the customer.

Estimates

Each time, the Group exercises professional judgment involving the assessment of the percentage of completion of IT implementation contracts in relation to invoices issued, as well as the allocation of the transaction price.

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

	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Liabilities from valuation of IT contracts, of which:	-	26,361	-	33,872
From related parties	-	-	-	2
From other entities	-	26,361	-	33,870
Deferred income from IT projects, of which:	10,690	131,753	8,455	114,488
Maintenance services, license and subscription fees	10,690	82,305	8,455	67,400
Prepaid implementation services	-	13,418	-	12,240
Obligations to supply hardware	-	36,005	-	34,822
Other prepaid services	-	25	-	26
Total contract liabilities	10,690	158,114	8,455	148,360

The table below explains changes in the balance of contract liabilities during the periods of 12 months ended 31 December 2023 and 31 December 2022:

	12 months ended	12 months ended
	31 December 2023	31 December 2022
	PLN'000	PLN'000
Liabilities from valuation of long-term IT contracts and deferred income from IT projects as at 1 January	156,815	98,821
Invoices issued above the level of performance obligations satisfied	364,189	310,620
Fulfilment of new uninvoiced performance obligations; changes in estimated transaction prices, modification of other assumptions	(334,813)	(255,089)
Obtaining control over subsidiaries	-	2,055
Impact of hyperinflation	3,926	3,506
Exchange differences on translation of foreign operations	(21,313)	(3,098)
Contract liabilities as at 31 December	168,804	156,815

6.18. Provisions

Selected accounting policies

Onerous contracts and provisions for losses

The Group recognizes provisions for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amount of provision for onerous contracts is verified at each reporting date (the amount of provision should be equal to the difference between the entire expected loss and the loss already incurred till the reporting date), which may result in an increase or decrease in the provision.

Provision for warranty repairs

The provision for warranty repairs is created to cover any anticipated future costs of warranty or service obligations resulting from the executed IT contracts, provided such warranty obligations meet the definition of a standard warranty under IFRS 15.

If the warranty meets the definition of a service (is an extended warranty in accordance with IFRS 15), i.e. the warranty scope is broader than just an assurance to the customer that the product/service complies with agreed-upon specifications, then no provision is created. This is because the fulfilment of a non-standard guarantee is an obligation to perform a service, and as such should be recognized in revenues but not in the category of provisions.

The provision for (standard) warranty repairs is set aside in the cases where:

- (i) no contract for maintenance services has been signed with the customer, or
- (ii) the scope of the maintenance services contract does not fully cover all anticipated costs of the fulfilment of warranty obligations; or
- (iii) the scope of the manufacturer's warranty for any equipment resold is narrower than the scope of warranty the Group is contractually committed to provide to its customer.

The provision amount recognized at the reporting date shall be proportional to the progress of IT contract execution.

Any costs associated with the provision of our warranty services shall be, when incurred, deducted from the previously created provision. At the reporting date, the Group verifies the amount of carried provision for warranty repairs. If the actual costs of warranty services or anticipated future costs are lower/higher than assumed at the time of initial recognition of a provision, such provision shall be

decreased/increased accordingly to reflect the Group's current expectations in respect of the fulfilment of its warranty obligations in future periods.

Post-employment benefits

In accordance with our corporate remuneration schemes, the Group's employees are entitled to receive a retirement benefit. The amount of retirement benefits depends on the regulations of the labour law in force in individual countries where the Group companies operate. The present value of such liabilities is measured by an independent actuary at each reporting date. Any actuarial gains or losses resulting from the remeasurement of obligations under defined benefit plans shall be recognized in other comprehensive income and cannot be later reclassified to profit or loss.

Provision for contractual penalties

Provisions for contractual penalties are created in connection with pending court proceedings based on available information, including opinions of independent experts.

Changes in the amounts of provisions during the period of 12 months ended 31 December 2023 are presented in the table below:

Provisions	Warranty repairs and product returns	Provisions for contractual penalties	Provisions for losses on contracts	Costs related to ongoing court litigation	Post-employment benefits	Other provisions	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2023	1,013	-	2,743	411	4,363	645	9,175
Obtaining control over subsidiaries	-	-	-	-	-	-	-
Provisions created during the reporting period	671	146	5,889	83	3,209	618	10,616
Provisions utilized/reversed	(718)	(69)	(2,926)	(35)	(2,644)	(1,004)	(7,396)
Loss of control over subsidiaries	-	-	-	-	-	-	-
Change in presentation	-	-	-	3	-	(3)	-
Exchange differences on translation of foreign operations	(76)	(4)	(329)	(95)	(1,181)	(116)	(1,801)
As at 31 December 2023, of which:	890	73	5,377	367	3,747	140	10,594
Short-term	890	73	5,377	234	104	10	6,688
Long-term	-	-	-	133	3,643	130	3,906
As at 1 January 2023, of which:	1,013	-	2,743	411	4,363	645	9,175
Short-term	1,013	-	2,743	286	713	534	5,289
Long-term	-	-	-	125	3,650	111	3,886

In the comparable period, the amounts of provisions changed as follows:

Provisions	Warranty repairs and product returns	Provisions for contractual penalties	Provisions for losses on contracts	Costs related to ongoing court litigation	Post-employment benefits	Other provisions	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2022	1,602	1,389	192	396	2,621	164	6,364
Obtaining control over subsidiaries	-	-	-	-	-	-	-
Provisions created during the reporting period	784	337	3,179	52	2,728	1,361	8,441
Provisions utilized/reversed	(1,406)	(1,755)	(638)	(10)	(574)	(808)	(5,191)
Loss of control over subsidiaries	-	-	-	-	(3)	(10)	(13)
Exchange differences on translation of foreign operations	33	29	10	(27)	(409)	(62)	(426)
As at 31 December 2022, of which:	1,013	-	2,743	411	4,363	645	9,175
Short-term	1,013	-	2,743	286	713	534	5,289
Long-term	-	-	-	125	3,650	111	3,886
As at 1 January 2022, of which:	1,602	1,389	192	396	2,621	164	6,364
Short-term	1,602	1,389	192	265	545	60	4,053
Long-term	-	-	-	131	2,076	104	2,311

The provision for the costs of warranty repairs was created in connection with our obligations to provide contractually guaranteed repair services on software and hardware products supplied to our clients.

The amount of reversed provisions represents our project-related provisions that were created in previous periods (based on historical data) and, subsequently, were not utilized for such projects.

The provision for post-employment benefits represents retirement benefits which are to be paid to the Group's employees when they go into retirement or leave the company, provided such entitlement was acquired in accordance with the country's applicable regulations.

6.19. Accruals and deferred income

Selected accounting policies

Accruals for unused holiday leaves

The Group creates a "provision" (recognized as a component of accruals) for unused holiday leaves, which relate to periods preceding the reporting date and will be used in the future, for all of the Group's employees in countries where unused holiday leaves constitute accumulating paid absences (absences that are carried forward and can be used in future periods if the current period's entitlement is not used in full). The amount of such provision depends on the average monthly salary and the number of leave days eligible but not used by an employee as at the end of the reporting period. The Group recognizes the costs of unused holiday leaves on an accrual basis, based on estimated amounts, and discloses them in the statement of profit and loss under salaries (where they occur).

Accruals for employee bonuses

An obligation under bonus plans results from employee service and not from a transaction with the Group's owners. Therefore, the cost of such plans (even if they provide for profit-sharing payments) is always recognized as an expense and not as a distribution of profit.

The Group shall recognize the expected cost of profit-sharing and bonus payments when, and only when:

- it has a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the obligation can be made.

A present obligation exists when, and only when, the Group has no realistic alternative but to make the payments.

Grants related to assets

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held by the Group companies. Grants are recognized when there is reasonable assurance that a Group company will comply with the conditions attaching to them, and that the grants will be received. The manner in which a grant is received does not affect the accounting method to be adopted in regard to the grant. While the purpose of allocating a grant received is an important issue. Therefore, a grant shall be accounted for in the same manner whether it is received in cash or as a reduction of a liability. If a grant received is related to assets, then it is accounted for as deferred income which is afterwards systematically, by way of equal annual write-offs, recognized in profit or loss over the estimated useful life of the related asset as a reduced depreciation expense.

Estimates

The Group estimates the amount of its obligations based on the adopted assumptions and methodology, assessing the probability of an outflow of resources embodying economic benefits and, as at the reporting date, recognizes liabilities for which such outflow is highly probable. Accruals for employee bonuses, in a large number of cases, depend on the estimates of profits achieved at various levels by the Group or its subsidiary companies.

The Group does not recognize any grant until there is reasonable assurance that the Group will comply with the conditions attaching to the grant, and that the grant will be received. The assessment of compliance with such conditions requires professional judgment and is often associated with making estimates.

	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN'000	PLN'000	PLN'000	PLN'000
Accruals, of which:				
Accruals for unused holiday leaves	-	9,768	-	8,440
Accruals for employee and management bonuses	-	26,654	-	24,101
	-	36,422	-	32,541
Deferred income, of which:				
Grants related to assets	-	2,407	-	2,570
	-	2,407	-	2,570

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

The balance of deferred income includes primarily grants related to assets that were received by the Group in connection with its development projects or projects involving the formation of IT competence centers.

6.20. Related party transactions

The table below discloses the total values of transactions conducted with our related parties during the period of 12 months ended 31 December 2023 and in the comparable period, as well as outstanding balances of receivables and liabilities arising from such transactions as at 31 December 2023 and 31 December 2022:

	Sales to related parties PLN'000	Purchases from related parties PLN'000	Trade receivables and other receivables PLN'000	Trade payables and other liabilities PLN'000	Lease liabilities PLN'000
Transactions with Asseco Poland S.A.					
2023	-	664	47	4	-
2022	-	326	47	10	-
Transactions with other entities of Asseco Poland Group					
2023	4,594	452	1,206	572	-
2022	1,550	1,177	1,620	93	-
Transactions with associates					
2023	-	-	-	-	-
2022	-	-	58	-	-
Transactions with entities or individuals related through the Group's Key Management Personnel					
2023	-	4,181	-	125	4,715
2022	52	2,492	-	133	10,213
Transactions with Members of Management Board and Supervisory Board of ASEE S.A. and companies of ASEE Group					
2023	-	18	6,836	19	330
2022	-	35	8,166	28	62

As at 31 December 2023, total receivables from related parties comprised trade receivables amounting to PLN 744 thousand, contract assets amounting to PLN 462 thousand, and other receivables amounting to PLN 6,883 thousand, of which PLN 6,836 thousand represent receivables arising from the sale of shares in Payten Holding S.A. to the managers of ASEE Group companies, and PLN 47 thousand constitute deposits for rental of office space.

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

As at 31 December 2023, total liabilities to related parties comprised trade payables amounting to PLN 692 thousand and other liabilities amounting to PLN 28 thousand. As at 31 December 2022, total liabilities to related parties comprised trade payables amounting to PLN 239 thousand and other liabilities amounting to PLN 25 thousand.

Purchases from and sales to related parties presented in the table above resulted from purchases and sales of hardware and services that were conducted by companies of ASEE Group with related companies of Asseco Poland Group as well as with parties related through the Key Management Personnel or directly with the Key Management Personnel. The Group also incurs costs arising from rentals of space from MHM d.o.o., Beograd, Miljan Mališ and Mini Invest d.o.o., Beograd that meet the definition of a lease under IFRS 16. Hence, the Group disclosed right-of-use assets which are subject to depreciation, as well as lease liabilities in the statement of financial position. Lease liabilities arising from rental contracts concluded with parties related through the Key Management Personnel and directly with the Key Management Personnel amounted to PLN 5,045 thousand as at 31 December 2023, as compared to PLN 10,275 thousand outstanding as at 31 December 2022.

Furthermore, Asseco International a.s., our parent company, received dividends from the Company in the total gross amount of PLN 38,554 thousand, compared to PLN 33,801 thousand in 2022.

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

On 23 September 2021, managers of ASEE Group companies signed agreements with Asseco International a.s. to acquire shares in ASEE S.A. and subsequently, on 22 August 2022, managers of ASEE Group companies signed agreements with ASEE S.A. to acquire shares in Payten Holding S.A. Both the share-based payment plans have been described in detail in explanatory note 5.2 in this report. Members of the Management Board of ASEE S.A., acting directly or through their related parties, acquired the following numbers of shares:

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

In the consolidated financial statements for the year ended 31 December 2023, the costs of share-based payment plan related to shares acquired by Members of the Management Board amounted to PLN 181 thousand.

Members of the Management Board and parties related through Members of the Management Board and Supervisory Board of Asseco South Eastern Europe S.A. received dividends from ASEE S.A. in the total gross amount of PLN 2,455 thousand, compared to PLN 2,171 thousand distributed in 2022. The above-stated amount does not include dividends payable to Asseco International a.s. The numbers of ASEE shares held by its Management Personnel as well as by their related parties have been presented in the item 'Shares and Shareholders' in the Management Report on Operations of the Group for the year ended 31 December 2023. The dividend was paid out on 13 July 2023.

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

VII. Explanatory notes to the consolidated statement of cash flows

7.1. Cash flows – operating activities

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

	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN'000	PLN'000
Change in inventories	(52,564)	(23,134)
Change in receivables and non-financial assets	(90,884)	(134,882)
Change in liabilities	146,420	74,307
Change in prepayments and accruals	25,970	41,261
Change in provisions	3,221	3,250
Total	32,163	(39,198)

7.2. Cash flows – investing activities

In the period of 12 months ended 31 December 2023, the amount of cash flows from investing activities was affected primarily by:

- proceeds from the sale of shares in Payten Holding S.A. in the amount of PLN 721 thousand;
- acquisitions of property, plant and equipment for PLN 55,846 thousand, purchases of intangible assets for PLN 5,332 thousand, and expenditures for development projects in the amount of PLN 634 thousand;
- expenditures for acquisition of subsidiaries, net of cash and cash equivalents in subsidiaries acquired, as disclosed in the table below:

	Acquisition of subsidiaries	Cash in subsidiaries acquired
	PLN'000	PLN'000
Bithat Solutions	(1,355)	-
Heliuss Systems	(7,609)	-
Smarttek	(394)	-
Avera	(11,610)	6,719
IfthenPay	(37,776)	7,626
Dwelt	(17,984)	2,321
Total	(76,728)	16,666

7.3. Cash flows – financing activities

The table below explains changes in financial liabilities attributable to financing activities, including both changes arising from cash flows and non-cash changes in 2023:

Change in financial liabilities	Bank loans and borrowings	Lease liabilities	Dividends payable	Total
	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2023	81,830	45,118	4,067	131,015
Changes arising from cash flows	(1,086)	(24,090)	(86,478)	(111,654)
Inflows	32,216	-	-	32,216
Repayment of principal amount	(30,043)	(22,009)	(86,478)	(138,530)
Interest paid	(3,259)	(2,081)	-	(5,340)
Non-cash changes	565	31,015	86,658	118,238
Interest accrued	3,237	2,081	-	5,318
Non-cash increase in liabilities	-	28,456	86,658	115,114
Non-cash decrease in liabilities	-	(1,111)	-	(1,111)
Obtaining control over subsidiaries	-	1,833	-	1,833
Foreign exchange differences recognized in financial income/expenses	(2,672)	(244)	-	(2,916)
Exchange differences on translation of foreign operations	(3,346)	(4,343)	(315)	(8,004)
As at 31 December 2023	77,963	47,700	3,932	129,595

The table below explains changes in financial liabilities attributable to financing activities, including both changes arising from cash flows and non-cash changes in 2022:

Change in financial liabilities	Bank loans and borrowings	Lease liabilities	Dividends payable	Total
	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2022	60,695	54,134	-	114,829
Changes arising from cash flows	17,911	(23,435)	(70,350)	(75,874)
Inflows	55,057	-	-	55,057
Repayment of principal amount	(34,869)	(21,886)	(70,350)	(127,105)
Interest paid	(2,277)	(1,549)	-	(3,826)
Non-cash changes	2,672	13,608	74,417	90,697
Interest accrued	2,246	1,549	-	3,795
Non-cash increase in liabilities	-	14,627	74,392	89,019
Non-cash decrease in liabilities	-	(1,247)	-	(1,247)
Obtaining control over subsidiaries	-	457	25	482
Foreign exchange differences recognized in financial income/expenses	426	(1,778)	-	(1,352)
Exchange differences on translation of foreign operations	552	811	-	1,363
As at 31 December 2022	81,830	45,118	4,067	131,015

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

In 2023, the acquisition of non-controlling interests is mainly related to a partial exercise of put options by non-controlling shareholders of Necomplus Spain. As a result of this transaction, the equity interest held by ASEE Group in Necomplus Spain increased from 67.659% to 84.969%. The purchase price of these shares amounted to PLN 22,127 thousand.

Dividends paid out to non-controlling shareholders represent payments to the minority shareholders of Necomplus, e-mon, ChipCard, Helius, BS Telecom, and Payten Holding. In the comparable period, dividends paid out to non-controlling shareholders represent payments to the minority shareholders of Necomplus, e-mon, ChipCard, and ContentSpeed.

VIII. Explanatory notes on objectives and principles of financial risk management

ASEE Group is exposed to risks arising either from the macroeconomic situation of the countries where the Group companies operate as well as from microeconomic situation in individual companies. The main market factors that may have an adverse impact on the Group's financial performance are: (i) fluctuations in foreign currency exchange rates versus the functional currencies of the Group companies, and (ii) changes in market interest rates. Business operations conducted by the Group are also exposed to credit risk and financial liquidity risk.

8.1. Foreign currency risk

Selected accounting policies

The currency of measurement applied by the Parent Company as well as the reporting currency used in these consolidated financial statements is the Polish zloty (PLN). The functional currencies of the Group's foreign subsidiaries include: EUR (euro), RON (Romanian new leu), RSD (Serbian dinar), MKD (Macedonian denar), TRY (Turkish lira), BGN (Bulgarian lev), BAM (Bosnia and Herzegovina convertible mark), and CZK (Czech koruna).

Transactions denominated in foreign currencies (i.e. other than the functional currency) are, at the time of initial recognition, translated into the functional currency at the exchange rate effective on the transaction date. Assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate effective at the end of the reporting period. Foreign currency non-cash items carried at historical cost are converted at the exchange rate effective on the original transaction date. Foreign currency non-cash items carried at fair value are converted using the exchange rate as of the date when such fair value is determined.

As at the reporting date, assets and liabilities denominated in currencies other than the Polish zloty (if it is the entity's functional currency) are translated into Polish zlotys at the mid exchange rates of such currencies as published by the National Bank of Poland and in effect on the last day of the reporting period. The resulting foreign exchange differences are accounted for respectively as financial income (expenses) or they may be capitalized as assets if so provided in the adopted accounting policies.

Individual items disclosed in the financial statements of our foreign operations are translated into the Group's functional currency in the following way:

- *assets and liabilities are translated at the mid exchange rate effective at the end of the reporting period as published by the National Bank of Poland;*
- *revenues and costs are translated at the arithmetic average of mid exchange rates effective on the last day of each month as published by the National Bank of Poland;*
- *any foreign exchange differences resulting from such translation are recognized in other comprehensive income.*

The Group's presentation currency is the Polish zloty; however, many of the Group's subsidiaries use different functional currencies in which their operating activities are conducted. The Group identifies the foreign currency risk associated with transactions concluded by the Group companies in currencies other than their functional currencies. As a result, the Group is exposed to potential losses arising from changes in the exchange rate of a transaction currency against the functional currency of a given subsidiary over the period from concluding a transaction denominated in a foreign currency till the date of issuing an invoice, receiving the payment, and the settlement of a financial instrument transaction.

As part of monitoring the Group's foreign currency risk, all transactions denominated in currencies other than the functional currency of a given subsidiary are subject to special registration. Moreover, our procedures applicable to the execution of IT projects require making systematic updates of the project implementation schedules as well as generated cash flows with regard to changes resulting from fluctuations in foreign exchange rates.

The tables below present the currency structure and the Group's exposure to fluctuations in the exchange rates of the Polish zloty against currencies in which most of our foreign transactions are concluded. These tables present the currency structure of various classes of financial instruments held as at 31 December 2023 and 31 December 2022.

Groups/categories of financial instruments	Carrying value as at 31 Dec. 2023	Foreign currency exposure as at 31 Dec. 2023	EUR	USD	Other currencies
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Financial assets					
Cash and cash equivalents	313,112	311,275	194,900	27,872	88,503
Loans granted and bank deposits	1,405	1,393	47	-	1,346
Other financial assets	1,789	1,789	722	-	1,067
Trade receivables and contract assets	394,218	388,596	150,705	18,884	219,007
Financial liabilities					
Bank loans and borrowings	105,734	105,734	65,464	-	40,270
Lease liabilities	47,700	47,700	34,438	489	12,773
Other financial liabilities	232,983	232,983	232,911	-	72
Trade payables	214,561	213,003	133,580	17,656	61,767

Groups / categories of financial instruments	Carrying value as at 31 Dec. 2022	Foreign currency exposure as at 31 Dec. 2022	EUR	USD	Other currencies
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Financial assets					
Cash and cash equivalents	298,034	295,756	131,695	30,491	133,570
Loans granted and bank deposits	1,611	1,611	2	-	1,609
Other financial assets	1,132	1,132	20	-	1,112
Trade receivables and contract assets	369,097	368,836	85,084	12,613	271,139
Financial liabilities					
Bank loans and borrowings	115,090	115,090	74,039	-	41,051
Lease liabilities	45,118	45,118	30,210	695	14,213
Other financial liabilities	153,637	153,637	153,535	70	32
Trade payables	123,980	122,707	20,195	11,659	90,853

The tables below present the analysis of sensitivity of our comprehensive income to fluctuations in foreign exchange rates as at 31 December 2023 and in the comparable period:

Groups / categories of financial instruments	Analysis of sensitivity to foreign currency risk as at 31 December 2023			
	EUR		USD	
	+10%	-10%	+10%	-10%
	Impact on comprehensive income		Impact on comprehensive income	
	PLN'000	PLN'000	PLN'000	PLN'000
Financial assets				
Cash and cash equivalents	19,490	(19,490)	2,787	(2,787)
Loans granted and bank deposits	5	(5)	-	-
Other financial assets	72	(72)	-	-
Trade receivables and contract assets	15,071	(15,071)	1,888	(1,888)
Financial liabilities				
Bank loans and borrowings	(6,546)	6,546	-	-
Lease liabilities	(3,444)	3,444	(49)	49
Other financial liabilities	(23,291)	23,291	-	-
Trade payables	(13,358)	13,358	(1,766)	1,766

Groups / categories of financial instruments	Analysis of sensitivity to foreign currency risk as at 31 December 2022			
	EUR		USD	
	+10%	-10%	+10%	-10%
	Impact on comprehensive income		Impact on comprehensive income	
	PLN'000	PLN'000	PLN'000	PLN'000
Financial assets				
Cash and cash equivalents	19,490	(19,490)	2,787	(2,787)
Loans granted and bank deposits	5	(5)	-	-
Other financial assets	72	(72)	-	-
Trade receivables and contract assets	15,071	(15,071)	1,888	(1,888)
Financial liabilities				
Bank loans and borrowings	(6,546)	6,546	-	-
Lease liabilities	(3,444)	3,444	(49)	49
Other financial liabilities	(23,291)	23,291	-	-
Trade payables	(13,358)	13,358	(1,766)	1,766

	PLN'000	PLN'000	PLN'000	PLN'000
Financial assets				
Cash and cash equivalents	13,170	(13,170)	3,049	(3,049)
Loans granted and bank deposits	-	-	-	-
Other financial assets	2	(2)	-	-
Trade receivables and contract assets	8,508	(8,508)	1,261	(1,261)
Financial liabilities				
Bank loans and borrowings	(7,404)	7,404	-	-
Lease liabilities	(3,021)	3,021	(70)	70
Other financial liabilities	(15,354)	15,354	(7)	7
Trade payables	(2,020)	2,020	(1,166)	1,166

8.2. Interest rate risk

The Group identifies and measures the interest rate risk on a regular basis, and takes actions aiming to minimize its impact on our financial position. Any instruments bearing a variable interest rate expose the Group to the risk of cash flow fluctuations as a result of interest rate changes, which may affect the amount of interest income or expenses recognized in financial results. Changes in the market interest rates may have a negative influence on the financial results of the Group. The Group's exposure to changes in this market factor is attributable to changes in the amount of interest charged on variable-interest loans that are granted to the Group companies by external financial institutions.

The interest rate risk is identified by the Group at the time of concluding a transaction or a financial instrument exposed to such risk. All transactions vulnerable to the risk of market interest rate changes are subject to special registration and control by a competent department at each company of our Group.

Exposure to interest rate risk is measured as the total amount arising from all financial instruments exposed to the risk of changing interest rates.

In order to reduce their interest rate risk, the Group companies may: (i) try to avoid obtaining bank loans that are based on a variable interest rate or, if not possible, (ii) conclude forward rate agreements if the costs of such precaution are justified in relation to the expected benefits.

Detailed information on bank loans and borrowings, including their interest rates, currencies, and maturities are presented in explanatory note 6.14 to these consolidated financial statements.

The analysis of the Group's financial instruments exposed to interest rate risk showed that bank loans and borrowings as well as other receivables from the sale of Payten Holding shares to managers of the Group companies are exposed to changes in interest rates, because they bear interest based on EURIBOR. The amounts exposed to risk as well as the analysis of sensitivity are presented in the table below:

	Carrying value		Amount exposed to risk of changes in EURIBOR		Deviation assumed (in percentage points)		Impact on financial results	
	PLN'000	PLN'000	PLN'000	PLN'000			PLN'000	PLN'000
As at 31 December 2023								
Financial assets								
Other receivables	6,836	6,836	+ 1.0 pp	- 1.0 pp			68	(68)
Financial liabilities								
Bank loans and borrowings	105,734	47,485	+ 1.0 pp	- 1.0 pp			(475)	475
As at 31 December 2022								
Financial assets								
Other receivables	8,166	8,166	+ 1.0 pp	- 1.0 pp			82	(82)
Financial liabilities								
Bank loans and borrowings	115,090	52,289	+ 1.0 pp	- 1.0 pp			(523)	523

The analysis of sensitivity has been carried out for financial instruments held by ASEE Group as at 31 December 2023 and 31 December 2022. The impact of changes in interest rates has been presented on an annual basis. The sensitivity of financial instruments to interest rate risk has been determined by multiplying the total amount of instruments exposed to risk by adequate deviation in interest rates as assumed in the calculation.

8.3. Credit risk

The Group identifies the credit risk arising in situations where the counterparty to a transaction fails to perform its obligations towards the Group's company, thus exposing the Group to a potential financial loss. The Group's credit risk management policy is presented in explanatory note 6.8 relating to long- and short-term receivables.

The Group's total exposure to credit risk results from the fact of having receivables (note 6.8) and other financial assets (note 6.6).

8.4. Financial liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool takes into account the maturity of financial investments and financial assets, as well as projected cash flows from operations.

The Group's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funds.

The tables below disclose the ageing structure of the Group's financial liabilities as at 31 December 2023 and 31 December 2022, by maturity:

Maturity of financial liabilities as at 31 December 2023	Liabilities falling due within 3 months	Liabilities falling due within 3 to 12 months	Liabilities falling due within 1 to 5 years	Liabilities falling due after 5 years	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Trade payables	212,390	2,026	145	-	214,561
Bank loans and borrowings	15,445	36,165	54,124	-	105,734
Lease liabilities *	5,737	14,458	32,078	796	53,069
Dividends payable	3,932	-	-	-	3,932
Ageing of conditional payments recognized due to business acquisitions	4,197	42,528	930	-	47,655
Ageing of liabilities under put options granted to non-controlling shareholders	-	8,219	173,125	-	181,344
Ageing of liabilities under forward/future contracts	4	-	-	-	4
Total	241,680	103,421	260,402	796	606,299

* The amount analyzed for aging includes contractual undiscounted cash flows only, as opposed to the value presented in the statement of financial position

Maturity of financial liabilities as at 31 December 2022	Liabilities falling due within 3 months	Liabilities falling due within 3 to 12 months	Liabilities falling due within 1 to 5 years	Liabilities falling due after 5 years	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Trade payables	123,899	30	51	-	123,980
Bank loans and borrowings	26,223	40,232	48,635	-	115,090
Lease liabilities *	5,563	14,981	26,155	873	47,572
Dividends payable	25	4,042	-	-	4,067
Ageing of conditional payments recognized due to business acquisitions	899	9,647	13,735	-	24,281
Ageing of liabilities under put options granted to non-controlling shareholders	-	47,135	77,691	-	124,826
Ageing of liabilities under forward/future contracts	-	317	140	-	457
Total	156,609	116,384	166,407	873	440,273

* The amount analyzed for aging includes contractual undiscounted cash flows only, as opposed to the value presented in the statement of financial position

8.5. Items of income, expenses, gains and losses recognized in the statement of profit and loss in correspondence to balance sheet items

As at 31 December 2023, the following items of income, expenses, gains and losses were recognized in the Group's statement of profit and loss, in a breakdown to corresponding items in the statement of financial position:

Items of income, expenses, gains and losses recognized in the statement of profit and loss	Category according to IFRS 9	Interest income (expenses) PLN'000	Reversal (recognition) of impairment losses PLN'000	Gain (loss) on exercise and valuation PLN'000	Total PLN'000
For 12 months ended 31 December 2023					
Financial assets		2,877	(8,829)	42	(5,910)
Loans granted	MaAC	29	(23)	-	6
Cash deposits	MaAC	1	(11)	-	(10)
Financial assets carried at fair value through profit or loss	FVtPL	48	-	42	90
Trade receivables	MaAC	628	(8,795)	-	(8,167)
Cash and cash equivalents	FVtPL	2,171	-	-	2,171
Financial liabilities		(6,506)	-	7,045	539
Forward/future contracts	FVtPL	-	-	837	837
Liabilities under deferred and/or conditional payments for controlling interests	FVtPL	-	-	2,107	2,107
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	FVtPL	-	-	4,101	4,101
Bank loans and borrowings	MaAC	(4,400)	-	-	(4,400)
Lease liabilities	MaAC	(2,081)	-	-	(2,081)
Trade payables	MaAC	(25)	-	-	(25)
Total		(3,629)	(8,829)	7,087	(5,371)

As at 31 December 2022, the following items of income, expenses, gains and losses were recognized in the Group's statement of profit and loss, in a breakdown to corresponding items in the statement of financial position:

Items of income, expenses, gains and losses recognized in the statement of profit and loss	Category according to IFRS 9	Interest income (expenses) PLN'000	Reversal (recognition) of impairment losses PLN'000	Gain (loss) on exercise and valuation PLN'000	Total PLN'000
For 12 months ended 31 December 2022					
Financial assets		2,124	(1,906)	16	234
Loans granted	MaAC	14	(16)	-	(2)
Financial assets carried at fair value through profit or loss	FVtPL	-	-	16	16
Trade receivables	MaAC	197	(1,890)	-	(1,693)
Cash and cash equivalents	FVtPL	1,913	-	-	1,913
Financial liabilities		(4,249)	(1)	(3,463)	(7,713)
Forward/future contracts	FVtPL	-	-	74	74
Liabilities under deferred and/or conditional payments for controlling interests	FVtPL	-	-	(1,194)	(1,194)
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	FVtPL	-	-	(2,264)	(2,264)
Bank loans and borrowings	MaAC	(2,616)	-	-	(2,616)
Lease liabilities	MaAC	(1,549)	-	-	(1,549)
Trade payables	MaAC	(84)	(1)	(79)	(164)
Total		(2,125)	(1,907)	(3,447)	(7,479)

IX. Other explanatory notes

9.1. Off-balance-sheet liabilities

Selected accounting policies

Off-balance-sheet liabilities are primarily contingent liabilities, by which the Group understands: a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not fully controlled by the Group, or a present obligation that arises from past events but is not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the statement of financial position; however, information about a contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Operating leases – the Group applies a practical expedient for rental contracts and other contracts of similar nature that are concluded for a period shorter than 12 months from the lease commencement date, as well as for leases of low-value assets. In both the above-mentioned exceptions, the lease payments are basically expensed on a straight-line basis in the period to which they are related. In such case, no right-of-use assets and corresponding financial liabilities are recognized. Such operating lease liabilities are recognized as off-balance-sheet liabilities.

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

As at 31 December 2023, the related contingent liabilities equalled PLN 95,239 thousand, while as at 31 December 2022 they amounted to PLN 69,912 thousand.

Assets serving as collateral for bank guarantee facilities:

Category of assets	Net value of assets		Amount of granted guarantee secured with assets	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	PLN'000	PLN'000	PLN'000	PLN'000
Financial assets	-	-	-	-
Trade receivables	-	-	-	-
Other receivables	838	379	838	379
Total	838	379	838	379

None of the above-described guarantee obligations meet the definition of a financial guarantee under IFRS 9, and therefore they are not recognized as liabilities in the statement of financial position of the Group as at 31 December 2023.

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

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

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

	31 December 2023	31 December 2022
	PLN'000	PLN'000
Liabilities from rental of space		
In the period up to 1 year	4,058	3,567
In the period from 1 to 5 years	4,691	3,356
Over 5 years	-	-
	8,749	6,923
Liabilities under operating leases of equipment		
In the period up to 1 year	269	469
In the period from 1 to 5 years	-	-
Over 5 years	-	-
	269	469

The said contracts meet the definition of a lease under IFRS 16. Off-balance-sheet liabilities disclosed as at 31 December 2023 are related to lease contracts that were subject to exemptions provided under IFRS 16 (short-term leases and leases of low-value assets).

Disputes in litigation as at the end of the reporting period

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

9.2. Seasonal and cyclical business

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

9.3. Employment

Number of employees in the Group companies as at	31 December 2023	31 December 2022
Management Board of the Parent Company	4	4
Management Boards of the Group companies	65	64
Production departments	3,226	3,189
Sales departments	271	275
Administration departments	354	342
Total	3,920	3,874

Number of employees in the Group companies as at:	31 December 2023	31 December 2022
ASEE S.A.	32	31
ASEE Bulgaria	18	17
ASEE Macedonia	249	248
ASEE Turkey	100	100
Avera	7	n/a
BS Telecom Solutions	151	134
e-mon	6	6
ASEE B&H Group	156	111
ASEE Croatia Group	360	347
ASEE Kosovo Group	158	150
ASEE Romania Group	186	172
ASEE Serbia Group	609	602
Necomplus Group	714	866
Payten B&H Group	69	68
Payten Macedonia Group	35	33
Payten Romania Group	82	81
Payten Serbia Group	220	207
Payten Turkey Group	376	349
Sonet Group	88	83
IfthenPay	17	n/a
Monri Croatia	122	106
Monri Serbia	2	n/a
Payten Croatia	102	102
Payten Montenegro	20	19
Payten Egypt	9	9
Payten Slovenia	32	33
Total	3,920	3,874

Number of employees in countries where the Group operates	31 December 2023	31 December 2022
Bosnia	376	313
Croatia	584	555
Macedonia	284	281
Romania	268	253
Serbia	831	809
Turkey	476	449
Western Europe	433	521
Latin America	298	345
Central Europe	120	114
Other	250	234
Total	3,920	3,874

9.4. Remuneration of the entity authorized to audit financial statements

The table below discloses the amounts of remuneration paid or payable to the entity authorized to audit the Company's and the Group's financial statements for the years ended 31 December 2023 and 31 December 2022, in a breakdown by type of service:

Remuneration of the entity authorized to audit financial statements	12 months ended 31 December 2023	12 months ended 31 December 2022
Audit of the annual financial statements	269	268
Review of the semi-annual financial statements	138	135
Other certification services	12	12
Total	419	415

In the year ended 31 December 2023 as well as in the previous year, the entity authorized to audit financial statements was BDO Sp. z o.o. (limited partnership). It was selected by a resolution of the Supervisory Board of ASEE S.A. of 7 July 2022.

Moreover, in the years 2022-2023 other firms of the BDO network carried out the audits of annual financial statements and reviews of interim financial statements, as well as other certification services, in favour of ASEE Group companies operating in countries other than Poland. In 2023, the total remuneration for such services amounted to PLN 1,001 thousand, as compared to PLN 572 thousand in 2022.

9.5. Remuneration of the Management Board and Supervisory Board

The table below presents the amounts of remuneration paid to individual members of the Company's Management Board and Supervisory Board for performing their duties during the year 2023:

Remuneration for the period of 12 months ended 31 December 2023	Fixed remuneration (Base salary)	Variable remuneration (Annual bonus)	Fringe benefits	Employee Capital Plans	Total remuneration
Management Board					
Piotr Jeleński	360	7,390	5	56	7,811
Michał Nitka	264	1,048	5	8	1,325
Miljan Mališ	197	736	-	-	933
Kostadin Slavkoski	204	620	-	-	824
	1,025	9,794	10	64	10,893
Supervisory Board					
Jozef Klein	84	-	-	-	84
Adam Góral	66	-	-	-	66
Jacek Duch	78	-	-	-	78
Artur Kucharski	108	-	-	-	108
Adam Pawłowicz	78	-	-	-	78
	414	-	-	-	414

The table below presents the amounts of remuneration paid to individual members of the Company's Management Board and Supervisory Board for performing their duties during the year 2022:

Remuneration for the period of 12 months ended 31 December 2022	Fixed remuneration (Base salary)	Variable remuneration (Annual bonus)	Fringe benefits	Employee Capital Plans	Total remuneration
Management Board					
Piotr Jeleński	360	6,714	5	72	7,151
Michał Nitka	264	953	5	11	1,233
Miljan Mališ	182	986	-	-	1,168
Kostadin Slavkoski	224	634	-	-	858
	1,030	9,287	10	83	10,410
Supervisory Board					
Jozef Klein	61	-	-	-	61
Adam Góral	49	-	-	-	49
Jacek Duch	70	-	-	-	70
Artur Kucharski	100	-	-	-	100
Adam Pawłowicz	70	-	-	-	70
	350	-	-	-	350

The amounts of remuneration disclosed in the tables above are due for performing managerial and supervisory functions in ASEE S.A. as well as in its subsidiary companies. The data presented in the tables above reflect the amounts of remuneration already paid out, as well as accruals for the part of variable remuneration which has not been paid out by the end of the reporting period.

Total remunerations paid or payable to members of the Management Boards and Supervisory Boards of ASEE Group subsidiaries in the year ended 31 December 2023 amounted to PLN 32,997 thousand (excluding the amounts stated in the tables above).

Total remunerations paid or payable to members of the Management Boards and Supervisory Boards of ASEE Group subsidiaries in the year ended 31 December 2022 amounted to PLN 31,032 thousand (excluding the amounts stated in the tables above).

9.6. Capital management

The primary objective of the Group's capital management is to maintain a favourable credit rating and a safe level of capital ratios in order to support the Group's business operations and maximize shareholder value.

The Group manages its capital structure and makes necessary adjustments in response to the changing economic conditions. In order to maintain or adjust its capital structure, the Group may decide to change its dividend policy, return some capital to shareholders, or issue new shares. During the last two years ended 31 December 2023 and 31 December 2022, we did not introduce any changes to our objectives, policies and processes adopted in this area.

The Group consistently monitors the level of its capital using the leverage ratio, which is calculated as the relation of net debt to total equity increased by net debt. Net debt includes interest-bearing bank loans and borrowings, lease liabilities, trade payables and other liabilities, decreased by cash and cash equivalents. The capital represents equity attributable to shareholders of the Parent Company.

In addition, the Management also monitors the net debt to EBITDA ratio, which is calculated as net debt divided by operating profit plus depreciation and amortization. In this case, net debt represents the sum of interest-bearing bank loans and lease liabilities, less cash and cash equivalents:

Capital management	31 December 2023	31 December 2022
Bank loans and borrowings	105,734	115,090
Lease liabilities	47,700	45,118
Trade payables, contract liabilities, state budget liabilities and other liabilities	785,375	538,838
Minus cash and cash equivalents	(313,112)	(298,034)
Net debt	625,697	401,012
Equity	1,123,596	1,118,680
Equity and net debt	1,749,293	1,519,692

Leverage ratio	35.77%	26.39%
EBITDA	314,449	308,820
Net debt / EBITDA	(0.5)	(0.4)

9.7. Climate and operations of ASEE Group

The environmental impact of ASEE is quite limited because the Group is not engaged in any manufacturing activities. For the same reason, changes in the environment do not affect the Group's business significantly in the short or medium term.

In 2021, ASEE Group implemented a policy for climate risk management that aims to:

- reduce the consumption of energy and natural resources;
- reduce greenhouse gas / CO2 emissions;
- increase the proportion of energy from renewable sources in total consumption;
- care for the local natural environment.

Climate changes may affect the Group's operations in the following areas:

- global warming may affect our subsidiary companies in the long run, mainly due to its potential impact on tourism;
- extreme weather phenomena may affect the supply of equipment and limit our ability to provide on-site support services;
- new climate regulations may be introduced and impose new obligations on the operations of ASEE;
- increasing electricity costs may affect the operating expenses of ASEE.

The Group's operations may affect climate change in the following areas:

- transportation of purchased equipment over long distances;
- fuel consumption by company cars used when servicing the installed devices;
- use of electric and heating energy at numerous offices operated by the Group;
- business trips;
- management of waste materials;
- scale of cashless payment operations.

In 2023, the risk management process has been updated to focus more on assessing threats and opportunities related to climate change. The overall impact of climate-related risks on the operations of ASEE Group has been assessed as moderate. Due to the lack of energy-intensive production lines, the importance of climate issues is quite limited.

Impact exerted by climate change on the business operations of ASEE Group has been described in detail in the 'Report on non-financial information', section 'Environment', which was published on 27 February 2024.

9.8. Significant events after the reporting period

- **Merger of IT Sistemi Nove Tehnologije d.o.o. and Evision Informacijski Susteavi d.o.o.**

The companies of IT Sistemi Nove Tehnologije d.o.o. and Evision Informacijski Susteavi d.o.o. merged on 16 January 2024 and from that date they have operated as one company called IT Sistemi Nove Tehnologije d.o.o. The said transaction had no impact on the consolidated financial statements of the Group.

- **Recommendation of the Management Board for a dividend payment**

On 15 February 2024, the Management Board of ASEE S.A. adopted a resolution to recommend to the Company's Supervisory Board and Annual General Meeting the payment of a dividend for the year 2023 in the total amount of PLN 85,626 thousand or PLN 1.65 per share.

In the period from 31 December 2023 till the date of approval of these consolidated financial statements, this is until 27 February 2024, 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.

9.9. Significant events related to prior years

Until the date of preparing these consolidated financial statements for the period of 12 months ended 31 December 2023, we have not observed any significant events related to prior years, which have not but should have been included in these financial statements.

Technology for business, solutions for people.

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

14 Olchowa St., 35-322 Rzeszów, Poland

Phone: +48 22 574 86 30

Fax: +48 22 574 86 90

Email: office@asseco-see.com

see.asseco.com