Annual Report
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 million
of net profit for Shareholders of the Parent Company

EUR 199.8 million
in order backlog for 2024
(calculated at the level of gross profit on sales (Margin 1))

PLN 2.3 billion
in market capitalization

1. PRESIDENT'S LETTER

Dear Shareholders,

In 2023, ASEE Group, including Payten, recorded solid growth, achieving a 9% increase in operating profit and a 9% increase in sales revenues compared to the previous year. Such strong performance was mainly due to scaling-up the operations of the Banking Solutions segment and growing business lines of e-Commerce, payment card processing, IPD and ECR solutions for points of sales within the Payment Solutions segment.

All three business lines of the Banking Solutions segment reported growth, with core banking systems and other software being the key revenue drivers. In 2023, we completed several major banking implementation projects which were the main engines of growth.

Some of them are mentioned below along with other initiatives that were crucial to the development and success of ASEE Group, including Payten, in 2023.

Expansion

In 2023, we continued to make strategic acquisitions that strengthened our presence and offering in the key markets. We successfully completed the acquisition of IfthenPay, a leading digital payments company based in Portugal, as well as Avery, a major player in EFT POS payments in Slovenia. These takeovers underline our commitment to geographic expansion, entering new sectors and enriching our portfolio with innovative solutions in response to changing market demands. The acquisition of IfthenPay enables us to expand our reach in the European Union, increasing our digital payment capabilities in the EU market. Similarly, the incorporation of Avera has significantly reinforced Payten's footprint in Central and South Eastern Europe, enabling us to better serve customers in these regions and take advantage of emerging opportunities.

In addition, the year-end acquisition of Dwelt, a provider of billing software and smart metering solutions primarily for the utilities sector, harmonizes with our vision of driving innovation and providing valuable solutions to our customers. Leveraging on the combined experience of both companies creates many opportunities for new projects to meet the growing needs of the utilities sector.

Banking Solutions – implementation of large projects

In the area of Banking Solutions, ASEE Group successfully carried out bank merger and core banking system replacement projects in Serbia, playing a vital role in supporting banks in these processes.

Furthermore, we implemented several digital transformation projects for banks in the South Eastern European region. These projects demonstrate our commitment to innovation and our determination to deliver state-of-the-art solutions in order to empower our clients to succeed in the digital era.

Among digital transformation projects performed by ASEE Group in 2023, it is worth to mention the implementation of our Digital Origination solution for selling financial products at a prominent bank in Serbia. This implementation optimized the bank's operations, increasing the efficiency and flexibility of its sales and pricing processes. In addition, we successfully implemented the Digital Edge omnichannel online banking platform for a leading financial institution in Croatia, as well as the Service Center for retail and corporate channels of several banks in the region. These implementations enabled banks to offer their customers a consistent digital banking experience across multiple channels, improving customer satisfaction and engagement.

Another success was to launch a new Digital Platform for retail and corporate customers featuring our Digital Edge and Digital Origination solutions. Implemented at a bank in Serbia, this innovative platform offers enhanced functionality and a user-friendly interface, meeting the evolving needs of both retail and corporate customers.

Talking about the development of new products, I would like to mention our Open Banking Platform which positions ASEE Group as a leading provider and trusted partner for innovative Open Banking solutions in South Eastern Europe and other regions. The implementation of the Open Banking Platform facilitated compliance with EU PSD2 regulations at seven banks in Macedonia and Montenegro.

In the area of security solutions, ASEE InACT® Enterprise Fraud Detection and Prevention has been chosen by two leading banks in Turkey, as well as by four banks in Montenegro to be provided in the SaaS model. Whereas, the App Protector solution was successfully deployed at several banks in the region, including in Romania, Croatia and Montenegro.

Dedicated Solutions – partner in digitalization

We launched several other products in 2023, proving our commitment to innovation. In particular, we deployed Live 3.0, an upgraded version of our advanced omnichannel customer experience management platform. Live 3.0 was implemented for numerous companies in Croatia as well as for the largest water supply company in Lithuania. Hence, the Live platform expanded its presence beyond the SEE region, boasting successful deployments in Poland, Uzbekistan, Egypt and now also in Lithuania.

In addition, the Dedicated Solutions segment had several other successful projects, such as the implementation of the eArchive solution for clients in Serbia, supporting them in the process of digitizing their documents.

We also completed a major project for JP Elektroprivreda Srbije (EPS) in the public administration sector, which involved the implementation of an online platform for citizens, contributing to the digital transformation of this electricity provider. Furthermore, we participated in several projects focused on the digitalization of schools in Serbia, delivering virtual desktop infrastructure and interactive whiteboards for classrooms.

Payten – growth driven by e-Commerce, card processing, IPD and ECR

In the Payten's business area, we launched the Payten Fintech Suite, a comprehensive solution designed for fintech companies based on the "One Stop Shop Fintech" approach.

We also signed numerous contracts to implement Payten Payment Gateway and Paratika in Turkey in various industries, including retail trade, insurance, automotive, airport services and financial institutions.

Monri, Payten's point-of-sale payment brand in the SEE region, achieved solid revenue growth of 31% year on year, acquiring more than 2,300 new customers for IPD, online payment and ECR solutions, and now supports more than 14,000 customers in the SEE region.

In the field of POS terminal services, we successfully completed several SoftPOS implementation projects for banking clients in Serbia, Czech Republic, Slovakia and Montenegro. On top of that, our SoftPOS mobile payment solution has been installed by Sonet at SK Pay and UniCredit Bank. In 2023, Sonet expanded the scope of its cooperation with Raiffeisen Group, for which it implemented the Merchant Portal for the Regional Card Processing Center serving Raiffeisen Group bank branches in Central and Southern Europe. In addition, Sonet has entered the Austrian market through a partnership with an international payment service provider that plans to expand this cooperation to other countries as well.

In the area of payment card processing, ChipCard showed impressive double-digit business growth in 2023, with a 23% increase in the volume of transactions processed, 16% increase in payment card transactions, 18% increase in ATM transactions, and 14% increase in POS terminal transactions, adding up to more than 416 million successful transactions.

On the other hand, Necomplus which is celebrating its 30th anniversary, achieved more than 30% growth in sales revenues net of subcontractor costs (M1) in the LATAM region. This success is attributed to the consolidation of major customers in the Peruvian market. Necomplus has also expanded its presence in Colombia.

Throughout the past year, ASEE Group, including Payten, implemented numerous projects featuring large scale and innovative solutions, thereby proving to be a trusted partner in the business market.

Social responsibility

Apart from our business achievements in 2023, we also engaged in social responsibility projects. After the earthquake in Turkey, we organized aid for the affected areas in cooperation with NGOs. This was a collective initiative held by our companies in each country, which enabled individual employees to make contributions to respective associations, resulting in a significant amount of donations. I express my gratitude to all colleagues who joined our campaign of Solidarity with Earthquake Victims. More information on numerous charitable activities that have been undertaken in the region by ASEE Group, including Payten, can be found in our Non-Financial Report for 2023.

Future outlook

I look forward to the coming year with optimism. There are ambitious goals ahead and plenty of new opportunities on the horizon. We will continue our strategy to grow both organically and through new company acquisitions. Thanks to the talent, knowledge and determination of our employees at ASEE Group, including Payten, I am confident that we will achieve our goals.

Piotr Jeleński, President of the Management Board of ASEE & Payten

Management Report on Operations
of Asseco South Eastern Europe Group
and Asseco South Eastern Europe S.A.

Management Report on Operations
of Asseco South Eastern Europe Group
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for the year ended 31 December 2023

2. GENERAL INFORMATION ON ASSECO SOUTH EASTERN EUROPE S.A. AND ASSECO SOUTH EASTERN EUROPE GROUP

Asseco South Eastern Europe S.A. (the “Parent Company”, “Company”, “Issuer”, “ASEE S.A.”) seated at 14 Olchowa St., Rzeszów, Poland, was established on 10 April 2007 as a joint stock company.

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 0000284571.

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

Asseco South Eastern Europe Group (the “Group”, “ASEE Group”, “ASEE”) is comprised of Asseco South Eastern Europe S.A. and its subsidiaries.

2.1. BUSINESS PROFILE OF THE ISSUER AND ITS CAPITAL GROUP

ASEE S.A. is primarily engaged in holding activities and focuses on managing the Group of companies and expanding its geographical coverage and product portfolio.

ASEE Group also conducts operating activities including the sale of proprietary and third-party software as well as the provision of implementation, integration and outsourcing services. 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.

ASEE Group has identified the following reportable segments reflecting the structure of its business operations:

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

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.

2.2. AUTHORITIES OF ASSECO SOUTH EASTERN EUROPE S.A.

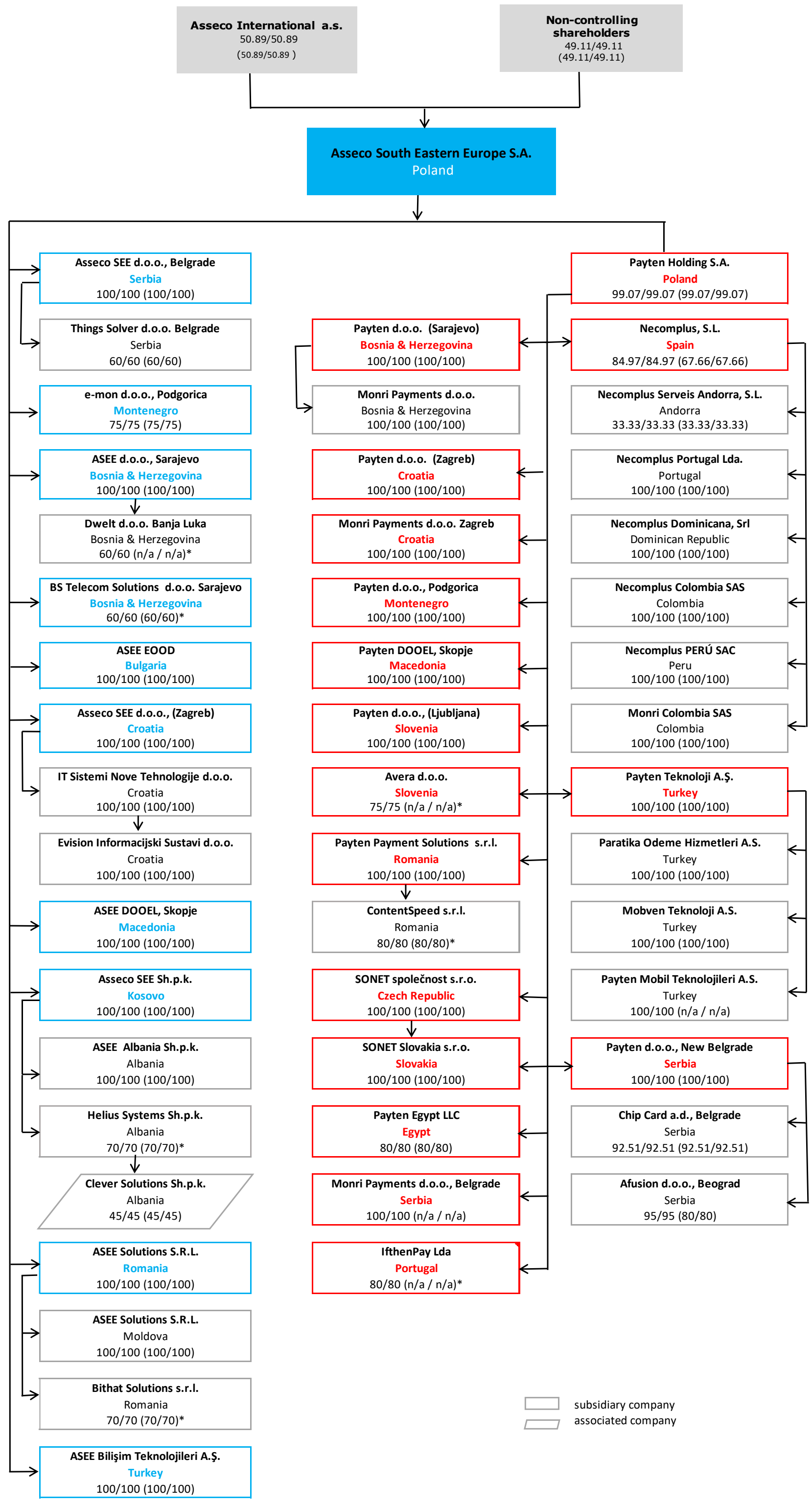
As at the date of publication of this report, this is on 27 February 2024, the Company's Management Board, Supervisory Board and Audit Committee were composed of the following persons:

Supervisory Board	Management Board	Audit Committee
Jozef Klein	Piotr Jeleński	Artur Kucharski
Adam Góral	Miljan Mališ	Adam Pawłowicz
Jacek Duch	Michał Nitka	Jacek Duch
Artur Kucharski	Kostadin Slavkoski	
Adam Pawłowicz		

During the reporting period as well as in the period from 31 December 2023 till the publication of this report, this is till 27 February 2024, the compositions of the Issuer's management and supervisory bodies remained unchanged.

2.3. ORGANIZATIONAL STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP

Presented below is the organizational structure of ASEE Group along with equity interests and voting rights at the general meetings of shareholders/partners of its subsidiaries as at 31 December 2023 and 31 December 2022:



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

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

The parent company of Asseco South Eastern Europe S.A. is Asseco International a.s., seated in Bratislava. As at 31 December 2023, Asseco International a.s. held a 50.89% stake in the share capital of ASEE S.A.

Both as at 31 December 2023 and 31 December 2022, voting rights held by the Group in ASEE companies were equivalent to the Group's equity interests in these entities.

Changes in the Group structure

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.S.***

The companies of Payten Teknoloji A.Ş. and Smarttek Yazılım ve Endüstriyel Oto Sanayi Ve Ticaret A.S. 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 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.

2.4. STRATEGY AND DIRECTIONS OF DEVELOPMENT

ASEE S.A. is primarily engaged in holding operations and focuses on managing the Group of companies, including the payment services business consolidated under the brand of Payten, as well as on extending its geographical coverage and portfolio of products and services. Because the Parent Company is primarily engaged in holding activities, directions of the Company's development need to be examined taking into account the development and operations of the entire ASEE Group.

In 2024, ASEE Group (including Payten) intends to continuously expand the business of each operating segment within proprietary solutions and comprehensive services, while focusing on recurring revenue growth. To achieve this goal, ASEE Group plans to enlarge the scale of operations in proprietary software and services offered in the subscription model, including SaaS (Software-as-a-Service), as well as in outsourcing of processes, including payments for both large customers (enterprises) and retailers (merchants), focusing on fees based on the volume or value of transactions processed within a given process.

Strengthening of coherent corporate structure

ASEE Group is expanding the area of its business operations both through organic growth and company acquisitions. Currently, we operate in the markets of Central and South-Eastern Europe, Turkey, Egypt, Spain, Portugal, Colombia, Peru, and the Dominican Republic. With regard to growth through acquisitions, the Group is continuously focusing on incorporating new businesses into its organizational structure.

The Group's business is based on the following key operating segments:

- Payment Solutions,
- Banking Solutions,
- Dedicated Solutions (other proprietary solutions and third-party solutions).

Sales-oriented organization

The main task of sales force at ASEE (including Payten) has, for several years, been to expand our business into new markets as well as to focus on the most promising products and solutions. We continue to invest in resources that are necessary to serve international clients, who are present in the region of ASEE and Payten operations and have centralized organizational structures, as well as in resources allowing to boost sales in new markets.

We have undertaken a big challenge to actively engage business line managers and product managers from other departments into the sales and sales support processes. This is being accomplished gradually, including through professional training and implementation of additional processes to encourage cooperation within the Group.

In addition, we have begun to build a sales organization oriented towards the market of retailers, and not just enterprise clients. This work will be continued in 2024 and 2025 with a special emphasis on automation and IT support of the sales process and monitoring of its efficiency.

In 2024, the Group intends to continue its sales activities aimed at increasing revenues in the existing territory of operations, including Central Europe, South Eastern Europe, Italy, Spain, Portugal and Latin America, as well as in new markets.

Improving the efficiency of operations

Testing and quality assurance (QA)

In 2024, the Group plans to strengthen its team as well as to rebuild and harmonize its processes for testing and quality control of developed software.

International teams

We have set up international implementation teams that are dedicated to the execution of selected projects in the areas of mobile solutions, multi-channel online banking platform (Digital Edge), as well as the solution for offering financial products via digital channels (Digital Origination). Work is currently underway to increase the efficiency of these teams.

Goals for managers

Thanks to the standardization of metrics and tools, it has become possible to set coherent targets across the Group based on selected performance indicators and link them to the remuneration of those responsible for our operations. The Group aims to set common goals at the Group level for people from various geographies working together on particular business ventures.

Expenditures for product development

In cooperation with the sales team and heads of our product segments, we managed to verify our product development expenditures which helped rationalize the Group's budget more towards the development of strategically important products. Capital expenditures for these products have been consistently increased.

In 2024, the Group is going to continue to implement standard procedures as well as to improve its operating efficiency. The Management believes that such efforts will help perform any unprofitable projects at a minimum level and enable higher utilization of resources, thus further increasing the profitability of our own services.

Focusing on strategic products and services

By focusing on the development of strategic products, the Group will be able to achieve higher revenue growth and boost the sales of its proprietary solutions. This is one of the strategic objectives pursued by the Group and the signs of improvement in this area have been observed for a few years already. In 2023, sales of our proprietary solutions reached PLN 1,077 million, reflecting an increase by almost PLN 110 million or 11% in relation to the previous year. We expect our proprietary solutions to generate even stronger revenues in 2024.

In the ASEE's business development process, the Management places great emphasis on boosting the so-called recurring revenues, which include transaction fees as well as maintenance, outsourcing and subscription services, including SaaS (Software-as-a-Service). In 2023, our recurring revenues reached PLN 702 million, increasing by almost PLN 38 million or 6% as compared to the previous year. ASEE's Management expects to achieve higher growth during 2024.

Our strategic directions of development in the area of products include, among others, solutions for digital transformation of banks, authentication security systems, including anti-fraud and anti-money laundering solutions, artificial intelligence (AI) and machine learning (ML) solutions, billing platform solutions and smart metering systems, content management and business process management (BPM) solutions, multi-functional customer service and sales support platform (Live), intelligent traffic management and Smart City solutions (Husky platform), as well as e-Commerce solutions, including payment processing services. Selected solutions will be offered in the subscription model, including SaaS (Software-as-a-Service).

Entering into new markets

In the Management's opinion, in order to achieve higher sales, ASEE Group will need to generate more revenues in markets outside the current area of its operations, while supporting growth with acquisitions and expanding sales of individual business lines in countries where ASEE Group already operates but does not offer a particular service. A good example of this is further development of our offering dedicated directly to points of sale, including our independent network of POS terminals in Romania and the Iberian Peninsula, as well as independent network of electronic cash registers in Slovenia, Bosnia and Herzegovina, and Montenegro. Consistent development of product portfolio for points of sale and e-Commerce customers in Turkey, including direct debit payments, BNPL, independent network of POS terminals.

The strategic goal of ASEE and Payten is to become one of the three largest and most recognizable players in each of the markets where the Group conducts its business.

Plans for individual operating segments

In the **Banking Solutions** segment, our plans for the coming year assume, first of all, making investments in the development of selected products, as well as maintaining or strengthening the presence of this segment in countries where the Group operates, and also reaching out beyond those markets by offering selected products such as the Digital Origination solution for selling financial products via digital channels and the Digital Edge multi-channel online banking platform.

In 2024, our selective investments in the pipeline of IT products for the banking industry will cover the solutions which, in the Management's opinion, have the greatest potential for sales. These will primarily be the Digital Edge and Digital Origination solutions. The Group also plans to invest in upgrading particular modules of its core banking systems. As part of our product development efforts, we also analyze the potential sales models for individual solutions and, in many cases, they will be offered to our customers in the subscription model, including SaaS (Software-as-a-Service).

Regardless of the country of origin, each of IT solutions offered by ASEE is available across all the markets where ASEE Group operates. Mobile solutions, authentication systems or fraud prevention software can be offered separately, but also as complementary products in larger projects, such as core banking systems, the Digital Edge multi-channel online banking platform, or the Digital Origination solution for selling financial products via digital channels. In countries outside the region of ASEE's operations, this segment is seeking local business partners in order to offer our software solutions through their distribution networks.

In the coming years, the Banking Solutions segment plans to invest in improving its ability to support customers in business areas, placing greater emphasis on customized approach and taking initiatives that will assist the customers' business growth.

Development of the **Dedicated Solutions** segment will primarily involve strengthening the presence of our proprietary solutions on individual markets of the region. Currently, the Dedicated Solutions segment promotes its proprietary solutions with high revenue potential, which are ready for distribution in the whole region of ASEE operations, also outside the country of product origination.

We plan to continue investing in the business line responsible for Business Process Management (BPM) solutions in order to build a comprehensive BPM product based on software solutions available in the Group which will be offered in several markets of the region, including Romania, Serbia, Croatia, and Bosnia and Herzegovina. In addition, we plan to enrich our BPM solutions with tools based on artificial intelligence (AI and ML) technology, which can also be offered as a standalone product.

The second strategic area are Traffic management solutions (ITS) and Smart City solutions. We already offer this type of solutions in the markets of Croatia, Serbia, B&H, and Montenegro. The Group plans to commence the distribution of such products also in other markets, including in Romania.

The third strategic area includes integrated billing platform solutions and smart metering systems for energy operators and suppliers of other utilities. The Group currently has customers in this sector in Bosnia and Herzegovina and in Serbia. The goal for 2024 is to win the first such customers in other countries of Central and Eastern Europe.

We are working to integrate AI and ML tools into our other strategic products. Just as in the case of the Banking Solutions segment, we verify the optimum sales model for our dedicated proprietary solutions and consider offering selected products in the SaaS model. Moreover, the Group plans to increase the share of tailor-made solutions for individual large clients, and continues to expand its competence in the implementation of projects financed by the European Union, both under accession programs and structural funds. In addition, we plan to continue our efforts to use resources more efficiently and to improve the quality of project management, which will hopefully increase the profitability of the Dedicated Solutions segment in the long term.

Summary of goals for 2024 in the areas of banking solutions and dedicated solutions:

- Further increasing the share of our own products and services in the revenue structure of ASEE Group;
- Making selective investments in the pipeline of new IT products in the Banking Solutions segment and partially in the Dedicated Solutions segment, including further development of Digital Origination, Digital Edge, Live platforms, as well as Intelligent traffic solutions and Smart City solutions;
- Offering of selected solutions in the subscription model, including Software-as-a-Service;
- Preparing additional solutions for shifting the sales model from the traditional implementation and maintenance to the subscription model;
- Enriching selected software solutions with tools based on artificial intelligence (AI) and machine learning (ML);
- Boosting sales by entering into new markets, understood as new geographical locations as well as offering of our products in new business areas in the existing territory of ASEE's operations (also outside the SEE region);
- Gaining more benefits from the geographical and operational scale of the Group's business through well-coordinated management of resources, product development, relations with key customers and suppliers;
- Improving the efficiency of our operations through better project management, greater utilization of available resources, and optimization of customer support.

The **Payment Solutions** segment has been separated into a standalone organization called Payten. This process was completed in 2020.

Apart from the segment's separation, strategic plans include expanding the segment's portfolio with new products and services in order to ensure comprehensive processing of both physical and online payments. Our offering will be enriched through organic growth as well as potential acquisitions of companies with complementary business profiles. The Management also considers acquiring firms operating in other business areas, which would additionally enable the segment to launch its offering into new markets.

All the solutions offered by this segment are currently divided into four business lines: e-Commerce support solutions and processing of payment transactions, maintenance of POS terminals, maintenance of ATMs, and independent networks of POS terminals and electronic cash registers (ECR).

The division offering **online payment systems** focuses on the provision of services of e-Commerce transaction settlement for banks as well as for retailers and wholesalers (merchants). We adopted a strategy to sell our online payment gateways in the outsourcing model or subscription model, including SaaS (Software-as-a-Service).

In the first model (for banks), sales revenues depend on the number of retailers supported by the bank or payment institution being a client of Payten, as well as on the volume of transactions. According to the Management's estimates, the number of transactions will continue grow dynamically but it will be accompanied by pricing pressures. Additionally, banks are looking for alternative solutions in order to increase competitive pressure on Payten.

In the second model, where points of sale are direct customers, sales revenues depend primarily on the volume of sales and the volume of transactions generated by a given seller. In three geographic areas: Turkey, Serbia, and Portugal, thanks to obtaining a financial institution license (Payment Institution / eMoney license), Payten offers comprehensive online payment settlement services, and not just the technical handling of the process. Currently, our team efforts are focused on gaining further clients and increasing the number of transactions processed, which should translate into stronger financial performance. Work is currently underway to make the best possible commercial use of the licenses we hold, particularly the one valid in the territory of the European Union, which would help us enlarge our share in the payments market and use the licenses also in other markets.

The business line responsible for online payments also offers the Trides2 solution, the main function of which is to secure mobile and internet payments. In response to the growing volume of online transactions, we are seeing interest in this solution which is offered in many markets, also in the subscription model.

The business line that provides services of **processing and authorization of payment transactions (Processing)** does not yet have a significant share in the Payten's revenue structure, but it systematically increases the scale of operations and improves its financial results. In 2023, the pace of growth of our payment processing business was as high as 42%. The Management believes that payment processing and authorization services will continue to grow in 2024 just as in the years to come.

In 2023, the Group continued to work on preparing a comprehensive **offer of payment process services for retail points of sale**. The portfolio of services for retailers currently includes: online payment solutions, independent network of POS terminals and the SinglePOS solution, maintenance of POS terminals and hotline support, electronic cash registers with software, as well as online and mobile solutions for e-Commerce platforms.

Payten provides micro and small-sized merchants with electronic cash register (ECR) hardware and software solutions designed to enable and support product sales at all possible retail points of sale. Payten's dedicated solutions for the HoReCa industry support all their business processes. In 2024, Payten is going to continue its growth in electronic cash registers (ECR) also by offering its solutions in markets that are new to this business line.

The concept of comprehensive services for retailers assumes that Payten shall offer the widest possible range of services supporting the payment process, and thus provide our customers with the comfort of working with a one-stop-shop vendor. In the Management's opinion, the portfolio of services offered directly to merchants is one of the key growth engines in the Payment Solutions segment and, in the near future, we plan to reach retailers in the entire region of ASEE Group's operations with this offering.

Services related to the **maintenance of POS terminals and ATMs** still generate most of the segment's revenues. In this business, our most important markets are Spain, Croatia, Serbia, Romania, Bosnia and Herzegovina, Slovenia, Macedonia, Czech Republic, Slovakia, Colombia, and Montenegro. Apart from that, Payten is consistently building its market share in Albania and Kosovo, and strives to reinforce its presence in Bulgaria and Peru.

The division of physical payments handling is consistently expanding its business model to cover both the traditional supply and maintenance of equipment, and the complete outsourcing of payment processes. These actions translate into greater security and predictability of our business, as well as give ASEE Group a competitive advantage over local firms.

The Company operates an independent network of ATMs which support dynamic currency conversion (DCC) and work under the brand name of MoneyGet. The operations of MoneyGet have been developed in Croatia, Montenegro, Serbia, and in Albania. In 2024, the Management plans to carry on sustainable development of the MoneyGet network, aiming to maintain its market position in Croatia and Serbia while continuing to grow in Montenegro and Albania.

Summary of goals for 2024 in the payment solutions business – Payten:

- Expanding and reinforcing the portfolio of the Payment Solutions segment with new services and products both through organic growth and acquisitions, also beyond the present geographical area of the Group's operations;
- Further development of the business line offering e-Commerce solutions. Investments in existing solutions and furthering the range of services and geographical presence in the e-Commerce domain;
- Development of the business line offering payment solutions directly to retailers, providing customers with the comfort of working with a one-stop-shop vendor able to support both e-Commerce and physical payments (IPD);
- Offering new Payten solutions across the entire region of the Company's operations as well as in new markets, especially with regard to payment solutions intended for retail outlets;
- Expanding the portfolio of services offered to retail points of sale by providing the Buy Now Pay Later (BNPL) service as well as other payment and financial services;
- Work on the consolidation of competence centers within various geographies in individual areas of Payten's operations;
- Continued promotion of the Payten brand under which the segment operates.

2.5. KEY PRODUCTS, GOODS FOR RESALE, AND SERVICES

BANKING SOLUTIONS

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.

Omnichannel sales and services

Digital Edge

Digital Edge is a digital banking platform with a set of touchpoint applications and a set of customer engagement capabilities that ensure true omnichannel experience for bank's customers. Thanks to Digital Edge, a bank can increase engagement and loyalty of its existing customer base and acquire new customers in a cost effective way. Digital Edge encompasses the touchpoint applications used by account owners, the administrative panel used by bankers, and the multichannel middleware that connects the platform to all kinds of back-end systems. Digital Edge provides 24x7 services regardless of back-end systems availability by queuing initiated transactions for later execution. Digital Edge supports the following online channels: **Mobile**/Tablet, **Web**, ATM, Facebook, as well as **Chatbot** channel.

Digital Origination

Digital Origination is a sales and underwriting system that provides full flexibility in offering of bank products, services and bundles, enabling short time to market and full control and transparency of origination processes for both assisted and self-service touchpoints. Thanks to its open architecture, built-in artificial intelligence and brand new technology stack, it is a strong accelerator of digital transformation, wide open for innovations and extensive third-party integrations. Digital Origination provides consistent and personalized user experience on all screen sizes – desktop, tablet and mobile.

Open banking

Open Banking platform is a set of tools and processes that enable bank to make its data, processes, and business functionalities available in the broader eco systems. The eco system consists of banks, customers, fintech companies, TPP- Third party providers, developers, or any other partners with whom bank would conclude an agreement. Open Banking solution fulfils all the PSD2 requirements, including strong customer authentication, transaction authorization, fraud monitoring, and provides open APIs for access to customer information and payment initiation.

Digital SPM

Digital SPM (Sales Performance Manager) is a solution that enables bank to set and achieve sales performance indicators goals in an organized and efficient top-down manner - from bank, branch, manager to individual employee level. Solution is built on the brand new technology stack and supports planning and measurement of sales targets and KPIs for different bank products/portfolios in the defined time windows.

Digital CIF

Digital CIF (Customer Information File), with its flexible process engine and high parametrisation capabilities, solution provides efficient customer on-boarding process in the branches, or by agents on other PoSs, dramatically reducing manual work and time needed for on-boarding of the customer. On the other hand, ensures execution of all important validations and checks that have to be executed during the process, reducing the associated risks. This solution has the capability to be implemented as a standalone module for customer master data management.

Digital Branch

Digital Branch is a software package supporting bank's sales and servicing operations on assisted channels, such as bank's branch network, external agencies and call centers. Application provides operational excellence at the branch level, supporting branch tellers and speeding up branch processes and operations, improving customer service, putting customer in the central place instead of the traditional account-oriented approach. It integrates Brach teller operations as a part of the overall omni-channel service model.

Customer Analytics

Customer Analytics, with a set of analysis and predictive models, aims to help banks gain new clients, retain current customers and maximize their profitability with well-timed actions and offers that improve customers' loyalty and strengthen their relationship with the bank. Customer Analytics is designed to boost marketing efforts, with campaigns and marketing offers as central points. Multi-channel approach allows for integration of campaign offers through all bank's channels in a unified manner. Utilization of machine learning and predictive models gives our users a power not to rely solely on empirical expert knowledge, but to use predictions obtained through contemporary science methodologies.

Supply Chain Finance

Supply Chain Finance platform enables online assignment and discounting of invoices. This light weight front application for factoring business is intended for bank's customers that want to avoid visiting the bank to remotely review the terms of currently active factoring contracts, load invoices in the system and select invoices for purchase. Simple and easy to use, Supply Chain Finance platform is especially useful for big customers with a large number of suppliers and a large number of invoices received on a daily basis.

Banking operations

The Banking Solutions segment of ASEE offers three different core banking systems. Two of them are based on the Oracle platform (Absolut and Bapo), and one on the Microsoft platform (Pub2000).

Systems on Oracle platform:

- **Absolut**

Absolut is a suite of applications designed to support finance and banking operations. The system consists of the core module and several additional modules, such as Internet banking, management information system, cards management system, and insurance management system. It also includes the *Absolut leasing* application which effectively supports operations of leasing companies.

- **Bapo**

Bapo is an integrated core banking system offering numerous front-end functions, optimized for retail and commercial banks conducting operations in Southern and Eastern Europe.

Systems on Microsoft platform:

- **Pub2000**

Pub2000 is an integrated application for retail and corporate banking. Owing to its integrated *Product Factory* function it is quite a unique product on the market, which enables our clients to generate new banking products and services, and to define or modify process workflows without altering the application.

Apart from core banking solutions within banking operations ASEE offers **Treasury** and Collateral Management solutions.

Treasury

Treasury is an advanced front, middle and back office solution designed to meet the complete needs of treasury operations in a modern environment. It helps to increase the bank's overall profitability with simultaneously accurate risk anticipation and planning in accordance with the domestic and international regulations.

Collateral Management

The main purpose of Collateral Management solution is to provide a reliable registration and allocation of all types of collaterals used to cover exposure in order to control and mitigate credit risk. Furthermore, the application enables revaluation of collateral asset fair value, enhanced workflow and task mechanism, automatic alerts and detailed reporting package, as well as allocation by various methodologies and distribution algorithms.

Risk and compliance

Tezauri™

Tezauri™ is an integrated Business Intelligence solution for banks, which enables risk management, credit assessment through an integrated *scoring* system and profitability analysis, monitoring of regulatory compliance as well as implementation of related solutions.

Scoring

Scoring solution helps banks automate important operational decisions with predictive models. With simple yet powerful environment, easy access to data and built-in best practices, the solution enables holistic management of predictive models starting from development, ongoing validation and monitoring all the way to model revision and retirement.

Funds Transfer Pricing

Funds Transfer Pricing (FTP) enables banks and other financial institutions to better understand the business performance at all levels and take advantage of all opportunities and ultimately improve profitability. FTP is specially tailored to answer the market needs in South Eastern Europe. Flexible funding models, integration with Tezauri BDW or any third-party data source and detailed reports based on customizable profitability dimensions provide effective and robust FTP solution for any financial institutions on the market.

AML

AML (Anti-Money Laundering) is an integrated solution that uses sophisticated patterns and wide range scenarios to identify real-time and near real-time illicit activities and potential money laundering actions by analysing the behaviour of internal customers and counterparties, through every transaction across the enterprise. By offering fully automated processes for decreasing human workload, the system ensures easy and bullet proof modules addressing crucial segments in the area of AML such as KYC workflow, periodical monitoring, audit coverage and compliance to AML relevant directives and local regulatory requirements.

Early Warning System

Early Warning System (EWS) is a solution that supports proactive risk management for banks and a well-timed response to negative developments in the credit portfolio. EWS is used to ensure the timely recognition of potentially negative developments on the level of a client, as well as on the overall portfolio level, and also to enable the initiation of risk mitigating actions before increased risks from identified negative developments materialize.

ASEE Impairment Solution

ASEE Impairment Solution is a sophisticated risk management tool for identification and segmentation of credit risk in accordance with IFRS 9, and for calculation of expected credit losses. It is designed to facilitate easy transition to IFRS 9 and assist institutions in conducting necessary processes and generating reports in line with the regulatory requirements.

InACT®

InACT® is a modular application that monitors and prevents multi-channel transactional and non-transactional frauds, misconduct attempts, operational faults, and performs regulatory controls. InACT® includes the following modules: Enterprise Fraud Detection & Prevention, Internal Fraud Management, InACT® Euler with Intelligent Anomaly Detection, and Relationship Network Analysis. InACT® Enterprise Fraud Detection & Prevention helps financial institutions protect their customers from multi-channel fraud attacks. InACT® Internal Fraud is designed to detect and prevent employee frauds, operational failures and compliance breaches. InACT® Euler prevents frauds by using artificial intelligence to detect any anomalies with the help of predictive analytics. Whereas, InACT® Relationship Network Analysis enables companies to easily detect sophisticated loops and fraud networks, as well as perpetrators and victims of organized crime. InACT® complies with the requirements of PSD2 Directive and is offered to financial institutions as part of our open banking package.

Authentication security solutions

Advanced authentication solution: SxS

SxS is a comprehensive, proven, multi-factor authentication solution designed to provide extremely secure access to any application and system through the use of progressive technology. In order to ensure the highest level of security and identification of end users, SxS applies a wide range of authentication methods. It combines biometrics with a risk analysis mechanism, making sure the user is undisturbed and satisfied. This multi-level solution overcomes all security-related obstacles, regardless of whether the users chose to apply a hardware or software authentication token.

mToken

mToken is a mobile token which is paired with SxS and offers authentication methods provided by SxS through a mobile device. mToken can be delivered as an SDK, to be implemented into an existing mobile application; or it can be delivered as a standalone mobile application (with minimum level of customization of the application).

AppProtector

AppProtector is a mobile security technology that is built on, or linked into a mobile application. It is capable of protecting application execution, early intrusion detection and preventing real-time attacks on mobile phones. It is delivered as an SDK which is implemented into a mobile application. The SDK detects potential threats originating from a mobile device on which the application is running on and offers a specific response if threat is detected (terminate mobile application, for example).

App Protector Portal

Portal is an extension of App Protector and offers manipulation of configuration for the response type which occurs when a specific threat is detected. Additionally, statistics and reports on attacks on mobile applications can be visualized.

Solutions for advanced digital signature and encryption based on Public Key Infrastructure technology:

SecureSign

SecureSign is providing secure and seamless experience in digitally signing documents. Whether you are striving to optimize the process of exchanging legally binding contracts and digitally signed documents with partners and vendors in business to business scenarios or you are simply trying to eliminate the administrative burden of the paper document handling, SecureSign portfolio is your way to go. SecureSign helps to reduce cost of printing, handling, orchestration of signatories of documents, scanning and archiving documents, allowing all counterparties to use it on any device in SaaS mode using any type of digital certificate, whether it is issued on a PKI hardware cryptographic device, stored in certificate storage of the local device, or a Cloud certificate in SaaS mode.

CMS

CMS (Credential Management System) is a flexible solution designed to manage entities (users, servers or applications), devices, certificates and certification policies. PKI CMS supports issuing certificates on hardware devices (e.g. smart cards, USB tokens, etc.), in files (software certificates), or using CSR (Certificate Signing Request), as well as Cloud certificates issued and used on HSM devices. PKI CMS provides multi institution support, notification services, role dependent administration, and audit logging. The solution is compatible with all modern web browsers and is operating system independent.

Additionally, CMS offers numerous services used to generate digital signature and to encrypt documents shared over unsecure network (Internet, e-mail). The solution is easy to implement on existing web applications (i.e. Internet banking, web portals) and can be used for secure authentication (login), transaction signature (one or more), and qualified and advanced electronic signature of documents (equal to handwritten signature).

Services

Managed multichannel e-Banking service

Managed multichannel e-Banking is a 24x7 online banking service which can be hosted in various countries of Central and Eastern Europe. It allows retail and corporate customers to access the bank's data and services from any place by using multiple devices.

Consultancy

ASEE offers **consultancy services** in the area of e-banking and digital transformation. We work with banks and support them in their transition from 'bricks' to 'clicks'.

Infrastructure as a Service

ASEE's **Infrastructure-as-a-Service** offer provides the businesses with IT computing, memory and storage resources on demand, from within our cloud infrastructure.

DEDICATED SOLUTIONS

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.

Other proprietary software

Business Process Management

ABC

ABC is a Content Services Platform that helps organizations empower the content and improve processes management, through content services approach. The solution is built for case management, digitalizing documents and preserving archived information. It is vendor agnostic and includes among others following business modules: digital mailroom, electronic correspondence aligned with compliance rules, distribution and decision-making workflows, documents handling and archiving. ABC provides tools for customization and process automation in order to meet client's specific requirements.

DTH	**DTH (Digital Transformation HUB)** is cross-industry orchestration platform for setting up fully automated and digitalized processes in an organization. By implementing DTH, organizations save time and offer better user experience, because they can eliminate manual steps through fully digital customer identity validation, onboarding, product purchasing and signing for a large spectrum of industries.
EnterprisePrint	**EnterprisePoint** is a platform which fully adapts to the specifics of the business, from forms, searches, templates to business processes with high performance. It is seamlessly unnoticeably related to any existing platform, application, system or repository. It allows to digitize business using only one solution. It manages safely and effectively with business content, processes and repositories. It is consistent with numerous regulations, directives and standards such as ISO, eIDAS, GDPR and PSD2.
OfficePoint	**OfficePoint** is an electronic document and records management system (EDRMS) product with no-code/low-code implementation (LCNC). ERDMS combines document management and record management system in one integrated solution for implementing a standard way to managing digital and physical documents (capture, distribution, creation, output) across the organization. It helps standardize business processes related to the lifetime of all documents received or created within your organization. It is ISO 15489-1:2016 certified (Information and documentation - Records management) and consistent with numerous regulations, directives, and standards such as eIDAS, GDPR and PSD2.
BoardPoint	**BoardPoint** is a solution used to prepare and hold a Management Board meeting or other types of formal meetings. It helps to digitalize a meeting and to make meetings more efficient. Access to meeting related information can be performed from various devices, either standard PC, mobile phones or tablets. The solution allows to make decisions based on relevant information, faster and easier, with less costs.
Docs4ECM	**Docs4ECM** is process based Enterprise Input Management Platform for scanning, OCR, automatic document processing and digital signature, whether you receive them in physical or digital form. Thanks to the advanced document classification system and Machine Learning, the solution efficiently handles all physical and digital documents such as incoming invoices, payment orders, barcode documentation etc. Document processing and automation starts from the same interface and automatically directs and saves to the designated location.

Customer service management solution

Live	**Live** is an advanced Customer Experience Management omnichannel platform that helps companies worldwide to grow their profitability by optimizing and automatizing their internal and external communication and processes, enabling customers to engage actively with their brand. It integrates with various technologies and modules that are part of standard Omni-Channel Contact Centers and Customer Engagement systems. Its seamless integration with CRM and internal IT systems enable a 360° view of the customer across all interaction points.

ERP solution

Fidelity	**Fidelity** is a fully-fledged ERP solution for asset lifecycle management, dedicated primarily to large organizations with dispersed organizational structure. It is a unique solution on the market owing to the comprehensiveness of its modules addressing the full set of requirements of Asset and Spend Management, covering the functionalities of Budget Control, Procurement and Spend Analysis, as well as traditional ERP functions such as Inventory Management.

Solutions for leasing companies

Lease product and asset management solution LeaseFlex	**LeaseFlex** is a web-based Lease and Asset Management software for equipment and consumer finance. It enables financial service companies to maximize their operational efficiency in business administration and monitoring with a centralized management platform for operational processes and end-to-end management of the lease and asset lifecycle.

Financial services for retail customers	**FinanceFlex** is a scalable solution for car finance companies, targeting to increase regulatory compliance, operational efficiency and effectiveness within their organization. FinanceFlex offers additional modules for suppliers and sales channels of equipment finance companies, increasing speed in offering pricing and credit approval for potential customers.
AI/ML solutions	
Solver AI Suite	**Solver AI Suite** is a modular AI platform that helps companies to put their customers at the spotlight, having all customer-related data, combined with the results of machine learning models, in one place with the ability to target them with personalized offers at any time. It consists of: **Segmentation Studio** – a module with CDP (Customer Data Platform) functionality which provides insights for upsell and cross-sell opportunities, reducing customer churn and better user experience; Audience Studio – a lab of filters with the aim of creating the most adequate group of customers for targeting; **Broadcast Studio** – a tool that enables automatic campaigning to high number of customers combined with full personalization through Email, SMS and Viber; **Touchpoint Studio** - unique solution for managing personalized experience on any digital channel. It's ideal for upselling, cross-selling, keeping customers in the checkout, promoting actions or simply providing information of interest to them. Automation Studio is a tool for marketing automation on different channels powered by personalization functionalities. Search Studio, a tool for enabling e-commerce search.
Solver Atlas Data Lake	**Solver Atlas Data Lake** is an enterprise, cloud-native Data Lake solution. It provides functionalities for data storage via object storage, ETL, SQL engine, and reporting tool. On top, it offers enterprise-grade security features like RBAC and ABAC. Atlas also provides AI/ML development and management tools.
SolverOne	**SolverOne** is an AI product that offers generative AI capabilities with a focus on text and code generation. SolverOne is an external or internal chatbot that can search and create relevant answers or actions out of a knowledge base. It is focused on providing specialized generative AI models for specific business domains, taking into account the importance of data privacy aspects.
Intelligent traffic management solutions	
ITS Husky	**ITS Husky** is an open and scalable SCADA software especially customized for control and management of traffic, tunnel management and AI driven services to increase security of transportation. Due to its scalable cloud based virtualized architecture it can be used in other fields such as: transportation, oil/gas industry, energy, utilities, object control etc.
Smart City solutions	
ITS Husky	**SmartCity + Husky** are modular SCADA software tailored for the combination of urban infrastructure management and integration of technology with society aspect in mind. The solution improves & enables safety of city citizens by lowering public transportation accidents. The platform provides an inbuilt set of rules for the traffic industry, allows definition of a new controlling set of rules for building the full set of smart city services including city information and security management.
BEE Urban	**BEE Urban** is a smart city ticket collection system and public transport supervision and management system. The system is reliable for users, passengers and reliable for operators. Helps optimize public transportation, city tunnels and road management including end customer billing.
Notary Management System (NISA)	**NISA** is notary business management solution that provides secured management of all the notary activities. It offers greater security and convenience for both businesses and consumers who regularly deal with notarizations. It covers wide range of functionalities like: generation and processing of the notarial acts and services, calculation of fees, electronical signatures, integration with the state institutions (cadaster, register of mortgages, etc.), requests for correction of acts/actions, archive and accounting and finance.

Postal Services System	**Postal Services System** enables the execution of different postal and financial services in the post's offices, creation and maintenance of customer accounts, the accounting of all operations, etc. It also serves as a backend for virtual post platforms such as e-post, e-commerce and e-wallet. The System supports following postal services: processing from the receipt of the package to the delivery, payment collection for the postal services, fees management, Management of packages transportation, integration with the customs service, integrated with the e-commerce systems and third-party services for exchanging mail events (IPS) and tracking mail items.
Platform X	**Platform X** is an ecosystem of applications specialized for the utility sector. Built as a core software, it covers all business and operational processes of electricity suppliers, DSOs and municipal utility companies (water, gas, heating, waste management and other services) of any size. The platform optimizes and manages utility companies, their data, payments and legal proceedings, all within one system (covering contracting, customer management, smart meter management, billing, invoicing, payments, dunning and debt collection, market communication and customer-centric portal). Characterized by modern architecture, flexibility and agility, it represents the next generation operating system for utilities, empowering organizations to navigate the modern landscape seamlessly.

PAYMENT SOLUTIONS

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), payments through Android POS, 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.

ATMs and POS terminals **- installation** **- maintenance** **- replacement** **24/7 Service Support Center**	Payten's well positioned service network, counting over 100 service centers, enables us to provide the best SLA possible. In the SEE region, we successfully maintain over 10,000 ATM, ATS and KIOSK terminals as well as 1,000,000 POS terminals, utilizing fully automated business process management. We are constantly updating and improving functionalities, and bringing added value to our Clients, by tracking latest world trends and significantly investing in R&D (bill payment, recycling, automatic exchange office, GSM top-ups, mCash payments, etc.). One of our priorities is outsourcing, since Payten above all aspires to having long-term agreements with its Clients, reducing their operational costs and, at the same time, enabling them to focus on business.
Multivendor solutions for ATMs and POS terminals	
Processing of card payment transactions	Payten's **processing center** provides quality support in all aspects of payment card processing business. We offer our clients high quality service, knowledge and experience of our experts, complete solutions and consulting services concerning the payment card business. The processing offer includes: transaction processing and switching services, card issuing and hosting services, ATM and POS acquiring services, fraud management, and contact center services.
Mobile payments: **-mPOS**	**mPOS** solution represents a new generation of intelligent and interactive mobile POS solutions for accepting payment cards. The integrated mobile payment solution enables merchants to transform their smartphones into mobile point of sale (mPOS) systems that fully support PIN based transactions (including the use of EMV chip cards), thus reducing start-up costs and minimizing equipment needs. Moreover, this system provides merchants with additional payment-acceptance-related services, for example certain level of application and slip customization, branding, inventory management, and online preview of transaction history.

e-Commerce:

-Virtual POS – NestPay®

NestPay® solution is a B2C online card payment platform also known as payment gateway that processes payments between merchants and acquirer banks. NestPay® is designed to enable banks to offer card acquiring services to their web merchants. Financial institutions offering online payment services can benefit from NestPay® software as a service provided by Payten using its PCI DSS certified environment. NestPay® technology empowers the banks to enter "Card-Not-Present" (CNP) payment market with full confidence. Solution supports container-based technologies and Kubernetes in microservices architecture with extended resiliency.

Trides2

Trides2 is a complete 3-D Secure solution dedicated to card issuing and acquiring institutions who want to reduce the risk of fraudulent online transactions with the worldwide interoperable 3D Secure solution. Portfolio includes ACS, 3DS Server, Directory Server and end-to-end testing tool. Following the new EMV® 3-D Secure Protocol, Trides2 enables Strong Customer Authentication, including Biometry, Decoupled Transaction Authentication, Transaction Risk Analysis and Risk-Based Authentication which improve end user online payment experience and transaction security.

ATM software

TermHost

TermHost software solution provides the implementation of Value Added Services on top of the standard ATM transaction set. This results in generating new revenue streams on these terminals for the bank, and completely changes customer experience of the cardholder. By using TermHost and its modules banks seamlessly integrate ATM terminals into their omni-channel world, making an ATM a modern point of accessing various bank functionalities. This way ATMs can offer transactions that previously were not possible using the rigid and outdated NDC ATM protocol. Currently we offer the following functionalities using various TermHost modules: Campaigns, Personalized User Experience, mCash – withdrawal using a mobile phone, on-us transactions authorized by bank instead of their ATM processing host, and many others.

POS software

PayPro

PayPro is an application for EFT POS terminal devices that are used on merchant locations for acceptance of payment cards, such as Visa, MasterCard, American Express and others. It supports different models and vendors of terminals, thus providing the banks and merchants with common user experience on various devices, and reducing the time to market for new products. We continuously follow the mandates from payment organizations, improving the software functionality in order to provide customer service at the highest level of security.

Android POS

New generation of POS terminals based on Android platform opens the space for different non-payment applications that can build up the perfect ecosystem for the merchants. Part of it is Android payment application used for the acceptance of all card brands (VISA, Mastercard, Amex, UPI), with value added features such as dynamic currency conversion (DCC), MC instalment plans, purchase with cashback, connection with electronic cash register (ECR) etc. Terminal management system, including MDM, enables rich possibilities of complete monitoring and management of Android POS terminal network.

All-in-one device with payment, cash register, location, loyalty, or any other merchant Android applications, with end-user well-known options, brings a completely new user experience.

POS instant payments

Payten provides additional value to the standard instant payment system by offering a solution for instant payment acceptance at points of sale. For merchants, this will contribute to the payment guarantee and availability of funds, while customers will enjoy the convenience of not having to carry cash or credit cards, just a mobile phone.

UNAC

UNAC is a network access controller used for routing payment traffic to payment hosts. It is a highly reliable, secure, easy to configure and manage, network transaction platform. The solution has been specially designed and optimized to process a large volume of concurrent transactions, which makes it ideal for networks with high payment traffic. UNAC combines the best qualities of network access controllers while eliminating their shortcomings.

MoneyGet	**MoneyGet** is a network of almost 400 ATMs that are independent from financial institutions and owned by Payten. The network is spanning across the region of Central Eastern Europe and is present in Croatia, Serbia, Montenegro and Albania. MoneyGet ATMs are located in the most convenient places – near supermarkets, city centers, tourist attractions, beaches, etc. MoneyGet ATMs provide access to cash and other financial services (balance enquiry, account statement, cardless cash withdrawals with QR codes) for both local and foreign clients, thanks to the acceptance of cards belonging to the Visa and MasterCard payment schemes. With the DCC (Dynamic Currency Conversion) service, ATMs are able to offer foreign customers cash withdrawals based on the known currency exchange rates, charging the customer's account in its local currency with the amount shown on the ATM screen during transaction. Thanks to the DCC service, foreign clients are not exposed to the risk of unknown exchange rates as may be used by their banks.
PFS	**Payten Fintech Suite** is an infrastructure and integrated solutions which Payten provides for PIs and EMIs. PFS is compliant with regulations and it can be used by licensed companies, or facilitate the license processes of companies that demand to obtain a license. It consists of three key modules: **Payment Facilitator** is one of the key modules that provides the solutions such as Virtual POS, Payment Gateway, Onboarding, Reconciliation, PaybyLink, Market Place, Card Token, and Hosted Payment Page. **E-Wallet** is another key module which provides Back office solutions, Mobile Applications and SDK. E-Wallet solutions offer some services and modules including Admin Panel of Back Office, Money Transfer Services, Campaign Module, Fee Module, Limit Module, and Complaint Management Module. Third party integrations are third key module. These Integrations may include Fraud, SMS, AML, KYC & KYB, BNPL, APM, Chargeback, Loan, Consolidation Accounting, Data Privacy and Compliance, Open Banking, Android POS according to customer's preferences.
Solutions for non-financial institutions	Payten offers a variety of solutions for merchants. In a competitive e-Commerce industry, merchants need to act fast and secure. Moreover, merchants need to conclude virtual POS agreements with multiple banks which makes it difficult to manage payment processes as electronic payment comes out as an alternative channel to the traditional payment systems. Furthermore, ensuring the security of end users' critical information becomes an issue itself.
Switching & Tokenization: **- Payten Payment Gateway**	Allowing merchants to collect payments from various banks, **Payten Payment Gateway** is an online transaction service provider for e-Commerce companies with value added services that are switching and tokenization. Switching is a smart feature that routes the transaction to the most convenient bank with the lowest commission rate or to the next available bank in the case of card rejection without affecting user experience. Tokenization technology offers a secure, easy and convenient checkout experience for buyers from multiple access points, i.e. web, ERP systems, CRM systems and e-mail. In addition, it offers one-click payment option to card owners by storing card information in PCI-DSS environment and does not require to enter card information again for future shopping. Besides card payments, Payten Payment Gateway supports Shopping Credit (BNPL), Bank Transfer payments, recurring payments, PaybyLink feature and certain local bank wallet applications. This broad range of payment methods offers flexibility to customers in choosing their preferred payment option and provides businesses with a payment infrastructure capable of meeting all types of customer needs. In addition, Payten Payment Gateway is offered as a B2B online payment solution for companies with dealer, vendor, or merchant network. Payten Payment Gateway dealer management solution allows the main company to collect payments from its dealers and allow dealers to accept payments from buyers.
Payment acceptance: **-Online payment facilitator Paratika**	Acting as a payment facilitator, **Paratika** is an electronic payment solution which allows merchants to accept online payments from multiple banks with single integration and can also store the card data for future payments in PCI-DSS compatible environment. Paratika comes with a card tokenization technology which provides card holders with flexibility and ease of use in future payments. Moreover, fast check-out also known as one-click payment feature, enables secure, easy and convenient check-out experience to card holders.
WebPay	Acting as an internet payment service provider Monri offers **WebPay** as an electronic payment solution which allows merchants from all EU 28 countries + Serbia, Bosnia and Herzegovina, and Montenegro to accept online payments from multiple banks with single integration. The whole solution is running in a PCI DSS Level 1. environment hosted in the EU. Some of the features of WebPay are: card on file (tokenization), pay-by-link, lightbox and components payment form and Android/iOS SDKs. WebPay offers plugins for some of the world's

most known webshop solutions like: WordPress, Magento, WooComerce, PrestaShop and OpenCart.

SinglePOS

SinglePOS solution is a service enabling merchants to replace two or more EFT POS terminals at point of sale with a single device connected to a number of acquirers (usually banks). In addition to switching service, the solution enables merchants to always use the lowest acquiring transaction fee (by selecting on-us scheme as first). SinglePOS important advantage is also a facilitation of fast and easy checkout process both for merchants and customers, since the device is connected to the ECR, removing the need of cashier manipulation on EFT POS and thus eliminating any possible mistakes usually occurring when SinglePOS is not present. Merchants also have access to the Merchant Portal with a possibility to (re)view processed payment transactions in real time. Other features include: instalments processing, presenting marketing messages on the device screen, support for loyalty programmes, tokenization service, DCC service, instant payments, mobile top-ups, customised reporting (including integration with accounting systems, e.g. SAP) and much more.

ecommerce Platform

ecommerce Platform is available in two ownership options: StartUP (eShopTen) – designed for start-up business – monthly/yearly subscription based, with tiered pricing strategy combined with per feature upsell and cross-sell options advantages. Premium license-based option addresses well established businesses and is divided into specific products with market fit: Omnichannel B2C Retail, B2C Online Pharmacy, B2B Portal for distribution companies, Mobile Apps and Marketplace solution. The advanced single core technology and modules designed for specific niches ensure a very short time to market. From idea to first order in less than 2 months on average.

ECR

Under the **ECR** business line, Payten offers micro and small merchants, hardware and software solutions designed to enable the sales and support the sales of products at all possible points of sale. Payten’s dedicated solutions for the HoReCa industry cover all business processes, such as collecting orders from guests, kitchen orders, kitchen management, stock control, billing, and reporting. ECR solutions are integrated to other Payten solutions including POS, mobile payments, e-Commerce loyalty programs and other third-party solutions like various ERPs, PMSs, BS.

2.6. SELLING MARKETS OF THE COMPANY AND THE GROUP

The Company of ASEE S.A. earns revenues from dividends received from its subsidiaries, as well as from the sale of business and technical support services to its subsidiaries. Such revenues are generated in countries where the Company holds its investments.

ASEE S.A. also generates revenues from the sale of services and software for voice automation systems, as well as from the sale of software, services and hardware to the banking sector. Sales of IT services and software are made primarily in the Polish market.

Asseco South Eastern Europe Group conducts business operations in several regions: South Eastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Kosovo, North Macedonia, Moldova, Romania, Serbia, Slovenia, Turkey), Central Europe (Czech Republic, Poland, Slovak Republic), Western Europe (Spain, Portugal), and South America (Dominican Republic, Colombia, Peru, Ecuador and Brazil).

South Eastern Europe

In South Eastern Europe, the Group's biggest operations are conducted in the markets of Serbia, Croatia, Romania, Turkey, and Bosnia and Herzegovina. As far as other markets are concerned, the scale of our operations will be gradually expanded by launching comprehensive offerings of products from all of our business segments.

Four countries in this region, namely Slovenia, Romania, Bulgaria, and Croatia are member states of the European Union. Other countries are at various stages of applying for membership in the European Union. As of 1st of January 2023 Croatia is part of the Eurozone and has successfully adopted euro as its currency.

Presented below are the basic statistics for the markets of South Eastern Europe where ASEE Group operates.

	Population (millions)	GDP forecast for 2023 (USD billions)	GDP growth forecast for 2023 (% per annum)	GDP growth forecast for 2024 (% per annum)	Inflation rate 2023 (% per annum)	Unemployment rate 2023
Albania	2.9	23.0	3.6	3.3	4.8	11.0
Bosnia and Herzegovina	3.5	26.9	2.0	3.0	5.5	15.3
Bulgaria	6.4	103.1	1.7	3.2	8.5	4.6
Croatia	3.8	80.2	2.7	2.6	8.6	6.3
Kosovo	1.8	10.5	3.8	4.0	4.7	11.5
Moldova	2.5	16.0	2.0	4.3	13.3	4.9
Montenegro	0.6	7.1	4.5	3.7	8.3	17.4
North Macedonia	2.1	15.8	2.5	3.2	10.0	14.3
Romania	19.0	350.4	2.2	3.8	10.7	5.6
Serbia	6.6	75.0	2.0	3.0	12.4	9.1
Slovenia	2.1	68.4	2.0	2.2	7.4	3.6
Turkey	86.3	1,154.6	4.0	3.0	51.7	9.9

Source: International Monetary Fund, tradingeconomics.com, Central Bank of the Republic of Turkey website

The analysis of data on the population and gross domestic product (GDP) shows that most of the countries in which ASEE operates are small markets, with a relatively low purchasing power. Turkey is an exception where both the number of inhabitants and GDP are higher than in all other South Eastern European countries of ASEE operations taken together. For ASEE and Payten, the second largest market in the region is Romania.

The forecast of real GDP changes published by the International Monetary Fund indicates that in 2023 most of the countries will have relatively similar growth rates year on year. In general economies in South Eastern Market are predominantly influenced by world macroeconomic trends manifested through general increase in prices, increased interest rates, increased energy cost and the conflict in Ukraine. As of now International Monetary Fund indicates that for the period till 2028 GDP growth rates will be similar to levels as in 2024 forecasts. However it is worth to mention that estimates are highly volatile mostly to the above-mentioned world macroeconomics trends. Presuming that such predictions do materialize, the analysis of our order backlog for 2024 suggests that ASEE Group revenues in the next year will remain stable.

In 2023, all of the above-mentioned countries experienced a moderation in inflation compared to the previous year (2022). This indicates a relative stabilization in consumer prices after a period of heightened inflationary pressures. Considering current inflation rates we can note that all of the countries that are candidates or willing to apply for membership in the European Union have inflation rate which is above the Maastricht criteria for average inflation rate. As far as Turkey is concerned, we can note that it has significantly higher inflation rate compared to the other countries 51.7% per annum. Based on Trading Economics data inflation in Turkey in January 2024 is 64.85 % which is quite similar to the December rate

64.77%. The inflation rate in Turkey surged from 55% in January 2023 to 65% by December 2023, indicating a continued escalation in price pressures and highlighting the persistent challenges facing the country's economy. The Management Board is closely monitoring the developments and all macroeconomic indicators and undertakes all available measures to reduce potential risk resulting from Turkish lira depreciation.

Regarding the level of unemployment, we can conclude that countries have a wide range of unemployment rates, with the lowest rate in Slovenia – 3.6% and the highest rate in Montenegro – 17.4%. Comparing the data of 2023 and 2022, overall conclusion is that unemployment rates remained similar without any notable movements.

Central Europe

For many years, ASEE Group has conducted small operations in Poland, where it offers services and software to support customer communication channels and business processes (contact center). As a consequence of taking over Sonet Group in September 2019, ASEE's operations in Central Europe are also carried out in Czechia and Slovakia. In these markets, ASEE Group provides its customers with payment technology services, including installation and servicing of devices, as well as implementation of proprietary software for POS terminals and software for managing POS terminals network.

	Population (millions)	GDP forecast for 2023 (USD billions)	GDP growth forecast for 2023 (% per annum)	GDP growth forecast for 2024 (% per annum)	Inflation rate 2023 (% per annum)	Unemployment rate 2023 (%)
Czech Republic	11.0	335.2	0.2	2.3	10.9	2.8
Poland	37.6	842.2	0.6	2.3	12.0	2.8
Slovak Republic	5.4	133.0	1.3	2.5	10.9	6.1

Source: International Monetary Fund

Presented above are the basic statistics for the markets of Central Europe where ASEE Group operates.

The macroeconomic situation in Central Europe was shaped by the same factors as in other regions, so it mainly suffered the consequences related to world macroeconomic trends. In this region, all countries where ASEE operates recorded a decline in GDP growth rates. Looking at the outlook data for 2024-2028 based on International Monetary Fund estimates, these countries should recover and record growth rates of around 2.7% year on year.

Western Europe

ASEE Group commenced its business in Spain and Portugal by acquiring Necomplus companies in January 2019. The main operations of Necomplus companies in Spain and Portugal include installation and maintenance of POS terminals, as well as BPO services (call center). Necomplus is also engaged in installation and maintenance POS terminals in Andorra, however on a small scale.

	Population (millions)	GDP forecast for 2023 (USD billions)	GDP growth forecast for 2023 (% per annum)	GDP growth forecast for 2024 (% per annum)	Inflation rate 2023 (% per annum)	Unemployment rate 2023 (%)
Spain	47.8	1,582.1	2.5	1.7	3.5	11.8
Portugal	10.3	276.4	2.3	1.5	5.3	6.6

Source: International Monetary Fund

Presented above are the basic statistics for the markets of Western Europe where ASEE Group operates. In 2023, Spain recorded a decline in its year-on-year GDP growth rate from 5.7% to 2.5%, while Portugal experienced a decrease in the GDP growth rate from 6.6% to 2.3%. Analyzing the outlook for 2024-2028 growth rates are projected to be around 1.8%. The current inflation rate in 2023 is above the limit set in the Maastricht criteria but looking at the outlook for 2024-2028, inflation is projected to go down and to be in line with the Maastricht criteria close to and below 2%. Based on International Monetary Fund data unemployment rates will not change significantly in the period 2024-2028.

South America

Just as in the case of Western Europe, ASEE Group's operations in South America began with the acquisition of Necomplus. This Spanish company, operating through its subsidiaries, offers installation and maintenance of POS terminals to customers in Colombia, Dominican Republic, and Peru.

Presented below are the basic statistics for the markets of South America where ASEE Group operates.

	Population (millions)	GDP forecast for 2023 (USD billions)	GDP growth forecast for 2023 (% per annum)	GDP growth forecast for 2024 (% per annum)	Inflation rate 2023 (% per annum)	Unemployment rate 2023 (%)
Colombia	52.2	363.8	1.4	2.0	11.4	10.8
Dominican Republic	10.7	120.6	3.0	5.2	4.9	6.2
Peru	34.5	264.6	1.1	2.7	6.5	7.6

Source: International Monetary Fund

South American countries, just like European countries, are experiencing an improvement in GDP growth rates as shown in the table above. Based on the International Monetary Fund's growth outlook for 2024-2028, these economies will start to recover and maintain growth rates similar to 2024 forecast.

It is a strategic objective of the Management of ASEE to increase sales of the Group's solutions also outside the regions described above. In countries where ASEE Group is not present through its subsidiaries, the Management plans to conduct sales activities and implement projects in cooperation with local partners. In recent years, the Group was engaged in the execution of projects, among others, in Italy, Germany, Hungary, Morocco, Great Britain, Egypt, Kazakhstan, the United Arab Emirates, Nigeria, Malta, and Saudi Arabia. In 2024, the Management intends to continue our sales activities in markets where ASEE subsidiaries do not operate yet, focusing on North Africa, the Middle East and South America.

As mentioned above, ASEE Group operates in several regions, however our major operations are still located in South Eastern Europe. Our business activities in other regions are the result of acquisitions carried out in 2019-2023 and, apart from sales generated in the Spanish market (Western Europe), they did not change much in the revenue structure of the entire Group. Within South Eastern Europe, there is a significant increase of revenues in Bosnia and Herzegovina in 2022 compared to 2021 (from 3.2% in 2021 to 6.6% in 2022) coming from latest acquisition of BSTS Telecom Solutions Group. Such composition of revenue within South Eastern Europe remained quite similar in 2023 as well. Other than this there is an increase in revenues in Romania (South Eastern Europe), Turkey (South Eastern Europe), Serbia (South Eastern Europe) and Portugal (Western Europe). The breakdown of our sales revenues in 2023 by the customer location is as follows:

- South Eastern Europe 75% (of which Serbia 23%; Romania 15%; Croatia 11%; Turkey 8%; Bosnia and Herzegovina 6%);
- Western Europe 13% (of which Spain 11%);
- Central Europe 3%;
- South America 2%;
- Other countries, where ASEE is not present through its subsidiaries 7%.

During the year ended 31 December 2023, sales to any individual client of the Group did not exceed 10% of our total revenues.

In most regions where ASEE Group is present, our subsidiaries operating in particular countries have their own suppliers and therefore the Group is not substantially dependent upon any single vendor. Within the Payment Solutions segment, Payten Group is engaged in cooperation mainly with Diebold Nixdorf concerning the delivery of ATMs, as well as with Ingenico and Castles in the supply of POS terminals. Within the Dedicated Solutions segment, the Group's key suppliers include Microsoft whose products are offered by ASEE primarily in Romania, as well as Cisco whose solutions are used mainly in Serbia and Macedonia.

2.7. SIGNIFICANT CONTRACTS CONCLUDED BY THE COMPANY AND THE GROUP

Contracts significant for the Group's operations that were signed during 2023 are presented below in a breakdown to individual operating segments:

Banking Solutions:

- Core Banking – Supply Chain modules for Front Web, Back and Middle Office and Standard Factoring for a bank in Serbia;
- Digital Origination SME Limit and Decision Engine standalone module for a bank in Serbia;
- Adaptive Elements Platform, a solution that enables rapid development of native mobile apps for 2 banks in Croatia (Including one of the biggest banking groups in Europe), a bank in Slovakia, Romania and Serbia;
- Multifactor Authentication Solution SxS – mToken and licenses for a bank in Croatia and Italy;
- Multifactor Authentication Solution SxS – migration to the ASEE hosting for a bank in Italy;
- Digital signature-related consulting for an international bank in Germany;
- Implementation of ASEE 'Scan From Home' for a Bank in Romania: extending the mobile banking application provided by ASEE to enable mobile drop-off for the debit instruments (promissory notes, cheques) used by the bank's corporate customers;
- Adaptive Elements Platform for the development of a mobile solution for PKI services and Hardware Tokens' delivery to a state agency in Croatia;
- Multifactor Authentication Solution SxS – licenses for a bank in Romania;
- Digital Edge omnichannel online banking solution for a bank in Serbia;
- Anti-Money Laundering solution for banks in Serbia and Bosnia and Herzegovina;
- InACT External Fraud Solution at a large size bank;
- Hosting service for Authentication solution (SxS) for a bank to cover three countries: Bulgaria, Greece, and Romania. The solution will be hosted in ASEE Croatia Data Center;
- InACT External Fraud Solution – Mobile Channel Integration Project at a large size bank in Romania;
- InACT External Fraud Solution – SaaS Business Model Project at a large size bank in Montenegro;
- Digital Edge (omnichannel) and SxS authentication solution integration with Croatia's national authentication platform for e-Services for a bank in Croatia;
- Digital Edge (omnichannel) implementation for a bank in Serbia and migration of 20,000 users into new system;
- Integration of Authentication Solution into TBI Bank's existing 3DSecure framework, for Bulgaria and branches in Greece and Romania;
- Implementation of AML Solution for a bank in Bosnia and Herzegovina;
- Instant Payments Module/Absolut for a bank in Romania;
- PKI VAS for banking – tokens and licenses for a leading bank in Croatia;
- Multifactor Authentication Solution – SxS for an international banking group in Romania;
- Mobile application security solution – App Protector for an international banking group in Romania;
- Agreement for the implementation of DWH Solution with additional functionalities with a bank in Serbia;
- Implementation of the new versions of retail applications – Digital Edge AE Mobile & Web – for a Serbian bank;
- Digital Edge implementation for a bank in Serbia and integration with the bank's in the Core system;
- Implementation of Digital Edge Web and Mobile for Retail and SME on Service center in Bosnia and Herzegovina;
- Open Banking solution provided for 2 banks in Montenegro.

Dedicated Solutions:

- LIVE Contact Center additional communication channels for a leading utility company in Croatia, for a Croatian fintech company, a large Public IT service provider in Croatia, and one of the biggest banks in Croatia;
- Replacing the old DMS system with ABC for the utility company in Serbia;
- Implementation of ABC eArchive solution for one of largest banks in Serbia;
- Documenta DMS document management module and web page development for a governmental institution in Romania;
- Documenta DMS software for the National Union of County Councils in Romania;
- Dynatrace Application Performance Management project at an enterprise group of companies operating in the fields of steel, distributorship, energy and logistics;
- LIVE Collaboration solution – implementation for a utility company in Lithuania;

- Registry for professional exams and record keeping of passed exams for the Ministry of Public Administration and Local Self-Government in Serbia;
- Integration of the existing electronic office with the software solution for managing Office administration for the Ministry of Public Administration and Local Self-Government in Serbia;
- BPM solutions, including a platform for all input and output documents, digital board meetings and e-signature solutions, licenses, and maintenance for a leading bank in Croatia;
- FinanceFlex Business Management Platform e-Pledge at a large size leasing company;
- FinanceFlex Business Management Platform Central Bank Arrangements at a large size leasing company;
- LeaseFlex Lease and Asset Management Project at a large size leasing company;
- Implementation of Documenta DMS software for 3 Public sector companies and for 3 Private sector companies;
- Dynatrace APS at a large size life insurance company, at a large size group of companies operating in the fields of finance, retail, energy and real estate, at a large size bank, at a large size aviation company, at a large size institution established by the joint venture of banks;
- Enhancement of the existing BPM solution at a gas and heating company in Croatia;
- Enterprise content management solution consolidation in a bank in Croatia;
- Third-party solution migration to our BPM portfolio in one of the leading banks in Croatia;
- Implementation of the ABC eArchive solution for the Republic Fund of Health Insurance;
- Documenta DMS for Public office and civil servant management portal;
- Dynatrace Application Performance Management Project at a large size bank, at a fintech company, which is a joint subsidiary of Türkiye's 3 large size public banks;
- Integration of the DMS System with external services in the Regulatory Agency for Electronic Communications and Postal Services of Serbia (RATEL);
- Implementation of Documenta DMS for a governmental institution in Romania;
- Implementation of Dynatrace solution with the license and services in a bank in Serbia and in Turkey at a number of companies from healthcare, financial, payment, insurance and IT sectors: a large size healthcare company, at a large size financial services company, at an institution that was established as a partnership of 9 banks and provides data collection and sharing services to financial institutions, at a payment and e-Money company, at a large size insurance company, at a large size airline IT solutions provider;
- SmartCity Solution: Adaptive Control System for the Sarajevo Canton.

Payment Solutions:

e-Commerce

- 334 new web merchants for WebPay + WSPay on SEE regional markets, including hoteliers, bakery chains, tourist agencies, sports facilities, city organizational units, large and mid-sized retailers, insurance companies, and other merchants, as well as integration with world-known Opera Property Management Solutions, Wix Website Builder Platform and Property Management System and Channel Manager platform Rentlio, among others;
- 23 new Payten Payment Gateway merchants mostly from e-commerce, energy, car rental and insurance industries;
- 1,356 Paratika Virtual POS new merchants mostly from retail (clothing/accessories/cosmetics), furniture, tourism, software and agriculture industries;
- Payten Fintech Suite PF Call Center Legislation (2FA and login password) Improvement Project at a technology company of a large size state bank;
- Torus SaaS Implementation Project at an e-payment services company in Iraq (Al Saqi Iraq).

Processing

- ChipCard, payment processing company, partnered with a Spanish independent ATM network provider to process VISA and Mastercard transactions, including DCC and access fees;
- ChipCard to enable Google Pay and Apple Pay for Serbia's largest retail bank, enhancing the bank's digital payment options for its customers;
- Contract with a bank in Serbia for ATM DCC and Surcharge processing at ATMs;
- Contract with a bank for migration to the new Core system;
- Full Payment Card Transaction Service for new client in Bosnia and Herzegovina;

- Implemented Discover Cards in the network of the bank in Serbia (Postanska Stedionica Bank).

ATM and POS Related Services

- SoftPOS and Instant Payment in a single app for a leading bank in Serbia;
- Cooperation with Raiffeisen Bank by successfully migrating their ATM network to a new processor;
- An African card processing firm has certified Payten's Android POS application and terminal management system, allowing numerous banks and financial institutions to utilize PayPro application for card transactions;
- Delivery of POS terminals, application and services for a leading Croatian bank;
- POS terminals in IPD business model, Monri switching fee per transaction + additional bank integration with Banca Transilvania, BRD, Raiffeisen Bank and Unicredit Bank, for a fast food retailer in Romania;
- In-store payment solution for Gradske ljekarne Zagreb (a leading pharmacies chain in the capital of Croatia), CM Delta (a luxury brand retailer in Croatia), Mana Moda d.o.o. (a large Croatian clothing retailer), Links d.o.o. (one of the leading Croatian technical equipment retailers), Generali Osiguranje (an insurance company in Croatia), as well as for a sports equipment retailer in Croatia, a clothing retailer and a jewellery retailer chain in Croatia;
- POS terminals delivery and maintenance for two banks in Bosnia and Herzegovina;
- Recycler ATM delivery for a bank in Croatia;
- SoftPOS implementation completed for a banking group in SEE, the service is now active in five new countries;
- POS payment processing switching solution, expanding service in Serbia, Croatia for an international stores chain;
- Implementation of Android POS for bank in Serbia;
- ATM terminals delivery for 2 banks in Croatia;
- ATM terminals replacement for a bank in Bulgaria;
- ATM terminals delivery for 2 banks in Kosovo;
- Implementation of cash deposit and cash withdrawal in 100 locations in Romania;
- ATM terminals delivery for a bank in Bosnia and Herzegovina;
- Innovative parking solution by Monri with solar power for a public company in Romania;
- POS terminals delivery (3,500 units) for a bank in Romania;
- Completed implementation and delivery along with continuous maintenance of the ATM security software in a bank in Croatia;
- Agreement for long-term outsourcing of POS terminals with one of the biggest banks in Macedonia;
- Agreement for ATM replacement for one of the biggest banks in Montenegro;
- Completed ATM delivery for two banks in Bosnia;
- Agreement for delivery and maintenance of ATMs and Smart safes for several banks in Macedonia;
- Delivery of the first Cash System with integrated CoinIn solution for a bank in Croatia;
- Agreement for the implementation of TermHost software in the SaaS model following innovation and implementing various improvements and additional functionality for ATMs for a bank in Bulgaria;
- Agreement for TermHost implementation first time on a new market for a bank in Bulgaria;
- Integration of SoftPOS solution for PPL couriers in Czechia – almost 7,000 SoftPOSes (UniCredit Bank Czech Republic and Slovakia, a.s.)

3. FINANCIAL INFORMATION OF ASSECO SOUTH EASTERN EUROPE S.A.

3.1. Financial results of Asseco South Eastern Europe S.A.

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Dividend income	104,889	73,006
Revenues from sale of services	30,242	29,607
Cost of sales (-)	(21,307)	(22,507)
Selling costs (-)	(960)	(738)
General and administrative expenses (-)	(6,663)	(4,092)
Operating profit	106,153	75,250
Net profit for the reporting period	**81,558**	**71,210**

In 2023, income from dividends received from our subsidiaries increased by PLN 31.9 million in comparison to the previous year. Revenues from consulting and support services provided to our subsidiaries also increased by PLN 1.3 million, while sales of IT services declined by PLN 0.7 million. As a consequence, operating profit of ASEE S.A. improved from PLN 75.3 million in 2022 to PLN 106.2 million in 2023, increasing by PLN 30.9 million, while our net profit rose from PLN 71.2 million in 2022 to PLN 81.6 million in 2023, increasing by PLN 10.3 million or 15%.

3.2. Structure of the statement of financial position of ASEE S.A.

	31 December 2023 PLN'000	31 December 2022 PLN'000	31 December 2023 Share in balance sheet total %	31 December 2022 Share in balance sheet total %
Non-current assets	**698,304**	**767,325**	**90%**	**93%**
Property, plant and equipment, and intangible assets	5,200	5,835	1%	1%
Right-of-use assets	345	73	0%	0%
Investments in subsidiaries	677,925	691,407	88%	84%
Long-term financial assets	8,699	62,742	1%	8%
Other	6,135	7,268	1%	1%
Current assets	**73,621**	**54,894**	**10%**	**7%**
Trade receivables and prepayments	13,996	6,388	2%	1%
Cash and bank deposits	29,361	20,344	4%	2%
Short-term financial assets	14,573	13,660	2%	2%
Other receivables	15,691	14,502	2%	2%
TOTAL ASSETS	**771,925**	**822,219**	**100%**	**100%**

The structure of assets of ASEE S.A. is dominated by investments in subsidiaries. As at 31 December 2023, the value of such investments equalled PLN 677.9 thousand and was lower than a year ago. The value of our investments in subsidiaries changed due to the recognition of impairment losses on the investment in BS Telecom (PLN 28.1 million), acquisition of e-mon company (PLN 3.8 million), and reversal of impairment losses on the investment in ASEE Kosovo (PLN 10.8 million).

In comparison with 2022, long-term financial assets also decreased significantly by PLN 54.0 million which resulted from the repayment of a loan taken out by ASEE B&H.

Structure of equity and liabilities	31 December 2023 PLN'000	31 December 2022 PLN'000	31 December 2023 Share in balance sheet total %	31 December 2022 Share in balance sheet total %
Equity	717,476	711,454	93%	86%
Non-current liabilities	32,823	29,904	4%	4%
Current liabilities	21,626	80,861	3%	10%
TOTAL EQUITY AND LIABILITIES	**771,925**	**822,219**	**100%**	**100%**

Equity represents the largest portion in the structure of equity and liabilities and its value increased by PLN 6.0 million in relation to the previous year.

Non-current liabilities are dominated by bank loans which increased by PLN 2.8 million in 2023 up to the total amount of PLN 32.6 million at the end of 2023, as compared to PLN 29.8 million in 2022. Bank loans have been described in explanatory note 5.11 to the Company's annual financial statements for the year 2023.

Current liabilities decreased by a total of PLN 59.2 million in 2023 as compared to the year 2022. Such a decline resulted primarily from the settlement of deferred payment for shares in BS Telecom company (PLN 60.9 million) as well as a decrease in bank loans by PLN 8.1 million. Whereas, liabilities from contracts with customers increased by PLN 4.7 million and liabilities to the state and local budgets rose by PLN 2 million.

3.3. Structure of the statement of cash flows

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Net cash provided by (used in) operating activities	35,271	39,822
Net cash provided by (used in) investing activities	54,220	27,748
Net cash provided by (used in) financing activities	(80,474)	(63,368)
Net change in cash and cash equivalents	9,017	4,202
Cash and cash equivalents at the end of the period	**29,361**	**20,344**

Because ASEE S.A. operates as a holding company, our operating cash flows include, among others, proceeds from the sale and expenditures for the acquisition of shares in subsidiaries, as well as dividends received.

In 2023, cash flows from operating activities amounted to PLN 35.3 million, decreasing by PLN 4.6 million in comparison to the previous year. Dividends received from our subsidiaries reached PLN 99.6 million, growing by PLN 42.4 million year on year. Expenditures for the acquisition of shares increased by PLN 40.0 million compared to the previous year mainly due to making a payment for shares acquired in BS Telecom, and they totalled PLN 61.3 million in 2023.

Cash flows from investing activities included primarily proceeds and outlays related to loans granted to our subsidiaries (resulting in net cash flows of PLN 51.6 million), as well as interest received on loans granted (PLN 2.5 million).

Cash flows from financing activities reflected basically the dividend payment to the shareholders of ASEE S.A. in the total of PLN 75.8 million, repayments of bank loans in the amount of PLN 2.6 million, as well as payments of interest on bank loans amounting to PLN 2.0 million.

3.4. Analysis of financial ratios

Profitability ratios

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Return on equity (ROE)	11.4%	10.0%
Return on assets (ROA)	10.2%	9.1%

The above ratios have been computed using the following formulas:
Return on equity (ROE) = net profit for the reporting period / average annual equity
Return on assets (ROA) = net profit for the reporting period / average annual assets

Both return on equity and return on assets metrics improved in 2023 as compared to those reported for 2022, following an increase in net profit for the reporting period.

Liquidity ratios

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Working capital	51,995	(25,967)
Current liquidity ratio	3.4	0.7
Quick liquidity ratio	3.3	0.7
Absolute liquidity ratio	1.4	0.3

The above ratios have been computed using the following formulas:
Working capital = current assets – current liabilities
Current liquidity ratio = current assets / current liabilities
Quick liquidity ratio = (current assets – inventories – prepayments) / current liabilities
Absolute liquidity ratio = (bonds and securities held to maturity + cash and short-term bank deposits) / current liabilities

Our working capital as at 31 December 2023 increased in comparison to that reported at the end of the previous year and our liquidity ratios improved primarily due to a decrease in financial liabilities arising from the acquisition of shares in BS Telecom as well as a decrease in the balance of short-term bank loans.

4. FINANCIAL INFORMATION OF ASSECO SOUTH EASTERN EUROPE GROUP

4.1. Financial results of Asseco South Eastern Europe Group for the fourth quarter of 2023

PLN'000	3 months ended 31 Dec. 2023 PLN'000	3 months ended 31 Dec. 2022 PLN'000	Change %	3 months ended 31 Dec. 2023 EUR'000	3 months ended 31 Dec. 2022 EUR'000	Change %
Sales revenues	488,594	484,907	1%	110,620	103,417	7%
Gross profit on sales	114,061	111,235	3%	25,916	23,723	9%
Net profit on sales	61,390	62,007	-1%	13,943	13,224	5%
Operating profit	61,722	61,181	1%	14,018	13,048	7%
EBITDA	82,975	85,048	-2%	18,870	18,138	4%
Net profit for the reporting period	48,995	38,064	29%	11,196	8,117	38%
Net profit attributable to Shareholders of the Parent Company	**45,803**	**35,171**	**30%**	**10,480**	**7,500**	**40%**

Financial results achieved by ASEE Group in the fourth quarter of 2023 were slightly stronger than in the corresponding period last year. Sales revenues presented in Polish zlotys amounted to PLN 488.6 million, reflecting an increase by PLN 3.7 million or 1% in relation to the fourth quarter of 2022. Operating profit equalled PLN 61.7 million increasing by 1%, while EBITDA for the fourth quarter of 2023 amounted to PLN 83.0 million showing a decrease by 2%.

Our sales presented in euros reached EUR 110.6 million, increasing by EUR 7.2 million or 7%. Operating profit equalled EUR 14.0 million, while EBITDA amounted to EUR 18.9 million, both growing by 4%.

The Dedicated Solutions segment achieved the largest increase in the scale of operations measured by revenues (EUR +6.6 million), while revenues of the Payment Solutions segment increased to a lesser extent (EUR +1.8 million). The Banking Solutions segment reported in a slight decrease in revenues (EUR -0.2 million). The increase in consolidated operating profit was generated by the Payment Solutions segment (EUR +2.4 million) and the Banking Solutions segment (EUR +0.4 million). At the same time, operating profit of the Dedicated Solutions segment declined by more than EUR 1.5 million or 40%. The reasons for such decline are described in more detail below.

During the years 2022 and 2023, ASEE Group closed a number of takeover deals as described in explanatory note 6.4. to the consolidated financial statements. Contribution of the newly acquired subsidiaries to the financial results of ASEE Group for the fourth quarter of 2023 (calculated as the difference between their impact on the Group's consolidated results for 2023 and for 2022 in the periods of consolidation) amounted to EUR 2.4 million at the level of sales revenues, EUR 0.2 million in operating profit (including depreciation from purchase price allocation in the amount of EUR 0.1 million), and EUR 0.2 million in EBITDA; however, these results include a write-down on software recognized in PPA processes in the amount of EUR 0.2 million.

The above-mentioned results for the fourth quarter of 2023 also include the effects of hyperinflation related to our Turkish operations, recognized in accordance with IAS 29. Such impact is presented in the table below:

	3 months ended 31 Dec. 2023 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	3 months ended 31 Dec. 2023 According to IFRS PLN'000	3 months ended 31 Dec. 2023 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	3 months ended 31 Dec. 2023 According to IFRS EUR'000
Sales revenues	499,036	(10,442)	488,594	112,910	(2,289)	110,620
Gross profit on sales	119,300	(5,239)	114,061	27,072	(1,156)	25,916
Net profit on sales	64,410	(3,020)	61,390	14,610	(667)	13,943
Operating profit	64,967	(3,245)	61,722	14,735	(717)	14,018
EBITDA	86,122	(3,147)	82,975	19,562	(692)	18,870
Net profit for the reporting period	51,622	(2,627)	48,995	11,723	(528)	11,196
Net profit attributable to Shareholders of the Parent Company	**48,417**	**(2,614)**	**45,803**	**11,005**	**(525)**	**10,480**

More detailed information on financial reporting in hyperinflationary conditions is provided in explanatory note 2.10 to the consolidated financial statements.

Described below are the financial results of individual operating segments which do not include the effects of hyperinflation. This approach is in line with information on operating segments that is reviewed by the Management Board.

Results of the Payment Solutions segment

Payment Solutions	3 months ended 31 Dec. 2023 PLN'000	3 months ended 31 Dec. 2022 PLN'000	Change %	3 months ended 31 Dec. 2023 EUR'000	3 months ended 31 Dec. 2022 EUR'000	Change %
Sales revenues	216,705	221,874	-2%	49,124	47,319	4%
Operating profit	36,244	27,412	32%	8,209	5,846	40%
EBITDA	50,243	43,809	15%	11,406	9,342	22%

In the fourth quarter of 2023, sales generated by the Payment Solutions segment reached EUR 49.1 million, improving by EUR 1.8 million or 4% in relation to the comparable period last year. This slight improvement in sales was achieved with a change in the structure of revenues generated by the segment's individual business lines. Weaker revenues were reported by the business lines responsible for delivery and maintenance of POS terminals (EUR -1.1 million) and ATMs (EUR -1.5 million). Such declines were more than compensated by higher revenues recorded by our business lines engaged in e-Commerce and payment processing (EUR +3.3 million), as well as the business lines offering products directly to merchants, including the independent network of POS terminals (IPD) and electronic cash registers (ECR) (EUR +1.1 million).

Revenues of the POS terminals business line dropped primarily in Western Europe. In both cases, the decrease is attributable to a high base effect as deliveries of POS terminals completed in 2022 were higher than in 2023. Such declines were partially offset by stronger sales in other markets, including in Central Europe, Latin America, Romania, Slovenia and Bulgaria, where we generated higher revenues primarily from proprietary services and, to a lesser extent, from deliveries of terminal devices.

In the business line responsible for ATMs, weaker revenues were recorded mainly by our operations in North Macedonia and Romania. In both countries, the decline was caused by lower deliveries of hardware, which was partially offset by an increase in revenues from own services, mainly maintenance.

As mentioned before, the said declines were compensated by stronger performance in other business lines. The business lines of e-Commerce and payment processing achieved improvement primarily owing to our operations in Turkey, Serbia, Portugal and, to a lesser extent, in Croatia and Romania. Due to the nature of solutions offered by these business lines, the increase was driven by revenues from proprietary services, in particular transaction fees. The second business line that recorded growth deals with independent POS terminals and electronic cash registers that are offered directly to merchants. This business was growing basically due to our operations in Croatia and Romania and, just like in e-Commerce and payment processing, the improvement was achieved on the back of own services and subscription and transaction fees.

Operating profit of the Payment Solutions segment for the fourth quarter of 2023 amounted to EUR 8.2 million, increasing by EUR 2.4 million or 40%. Similar to revenues, EBIT growth in the fourth quarter of 2023 was recorded mainly by our e-Commerce and payment processing lines and, to a smaller extent, by the business lines offering direct point-of-sale solutions, namely the independent network of POS terminals and the independent network of cash registers. The remaining two business lines, which are responsible for POS terminals and ATMs, reported weaker operating profits.

Consolidated EBITDA of the Payment Solutions segment for the fourth quarter of 2023 amounted to EUR 11.4 million, improving by EUR 2.1 million or 22% in relation to the comparable period last year. Here the pace of growth was slower than in operating profit due to lower depreciation charges recognized in the fourth quarter of 2023 by the business line responsible for our independent network of POS terminals (IPD) and the business line responsible for POS terminals.

Results of the Banking Solutions segment

Banking Solutions	3 months ended 31 Dec. 2023 PLN'000	3 months ended 31 Dec. 2022 PLN'000	Change %	3 months ended 31 Dec. 2023 EUR'000	3 months ended 31 Dec. 2022 EUR'000	Change %
Sales revenues	78,067	84,058	-7%	17,767	17,927	-1%
Operating profit	19,024	18,260	4%	4,319	3,893	11%
EBITDA	22,355	21,859	2%	5,076	4,662	9%

In the fourth quarter of 2023, the Banking Solutions segment generated EUR 17.8 million in sales revenues, showing a decrease by EUR 0.2 million or -1% in relation to the comparable period last year. Weaker revenues were recorded by the business line offering multi-channel solutions (EUR -1.2 million) in the wake lower sales of licenses in Croatia and lower revenues from implementation services in Croatia and Serbia. This decline was largely offset by higher revenues generated by the business line responsible for core banking systems (EUR +0.6 million) and the business line offering security solutions (EUR +0.6 million). The mix of business activities changed – decreasing sales of proprietary licenses were counteracted by increasing revenues from implementation services and software modifications.

Operating profit of the Banking Solutions segment for the fourth quarter of 2023 amounted to EUR 4.3 million, reflecting an increase by EUR 0.4 million or 11% in relation to the comparable period last year. As in the case of revenues, weaker EBIT was reported by the business line offering multi-channel solutions, while the remaining two business lines improved their earnings.

Consolidated EBITDA of the Banking Solutions segment for the fourth quarter of 2023 amounted to EUR 5.1 million, rising by EUR 0.4 million or 9% following a favourable change in operating profit.

Results of the Dedicated Solutions segment

Dedicated Solutions	3 months ended 31 Dec. 2023 PLN'000	3 months ended 31 Dec. 2022 PLN'000	Change %	3 months ended 31 Dec. 2023 EUR'000	3 months ended 31 Dec. 2022 EUR'000	Change %
Sales revenues	204,264	184,616	11%	46,018	39,374	17%
Operating profit	9,699	17,146	-43%	2,208	3,659	-40%
EBITDA	13,524	21,079	-36%	3,079	4,497	-32%

In the fourth quarter of 2023, the Dedicated Solutions segment generated EUR 46.0 million in sales revenues, achieving an increase by EUR 6.6 million or 17% in relation to the comparable period last year. Stronger sales were recorded by both of the segment's business lines, but the key revenue drivers were infrastructure and third-party solutions. In this area, the largest growth was recorded by our operations in Romania mainly due to deliveries of third-party licenses and IT equipment and, to a lesser extent, by our operations in Bosnia and Herzegovina, whereas our operations in Serbia and North Macedonia reported weaker sales. Concurrently, the business line offering proprietary solutions generated higher sales of own implementation, modification and maintenance services, while facing a decline in revenues from business process outsourcing services.

Despite growing revenues, operating profit of the Dedicated Solutions segment dropped to the level of EUR 2.2 million. This reflects a decline by EUR 1.5 million in relation to the comparable period last year, resulting in a decrease of EBIT margin by almost 2 percentage points. Such deterioration was caused by two ongoing projects. In a project for a telecommunications customer, previously recognized revenues were reversed due to the risk of failure to complete the project; while in a project for a public sector customer, a provision was recognized at the end of 2023 for expected future losses needed to be incurred in order to complete the project.

EBITDA of the Dedicated Solutions segment in the fourth quarter of 2023 amounted to EUR 3.1 million, decreasing by EUR 1.4 million in relation to the comparable period last year.

Net profit

Consolidated net profit of ASEE Group for the fourth quarter of 2023 amounted to EUR 11.2 million, increasing by EUR 3.1 million or 38% in relation to the comparable period last year. Such improvement in net profit is, in addition to growing operating profit, mainly attributable to the result on financial activities that was by EUR 1.9 million higher in the fourth quarter of 2023 than in the previous year, basically due to the excess of financial income over financial expenses which resulted from the valuation of deferred payments for shares in the acquired companies, as well as the valuation of put options granted to minority shareholders (EUR +1.6 million). In addition, the Group's earnings for 2023 were charged with a lower amount of financial expenses resulting from dividends paid out to minority shareholders which, due to the adopted method of consolidation, are recognized as financial expenses (EUR -0.4 million on dividends from Helius and Avera vs. EUR -0.9 million on dividends from BS Telecom a year ago). These increases were partially offset by higher interest expenses (EUR -0.2 million).

In the fourth quarter of 2023, our effective tax rate equalled 20.8%, decreasing by 4.8% percentage points in relation to the fourth quarter of 2022.

	3 months ended 31 Dec. 2023 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	3 months ended 31 Dec. 2023 According to IFRS PLN'000	3 months ended 31 Dec. 2023 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	3 months ended 31 Dec. 2023 According to IFRS EUR'000
Financial activities	188	1,220	1,408	57	321	377
Pre-tax profit	65,155	(2,025)	63,130	14,792	(397)	14,395
Corporate income tax	(13,533)	(602)	(14,135)	(3,069)	(131)	(3,200)
Net profit for the reporting period	**51,622**	**(2,627)**	**48,995**	**11,723**	**(528)**	**11,196**

4.2. Financial results of Asseco South Eastern Europe Group for the full year 2023 /cumulative/

	12 months ended 31 Dec. 2023 PLN'000	12 months ended 31 Dec. 2022 PLN'000	Change %	12 months ended 31 Dec. 2023 EUR'000	12 months ended 31 Dec. 2022 EUR'000	Change %
Sales revenues	1,642,531	1,565,493	5%	362,720	333,916	9%
Gross profit on sales	422,211	392,679	8%	93,237	83,758	11%
Net profit on sales	224,909	214,885	5%	49,667	45,834	8%
Operating profit	226,008	215,453	5%	49,909	45,956	9%
EBITDA	314,449	308,820	2%	69,440	65,871	5%
Net profit for the reporting period	208,328	195,556	7%	46,005	41,712	10%
Net profit attributable to Shareholders of the Parent Company	**200,362**	**187,828**	**7%**	**44,246**	**40,063**	**10%**

Annual sales revenues of ASEE Group for 2023 reached PLN 1,642.5 million. This reflects an increase by PLN 77.0 million or 5% in relation to the previous year. Operating profit improved by PLN 10.6 million or 5% and reached the level of PLN 226.0 million. Net profit attributable to shareholders of the Parent Company for 2023 amounted to PLN 200.4 million, growing by PLN 12.5 million or 7% as compared to 2022. Whereas, EBITDA for the year 2023 equalled PLN 314.4 million as compared to PLN 308.8 million reported last year, going up by 2%.

In 2023, our consolidated sales revenues presented in euros increased by EUR 28.8 million or 9% and reached EUR 362.7 million. In the same period, our operating profit amounted to EUR 49.9 million, improving by EUR 4.0 million or 9%. Whereas, EBITDA increased from the level of EUR 65.9 million for the prior year to EUR 69.4 million, going up by 5%. The higher pace of growth of our results presented in euros is attributable to the appreciation of PLN against EUR, as the average exchange rate of EUR to PLN which is used to translate the statement of profit and loss declined by 3.4%.

Such a robust financial performance in relation to the previous year was accomplished by expanding the scale of operations in the Banking Solutions segment as well as by changing the business structure in the Payment Solutions segment, as described in more detail below. ASEE Group achieved stronger financial results mainly owing to organic growth and, to a lesser extent, due to business acquisitions.

During the years 2022 and 2023, ASEE Group closed a number of takeover deals as described in explanatory note 6.4. to the consolidated financial statements. Contribution of the newly acquired subsidiaries to the financial results of ASEE Group for 2023 (calculated as the difference between their impact on the Group's consolidated results for 2023 and for 2022 in the periods of consolidation) amounted to EUR 5.7 million at the level of sales revenues, EUR 0.3 million in operating profit (including depreciation from purchase price allocation in the amount of EUR 0.3 million), and EUR 0.7 million in EBITDA; however, these results include a write-down on software recognized in PPA processes in the amount of EUR 0.2 million.

The above-mentioned results for the year 2023 also include the effects of hyperinflation related to our Turkish operations, recognized in accordance with IAS 29. Such impact is presented in the table below:

	12 months ended 31 Dec. 2023 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	12 months ended 31 Dec. 2023 According to IFRS PLN'000	12 months ended 31 Dec. 2023 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	12 months ended 31 Dec. 2023 According to IFRS EUR'000
Sales revenues	1,645,788	(3,257)	1,642,531	363,440	(719)	362,720
Gross profit on sales	426,828	(4,617)	422,211	94,257	(1,020)	93,237
Net profit on sales	228,023	(3,114)	224,909	50,354	(688)	49,667
Operating profit	229,367	(3,359)	226,008	50,651	(742)	49,909
EBITDA	316,306	(1,857)	314,449	69,850	(410)	69,440
Net profit for the reporting period	188,748	19,580	208,328	41,681	4,324	46,005
Net profit attributable to Shareholders of the Parent Company	**180,889**	**19,473**	**200,362**	**39,946**	**4,300**	**44,246**

More detailed information on financial reporting in hyperinflationary conditions is provided in explanatory note 2.10 to the consolidated financial statements.

Described below are the financial results of individual operating segments which do not include the effects of hyperinflation. This approach is in line with information on operating segments that is reviewed by the Management Board.

Results of the Payment Solutions segment

Payment Solutions	12 months ended 31 Dec. 2023 PLN'000	12 months ended 31 Dec. 2022 PLN'000	Change %	12 months ended 31 Dec. 2023 EUR'000	12 months ended 31 Dec. 2022 EUR'000	Change %
Sales revenues	754,030	752,773	0%	166,513	160,565	4%
Operating profit	123,215	111,110	11%	27,210	23,699	15%
EBITDA	182,009	175,625	4%	40,193	37,460	7%

Sales generated by the Payment Solutions segment in the full year 2023 reached EUR 166.5 million, improving by EUR 5.9 million or 4% in relation to the previous year. This slight improvement in sales was achieved with a change in the structure of revenues generated by the segment's individual business lines. Weaker revenues were reported by the business lines responsible for delivery and maintenance of POS terminals (EUR -1.0 million) and ATMs (EUR -6.1 million). Such declines were more than compensated by higher revenues recorded by our business lines engaged in e-Commerce and payment processing (EUR +9.0 million), as well as the business lines offering products directly to merchants, including the independent network of POS terminals (IPD) and electronic cash registers (ECR) (EUR +4.0 million).

Revenues of the POS terminals business line dropped primarily in Western Europe and in Serbia. In both cases, the decrease is attributable to a high base effect as deliveries of POS terminals completed in 2022 were higher than in 2023. Such declines were partially offset by improving revenues from own services in the above-mentioned markets, as well as by stronger sales in other markets, including in Central Europe, Latin America, Romania, Slovenia and Bulgaria, where we generated higher revenues primarily from proprietary services and, to a lesser extent, from deliveries of terminal devices. Ultimately, total revenues from own maintenance, installation and implementation services as well as subscription fees increased by nearly 11% year on year.

In the business line responsible for ATMs, weaker revenues were recorded mainly by our operations in Serbia and, to a lesser extent, in North Macedonia and Romania. In all three countries, the decline was caused by lower deliveries of hardware, which was partially offset by an increase in revenues from own services, mainly maintenance. Just as in the case of POS terminals, the business line responsible for ATMs also recorded an increase in total revenues from own maintenance, installation and implementation services, yet at a lower level of 5% year on year. Such progress was also favourably influenced by our independent MoneyGet ATM network, particularly through its tourist-oriented network in Albania and its shared network in Serbia. Such increases were partially offset by weaker revenues in Croatia as the country adopted the euro currency as of 1 January 2023.

As mentioned before, the said declines were compensated by stronger performance in other business lines. The business lines of e-Commerce and payment processing achieved improvement primarily owing to our operations in Turkey, Serbia, Portugal and, to a lesser extent, in Croatia, Romania and Bosnia and Herzegovina. Due to the nature of solutions offered by these business lines, the increase was driven by revenues from proprietary services, in particular transaction fees. The second business line that recorded growth deals with independent POS terminals and electronic cash registers that are offered directly to merchants. This business was growing basically due to our operations in Croatia and Romania and, just like in e-Commerce and payment processing, the improvement was achieved on the back of own services and subscription and transaction fees.

Operating profit earned by the Payment Solutions segment for the year 2023 amounted to EUR 27.2 million, increasing by EUR 3.5 million or 15%. Similar to revenues, EBIT growth in 2023 was recorded mainly by our e-Commerce and payment processing lines, as well as by the business lines offering direct point-of-sale solutions, namely the independent network of POS terminals and the independent network of cash registers. The business line responsible for sale and maintenance of POS terminals also managed to show a slightly higher EBIT, despite a decrease in revenues. The business line responsible for ATMs was the only one which reported a weaker operating profit which was a consequence of smaller deliveries of ATM devices.

Consolidated EBITDA of the Payment Solutions segment for the year 2023 amounted to EUR 40.2 million, improving by EUR 2.7 million or 7% in relation to the comparable period last year. Here the pace of growth was slower than in operating profit due to lower depreciation charges recognized in 2023 by the business line responsible for our independent network of POS terminals (IPD) and the business line responsible for POS terminals.

Results of the Banking Solutions segment

Banking Solutions	12 months ended 31 Dec. 2023 PLN'000	12 months ended 31 Dec. 2022 PLN'000	Change %	12 months ended 31 Dec. 2023 EUR'000	12 months ended 31 Dec. 2022 EUR'000	Change %
Sales revenues	301,616	275,497	10%	66,606	58,763	13%
Operating profit	68,358	59,536	15%	15,096	12,698	19%
EBITDA	81,529	72,112	13%	18,004	15,381	17%

Revenues generated by the Banking Solutions segment in the year 2023 reached EUR 66.6 million, showing an increase by EUR 7.8 or 13% in relation to the previous year. Higher sales were reported by all three business lines of this operating segment, with the strongest growth generated by the business line offering core banking solutions and other software (EUR 4.4 million) which was primarily due to several large implementation projects that were carried out during 2023. Naturally, the Banking Solutions segment also benefited from higher revenues from its own activities, including both implementation and modification services (related to ongoing projects), as well as recurring revenues from maintenance services and offering Software as a Service.

Operating profit of the Banking Solutions segment for the year 2023 amounted to EUR 15.1 million, reflecting an increase by EUR 2.4 million or 19% in relation to the comparable period last year. As in the case of revenues, all three business lines of this segment improved their operating performance year on year. The largest growth was achieved by the business line responsible for core banking systems and the business line offering security solutions.

Consolidated EBITDA of the Banking Solutions segment for the year 2023 amounted to EUR 18.0 million, rising by EUR 2.6 million or 17% following a favourable change in operating profit.

Results of the Dedicated Solutions segment

Dedicated Solutions	12 months ended 31 Dec. 2023 PLN'000	12 months ended 31 Dec. 2022 PLN'000	Change %	12 months ended 31 Dec. 2023 EUR'000	12 months ended 31 Dec. 2022 EUR'000	Change %
Sales revenues	590,142	528,175	12%	130,320	112,658	16%
Operating profit	37,794	42,725	-12%	8,345	9,115	-8%
EBITDA	52,768	57,844	-9%	11,653	12,339	-6%

Sales generated by the Dedicated Solutions segment in the year 2023 reached EUR 130.3 million, increasing by EUR 17.7 million or 16% compared to the previous year. Stronger sales were recorded by both of the segment's business lines, but the key revenue drivers were infrastructure and third-party solutions. In this area, our operations in Romania recorded the largest growth mainly due to deliveries of third-party licenses and IT equipment. At the same time, the Dedicated Solutions segment recorded higher sales of its own implementation and maintenance services. Such growth was generated both by the business line offering proprietary solutions (Live, BPM) and the business line responsible for sale of third-party solutions and infrastructure.

Despite growing revenues, operating profit of the Dedicated Solutions segment dropped to the level of EUR 8.3 million. This reflects a decline by EUR 0.8 million in relation to the comparable period last year, resulting in a decrease of EBIT margin by almost 2 percentage points. Such deterioration was caused by two ongoing projects. In a project for a telecommunications customer, previously recognized revenues were reversed due to the risk of failure to complete the project; while in a project for a public sector customer, a provision was recognized at the end of 2023 for expected future losses needed to be incurred in order to complete the project.

EBITDA of the Dedicated Solutions segment for the year 2023 amounted to EUR 11.7 million, decreasing by EUR 0.7 million in comparison to the previous year.

Net profit

Consolidated net profit of ASEE Group for the year 2023 (excluding the effects of reporting in hyperinflationary economies) amounted to EUR 41.7 million, increasing by EUR 5.3 million or 15% compared to the previous year. Such improvement in net profit is mainly attributable to the growing operating profit. Net result on financial activities was by EUR 1.6 million higher than in the previous year, basically due to the excess of financial income over financial expenses which resulted from the valuation of deferred payments for shares in the acquired companies, as well as the valuation of put options granted to minority shareholders (EUR +2.1 million). In addition, the Group's earnings for 2023 were charged with a lower amount of financial expenses resulting from dividends paid out to minority shareholders which, due to the adopted method of consolidation, are recognized as financial expenses (EUR -0.4 million on dividends from Helius and Avera vs. EUR -0.9 million on dividends from BS Telecom a year ago). The increase in the result on financial activities was also affected by a loss recognized on equity transactions in 2022, which was not repeated in 2023. These increases were partially offset by higher interest expenses (EUR -0.4 million) and lower positive exchange rate differences (EUR -1.4 million).

In 2023, our effective tax rate (excluding the impact of hyperinflation) equalled 20.0%, remaining at a similar level as in 2022; whereas, current and deferred income tax expense amounted to EUR 10.4 million, increasing by EUR 1.5 million.

	12 months ended 31 Dec. 2023 Without IAS 29 PLN'000	Impact of hyperinflation PLN'000	12 months ended 31 Dec. 2023 According to IFRS PLN'000	12 months ended 31 Dec. 2023 Without IAS 29 EUR'000	Impact of hyperinflation EUR'000	12 months ended 31 Dec. 2023 According to IFRS EUR'000
Financial activities	6,655	22,763	29,418	1,470	5,027	6,496
Pre-tax profit	236,022	19,404	255,426	52,121	4,285	56,406
Corporate income tax	(47,274)	176	(47,098)	(10,440)	39	(10,401)
Net profit for the reporting period	**188,748**	**19,580**	**208,328**	**41,681**	**4,324**	**46,005**

4.3. Analysis of financial ratios

Profitability ratios

	3 months ended 31 December 2023	3 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
Gross profit margin	23.3%	22.9%	25.7%	25.1%
EBITDA margin	17.0%	17.5%	19.1%	19.7%
Operating profit margin	12.6%	12.6%	13.8%	13.8%
Net profit margin	9.4%	7.3%	12.2%	12.0%
Return on equity (ROE)			18.0%	18.1%
Return on assets (ROA)			10.1%	11.1%

In 2023, our gross profit margin equalled 25.7% and it was by 0.6 percentage point higher than in the previous year. Analyzing individual operating segments (excluding hyperinflation restatements), gross profit margin in the Banking Solutions segment increased by 1.3 pp, in the Payment Solutions segment it increased by 2.9 pp, while in the Dedicated Solutions segment it decreased by 1.7 pp.

Our EBITDA margin equalled 19.1% as compared to 19.7% realized in the comparable period last year. Operating profit margin equalled 13.8%, remaining at the same level as last year. EBIT margin only declined in the Dedicated Solutions segment by -1.7 pp. Whereas, the Banking Solutions segment and the Payment Solutions segment both improved their EBIT margins by 1.1 pp and 1.6 pp, respectively.

The net profit margin reached 12.2%, reflecting a slight increase by 0.2 pp in comparison to the level achieved in 2022.

Return on equity for the trailing 12 months ended 31 December 2023 remained at a similar level as in 2022, standing at 18.0%, while return on assets dropped by 1 pp to the level of 10.1%.

Liquidity ratios

	31 December 2023	31 December 2022
Working capital (in thousands of PLN)	235,088	247,484
Current liquidity ratio	1.3	1.4
Quick liquidity ratio	1.1	1.3
Absolute liquidity ratio	0.4	0.5

The above ratios have been computed using the following formulas:
Working capital = current assets - current liabilities
Current liquidity ratio = current assets / current liabilities
Quick liquidity ratio = (current assets – inventories – prepayments) / current liabilities
Absolute liquidity ratio = (short-term financial assets + cash and short-term bank deposits) / current liabilities

As at the end of December 2023, our working capital amounted to PLN 235.1 million, reflecting a decrease by PLN 12.4 million in relation to its level reported at the end of 2022.

During the year 2023, the value of current assets increased by PLN 138.1 million, primarily as a result of increases in other receivables by PLN 55.8 million, in inventories by PLN 40.8 million, in cash and bank deposits by PLN 15.1 million, and in contract assets by PLN 16.4 million. Other receivables increased due to receivables related to payment transactions during settlement (Paratika, IfthenPay), while the value of inventories grew mainly due purchases needed for the implementation of projects (including deliveries of POS terminals, ATMs and third-party licenses) as well as inventories purchased for internal purposes or future contracts. Only other non-financial assets recorded a decrease by PLN 7.0 million, which was related to the settlement in 2023 of previously paid advance payments for deliveries.

In the same period, our current liabilities increased by PLN 150.5 million. This was caused primarily by increases in trade payables by PLN 90.6 million, in contract liabilities by PLN 9.8 million, in other current liabilities by PLN 54.0 million, in liabilities to the state and local budgets by PLN 10.7 million, as well as in provisions and accruals by PLN 5.3 million. This was partially offset by decreases in bank loans and borrowings by PLN 14.8 million, in lease liabilities by PLN 1.6 million, as well as in other financial liabilities by PLN 3.1 million.

Our liquidity ratios at the end of 2023 recorded a slight deterioration in relation to those reported at the end of December 2022 which resulted from the changes described above.

Debt ratios

	31 December 2023	31 December 2022
Total debt ratio	46.9%	40.2%
Debt / equity ratio	13.7%	14.3%
Debt / (debt + equity) ratio	12.0%	12.5%

The above ratios have been computed using the following formulas:
Total debt ratio = (non-current liabilities + current liabilities) / assets
Debt / equity ratio = (interest-bearing bank loans + lease liabilities) / equity
Debt / (debt + equity) ratio = (interest-bearing bank loans + lease liabilities) / (interest-bearing bank loans + lease liabilities + equity)

The total debt ratio increased from 40.2% reported at the end of 2022 to the level of 46.9% as at 31 December 2023. Such change was caused by an increase in total liabilities by PLN 242.0 million, at the same time when total assets increased by PLN 246.9 million. The balance of total liabilities increased as a consequence of increases in trade payables by PLN 90.6 million, in other financial liabilities by PLN 79.3 million (including recognition of new liabilities related to the companies of Avera, IfthenPay and Dwelt), in other liabilities by a total of PLN 54.0 million, in contract liabilities by a total of PLN 12.0 million, in liabilities to the state and local budgets by PLN 10.7 million, as well as in lease liabilities by PLN 2.6 million. This was partially offset by a decrease in bank loans and borrowings by PLN 9.4 million in 2023, and a decrease in deferred income tax liabilities by PLN 2.9 million. At the same time, total assets were higher due to increases in current assets by PLN 138.1 million as well as in non-current assets by PLN 108.7 million. Non-current assets increased primarily in the line of goodwill by PLN 119.1 million as a consequence of new company acquisitions.

Our debt to equity ratio decreased by 0.6 pp, while the ratio of debt to total interest-bearing liabilities plus equity dropped by 0.5 pp as compared to the end of 2022. We managed to decrease our debt ratios by reducing the amount of bank loans and borrowings from PLN 115.1 million outstanding as at the end of 2022 to PLN 105.7 million as at 31 December 2023 (a decrease by PLN 9.4 million). Such decrease resulted from repayments of existing bank loans in line with the planned schedules. In addition, the value of equity increased by PLN 4.9 million.

4.4. Structure of the consolidated statement of financial position

Structure of assets	31 December 2023 PLN'000	31 December 2022 PLN'000	31 December 2023 Share in balance sheet total %	31 December 2022 Share in balance sheet total %
Non-current assets	**1,165,460**	**1,056,717**	**55%**	**57%**
Property, plant and equipment, and intangible assets	180,480	195,585	9%	10%
Right-of-use assets	46,309	43,131	2%	2%
Goodwill	913,187	794,100	43%	42%
Other financial assets	2,021	2,424	0%	0%
Other	23,463	21,477	1%	1%
Current assets	**950,631**	**812,500**	**45%**	**43%**
Inventories	97,872	57,045	5%	3%
Prepayments and accrued income	53,904	48,008	3%	3%
Trade receivables	299,114	290,358	14%	16%
Contract assets	95,104	78,739	4%	4%
Cash and bank deposits	313,112	298,034	15%	16%
Short-term financial assets	1,173	319	0%	0%
Other receivables	79,663	23,822	4%	1%
Other	10,689	16,175	1%	1%
TOTAL ASSETS	**2,116,091**	**1,869,217**	**100%**	**100%**

Non-current assets accounted for almost 55% of the balance sheet total of ASEE Group at the end of December 2023 and their main component was goodwill. The amounts of goodwill may change in the wake of an appreciation or depreciation of the Polish zloty against the foreign currencies in which individual items of goodwill are denominated, as well as due to potential company acquisitions or disposals conducted by the Group or as a result of hyperinflation restatements. During 2023, goodwill increased by PLN 119.1 million due to new company acquisitions (PLN 178.5 million), hyperinflation restatements (PLN 37.5 million), and foreign currency translation differences (PLN -96.9 million). Details concerning the accounting for new business acquisitions and their impact on the amount of goodwill have been presented in explanatory note 6.4 to the annual consolidated financial statements of ASEE Group for the year 2023. The share of goodwill in the balance sheet total increased by 1 pp year on year, to the level of 43% as at the end of 2023.

The second largest component of non-current assets of ASEE Group is constituted by property, plant and equipment, and intangible assets, which primarily include POS terminals and ATMs used for the provision of payment process outsourcing services in the Payment Solutions segment. During 2023, the value of property, plant and equipment, and intangible assets decreased by PLN 15.1 million, to the total amount of PLN 180.5 million.

As at the end of 2023, the value of current assets equalled PLN 950.6 million, representing 45% of the balance sheet total of ASEE Group. Just as at the end of 2022, the largest components of current assets at the end of 2023 were cash and bank deposits which amounted to PLN 313.1 million following an increase by PLN 15.1 million, as well as trade receivables which amounted to PLN 299.1 million having increased by PLN 8.8 million. However, the highest increases compared to 2022 were recorded in the following components of current assets: other receivables (up by PLN 55.8 million), inventories (up by PLN 40.8 million), and contract assets (up by PLN 16.4 million).

Structure of equity and liabilities	31 December 2023 PLN'000	31 December 2022 PLN'000	31 December 2023 %	31 December 2022 %
Equity	**1,123,596**	**1,118,680**	**53%**	**60%**
Non-current liabilities	**276,952**	**185,521**	**13%**	**10%**
Bank loans and borrowings	54,124	48,635	3%	3%
Lease liabilities	29,867	25,700	1%	1%
Other financial liabilities	174,055	91,566	8%	5%
Other	18,906	19,620	1%	1%
Current liabilities	**715,543**	**565,016**	**34%**	**30%**
Bank loans and borrowings	51,610	66,455	2%	4%
Lease liabilities	17,833	19,418	1%	1%
Other financial liabilities	58,928	62,071	3%	3%
Trade payables	214,561	123,980	10%	7%
Contract liabilities	158,114	148,360	7%	8%

Liabilities to the state and local budgets	66,124	55,438	3%	3%
Other current liabilities	102,856	48,894	5%	3%
Other	45,517	40,400	2%	2%
TOTAL EQUITY AND LIABILITIES	**2,116,091**	**1,869,217**	**100%**	**100%**

The share of equity in the structure of total equity and liabilities dropped from 60% as at 31 December 2022 to 53% at the end of 2023, while the value of equity increased by PLN 4.9 million, primarily owing to the net profit for 2023.

During the year 2023, total liabilities of ASEE Group increased by PLN 242.0 million and reached the level of PLN 992.5 million, accounting for 47% of the balance sheet total. Non-current liabilities rose by PLN 91.4 million during 2023, mainly due to an increase in other financial liabilities (up by PLN 82.5 million), in bank loans and borrowings (up by PLN 5.5 million), and in lease liabilities (up by PLN 4.2 million). Whereas, current liabilities increased by PLN 150.5 million over the last twelve months. Higher balances of current liabilities were recorded in virtually all lines of the statement of financial position, except for bank loans and borrowings (down by 14.8 PLN million), other financial liabilities (down by PLN 3.1 million), and lease liabilities (down by PLN 1.6 million). Changes in the amounts of liabilities have been described in detail in the 'Analysis of financial ratios' above.

4.5. Structure of the statement of cash flows

	12 months ended 31 December 2023 PLN'000	12 months ended 31 December 2022 PLN'000
Net cash provided by (used in) operating activities	309,609	240,576
Net cash provided by (used in) investing activities	(119,957)	(96,449)
Net cash provided by (used in) financing activities	(133,205)	(75,162)
Net change in cash and cash equivalents	56,447	68,965
Cash and cash equivalents at the end of the period	**285,297**	**264,764**

In 2023, our operating activities provided PLN 309.6 million of net cash inflows, reflecting an increase by PLN 69.0 million in relation to the previous year. Operating cash flows increased on the back of stronger financial performance and positive changes in working capital.

Net cash outflows from our investing activities amounted to PLN -120.0 million in 2023. Our investing cash flows were most considerably influenced by the acquisitions of property, plant and equipment, intangible assets, including R&D expenditures for the total amount of PLN 61.8 million, as well as by the acquisitions of subsidiaries and associates net of cash and cash equivalents in companies acquired for the total amount of PLN 60.1 million. The acquisitions of property, plant and equipment and intangible assets comprised purchases of property, plant and equipment (PLN 55.8 million), purchases of intangible assets (PLN 5.3 million), and R&D expenditures (PLN 0.6 million). Expenditures for the acquisition of subsidiaries were related to the acquisitions of Bithat in Romania, Helius Systems in Albania, Smarttek in Turkey, Avera in Slovenia, IfthenPay in Portugal, and Dwelt in Bosnia and Herzegovina.

In the year 2023, net cash flows in our financing activities amounted to PLN -133.2 million. Proceeds were mainly obtained from bank loans and borrowings in the amount of PLN 32.2 million. Whereas, cash outflows included mainly dividends paid out by the Parent Company in the amount of PLN 75.8 million, dividends paid out to non-controlling shareholders amounting to PLN 10.7 million, repayments of bank loans and borrowings in the amount of PLN 30.0 million, payments of lease liabilities in the amount of PLN 22.0 million, and acquisition of non-controlling interests for PLN 22.5 million.

4.6. Information on geographical structure of financial results

The table below presents the basic financial data from the statement of profit and loss for the year ended 31 December 2023, in a breakdown by geographical area:

For the year ended 31 December 2023 in thousands of PLN	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Hyperinflation	Total
Sales revenues	**116,074**	**235,982**	**66,991**	**302,274**	**414,099**	**153,417**	**209,960**	**37,806**	**55,403**	**113,269**	**(59,487)**	**(3,257)**	**1,642,531**
Cost of sales	(82,053)	(159,132)	(44,505)	(262,877)	(299,610)	(97,577)	(169,629)	(28,781)	(43,181)	(82,041)	59,221	(1,360)	(1,211,525)
Recognition (reversal) of impairment losses on financial instruments	(6,099)	(1,039)	73	(576)	(1,141)	335	(33)	(32)	(31)	(252)	-	-	(8,795)
Gross profit on sales	**27,922**	**75,811**	**22,559**	**38,821**	**113,348**	**56,175**	**40,298**	**8,993**	**12,191**	**30,976**	**(266)**	**(4,617)**	**422,211**
Selling costs	(6,973)	(23,546)	(4,397)	(13,447)	(24,912)	(16,031)	(5,128)	(1,791)	(3,426)	(5,029)	2,194	1,178	(101,308)

General and administrative expenses	(7,347)	(16,409)	(5,792)	(11,217)	(20,302)	(12,515)	(7,258)	(3,365)	(3,979)	(5,657)	(2,478)	325	(95,994)
Net profit (loss) on sales	**13,602**	**35,856**	**12,370**	**14,157**	**68,134**	**27,629**	**27,912**	**3,837**	**4,786**	**20,290**	**(550)**	**(3,114)**	**224,909**
Other operating income	311	1,764	231	141	440	1,137	109	127	46	408	(806)	(236)	3,672
Other operating expenses	(165)	(550)	(89)	(269)	(242)	(455)	(283)	(761)	(64)	(82)	314	(9)	(2,655)
Share of profits of associates	-	-	-	-	-	-	-	-	-	82	-	-	82
Operating profit (loss)	**13,748**	**37,070**	**12,512**	**14,029**	**68,332**	**28,311**	**27,738**	**3,203**	**4,768**	**20,698**	**(1,042)**	**(3,359)**	**226,008**

For the year ended 31 December 2023 in thousands of EUR	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Hyperinflation	Total
Sales revenues	**25,633**	**52,112**	**14,794**	**66,751**	**91,446**	**33,879**	**46,366**	**8,349**	**12,235**	**25,011**	**(13,137)**	**(719)**	**362,720**
Cost of sales	(18,120)	(35,141)	(9,828)	(58,051)	(66,163)	(21,548)	(37,459)	(6,356)	(9,536)	(18,117)	13,078	(300)	**(267,541)**
Recognition (reversal) of impairment losses on financial instruments	(1,347)	(229)	16	(127)	(252)	74	(7)	(7)	(7)	(56)	-	-	**(1,942)**
Gross profit on sales	**6,166**	**16,742**	**4,982**	**8,573**	**25,031**	**12,405**	**8,900**	**1,986**	**2,692**	**6,838**	**(59)**	**(1,019)**	**93,237**
Selling costs	(1,540)	(5,200)	(971)	(2,970)	(5,501)	(3,540)	(1,132)	(396)	(757)	(1,110)	485	260	**(22,372)**
General and administrative expenses	(1,622)	(3,624)	(1,279)	(2,477)	(4,483)	(2,764)	(1,603)	(743)	(879)	(1,249)	(547)	72	**(21,198)**
Net profit (loss) on sales	**3,004**	**7,918**	**2,732**	**3,126**	**15,047**	**6,101**	**6,165**	**847**	**1,056**	**4,479**	**(121)**	**(687)**	**49,667**
Other operating income	69	390	51	31	97	251	24	28	10	87	(178)	(52)	**808**
Other operating expenses	(36)	(121)	(20)	(59)	(53)	(100)	(62)	(168)	(14)	(18)	69	(2)	**(584)**
Share of profits of associates	-	-	-	-	-	-	-	-	-	18	-	-	**18**
Operating profit (loss)	**3,037**	**8,187**	**2,763**	**3,098**	**15,091**	**6,252**	**6,127**	**707**	**1,052**	**4,566**	**(230)**	**(741)**	**49,909**

The above figures have been converted at the average exchange rate for the period from 1 January 2023 to 31 December 2023: EUR 1 = PLN 4.5284.

The table below presents the basic financial data from the statement of profit and loss for the year ended 31 December 2022, in a breakdown by geographical area:

For the year ended 31 December 2022 (restated) in thousands of PLN	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Hyperinflation	Total
Sales revenues	**136,354**	**224,751**	**82,425**	**237,584**	**408,798**	**124,453**	**230,235**	**29,901**	**39,838**	**91,355**	**(49,249)**	**9,048**	**1,565,493**
Cost of sales	(97,955)	(158,028)	(58,448)	(208,672)	(310,095)	(72,684)	(189,572)	(22,661)	(28,184)	(63,984)	46,061	(6,702)	(1,170,924)
Recognition (reversal) of impairment losses on financial instruments	(339)	(1,055)	(90)	(331)	(300)	233	-	13	73	(94)	-	-	(1,890)
Gross profit on sales	**38,060**	**65,668**	**23,887**	**28,581**	**98,403**	**52,002**	**40,663**	**7,253**	**11,727**	**27,277**	**(3,188)**	**2,346**	**392,679**
Selling costs	(7,962)	(21,565)	(5,470)	(11,541)	(21,422)	(13,336)	(3,560)	(2,379)	(2,867)	(4,724)	1,628	159	(93,039)
General and administrative expenses	(6,940)	(15,489)	(5,234)	(9,339)	(16,438)	(9,849)	(8,863)	(3,508)	(3,949)	(4,833)	169	(482)	(84,755)
Net profit (loss) on sales	**23,158**	**28,614**	**13,183**	**7,701**	**60,543**	**28,817**	**28,240**	**1,366**	**4,911**	**17,720**	**(1,391)**	**2,023**	**214,885**
Other operating income	203	1,369	449	150	354	52	565	13	4	430	(423)	1	3,167
Other operating expenses	(82)	(753)	(312)	(335)	(582)	(623)	(82)	(54)	(52)	(143)	380	58	(2,580)
Share of profits of associates	-	-	-	-	-	-	-	-	-	(19)	-	-	(19)
Operating profit (loss)	**23,279**	**29,230**	**13,320**	**7,516**	**60,315**	**28,246**	**28,723**	**1,325**	**4,863**	**17,988**	**(1,434)**	**2,082**	**215,453**

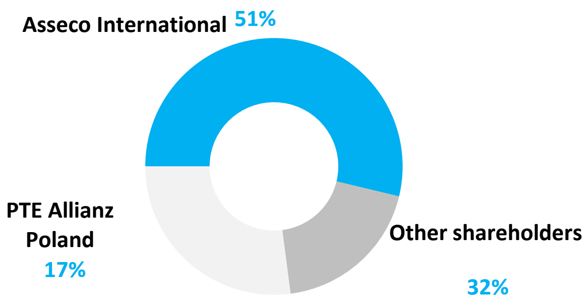
For the year ended 31 December 2022 (restated) in thousands of EUR	Bosnia	Croatia	Macedonia	Romania	Serbia	Turkey	Western Europe	Latin America	Central Europe	Other	Eliminations	Hyperinflation	Total
Sales revenues	**29,084**	**47,939**	**17,581**	**50,676**	**87,196**	**26,546**	**49,109**	**6,378**	**8,497**	**19,485**	**(10,505)**	**1,930**	**333,916**
Cost of sales	(20,894)	(33,707)	(12,467)	(44,509)	(66,143)	(15,503)	(40,435)	(4,834)	(6,012)	(13,647)	9,825	(1,430)	**(249,756)**
Recognition (reversal) of impairment losses on financial instruments	(72)	(225)	(19)	(71)	(64)	50	-	3	16	(20)	-	-	**(402)**
Gross profit on sales	**8,118**	**14,007**	**5,095**	**6,096**	**20,989**	**11,093**	**8,674**	**1,547**	**2,501**	**5,818**	**(680)**	**500**	**83,758**
Selling costs	(1,698)	(4,600)	(1,167)	(2,462)	(4,569)	(2,845)	(759)	(507)	(612)	(1,007)	347	34	**(19,845)**
General and administrative expenses	(1,480)	(3,304)	(1,116)	(1,992)	(3,506)	(2,101)	(1,890)	(748)	(842)	(1,032)	36	(103)	**(18,078)**
Net profit (loss) on sales	**4,940**	**6,103**	**2,812**	**1,642**	**12,914**	**6,147**	**6,025**	**292**	**1,047**	**3,779**	**(297)**	**431**	**45,835**
Other operating income	43	292	96	32	76	11	121	3	1	91	(90)	-	**676**
Other operating expenses	(17)	(161)	(67)	(71)	(124)	(133)	(17)	(12)	(11)	(31)	81	12	**(551)**
Share of profits of associates	-	-	-	-	-	-	-	-	-	(4)	-	-	**(4)**
Operating profit (loss)	**4,966**	**6,234**	**2,841**	**1,603**	**12,866**	**6,025**	**6,129**	**283**	**1,037**	**3,835**	**(306)**	**443**	**45,956**

The above figures have been converted at the average exchange rate for the period from 1 January 2022 to 31 December 2022: EUR 1 = PLN 4.6883.

5. SHARES AND SHAREHOLDERS

5.1. Shareholders structure

Major Shareholders as at 31 December 2023



As at 31 December 2023, AI (our higher-level parent) 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 parent company of Asseco International is Asseco Poland S.A.

To the best knowledge of the Company's Management Board, as at the date of publication of this report, this is on 27 February 2024, as well as at 31 December 2023, the Shareholders who, either directly or through their subsidiaries, held at least 5.0% of total voting rights were as follows:

Major Shareholders as at 27 February 2024 and 31 December 2023	Number of shares held	Percentage of total voting rights
Asseco International a.s.	26,407,081	50.89%
Allianz Poland Open Pension Fund	8,738,000	16.84%
Other shareholders	16,749,170	32.28%
Total	**51,894,251**	**100.00%**

To the best knowledge of the Company's Management Board, as at 31 December 2022, the Shareholders who, either directly or through their subsidiaries, held at least 5.0% of total voting rights were as follows:

Major Shareholders as at 31 December 2022	Number of shares held	Percentage of total voting rights
Asseco International a.s.	26,407,081	50.89%
Pension Funds managed by PTE Allianz Poland S.A.*	8,748,258	16.86%
Other shareholders	16,738,912	32.26%
Total	**51,894,251**	**100.00%**

*On 30 December 2022, General Pension Company Aviva Santander S.A. merged with General Pension Company Allianz Poland S.A. At present, the following pension funds managed by PTE Allianz Poland S.A.: Allianz OFE, Allianz DFE and II Allianz OFE are shareholders in ASEE.

Shares held by the management and supervisory personnel

The numbers of Asseco South Eastern Europe shares held by its management and supervisory staff are presented in the table below:

	27 February 2024	31 December 2023	24 October 2023	31 December 2022
Piotr Jeleński	1,253,492	1,253,492	1,253,492	1,253,492
Miljan Mališ [1)]	318,436	338,436	338,436	338,436
Michał Nitka	45,000	45,000	45,000	45,000
Kostadin Slavkoski	44,315	44,315	44,315	44,315

1) Miljan Mališ, Member of the Management Board of ASEE S.A. is a shareholder in the company Mini Invest d.o.o. which in turn is a shareholder in ASEE S.A.

The remaining members of the Supervisory Board and Management Board did not hold any shares in Asseco South Eastern Europe S.A. in any of the above-mentioned periods.

5.2. Information on the agreements known to the Issuer which may result in future changes of the equity interests held by the existing shareholders and bondholders

There are no agreements which may result in future changes of the equity interests held by the existing shareholders and bondholders.

6. STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE STANDARDS

Asseco South Eastern Europe S.A. (the "Company" or "Issuer") has, since 1 July 2021, been bound by the 'Best Practice for WSE Listed Companies 2021' as adopted by a resolution of the Board of the Warsaw Stock Exchange on 29 March 2021.

The corporate governance standards which are currently applicable to the Company (Best Practice for WSE Listed Companies 2021) are available from the Warsaw Stock Exchange website:

https://www.gpw.pl/dobre-praktyki

6.1. Corporate governance standards which have been waived by Asseco South Eastern Europe and the rationale for doing so

The Management Board indicated that the Company departed from adhering to the following corporate governance rules set forth in the 'Best Practice for WSE Listed Companies 2021':

Section 1. Disclosure policy, investor communications

1.3. Companies integrate ESG factors in their business strategy, including in particular:

1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;

In 2020, the company conducted a materiality analysis in the field of environmental, social and corporate governance (ESG). Based on the results of this study, the Company will set strategic goals in the ESG area and indicators to measure their achievement. Information on environmental, social and employee issues related to the Company's operations is available in the non-financial report of ASEE Group published on the Company's website. The Company will make directional decisions regarding the overall integration of ESG issues into its business strategy.

1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

The Company undertakes a number of activities related to ensuring decent working conditions and respecting the rights of employees. The Company also carried out a materiality study in the ESG area in ASEE Group. The Company will make directional decisions regarding the overall integration of ESG issues into its business strategy along with specific measures.

1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

Information on the Company's operations, including the implementation of its most important goals, is available on the Company's website and published in current regulatory filings and periodic reports. Information on environmental, social and employee issues related to the Company's operations is in particular available in the non-financial report of ASEE Group published on the Company's website. The Company does not determine long-term financial goals and measures of achieving such goals. The Company sets annual financial goals and defines measures of achieving these goals annually in the Company's budget. The financial results achieved by the Company prove the adopted principles of defining financial goals are appropriate. The process of defining non-financial ESG goals is still underway. Once ESG issues are incorporated into the business strategy, the Company intends to provide information required by principle 1.4 on its website.

1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

In 2020, the Company conducted a materiality study the results of which will enable the Company to set strategic goals in the ESG area and measures of achieving these goals. The Company will make directional decisions regarding the overall integration of ESG issues into its business strategy along with specific measures. Then it will also determine how the decision-making processes of the

Company and its Group subsidiaries will take into account climate change, including the resulting risks. Relevant information will be posted on the Company's website.

1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

Information on the equal pay index for employees has been presented in the non-financial report of ASEE Group. The ratio of the average gross salary of women to the average gross salary of men in particular categories is monitored at the level of local companies. ASEE Group has also started work on indicators for individual employee groups. Based on the collected data, the Company will formulate a strategy in this regard.

Section 2. Management Board and Supervisory Board

2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

The main criteria for selecting Members of the Management Board by the Supervisory Board are appropriate expertise and experience in the industry in which the Company operates, because it is needed to ensure the Management Board composition that is capable of effective implementation of business goals in the market segments in which the Company operates. The composition of the Supervisory Board shall enable effective supervision over the Company's activities. Moreover, as regards the appointment of Members of the Supervisory Board, the Company is obliged to ensure that the composition of the Supervisory Board is compliant, in particular, with the Act on certified auditors, audit firms and public supervision. The present Members of the Company's Management Board and Supervisory Board perform their responsibilities effectively which is confirmed by very favourable financial results achieved both by the Company and ASEE Group, as well as by the fact that the fulfilment of duties by each of them was approved by the Annual General Meeting of Shareholders. The Company declares equal access to the functions performed by all candidates with respect to the principle of equal opportunities and therefore it will not apply the criterion of gender diversity.

2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

The main criteria for selecting Members of the Management Board by the Supervisory Board are appropriate expertise and experience in the industry in which the Company operates, because it is needed to ensure the Management Board composition that is capable of effective implementation of business goals in the market segments in which the Company operates. The composition of the Supervisory Board shall enable effective supervision over the Company's activities. Moreover, as regards the appointment of Members of the Supervisory Board, the Company is obliged to ensure that the composition of the Supervisory Board is compliant, in particular, with the Act on certified auditors, audit firms and public supervision. The present Members of the Company's Management Board and Supervisory Board perform their responsibilities effectively which is confirmed by very favourable financial results achieved both by the Company and ASEE Group, as well as by the fact that the fulfilment of duties by each of them was approved by the Annual General Meeting of Shareholders. The Company declares equal access to the functions performed by all candidates with respect to the principle of equal opportunities and therefore it will not apply the criterion of gender diversity.

In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

Because the Company does not apply principle 2.1. and has not adopted a diversity policy, the report on activities of the Supervisory Board will not contain information in this respect.

Section 3. Internal systems and functions

3.2. Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.

This principle is applied in part. The Company has appointed an internal auditor to head the internal audit function as well as a compliance officer responsible for the compliance management system. Whereas the risk management function is currently carried out in the Company's finance department.

3.5. Persons responsible for risk management and compliance report directly to the president or other member of the management board.

This principle is applied in part. The internal auditor and compliance officer in their respective functions report directly to the management board. However, the Company does not have a separate unit solely responsible for the risk management system, while the risk management function is performed by the finance department.

3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.

This principle is not applicable to the Company.

3.10. Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.

The Company's Supervisory Board, including the Audit Committee, monitors the effectiveness of the internal audit function as well as internal control systems and the risk management system based, among others, on information that is provided directly by the Company's Management Board on a periodic basis. The Supervisory Board, including the Audit Committee, may turn directly to the Company's internal auditor in order to obtain his work plans, appropriate explanations, both current and periodic reports on the actions taken and implemented in various areas of the Company's operations, which contribute to ensuring effective monitoring of the internal audit function. Based on such information, the Supervisory Board performs an annual assessment of the internal audit function. Therefore, the Company does not see the need to perform an additional review of the internal audit function by an external auditor, and believes it is sufficient to rely on the assessment of the internal audit function by the Supervisory Board, including the Audit Committee.

Section 4. General meeting and shareholder relations

4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

The Company does not enable its shareholders to participate in a general meeting by means of electronic communication because the shareholders have not made such a request to the Company so far. Additionally, the Company's experience regarding the organization and proceedings of general meetings does not indicate the need to provide such solutions. However, the Company will consider applying this principle if such expectations are notified by its shareholders.

4.3. Companies provide a public real-life broadcast of the general meeting.

The Company does not provide publicly available real-time broadcasts of its general meetings. The Company has not yet received any notifications from its shareholders regarding their expectations for broadcasting the general meetings of shareholders.

4.8. Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.

The Company cannot limit the rights of shareholders under Art. 401 § 4 and 5 of the Commercial Companies Code, according to which the notification of draft resolutions should be made before the date of the general meeting. The company will take steps to encourage shareholders to submit draft resolutions earlier.

Section 6. Remuneration

6.2. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.

Remuneration of Members of the Management Board is determined and paid on the basis of the Remuneration policy for Members of the Management Board and Supervisory Board as adopted by the Company's General Meeting, according to which Members of the Management Board may receive variable remuneration depending on the financial results of the entire Company and/or Group of companies and/or Segment, which is supervised by a given Management Board Member. Furthermore, the Company does not intend to adopt non-financial results or sustainable development as factors determining the amount of remuneration payable to its management and supervisory staff. Similar rules are applied by the Company in relation to its key managers. Strong financial results achieved by both by ASEE Group prove the correctness of the adopted rules for bonus remuneration payable to Members of the Management Board.

6.3. If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

The Company does not run any stock option plan for managers.

6.2. Key features of the internal control and risk management systems applied by Asseco South Eastern Europe in relation to the process of preparing standalone and consolidated financial statements

The Company's standalone and consolidated financial statements are prepared in compliance with the International Financial Reporting Standards ("IFRS"). IFRS include standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

One of the key mechanisms of control in the process of preparing the Company's financial statements involves periodical verification of such financial statements by independent certified auditors, and in particular the review of semi-annual financial statements as well as the audit of annual financial statements. The entity acting as a certified auditor shall be selected in such a way as to ensure their independence in performing the entrusted tasks.

In order to ensure the Company's compliance with regulatory changes resulting from the entry into force of the Act of 11 May 2017 on certified auditors, audit firms and public supervision, in connection with the provisions of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, on 18 October 2017 the Supervisory Board approved documents, as prepared by the Audit Committee, that specifically regulate the selection and independence of certified auditors, i.e. the Policy and procedure for selecting a certified auditor and the Policy for granting consent to the provision of permitted services. These documents were updated by the Audit Committee and their new versions were approved by the Company's Supervisory Board on 25 January 2023. The Company has implemented new rules regarding the selection and rotation of the entity authorized to review/audit financial statements and the provision of non-audit services by such entity. The implementation of these regulations resulted in a significant increase in the responsibility and active involvement of the Audit Committee in the implementation of tasks related to selecting the entity authorized to review/audit financial statements in accordance with legal requirements. The Company's Audit Committee is responsible for conducting a tendering procedure for the entity authorized to review/audit financial statements, as well as for presenting recommendations to the Supervisory Board in this respect.

The entity authorized to audit financial statements shall be chosen by the Supervisory Board from among reputable audit firms, which can guarantee high standards of service and independence. An agreement to carry out audits shall be signed for a minimum period of two years. In 2022, after changing the audit firm, the Company signed an agreement with a new auditor to perform audits and reviews the Company's standalone and consolidated financial statements for the reporting periods covering the financial years 2022 and 2023.

The entity authorized to review/audit the Company's financial statements shall be selected in such a way as to ensure their independence in performing the entrusted tasks. In order to ensure independence, it is required to change not only the entity authorized to review/audit financial statements in the Company, but also to change the key certified auditor conducting the review and audit.

As part of ensuring the independence of external auditors, the Committee shall in particular:

- present recommendations to the Supervisory Board regarding the selection of an entity to audit the financial statements (external auditor), as well as their changes, assessment of their work, in particular in terms of their independence;
- express an opinion on the engagement of an external auditor in the performance of non-audit services, and communicate standpoints regarding the Company's policy in this respect;
- monitor the independence of the external auditor and their objectivity in performing the audits;
- review the efficiency of the external audit process.

The accuracy of the Company's accounting books as well as generation of highly reliable financial data is assured by:

- Accounting Policy and Chart of Accounts, both consistent with the International Financial Reporting Standards;
- Numerous internal procedures regulating the Company's operations with significant exposure to risk;
- Keeping the accounting books with the help of an ERP-class integrated IT system.

Responsibilities under the internal control and risk management systems, as adopted by ASEE S.A. in the process of preparing its financial statements, are performed by the Management Board, Supervisory Board, Audit Committee and other employees acting in accordance with the applicable internal procedures and regulations (such as dispositions, bylaws, instructions, job descriptions of respective employees). Members of the key personnel are responsible for design, implementation and monitoring of an effective and efficient internal control system as well as for identification and review of any risk exposures. The main elements of the Company's internal control system, whose objective is to eliminate the risks involved in the preparation of financial statements, are as follows:

- ongoing controls undertaken at all the levels and organizational units of the Company as well as in its subsidiaries, which shall ensure compliance with guidelines issued by the Management Board and enable identification and appropriate response to any significant risks;
- efficient and reliable information flow system, which shall enable collection and verification of data provided by the Group companies as well as prompt response in case any deviations from the budget are detected;
- audits of annual and reviews of semi-annual standalone and consolidated financial statements by an entity authorized to audit financial statements, including audits and reviews of the consolidation reporting packages of our subsidiaries by local audit firms which should present the results of their work to the Company's auditor;
- audits of annual financial statements of companies significant to the Group;
- internal regulations specifying the duties, rights and responsibilities of individual organizational units, with particular emphasis on the staff directly engaged in the preparation of financial statements;
- protection of the Company's important information and prevention against their unauthorized disclosure;
- regular monitoring of financial directors and other staff responsible for the preparation of financial reports at the companies incorporated within ASEE Group, with the aim to maintain control, identify any risks and threats, and to determine the required preventive actions.

The Company's standalone and consolidated financial statements are drawn up by the Head of Group Reporting; whereas, their final content is subject to approval by the Company's Management Board which oversees all the business operations and processes.

Furthermore, the Audit Committee, established from among Members of the Supervisory Board, plays an important role in internal control of the preparation of standalone and consolidated financial statements.

In accordance with the Bylaws of the Company's Supervisory Board, as part of the oversight of the financial reporting process, the Audit Committee shall in particular:

1. analyze information presented by the Management Board concerning significant changes in the accounting policy or financial reporting;
2. analyze the financial statements of the Company and the Group as well as the results of the audit of such statements, if they have been audited by a certified auditor;
3. present recommendations to the Supervisory Board regarding the approval of the annual financial statements of the Company and ASEE Group that have been audited by an external auditor.

As part of the oversight of risk management and internal control, the Audit Committee shall in particular:

1. verify the adequacy and effectiveness of risk management and internal control;
2. verify the effectiveness of supervision over the compliance of the Company's operations with the law;
3. assess the effectiveness of risk management systems, internal control and compliance, as well as the internal audit function;
4. assesses the Company's adherence to observations, standpoints and decisions addressed to the Company by an external auditor or by other entities that maintain supervision over the Company's operations.

The Audit Committee operates in accordance with the Audit Committee Work Plan adopted each year, which details the scope of matters to be discussed at individual meetings.

The internal control and risk management procedures applied in the process of preparing the financial statements of ASEE S.A. are effective and enable production of high quality reports, which is confirmed by opinions expressed without any reservations by certified auditors, following the audits of our financial statements.

6.3. Shareholders who, directly or indirectly, hold significant stakes of shares

To the best knowledge of the Company's Management Board, based on a shareholder notification received pursuant to art. 69 of the Act on public offering, conditions governing the introduction of financial instruments to organized trading, and on public companies (regulatory filing no. 4/2023), as at the date of publication of this report, this is on 27 February 2024, the Shareholders who, either directly or through their subsidiaries, hold at least 5% of total voting rights at the General Meeting of Shareholders are as follows:

Major Shareholders as at 27 February 2024	**Number of shares held / Number of votes at GMS**	**Par value on shares held**	**Percentage of total voting rights**
Asseco International a.s.	26,407,081	264,070,810	50.89%
Allianz Poland Open Pension Fund	8,738,520	87,385,200	16.84%
Other	16,748,650	167,486,500	32.27%
Total	**51,894,251**	**518,942,510**	**100.00%**

To the best knowledge of the Company's Management Board, the sole shareholder of Asseco International a.s. is Asseco Poland S.A., formerly the majority shareholder of our Company.

6.4. Holders of any securities carrying special controlling rights

There are no holders of securities carrying special controlling rights.

6.5. Limitations on the exercise of voting rights

There are no limitations on the exercise of voting rights, such as limitations on the exercise of voting rights by holders of a certain percentage or number of votes, time limitations on the exercise of voting rights, or provisions under which equity rights related to securities are detached from the ownership of securities.

6.6. Limitations on transferability of ownership rights to the Issuer's securities

There are no limitations on the transfer of ownership of Asseco South Eastern Europe securities.

6.7. Rules regarding appointment and dismissal of the management personnel and determining their authority, in particular the right to decide on the issuance or redemption of shares

The Management Board shall manage the Company's operations and assets and represent the Company externally in relations with courts, administration bodies, and other third parties. The Management Board shall take decisions concerning all the matters which, under the provisions of law or the Articles of Association, are not specifically reserved for the Supervisory Board or the General Meeting.

The Management Board shall be composed of 1 (one) to 9 (nine) members, including the President, Vice Presidents and remaining members of the Management Board. The joint term of office of members of the Management Board shall last 5 (five) years. Each Member of the Management Board may be reappointed for the next term of office.

The Management Board shall be appointed and dismissed by the Supervisory Board, whereas any motions for determining the number of persons in the Management Board composition, or for appointment of other Members of the Management Board, shall be submitted by President of the Management Board to Chairman of the Supervisory Board. Should President of the Management Board fail to submit adequate motions in due time, which guarantees efficient operation of the Management Board, the Supervisory Board shall take actions on its own initiative.

In accordance with art. 90d of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organized trading, and on public companies (consolidated text: Journal of Laws 2020.2080), the Company's General Meeting adopted the 'Policy for Remuneration of Members of the Management Board and Supervisory Board'. This policy sets forth the basics, rules and procedures for determining, calculating and paying out remuneration for Members of the Management Board and Members of the Supervisory Board.

Mandates of the Management Board Members shall expire at the latest on the date of holding the General Meeting that approves the report on the Company's operations and its financial statements for the last full financial year when such Management Board Members performed their duties.

A Member of the Management Board may be dismissed at any time. Such dismissal shall not deprive the dismissed person of any rights under their employment contract or any other legal relationship incidental to performing the function of the Management Board Member. A dismissed Member of the Management Board shall be entitled and obliged to provide explanations during preparation of the Company's Management report and financial statements for the period when he/she acted as Member of the Management Board, as well as to participate in the General Meeting which is to approve the reports/statements referred to in art. 395 § 2 item 1 of the Commercial Companies Code. Responsibilities and authority of the management personnel are described in art. 371 and subsequent articles of the Commercial Companies Code.

6.8. Rules regarding amendment of the Articles of Association of Asseco South Eastern Europe

Amendments of the articles of association of a joint-stock are regulated in detail in chapters 4, 5 and 6 of the Commercial Companies Code (art. 430 and subsequent articles). The Company's Articles of Association do not contain any detailed regulations pertaining to amendments thereof. In this respect the Company adheres to the provisions of the Commercial Companies Code, under which an amendment of the articles of association shall require:

- a resolution of the general meeting, and
- an entry in the National Court Register (art. 430 of the CCC).

An amendment of the Articles of Association must be adopted by the General Meeting. In order to initiate amendment of the Articles of Association, the notification of calling the General Meeting must include both the existing provisions of the Articles of Association and the proposed amendments. If the intended amendments are extensive, the General Meeting announcement should also contain a draft of the consolidated text of the Articles of Association, along with a specification of new or amended provisions thereof.

An amendment of the Articles of Association requires a resolution of the General Meeting adopted by a three-fourths majority of votes, with the exceptions indicated below. In the event an amendment of the provisions of the Articles of Association concerns:

- the company's business profile – such amendment requires a two-thirds majority of votes,
- an increase of the shareholders' contributions or a curtailment of their personal rights – such amendment shall be agreed to by all the shareholders involved (regardless of obtaining the majority of votes required for the amendment of the Articles of Association).

If a company has shares with different rights (e.g. preference shares and ordinary shares), an amendment of its Articles of Association that may adversely affect the rights of holders of a given class of shares should be adopted by passing a relevant resolution voted on separately in every group (class) of shares. In each of those groups, such resolution may be passed by the required majority of votes. In a resolution on amendment of the Articles of Association, the General Meeting may authorize the Supervisory Board to prepare a consolidated text of the amended Articles of Association or to make other corrections of editorial nature.

In exceptional circumstances, the Articles of Association may be amended not by a resolution of the General Meeting, but by a resolution of the Management Board recorded by a notary public. This may happen in certain cases determined in the Commercial Companies Code such as a decrease of the company's share capital (for instance, through the retirement of treasury shares which were not purchased by the company's employees during a given year).

Registration obligations:

An amendment of the Articles of Association shall become effective once it is entered in the National Court Register. Any amendment of the Articles of Association shall be submitted for registration by the Company's Management Board within 3 months from the adoption of a relevant resolution. However, when the Articles of Association are amended following an increase of the company's share capital, such amendment may be submitted for registration within 6 months from the adoption of a resolution on the share capital increase, or from the date of an approval to introduce the newly issued shares to public trading if such approval is granted, provided a request for such approval or an announcement of a share issuance is made within 4 months from the adoption of a resolution on the share capital increase.

6.9. Manner of operation of the General Meeting and its basic powers, as well as shareholders' rights and the manner of their exercise

The General Meeting of Shareholders constitutes the Company's supreme governing body. The General Meeting of Shareholders operates pursuant to the generally applicable legal regulations as well as in accordance with the Company's Articles of Association.

The manner of operations of the General Meeting is described in detail in the Bylaws of the General Meeting that were adopted by the Company's General Meeting on 27 April 2010, and amended by a resolution of the General Meeting of 24 April 2014.

The Company's Articles of Association as well as the Bylaws of the Extraordinary General Meeting have been published on the Company's corporate website.

The General Meeting is competent in the following matters:

1. considering and approving the Management report on the Company's operations and the financial statements for the prior year;
2. adopting resolutions on the distribution of profit or coverage of loss, on determining the amounts of appropriations to the Company's reserve capital or other funds, on establishing the dividend record date, amount of dividend, and the dividend payment date;
3. acknowledging the fulfilment of duties by members of Company's governing bodies;
4. taking decisions concerning the received claims for compensation of losses incurred whilst establishing, managing or supervising the Company;
5. passing resolutions on disposal, leasing or establishing a limited property right on the Company's enterprise or organized business unit;
6. passing resolutions on the Company's merger with another company, on liquidation of the Company and appointment of a liquidator;
7. passing resolutions on issuance of convertible or preference bonds or subscription warrants as indicated in art. 453 § 2 of the Commercial Companies Code;
8. amending the Company's Articles of Association, inclusive of passing resolutions on increase or decrease of the Company's share capital;
9. changing the scope of the Company's business operations;
10. defining the principles for remuneration payable to members of the Supervisory Board;
11. adopting the Bylaws of the General Meeting;
12. passing resolutions on cancellation of shares;
13. taking other decisions provided for in the provisions of law and the Articles of Association, as well as settlement of cases submitted by the Company's shareholders, Management Board or Supervisory Board.

The General Meeting may adopt resolutions concerning all the Company's matters, irrespective of the number of shares represented thereat, unless otherwise stated in the Commercial Companies Code.

6.10. Description of activities of the management, supervisory and administrative bodies of Asseco South Eastern Europe and their committees, including the Audit Committee, along with indication of their composition and changes thereto during the last financial year

Management Board:

The Management Board operates pursuant to the Commercial Companies Code, in particular art. 371 and subsequent articles of the CCC, as well as in accordance with the Company's Articles of Association, and the Management Board Bylaws.

The Management Board shall manage the Company's operations and assets and represent the Company externally in relations with courts, administration bodies, and other third parties. The Management Board shall take decisions concerning all the matters which, under the provisions of law or the Articles of Association, are not specifically reserved for the Supervisory Board or the General Meeting.

Execution of Management Functions:

The Management Board shall operate basically by holding meetings and passing resolutions concerning the Company's operations and execution of management functions. Activities of the Management Board shall be managed by President of the Management Board, and during his absence by another Member of the Management Board designated by the President. Members of the Management Board are obliged to take an active part in meetings of the Management Board.

Periodical (holiday) leaves from the execution of management functions shall be allowed to Members of the Management Board by President of the Management Board.

President of the Management Board shall exercise superior control over all of the Company's employees and organizational units which, within the established organizational structure, are directly subordinated to individual Members of the Management Board.

President of the Management Board is entitled to take individual final decisions on the Company's internal relations, and in particular on the employee relations. Given such authority President of the Management Board may overrule a decision made by another Member of the Management Board, unless a prior resolution of the Management Board or the provisions of law require otherwise.

The Management Board may temporarily assign to any of its Members additional responsibilities, other than those resulting from the regular distribution of work, by adopting a resolution stipulating the scope and the period of performing such tasks.

The Management Board may grant a commercial power of attorney. A commercial power of attorney may be granted by a resolution adopted by unanimous decision by all Members of the Management Board. The Management Board may also appoint proxies in order to perform specific assignments, who shall be authorized to act within the limitations of the received power of attorney.

The Management Board shall pass resolutions particularly on the following matters:

1. Determining a development strategy both for the Company and its Capital Group, and introducing any necessary modifications during the implementation of such strategy, as well as defining the principles for ownership supervision and management of the Capital Group, inclusive of its financial management;
2. Determining the Company's asset and financial plans and their implementation schedules;
3. Taking decisions concerning the establishment or liquidation the Company's organizational entities or units;
4. Determining the Company's organizational regulations, work regulations, and employee remuneration regulations, as well as introducing amendments of such regulations;
5. Accepting annual financial statements of the Company and annual consolidated financial statements of the Capital Group, as well as annual reports on operations of the Company and the Capital Group, in sufficient time to receive an opinion of the Supervisory Board and approval by the General Meeting, in accordance with the Company's Articles of Association and the applicable provisions of law;
6. Division of responsibilities among the Management Board Members;
7. Determining and amending the Management Board Bylaws;
8. Granting a commercial power of attorney;
9. Submitting motions to the Supervisory Board or to the General Meeting in all the matters which, under the applicable provisions of law and the Company's Articles of Association, are specifically reserved to the competence of those governing bodies;
10. Convening of Annual and Extraordinary General Meeting as well as proposing the meeting agenda and preparing draft resolutions.

Each Member of the Management Board shall be entitled and obliged to manage the matters assigned to him/her under the Management Board resolution on delegation of responsibilities among the Management Board Members. However, if before taking a decision on a particular matter, any of the remaining Members of the Management Board raises an objection or the matter needs to be addressed by collective decision (pursuant to the Commercial Companies Code, the Company's Articles of Association or the Management Board Bylaws), then such matter shall be decided by a resolution of the Management Board.

Bearing in mind the best interest of the Company, the Management Board shall set forth the strategy and main objectives of the Company's operations, submit them to the Supervisory Board, and furthermore it shall be liable for their implementation and performance. The Management Board shall care for the transparency and effectiveness of the Company's management system as well as for conducting its operations in accordance with legal regulations and best practices.

When making decisions on the Company's operations, Members of the Management Board should act within the limits of justified economic risk; this is after examining all the available information, analyses and opinions that, as reasonably believed by the Management Board, should be taken into account in a given case to serve the Company's best interest. When determining the Company's interest, the Management Board should keep in mind justified long-term interests of the Company's shareholders, creditors, employees and other entities and persons involved in the Company's business operations, as well as interests of the local community.

In transactions with shareholders and other persons whose interests have impact on the Company's interest, the Management Board should act with utmost care to ensure that such transactions are conducted at arm's length.

A Member of the Management Board should display full loyalty towards the Company and avoid any actions which could lead to implementing exclusively his/her own material interest. If a Member of the Management Board receives information on the possibility of making an investment or another beneficial transaction related to the Company's business operations, he/she should immediately present such information to the Management Board for the purpose of considering the Company's ability to take advantage of such opportunity. Such information may only be used by a Member of the Management Board or passed over to a third party upon consent of the Management Board and only when doing so does not infringe on the Company's interest.

Members of the Management Board are obliged to inform the Supervisory Board of any conflict of interest arising in connection with the performance of their duties as well as any risk of such conflict. They should also request the Supervisory Board for permission to act as a supervisory board member in companies outside the Group.

Meetings of the Management Board:

The Management Board shall hold meetings at least once per two months. Meetings of the Management Board shall be held at the Company's registered office or in other places as may be indicated by President of the Management Board. Meetings of the Management Board may also be held at a distance by using means of direct remote communication. Meetings of the Management Board shall be called by President or instead of him/her by Vice President of the Management Board. In justified cases any Member of the Management Board may convene a meeting. The Meeting Convener shall notify all Members of the Management Board of convening a meeting of the Management Board at least 7 days before the date of such meeting, in writing or by electronic mail. In urgent cases, President or instead of him/her Vice President of the Management Board may decide on another manner or deadline of notifying Members of the Management Board about the meeting date.

A notification of the Management Board meeting should provide the meeting agenda as well as the materials concerning the issues included in the meeting agenda, unless such materials shall be prepared for presentation at the meeting. The meeting agenda may be changed during the meeting provided none of the attending Members of the Management Board raises an objection against such change.

Each Member of the Management Board shall be entitled to request for including a certain issue in the meeting agenda on condition he/she prepares a relevant draft resolution of the Management Board and an appropriate, written or oral, justification thereof two days in advance, with reservation that President of the Management Board may request for including a certain issue in the meeting agenda at any time.

All the support activities related to convening and conducting a meeting of the Management Board shall be performed by the Management Office or by a person so designated by President of the Management Board. Minutes of the Management Board meeting shall be taken in a complete or abridged version. Preparation of the meeting minutes may be abandoned on condition the resolutions adopted at that meeting are recorded otherwise. The meeting minutes shall be subject to acceptance by the Management Board during the same meeting.

Subsequently the accepted meeting minutes shall be signed by President and all Members of the Management Board participating in the meeting covered by such minutes, as well as by the person taking the minutes. The original meeting minutes shall be retained in the minutes book.

Adoption of resolutions:

Resolutions of the Management Board shall be adopted by a simple majority of votes, except for granting a commercial power of attorney which shall be subject to obtaining consent of all the Management Board Members. Effective resolutions of the Management Board may be adopted provided that all Members of the Management Board have been notified of the meeting and at least half of them are present at the meeting. In the event of an equal number of votes cast for and against, the President's vote shall prevail.

Members of the Management Board may participate in its meetings by using means of direct remote communication. Resolutions passed in this manner shall be effective provided all Members of the Management Board have been notified of the text of draft resolutions and that the meeting minutes are signed by Members of the Management Board participating in such meeting. Chairman of the Management Board meeting shall sign the meeting minutes on behalf of Members of the Management Board participating in such meeting via phone or other means of telecommunication, in which case the meeting minutes signed in this manner shall be appended with the votes cast by Members of the Management Board participating in such meeting through the means of direct remote communication. Absent Members of the Management Board may also sign a separate document containing the minutes of the Management Board meeting, in which case such document shall be attached to the meeting minutes signed by other Members of the Management Board.

Members of the Management Board may also participate in adopting resolutions by casting their votes in the form of a signature under the document that contains the text of the proposed resolution; however, resolutions passed in this manner shall be effective provided they are signed by all Members of the Management Board. Written voting on a resolution is also allowed by means of a secure electronic signature.

The Management Board may invite to its meeting the Company's employees or other persons competent in the issues to be discussed.

Voting of the Supervisory Board shall be open. However, upon request of even one of the attending Members of the Management Board, President of the Management Board or the person in charge of the meeting shall administer a secret ballot.

Resolutions of the Management Board shall come into force upon their adoption or on the date indicated therein. A resolution may be amended by passing a new resolution on the same issue.

On 7 July 2022, the Company's Supervisory Board appointed the Management Board in its existing composition to serve over the next five-year term of office. The composition of the Management Board remained unchanged throughout the financial year 2023. As at 31 December 2023 as well as on the date of publication of this report, the Company's Management Board was composed of the following persons:

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

Supervisory Board:

The Supervisory Board operates pursuant to the Commercial Companies Code, the Company's Articles of Association, and the Supervisory Board Bylaws which were adopted by a resolution of the Supervisory Board on 18 January 2010, and amended by resolutions of the Supervisory Board of 8 August 2012, 24 September 2013, 18 October 2017, and 7 September 2020.

The Supervisory Board shall exercise continuing supervision over the Company's activities in all areas of business. It shall be composed of 5 (five) to 7 (seven) Members to be appointed and dismissed by the General Meeting of Shareholders. Each member of the Supervisory Board may be reappointed to perform this function.

Mandate of a Member of the Supervisory Board shall expire prior to the end of the term of office in the event of:

1. filing a written resignation to the Supervisory Board Chairman;
2. dismissal in accordance with the Company's Articles of Association;
3. death.

In the event of early expiry of the mandate of a Supervisory Board Member, the composition of the Supervisory Board shall be supplemented pursuant to the Company's Articles of Association.

Members of the Supervisory Board may be also appointed or dismissed during an ongoing term of office subject to the procedure determined by the Company's Articles of Association. Mandates of the Supervisory Board Members shall expire on the date of holding the General Meeting that approves the Company's financial statements for the last full financial year when the Supervisory Board Members performed their duties.

Members of the Supervisory Board may be paid remuneration as determined by a resolution of the General Meeting.

Members of the Supervisory Board are obliged to provide to the Management Board quarterly information on their organizational relationships with certain shareholders, in particular with majority shareholders, in order to enable the Company to disclose such information to the public.

A Member of the Supervisory Board is obliged to notify the Management Board about the sale or acquisition of shares in the Company or in its parent or subsidiary company, as well as about any transactions with such companies, as long as they are significant for his/her financial standing. The Member of the Supervisory Board shall provide the above-mentioned information without delay so that it could be disclosed to the public by the Management Board in accordance with the provisions of law. If publication of such information is not required by law, any public disclosure thereof shall be subject to obtaining prior consent of the Supervisory Board Member involved.

Competence of the Supervisory Board:

The Supervisory Board shall exercise continuing supervision over the Company's business operations, and its responsibilities include in particular:

1. assessment of the financial statements in terms of their conformity with the accounting books and evidence, as well as with the actual state of affairs;
2. assessment of the Management Board reports on business operations as well as Management Board recommendations for the distribution of profit or coverage of loss, and motions for issuance of corporate bonds;
3. submitting, on an annual basis, a written report on the results of assessments specified in items 1 and 2 above to the General Meeting.

In order to fulfil its responsibilities specified above, the Supervisory Board is authorized and obliged to examine activities of any kind undertaken by the Company's organizational units or employees, review the Company's assets, and inspect the Company's accounting books and documents. The Supervisory Board should obtain regular information from the Management Board on any and all issues significant for the Company's business operations, as well as on the risks involved therein and ways of managing such risks. To this effect, the Supervisory Board may impose a deadline for the preparation of relevant reports and explanations.

In addition to the above-mentioned responsibilities, the Supervisory Board's competence shall include:

1. representing the Company in any agreements with Members of the Management Board as well as in any disputes with the Management Board or with its Members;
2. defining the principles for employment and remuneration payable to Members of the Management Board;
3. approving the Bylaws of the Management Board;
4. selecting certified auditors to carry out audits the Company's financial statements;
5. determining the consolidated text of the amended Articles of Association and making other corrections of editorial nature as specified in a resolution of the General Meeting;
6. appointment and dismissal of the Management Board officers (inclusive of President, Vice Presidents, and Members of the Management Board);
7. adopting the Bylaws of the Supervisory Board;
8. expressing consent to granting a commercial power of attorney by the Management Board;
9. approving of the Company's annual financial budgets and long-term business plans;
10. giving consent, by a resolution, to the acquisition of own shares by the Company;
11. giving consent to the Company to grant loans, or to obtain bank loans or borrowings, or to incur other financial liabilities in excess of 5% (five percent) of the Company's share capital or equivalent of this amount in other currencies, in a single transaction or in a series of related transactions that have not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
12. giving consent to the Company to a purchase or sale of real estate, or a share in real estate or perpetual usufruct of land, regardless of the value of the right being purchased or sold, if such an action has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
13. giving consent to incurring expenses or making capital expenditures by the Company or its subsidiaries and associates, as well as to incurring liabilities in excess of 5% (five percent) of the Company's share capital or equivalent of this amount in other currencies, in a single transaction or in a series of related transactions that have not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
14. giving consent to the Company to grant any guarantees or sureties, or to assume other off-balance-sheet liabilities or an obligation to repair a damage, if such an action has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
15. giving consent to disposal, rental, pledge or registered pledge, mortgage or any other encumbrance or transfer of any part of the Company's assets, if such an action has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
16. giving consent to the Company to purchase or acquire shares in other commercial companies as well as to enter into any personal or civil law partnerships;
17. giving consent to disposal of the Company's assets with a value exceeding EUR 250,000 (two hundred and fifty thousand euros), if such a transaction has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
18. giving consent to disposal, encumbrance, or free-of-charge transfer of copyrights and rights in inventions, industrial property rights, or other intellectual property rights, and in particular rights in the software source codes and trademarks, if such a transaction has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
19. giving consent to conclude agreements between the Company, its subsidiaries or associates, and Members of Company's Management Board or Supervisory Board, the Company's shareholders or their related parties, where the total annual expenses exceed PLN 100,000 or its equivalent in other currencies, in a single transaction or in a series of related transactions that have not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association. For the purposes of this provision the "related party" means a person, company, or other entity that has either financial or family ties to any Member of the Company's Management Board or Supervisory Board, or to the Company's shareholder. The "related party" shall in particular include: (i) spouse, (ii) children, (iii) grandchildren, (iv) parents, (v) grandparents, or (vi) brothers and sisters, as well as (vii) any entity indirectly or directly controlled by the persons specified above, or from which the persons specified above obtain significant economic benefits;
20. giving consent to the Company to hire any advisors or other persons, who are not employees of the Company, in the capacity of consultants, lawyers, agents, etc. if the annual cost of hiring such persons exceeds EUR 200,000 (two hundred thousand

euros) or its equivalent in other currencies, which has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;

21. giving consent to the Company to make a transaction with its parent company, subsidiary or related company, where the transaction value in aggregate with the value of all transactions conducted with the same entity during the financial year exceeds 10% (ten percent) of the Company's total assets as defined by the accounting regulations, to be measured based on the Company's last approved financial statements, if such a transaction has not been provided for in the Company's financial budgets or business plans approved in accordance with the Articles of Association;
22. preparation of annual remuneration reports presenting a comprehensive overview of remuneration, including all benefits, regardless of their form, received by or payable to individual Members of the Management Board and Supervisory Board in the last financial year, in accordance with the 'Policy for remuneration of Members of the Management Board and Supervisory Board' of the Company.

Items 11, 13, 17 and 20 above present the powers of the Supervisory Board in accordance with the new version of the Articles of Association which were amended by Resolution No. 17 of the Company's General Meeting of 22 June 2023.

Members of the Supervisory Board shall appoint from among themselves the Members that will be obliged to participate in the Company's General Meetings, in such a composition as to be able to provide substantive answers to any questions asked at the General Meeting.

Organization of the Supervisory Board Operation:

The Supervisory Board shall fulfil its obligations by holding meetings and passing resolutions. The Supervisory Board may also engage in control and consultancy activities.

During the first meeting in a given term of office, to be convened by the eldest Member of the Supervisory Board, the Supervisory Board shall appoint a Chairman from among its members, who will chair the Supervisory Board meetings and manage its work, and appoint a Vice Chairman to replace the Chairman during his absence.

The first meeting of a newly elected Supervisory Board shall be opened by the eldest Member of the Supervisory Board, who shall chair the meeting until the new Supervisory Board is constituted.

The Supervisory Board may at any time dismiss its Chairman or Vice Chairman and appoint other Members of the Supervisory Board to perform these functions. Such dismissal and reappointment shall be carried out during the same meeting of the Supervisory Board.

Meetings of the Supervisory Board shall be held at least once per 3 months. A meeting shall be convened by the Chairman or, in case of his absence, by Vice Chairman of the Supervisory Board. Whereas, in the event Vice Chairman is absent a meeting shall be convened by another Member of the Supervisory Board duly authorized in writing by Vice Chairman.

Chairman of the Supervisory Board is obliged to convene a meeting of the Supervisory Board within 2 weeks of receiving a written motion filed by the Management Board or a Member of the Supervisory Board. Along with such motion the petitioners shall enclose a proposed agenda for the meeting.

If, in the event referred to above, Chairman of the Supervisory Board does not convene a meeting of the Supervisory Board, the petitioners may call such meeting on their own and shall notify about the date, place and proposed agenda for the meeting.

The meeting agenda shall also include the issues proposed by Members of the Supervisory Board, provided a motion for doing so is filed at least 14 days before the meeting date or at the previous meeting of the Supervisory Board.

If all Members of the Supervisory Board are present at the meeting, each Member of the Supervisory Board or Member of the Management Board attending the meeting may request the meeting agenda to be supplemented with new issues that were not included in the meeting agenda as distributed before the meeting. Such a motion may also be submitted in spite of absence of some Members of the Supervisory Board, but then only and solely concerning actions that must be taken by the Supervisory Board in order to protect the Company against suffering a loss, or in the event it is necessary to pass a resolution on determining whether there is any conflict of interest between a Member of the Supervisory Board and the Company. The motion shall be put to vote and adopted/rejected by a simple majority of votes.

A written notification indicating the date, place and agenda for the meeting should be delivered to Members of the Supervisory Board not later than a week before the date of the Supervisory Board meeting. In urgent cases, the Chairman may order delivery of a notification about the meeting to the Supervisory Board Members within a deadline shorter than one week. The notification shall be delivered by fax, electronic mail or by other means, provided they produce a confirmation of receipt of the invitation by a Member of the Supervisory Board. Such notification shall indicate the date, place, and the proposed agenda for the Supervisory Board meeting.

A Member of the Supervisory Board that is unable to participate in a meeting should inform the Supervisory Board Chairman accordingly and specify the reason for his/her absence.

Meetings of the Supervisory Board shall be held at the Company's registered office, in Warsaw, or at another place as indicated in the notification of convening the meeting, or with the use of means of direct remote communication.

Meetings of the Supervisory Board, save for issues which directly concern the Management Board or its Members, and, in particular, dismissal or holding such persons accountable, or determining their remuneration, should be open to Members of the Management Board.

Chairman of the Supervisory Board, on his own initiative or to a request of a Member of the Supervisory Board, may also invite other persons to attend a meeting of the Supervisory Board, depending on the subject matters under consideration.

Meetings of the Supervisory Board shall be chaired and managed by Chairman of the Supervisory Board, or in his absence by Vice Chairman of the Supervisory Board, or in the absence of Vice-Chairman by another Member of the Supervisory Board designated in writing by the Chairman.

A meeting of the Supervisory Board shall be deemed valid provided it is participated by at least half of the Supervisory Board Members and that all of its Members have been properly notified about the date and place of the meeting.

Resolutions of the Supervisory Board shall be adopted by a simple majority of votes, unless the provisions of law or the Company's Articles of Association impose stricter conditions for adoption of such resolutions.

Meetings of the Supervisory Board may be attended by using means of direct remote communication. Resolutions passed in this manner shall be effective provided all Members of the Supervisory Board have been notified of the text of draft resolutions. The intention to participate in a meeting of the Supervisory Board using means of direct remote communication shall be notified to the Chairman of the Supervisory Board before the scheduled date of the meeting.

When voting by means of direct remote communication, the meeting minutes shall be drawn up and contain information on the subject of voting, Members of the Supervisory Board participating in the vote, and the voting results.

Furthermore, if needed, a separate document shall be prepared to confirm the contents of the adopted resolution, indicating the voting procedure applied and the date of its adoption; such document shall be signed by all Members of the Supervisory Board participating in the vote. This document shall be enclosed with the above-mentioned minutes.

Members of the Supervisory Board may participate in adopting resolutions by casting their votes in writing to be communicated through another Member of the Supervisory Board. Votes in writing cannot be cast on the issues introduced into the meeting agenda during a meeting of the Supervisory Board. The minutes of the Supervisory Board meeting should contain a clear description of any votes cast in writing, including the name of the Supervisory Board Member who has cast such vote and the name of the Supervisory Board Member through whom such vote has been communicated.

In case the numbers of votes "For" and "Against" are equal, the vote of Chairman of the Supervisory Board shall prevail, or in his absence – the vote of Vice Chairman, or in the case of Vice Chairman's absence – the vote of the person acting as the meeting chairman.

Voting of the Supervisory Board shall be open. A secret ballot shall be administered by Chairman of the Supervisory Board in the following cases:

1. suspending the President or a Member of the Management Board from their duties;
2. appointment or dismissal of Chairman or Vice Chairman of the Supervisory Board;
3. in other matters, upon request of even one of the Supervisory Board Members taking part in voting.

The Supervisory Board may adopt resolutions using means of direct remote communication or in writing, also in matters which require a secret ballot in accordance with the Articles of Association, provided that none of the Supervisory Board Members raises an objection against that.

Effective resolutions of the Supervisory Board may be adopted provided that at least half of the Supervisory Board Members are present at the meeting and that all of its Members have been notified about the meeting date and place.

Resolutions of the Supervisory Board shall come into force upon their adoption unless otherwise stated in a given resolution.

Minutes shall be taken from each meeting of the Supervisory Board.

Due to the expiry of the term of office of the Supervisory Board, on 21 June 2022 the Company's Annual General Meeting appointed the Supervisory Board in its existing composition to serve over the next five-year term of office. During the financial year

2023, the composition of the Supervisory Board remained unchanged. As at 31 December 2023 as well as on the date of publication of this report, the Company's Supervisory Board was composed of the following persons:

Jozef Klein	Chairman of the Supervisory Board
Adam Góral	Vice Chairman of the Supervisory Board
Artur Kucharski	Member of the Supervisory Board
Jacek Duch	Member of the Supervisory Board
Adam Pawłowicz	Member of the Supervisory Board

Audit Committee

On 17 May 2010, the Supervisory Board of Asseco South Eastern Europe S.A., in order to fulfil the obligation under art. 86 sect. 3 and 7 of the Act of 7 May 2009 on certified auditors, their self-government, entities authorized to audit financial statements and on public supervision, established an Audit Committee from among its members.

Organization and functioning of the Audit Committee have been, since 18 October 2017, regulated in the Bylaws of the Supervisory Board (earlier these issues were regulated in a separate document, namely the Regulations of the Audit Committee that were adopted by the Audit Committee on 24 August 2010).

During the current term of office of the Supervisory Board, the Audit Committee was appointed in its existing composition on 23 June 2022. The composition of the Audit Committee remained unchanged throughout the financial year 2023. As at 31 December 2023 as well as on the date of publication of this report, the Audit Committee was composed of the following persons:

Artur Kucharski	Chairman of the Audit Committee
Adam Pawłowicz	Member of the Audit Committee
Jacek Duch	Member of the Audit Committee

The Audit Committee, in its present composition, meets the requirements regarding independence, knowledge and skills provided for in the Act of 11 May 2017 on certified auditors, audit firms and public supervision (Journal of Laws of 2022, item 1302, as amended) – the Supervisory Board assessed compliance with the requirements for the Audit Committee pursuant to art. 129 of the aforementioned Act and § 8 of the Bylaws of the Supervisory Board.

The statutory criterion of independence is met by the following members of the Audit Committee: Artur Kucharski – Chairman, and Adam Pawłowicz – Member.

Artur Kucharski, Chairman of the Audit Committee, has knowledge and skills in accounting/auditing of financial statements (knowledge and skills acquired through job experience, including at PricewaterhouseCoopers Sp. z o.o. – Financial Audit Department, member of the Association of Chartered Certified Accountants – ACCA).

Moreover, all members of the Audit Committee have knowledge and skills in the industry of the Company's business. Such knowledge and skills were acquired through education and job experience:

1. Artur Kucharski – member of supervisory boards in the IT industry companies, engineering education (Warsaw University of Technology, University of Central London, Moscow Power Engineering Institute),
2. Adam Pawłowicz – member of supervisory boards in the IT industry companies (Asseco Group),
3. Jacek Duch – IT engineer (Warsaw University of Technology), many years of experience in software engineering as well as in managing IT companies in Poland and abroad (Nixdorf Computer, PSI AG, Digital Equipment Corporation – DEC), companies of Prokom and Asseco groups.

The main assumptions of the Policy for selecting an audit firm and the Policy for providing permitted services:

1. The main objectives of the Policy for selecting an audit firm, as approved by a resolution of the Supervisory Board of 18 October 2017 which was subsequently updated by the Audit Committee and approved in its new wording by a resolution of the Supervisory Board of 25 January 2023, are to ensure the process transparency, independence in selection, equal access to information for entities involved in the process, transparent and non-discriminatory selection criteria, adequate audit quality, and independence of the amount of remuneration from the provision of permitted non-audit services or from the result of the audit;

2. The main objective of the Policy for providing permitted services, as approved by a resolution of the Supervisory Board of 18 October 2017, is to enable only the provision of services listed in the Policy that are not prohibited, and each time subject to the approval of the Audit Committee after it has properly assessed threats to independence and its safeguards.

The Audit Committee updated the above-mentioned Company's regulations regarding the selection of an audit firm to carry out statutory audits in view of the recommendations addressed to all public interest entities by the Polish Financial Supervision Authority (FSA) concerning the elaboration of effective and efficient solutions in the event that an audit firm loses its mandate or other reasons make it impossible for the selected audit firm to perform an audit. In 2023, the Audit Committee held 6 meetings during which it performed duties set out in art. 130 of the Act on certified auditors, audit firms and public supervision.

The Audit Committee worked on the basis of the Audit Committee Work Plan adopted for 2023, which determined the scope of tasks to be carried out at individual meetings in order to properly fulfil the duties assigned.

During these meetings, the Audit Committee met with representatives of the audit firm BDO Sp. z o.o. (limited partnership) prior to the publication of financial statements for the first half of 2023, as well as prior to commencing the audit of financial statements for the year 2023 in order to discuss the scope and plan of the audit as well as maintaining the auditor's independence.

At the same meeting, the Audit Committee performed a self-assessment of compliance with the formal requirements pursuant to art. 129 of the Act on certified auditors. Furthermore, it accepted the report on the Committee's activities in 2022.

The Audit Committee also verified compliance of the audit firm BDO Sp. z o.o. (limited partnership) with the independence criteria.

The Audit Committee oversaw the preparation of financial statements and the effectiveness of key procedures which ensure that the financial statements as well as management and financial reports are properly prepared and contain reliable data.

The Audit Committee monitored on an ongoing basis the internal audit activities that were carried out by the Internal Audit Manager, in accordance with the approved Audit Plan. Moreover, the Audit Committee assessed the independence of the Internal Audit Manager.

In addition, the Audit Committee reviewed the Company's internal audit, risk and compliance management system, including the progress of corrective actions in this area.

The Audit Committee, during its meeting No. 6 of 2023, approved the provision of an attestation service by the Audit Firm BDO Sp. z o.o. (limited partnership), which involves an audit of the Report on Remunerations of the Management Board and Supervisory Board Members for the year 2023.

At the same meeting, the Audit Committee decided to initiate action in order to select an audit firm to audit the financial statements of the Company and the Group for the next fiscal years, after the 2023 audit is completed.

6.11 Description of the diversity policy applicable to the Issuer's administrative, management and supervisory bodies

Asseco South Eastern Europe S.A. does not have a diversity policy applicable to its Management Board and Supervisory Board. The main criteria for selecting Members of the Management Board by the Supervisory Board are appropriate expertise and experience in the industry in which the Company operates, because it is needed to ensure the Management Board composition that is capable of effective implementation of business goals in the market segments in which the Company operates. The composition of the Supervisory Board shall enable effective supervision over the Company's activities. Moreover, as regards the appointment of Members of the Supervisory Board, the Company is obliged to ensure that the composition of the Supervisory Board is compliant, in particular, with the Act on certified auditors, audit firms and public supervision. The present Members of the Company's Management Board and Supervisory Board perform their responsibilities effectively which is confirmed by very favourable financial results achieved both by the Company and ASEE Group, as well as by the fact that the fulfilment of duties by each of them was approved by the Annual General Meeting of Shareholders. The Company declares equal access to the functions performed by all candidates with respect to the principle of equal opportunities and therefore it will not apply the criterion of gender diversity.

Despite the absence of a diversity policy, the Company respects the principle of ensuring equal treatment disregarding any factors that may cause discrimination. As a matter of fact, the policy of diversity is implemented by the Company by hiring employees who vary in terms of gender, age, job experience, education, cultural background, and ensuring that all employees are treated equally in the workplace, taking into account their diverse needs and differences between them, to achieve the goals set by the Company.

Employment rules are regulated in the Company's internal documents, including in particular the Code of Ethics and the Work Regulations. These documents are addressed to all employees, including management staff, and the rules of conduct and values defined therein regarding interpersonal relations are based on the Company's common values, which by definition aim to build mutual trust, integrity and respect.

The Company provides equal working conditions that encourage full utilization and development of skills and interests of employees, including managers, among others through participation in trainings. Every employee has the opportunity of being promoted to a managerial position if he or she demonstrates adequate professional achievements.

Both the Company's authorities and employees are aware of the importance of diversity as an element that determines the development and optimal operation of our organization, which has a bearing on the quality of services provided and the Company's financial performance.

7. OTHER INFORMATION ON ASEE GROUP AND ASSECO SOUTH EASTERN EUROPE S.A.

7.1. External and internal factors significant for development of the Company and the Group

Because Asseco South Eastern Europe S.A. is primarily engaged in holding activities, factors significant for the Company's development need to be examined taking into account the development and business operations of the entire ASEE Group.

The utilized systems, including our integrated management structures and efficient internal audits, are effective in reducing the negative impact of the below-mentioned risk factors and threats to the operations of both ASEE and ASEE Group. The Management Board of ASEE S.A. believes the Group's current financial standing, operating potential and market position pose no threats to its ability to continue as a going concern throughout the year 2024. However, there are numerous factors, of both internal and external nature, which may directly or indirectly affect the Group's financial performance in the next quarters.

External factors with a bearing on the future financial performance of ASEE Group, including Payten, are as follows:

- Geopolitical situation in the regions of ASEE Group operations, where potential political tensions and instability of local governments may undermine the climate for investments and thus induce the customers of ASEE companies and Payten to delay or even abandon the implementation of IT projects. Another consequence of potential political and social tensions might be an interruption of IT investments in the public administration bodies that are clients of ASEE Group;
- Furthermore, the Russian invasion of Ukraine, launched on 24 February 2022, caused a radical change in the geopolitical situation of the entire region. The Group continues to analyze geopolitical developments and their impact on the Group's financial position and financial performance in the future. It is difficult to assess the further development of the war, and thus its long-term economic consequences for this region of Europe and impact on the overall macroeconomic situation, which indirectly affects the financial results of ASEE Group;
- Condition of the IT market and payment services market in the regions of ASEE and Payten operations; it seems South Eastern Europe, Turkey and South America remain still underinvested as compared to the West European countries, which may generate additional demand for technology solutions offered by ASEE Group;
- Opportunities and risks resulting from rapid technological changes and innovations in the IT market, as well as in the banking and payments sector;
- Regulatory changes in the banking and payments sector, which may generate demand for additional services performed by the Group, but on the other hand may open up access to the sector for new players and new technologies that may reduce the competitive advantages of solutions offered by ASEE and Payten;
- Informatization processes in the public administration of South Eastern European countries, aiming to upgrade the quality and functionality of their services to international standards and especially to the requirements of the European Union;
- Availability of the EU structural funds in Romania, Bulgaria, Slovenia and Croatia, as well as pre-accession funds in other South Eastern European countries;
- Consolidation and development of the banking sector which may result in mergers and liquidations of business entities that are clients of ASEE Group, but also in gaining new customers in the sector;
- Outlook for expansion of the Group's operations into new markets through cooperation with local partners;
- More and more severe competition both from local and international IT companies which is observed especially when it comes to the execution of large and prestigious contracts;
- Changes in the credit standing, financial liquidity and availability of financing for the customers of ASEE Group;
- Inflation and fluctuations in the currency exchange rates of countries in which ASEE Group operates and, in particular, the risks arising from the economy operating in hyperinflationary conditions, namely Turkey;
- Level of interest rates in the Eurozone because a significant portion of debt in ASEE Group, including Payten, is denominated in EUR.

Internal factors with a bearing on the future financial performance of our Group are as follows:

- Quality and comprehensive offering of ASEE and Payten;
- Research and development expenditures made by ASEE Group;
- Prospects for expanding the product portfolio of ASEE and Payten on the back of organic growth or potential future acquisitions;
- The Group's ability to run efficient operations during the pandemic through the use of remote channels in internal communication and in customer relations;
- Stability and experience of our managerial staff;
- Transparent organizational structure and efficient operations of the Group;
- experience in the execution of complex IT projects involving the provision of diversified services in broad geographical regions;
- Effective activities of our sales force;
- Execution of complex information technology projects carried out under long-term contracts;
- Implementation of the Group's business strategy that involves focusing on strategic products and services, expansion into new markets, and improving operating efficiency;
- Successful completion of potential company acquisitions in the future.

7.2. Non-recurring events with impact on our financial performance

Non-recurring events which affected the financial performance, financial position and cash flows of ASEE Group in 2023 and in the comparable period included the acquisitions of subsidiary companies as well as other organizational changes in the Group as described in the section 'Organizational Structure of Asseco South Eastern Europe Group'.

Moreover, due to the existence of hyperinflation in Turkey, the Group has applied IAS 29 and made the inflation-related revaluation of non-monetary assets and liabilities as well as the statement of profit and loss. The impact of hyperinflation on our financial statements has been described in detail in explanatory note 2.10 to the consolidated financial statements of ASEE Group for the year 2023.

7.3. Discussion of significant risk factors and threats

ASEE Group constantly monitors major factors posing risk to its operations in order to identify, prevent and mitigate their possible effects. For this purpose, the Parent Company and its subsidiaries have implemented a number of management systems as well as internal control and audit procedures.

The utilized systems, including our integrated management structures and efficient internal audits, are effective in reducing the negative impact of the below-mentioned risk factors and threats to the operations of both the Company and the Group.

Major risk factors involved in the Group's business environment

Risk related to the macroeconomic situation

ASEE S.A. is the parent company of the Group which runs operations in South Eastern Europe, Central Europe, Western Europe, as well as in South America. The Company's and the Group's strategy assumes reinforcement of our position in each of these regions as well as further expansion in selected regions and beyond their borders. In connection with our current operations and planned business development, the financial results achieved by ASEE and Payten may be influenced by factors related to economic and political stability. Development of the IT services and payment services sectors as well as IT spending of our customers are closely related to the overall economic situation. Therefore, our financial results depend on the level of capital expenditures made by enterprises, pace of GDP growth, inflation rate etc.

Risk associated with the lack of political stability

Potential changes in governments of the countries where ASEE and Payten operate as well as any civil unrest may initiate periods of political instability, which may result in a reduction of public spending and lower inclination towards investments among enterprises.

Risk related to intensified competition

The market of information technology infrastructure and services is becoming more and more competitive. With a variety of services and products in our portfolio, we are tough competition to large consulting firms, multinational technological tycoons, IT outsourcing providers as well as software houses, inclusive of internal IT departments of large corporations operating in the region. The IT industry undergoes rapid changes resulting from investments in new technologies made primarily by large companies and acquisitions of local businesses by international players. Furthermore, the biggest global corporations, which have been so far active only in the large enterprises market, expand their offerings with solutions and implementation methodologies dedicated also to medium-sized enterprises, which increases the competitive pressure.

Risk associated with the condition of the banking sector

The provision of IT solutions and services to banks and other financial institutions is one of large and key areas of our business. The financial sector experiences a lack of stability and is under strong pressure to cut investment spending and optimize operating costs, which may have an adverse impact on the Group's operations. The banking sector around the world undergoes intensive processes of consolidation where much attention is paid to the standardization of solutions and optimization of costs at the corporate level. Headquarters of various banks may possibly decide to choose other IT market participants to provide for their technological needs, which may adversely affect the Group's operations.

Risk of potential legal disputes concerning copyrights

Development of the Group's operations in the market of IT products depends to a large degree on the ownership of intellectual property rights, and especially copyrights to computer programs. Because of a variety of legal regulations pertaining to the protection of intellectual property rights applicable in the countries where our subsidiaries operate, there is a risk that in some circumstances there may be doubts as to the effectiveness of assignment of copyrights in software codes compiled by employees in favour of their employers.

Furthermore, there is also a risk that in some countries where the Group operates, local regulations may not provide adequate protection of copyrights in computer programs owned by our subsidiaries. Taking advantage of such situation by other local firms with a similar business profile may lead to the loss of ASEE's competitive edge in a given market.

Risk of changes in local tax regulations

Some of the Group companies are engaged in innovative research and development activities which, according to local regulations, may be taxed on a preferential basis compared to typical operations. In the event of any amendment of local tax regulations, there is a risk of losing tax benefits and thus increasing the tax burden on income earned by the Group companies.

Foreign currency risk

The Group conducts business operations in many countries and makes settlements in various currencies. Contracts concluded by the Group companies are denominated in miscellaneous currencies, also in currencies that are foreign to the countries where the Group operates. Temporary fluctuations in the currency exchange rates as well as long-term trends in the currency market may impact the financial results of the Group.

In addition, the financial statements of ASEE Group are published in PLN and in the consolidation process the amounts stated in local foreign currencies are translated into PLN. Therefore, possible changes in the exchange rates of foreign currencies to PLN may affect the values presented in our financial statements. Possible depreciation of local currencies against the Polish zloty might create a risk of loss of value of our equity investments in companies operating in the market where a given currency is used.

Risk of interest rate hikes in the Eurozone

Most of the external debt of ASEE Group, including Payten, is denominated in EUR and bears a variable interest rate based on EURIBOR. A potential increase in the Eurozone interest rates would translate into higher financial costs incurred on the Group's debt.

Risk of supply chain disruptions

Some of the Group's activities in the Dedicated Solutions segment, as well as in the business lines responsible for maintenance of POS terminals and ATMs in the Payment Solutions segment, to a large extent rely on the sale or use of equipment manufactured by external entities. Disruptions in the production of semiconductors and in supply chains have considerably lengthened the time of equipment deliveries by manufacturers. Delayed deliveries may hinder our capability to implement projects for the Group's customers and, as a result, affect the amount of generated revenues.

Risk involved in insufficient insurance coverage

Business activities conducted by the Group, including production and supply of software as well as implementation of integration projects, give rise to a risk of damages that may be incurred by the Group contractors or their end customers as a result of defective operation or failure of the products delivered by our company, whether attributable to its negligence or not. Agreements concluded by companies of ASEE Group provide for contractual penalties in the event of non-performance or improper performance of obligations. Any claims for compensation in excess of the guarantee amounts under the carried insurance policies might have a significant adverse impact on the operations, financial position, financial results and development outlook of ASEE companies.

Risks associated with the warfare in Ukraine

The Russian invasion of Ukraine, launched on 24 February 2022, caused a radical change in the geopolitical situation of the region where ASEE Group operates. At this point, we have not identified any significant impact of the warfare on the Group's operations; however, due to the dynamically changing situation, it is difficult to assess the long-term economic effects for the region where ASEE is present, as well as potential impact on the overall macroeconomic situation which indirectly affects the financial results of the Group.

Risk related to competition on the labour market

An indirect effect of the COVID-19 pandemic is the growing popularity of remote work. Employees and employers have found out about the possibility of working on a remote basis. This intensifies competition between employers in the search for well-qualified employees, which generates the risk of increased employee turnover and consequently temporary shortages of personnel. Such shortages may adversely affect the timely implementation of projects. Another effect may be increased salary demands and hence the reduction of profit margins to be realized in the future.

Major risk factors involved in the Group's business operations

Risk of fluctuations in revenues and expenditures

Due to the project-driven nature of IT investments, sales revenues generated by the Group companies may be subject to considerable fluctuations from period to period. It is possible that in the future our revenues and operating results will fall short of the market expectations because of the completion of work performed under large-scale projects. Moreover, due to technological changes, the Group's existing technology and products may become obsolete and will require making sizeable new investments. The above processes may have negative impact on the rate of return on investment or the amount of dividends to be paid out.

Risk of non-performance or improper performance of projects and losing the clients' trust

In each area of our business, the provision of services by the Group depends on the clients' trust and the quality of our products and services. Proper performance of an IT project, which is mission critical for the operations of our client, in most cases results in signing a long-term contract. The quality of solutions and customer service provided to our clients determines their confidence in our Group.

Risk associated with fixed-price contracts

The majority of contracts for provision of IT services or products concluded by the Group determine a fixed remuneration. Therefore, they are not settled on a time-and-material basis. If we misevaluate the resources and time required for the project performance, future salary increases, inflation or foreign exchange rates, or if we fail to perform our contractual obligations within the agreed deadline, this may have an adverse impact on the Group's financial results and cash flows.

Risk associated with gaining new IT contracts

Some of the Group's revenues are generated from projects that are awarded through tendering procedures organized by state institutions and companies as well as by large private enterprises. Most of such tenders are attended by leading IT players in the region and major foreign companies, which results in considerably high competition. Our business depends on the access to reliable information about the future investment plans of prospective customers, as well as on appropriate competence and experience that would enable us to win tenders.

Risk of becoming dependent on the key customers

The Group's business is to a great extent based on the execution of long-term projects which require a large work effort. Implementation of the key account contracts will impact the level of our sales revenues in the coming years. Although sales to none of our clients exceeded 10% of total revenues generated by the Group in 2023, our customers in various countries are often members of international banking groups and a potential loss of such an entire group could have a noticeable impact on revenues of ASEE companies and Payten.

Risk of becoming dependent on the key suppliers

The Group's business is characterized by close cooperation with big international companies, especially in the segments of Payment Solutions and Dedicated Solutions. There is a risk that the key suppliers to our Group may change their strategies for cooperation with local partners or may want to tighten their cooperation with one partner of their choice. Furthermore, they may start to offer the implementation services for their solutions themselves or else increase the prices of the products supplied.

Risk related to the profitability of integration projects

In some of the markets where the Group operates, providers of integration services generate higher margins of profit than average margins realized in mature economies. Hence, it may be expected that such margins will be squeezed once our markets become saturated and more mature.

Risk related to insolvency or misconduct of our subcontractors

In certain cases, we provide our clients with solutions that have been developed and completed by our subcontractors. Just as any other entrepreneurs, our subcontractors may face business or financial difficulties and become unable to fulfil their obligations towards us or our clients.

Risk related to technological changes in the industry and development of new products and services

The sector of IT and payment services are characterized by rapid development of solutions and technologies. Hence, the product lifecycles in such a market are relatively short. In order to maintain a competitive advantage in this market, it is necessary to undertake research work and invest in new products. There is a risk that new solutions will be launched to the market, causing the products and services offered by the Group to become less attractive and eventually not as profitable as expected.

Risk involved in strategic investments in complementary industries, technologies, services or products as well as in strategic alliances with third parties

While implementing the Group's development strategy, we may engage in strategic investments, establish companies, undertake joint ventures and make acquisitions related to complementary industries, technologies, services or products. Despite exercising due care when selecting our business partners, we may be unable to identify a suitable partner or to manage such a venture or acquisition appropriately. As a consequence we may be exposed to typical risks involved in mergers and acquisitions.

Risk of misfortunate acquisitions

Business acquisitions are one of the cornerstones of ASEE's development. We are trying to take over businesses that are truly complementary to the Group's offering and are in good financial condition. Our acquisition processes are based on the best market practices. However, there is a risk that our acquisition decisions will turn out to be wrong and that acquired companies will fail to meet our expectations, which may adversely affect the Group's financial results.

Risk involved in the Group integration process

The Group is exposed to a risk associated with the effective integration of ASEE and Payten subsidiaries, especially as the Group companies operate in different markets and in various countries. It is our strategy to integrate our subsidiary undertakings into operating segments as well as to make further company acquisitions. Nonetheless, we cannot entirely exclude the risks of delays, partial completion or failure to complete the intended integration process.

Apart from that, even if our subsidiaries and further potentially acquired entities are successfully integrated with the Group, we may still be unable to fully integrate the products and services portfolios of particular companies, or to continue the development processes in line with our present corporate practices.

Risk of becoming dependent on the key management personnel of the Company and the Group

Just as in the majority of companies developing IT systems, highly qualified personnel and managerial staff are the main pillars of the Group's success. We operate in the information technology industry which is characterized by a high rotation of personnel. It is probable that the Group will be unable to retain its present employees or to recruit new, equally highly qualified employees in the future. Losing some of the key personnel members would have a negative impact on the Group's operations, financial position and results, as well as on its future development outlook.

Risk of impairment of intangible assets

A significant portion of the Group's assets is represented by goodwill arising from the acquisition of subsidiary companies that currently comprise ASEE Group. These assets are tested for impairment at the end of each year. In the event such test showed that the fair value of an asset was lower than its carrying value, we would have to recognize a fair value impairment loss that would weigh on the Group's financial results.

Risk of low liquidity and depreciation of our shares

Investors considering the purchase of ASEE shares should take into account that the trading price of our shares may change in the future and that they may not be able to recover all invested funds. Furthermore, any purchase or sale of ASEE shares depend on the market liquidity, hence the execution of an investment decision may not be possible at a given time.

Risk related to dividends

Our potential investors should be aware of the fact that distribution of any dividends by ASEE will depend on a number of factors, such as the Group's operating results, its financial standing as well as the current and anticipated demand for cash. The Company's dividend policy stipulates that 30 to 50% of consolidated profits shall be distributed in dividends, and it is the Management's intention to allocate an appropriate portion of net earnings to dividend payments in the future. However, the Company is not in the position to guarantee that such plans will be actually implemented nor to determine the amounts of expected dividend payments.

Risk related to influence exerted by the Company's majority shareholder

As at the date of publication of this report, Asseco International a.s., our majority shareholder and a subsidiary of Asseco Poland S.A., holds 50.89% of shares in our Company. We expect that Asseco International a.s. will maintain its position as a majority shareholder and retain significant influence on our Company's business operations. Asseco International a.s. is entitled to exercise broad rights and powers with respect to its shareholding in the Company, and it must be taken into consideration that in the present situation Asseco International a.s. has a decisive impact on the Company's strategic decisions.

Risk of data leakage

As a result of deliberate actions of third parties or dishonest employees, as well as mistakes or carelessness of our employees or contractors, confidential data of the Group or of its clients may be disclosed to unauthorized persons. Such circumstances might have an adverse impact on the perception of ASEE Group by our clients, and consequently on the Group's operations, financial position, financial results and development outlook.

Risk of property damage

As a result of abuse or errors committed by employees of Asseco Group companies, they may suffer damage to property. Such circumstances might have an adverse impact on the Group's financial condition and business continuity, and consequently on the Group's operations, financial position, financial results and development outlook.

7.4. Description of major equity investments made within ASEE Group

Description of major equity investments made within ASEE Group is provided in section III of the consolidated financial statements of ASEE Group for the year ended 31 December 2023.

7.5. Organizational and equity relationships of the Issuer

Asseco South Eastern Europe S.A. is the parent of Asseco South Eastern Europe Group and concurrently a subsidiary of the higher-level parent Asseco International a.s. The Company's position within the Group's structure as well as its equity and organizational relationships and changes thereof that took place during the year 2023 have been presented in section 2.3 'Organizational Structure of Asseco South Eastern Europe Group' of this report, and also in section III of the Consolidated financial statements of ASEE Group for the year ended 31 December 2023.

7.6. Related party transactions

During 2023, neither Asseco South Eastern Europe S.A. nor any of its subsidiaries conducted any transactions with their related parties other than on an arm's length basis.

Information on related party transactions carried out during the period of 12 months ended 31 December 2023 has been presented in explanatory note 6.20 to the annual consolidated financial statements of ASEE Group, as well as in explanatory note 5.16 to the annual financial statements of ASEE S.A.

7.7. Assessment of financial resources management

During the year ended 31 December 2023, ASEE Group had no problems with timely settlement of its liabilities towards both suppliers and creditors, payment of state regulatory charges, or with fulfilling its investment commitments.

7.8. Bank loans, borrowings, sureties and guarantees

Bank loans and borrowings obtained and sureties and guarantees granted have been described in explanatory note 6.14 to the consolidated financial statements of ASEE Group for the year ended 31 December 2023, as well as in explanatory note 5.11 to the standalone financial statements of ASEE S.A. for the year ended 31 December 2023.

7.9. Loans granted in 2023

Information on loans granted by the Group companies during the financial year has been presented in explanatory note 6.6 to the consolidated financial statements of ASEE Group for the year ended 31 December 2023, as well as in explanatory note 5.8 to the standalone financial statements of ASEE S.A. for the year ended 31 December 2023.

7.10. Utilization of proceeds from issuance of shares

During the reporting period ended 31 December 2023, we did not issue any new shares.

7.11. Financial forecasts

Asseco South Eastern Europe S.A. did not publish any financial forecasts for the year reported.

7.12. Opinion on feasibility of investment plans

Referring to the above-described business strategy, the Group's investment plans include both equity investments in new entities as well as organic growth, which shall involve making expenditures for research and development in order to enhance innovation of our product portfolio, expenditures for infrastructure used in the provision of Software-as-a-Service solutions, expenditures for infrastructure used in the outsourcing of payment processes and in independent ATM networks, as well as expenditures for replacement and maintenance of infrastructure used in our operating activities.

Our capital expenditures are mostly financed from the Group's own funds, except for infrastructure used in the outsourcing of payment processes that is largely financed with bank loans.

It is also probable that any potential company acquisitions will be financed from external sources, including from bank loan facilities that are already available or from dedicated new financing.

Furthermore, ASEE Group may choose to finance its future investment expenditures through the issuance of new shares.

7.13. Changes in the Group and Company management policies

Changes in the Group's management principles, which were introduced in 2023, and further plans concerning the direction of such changes have been described in section 2.4 'Strategy and Directions of Development' in this report.

During the year 2023, the management practices of ASEE Group and ASEE S.A. remained unchanged.

7.14. Agreements concluded by the Group and Company with its management personnel providing for payment of compensations if such persons resign or are dismissed from their positions

The Group companies did not conclude any agreements with their management officers that would provide for payment of compensations in the event such persons resign or are dismissed from their positions without substantial reason, or when they are dismissed as a result of a company merger by acquisition.

7.15. Monitoring of employee stock option plans

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

Moreover, 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.

Detailed information on the share-based payment plan has been presented in explanatory note 5.2 to the interim condensed consolidated financial statements of ASEE Group for the year ended 31 December 2023.

7.16. Remuneration due to the Issuer's management and supervisory personnel

Information on remuneration due to the Issuer's management and supervisory personnel has been disclosed in explanatory note 9.5 to the annual consolidated financial statements of ASEE Group for the year 2023, as well as in explanatory note 8.5 to the annual financial statements of ASEE S.A.

7.17. Information on liabilities arising from pensions and benefits of a similar nature

As at 31 December 2023, ASEE S.A. had no liabilities arising from pensions and benefits of a similar nature payable to former members of management and supervisory boards or to former members of administrative bodies.

7.18. Agreement with the entity authorized to audit financial statements

The agreement with the entity authorized to audit financial statements, namely BDO Sp. z o.o. (limited partnership), to carry out audits of the standalone and consolidated financial statements of ASEE S.A. drawn up for the year ended 31 December 2023 was signed on 17 August 2022.

7.19. Remuneration of the entity authorized to audit financial statements

Information on remuneration due to the entity authorized to audit financial statements has been presented in explanatory note 8.4 to the annual standalone financial statements of ASEE S.A. for the year 2023, as well as in explanatory note 9.4 to the annual consolidated financial statements of ASEE Group for the year 2023.

7.20. Significant off-balance-sheet items

Significant off-balance-sheet items have been described in explanatory note 9.1 to the annual consolidated financial statements of ASEE Group for the year 2023, as well as in explanatory note 8.1 to the annual financial statements of ASEE S.A. for the year 2023.

7.21. Information on significant judicial proceedings

At the date of publication of this report, neither Asseco South Eastern Europe S.A. nor Asseco South Eastern Europe Group were party to any proceedings pending before any court, arbitration authority or public administration authority.

7.22. Significant events with impact on ASEE Group operations after 31 December 2023

Significant events that took place after the reporting date of 31 December 2023 have been described in explanatory note 9.8 to the consolidated financial statements of ASEE Group for the year ended 31 December 2023, as well as in explanatory note 8.8 to the standalone financial statements of ASEE S.A. for the year ended 31 December 2023.

7.23. Report on non-financial information

The Parent Company has prepared a report on non-financial information: "Non-financial Report of Asseco South Eastern Europe Group for 2023", in the form of a separate document which is an integral part of the Annual Report of ASEE Group for the year 2023.

8. STATEMENT BY THE MANAGEMENT BOARD OF ASSECO SOUTH EASTERN EUROPE S.A. TO THE ANNUAL REPORT

Statement by the Management Board of Asseco South Eastern Europe S.A. made pursuant to §70 sect. 1 item 6 and §71 sect. 1 item 6 of 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.

The Management Board of Asseco South Eastern Europe S.A. hereby declares that, to the best of its knowledge, the consolidated financial statements of Asseco South Eastern Europe Group for the year ended 31 December 2023 and comparable data contained therein, as well as the standalone financial statements of Asseco South Eastern Europe S.A. for the year ended 31 December 2023 and comparable data contained therein, have been prepared in compliance with the applicable accounting standards, namely the International Financial Reporting Standards as endorsed by the European Union. The standalone financial statements of Asseco South Eastern Europe S.A. for the year ended 31 December 2023 as well as the consolidated financial statements of Asseco South Eastern Europe Group for the year ended 31 December 2023 give a true, reliable and fair view of the assets and financial position of ASEE S.A. and ASEE Group and their financial performance.

Furthermore, the Management Board declares that the report on operations of ASEE S.A. and ASEE Group provides a fair description of the development, achievements and position of ASEE S.A. and ASEE Group, inclusive of major risks and threats to their operations.

We hereby approve the Management Report on Operations of Asseco South Eastern Europe Group and Asseco South Eastern Europe S.A. and confirm the accuracy of the above statement.

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

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.pl