

A person in a blue shirt is holding a white pen and pointing at a tablet. The tablet displays various financial charts, including a bar chart, a pie chart, and a line graph. The background is blurred, showing a coffee cup and other office items.

# Consolidated Financial Statements of Asseco Group

for the year ended 31 December 2023

ASSECO



Present in  
**60 countries\***



**PLN 16,897 million**  
in sales revenues



**33,062**  
highly committed  
employees



**PLN 482.8 million**  
of net profit  
for Shareholders  
of the Parent Company



**PLN 6.4 billion**  
in market capitalization\*

\*as at 26 March 2024

# Consolidated Financial Statements of Asseco Group

For the year ended 31 December 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME .....	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	8
CONSOLIDATED STATEMENT OF CASH FLOWS.....	10
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	13
1. GENERAL INFORMATION .....	13
2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS .....	14
2.1. Basis for preparation.....	14
2.2. Impact of the geopolitical and macroeconomic situation on the Group's business operations .....	14
2.3. Compliance statement.....	15
2.4. Functional currency and presentation currency.....	15
2.5. Professional judgement and estimates.....	16
2.6. Accounting policies applied .....	21
2.7. New standards and interpretations published but not in force yet .....	22
2.8. Impact of climate change.....	22
2.9. Changes in the accounting policies and presentation methods applied .....	23
2.10. Correction of errors .....	24
2.11. Restatement of comparable data .....	24
2.12. Effects of Turkey's status as a hyperinflationary economy .....	26
3. ORGANIZATION AND CHANGES IN THE STRUCTURE OF ASSECO GROUP, INCLUDING THE ENTITIES SUBJECT TO CONSOLIDATION.....	31
4 INFORMATION ON OPERATING SEGMENTS .....	42
5 EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS .....	45
5.1. Structure of operating revenues.....	45
5.2. Structure of operating costs .....	53
5.3. Other operating income and expenses.....	55
5.4. Financial income and expenses .....	57
5.5. Corporate income tax .....	58
5.6. Earnings per share .....	61
5.7. Information on dividends paid out .....	62
6 EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	63
6.1. Property, plant and equipment .....	63
6.2. Intangible assets .....	65
6.3. Right-of-use assets.....	71
6.4. Goodwill.....	74
6.5. Impairment tests.....	80
6.6. Associates and joint ventures .....	87
6.7. Entities with significant non-controlling interests .....	88
6.8. Receivables and contract assets .....	89
6.9. Prepayments and accrued income .....	93
6.10. Other assets .....	94
6.11. Inventories .....	97
6.12. Cash and cash equivalents.....	98
6.13. Share capital .....	99
6.14. Treasury shares.....	99
6.15. Bank loans, borrowings and debt securities .....	99
6.16. Lease liabilities .....	103
6.17. Other financial liabilities .....	106

6.18.	Trade payables, state budget liabilities and other liabilities .....	108
6.19.	Contract liabilities .....	109
6.20.	Provisions.....	110
6.21.	Accruals and deferred income .....	112
6.22.	Related party transactions.....	113
<b>7</b>	<b>EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS.....</b>	<b>115</b>
7.1.	Cash flows – operating activities .....	115
7.2.	Cash flows – investing activities.....	115
7.3.	Cash flows – financing activities .....	116
<b>8</b>	<b>EXPLANATORY NOTES ON OBJECTIVES AND PRINCIPLES OF FINANCIAL RISK MANAGEMENT .....</b>	<b>119</b>
8.1.	Foreign currency risk.....	119
8.2.	Interest rate risk.....	121
8.3.	Credit risk.....	123
8.4.	Financial liquidity risk.....	123
8.5.	Items of income, expenses, gains and losses recognized in the statement of profit and loss in correspondence to balance sheet items.....	125
<b>9</b>	<b>OTHER EXPLANATORY NOTES.....</b>	<b>126</b>
9.1.	Off-balance-sheet liabilities .....	126
9.2.	Seasonal and cyclical business .....	129
9.3.	Employment.....	129
9.4.	Remuneration of the entity authorized to audit financial statements .....	130
9.5.	Remuneration of the Management Board and Supervisory Board .....	130
9.6.	Capital management.....	132
9.7.	Significant events after the reporting period .....	132
9.8.	Significant events related to prior years.....	133
	<b>APPROVAL FOR PUBLICATION BY THE MANAGEMENT BOARD .....</b>	<b>134</b>

# Consolidated Statement of Profit and Loss and Other Comprehensive Income

## Asseco Group

STATEMENT OF PROFIT AND LOSS	Note	12 months ended	12 months ended
		31 December 2023	31 December 2022 (restated*)
		PLN mn	PLN mn
Operating revenues	<u>5.1</u>	16,896.5	17,370.1
Cost of sales	<u>5.2</u>	(13,170.8)	(13,586.6)
<b>Gross profit on sales</b>		<b>3,725.7</b>	<b>3,783.5</b>
Selling costs	<u>5.2</u>	(941.1)	(1,004.3)
General and administrative expenses	<u>5.2</u>	(1,165.0)	(1,166.2)
<b>Net profit on sales</b>		<b>1,619.6</b>	<b>1,613.0</b>
Other operating income	<u>5.3</u>	86.2	300.2
Other operating expenses	<u>5.3</u>	(81.4)	(119.3)
<b>Operating profit</b>		<b>1,624.4</b>	<b>1,793.9</b>
Financial income	<u>5.4</u>	166.3	141.1
Financial expenses	<u>5.4</u>	(264.8)	(192.2)
<b>Pre-tax profit before share of profits of associates and joint ventures</b>		<b>1,525.9</b>	<b>1,742.8</b>
Corporate income tax	<u>5.5</u>	(317.2)	(384.7)
Share of profits of associates and joint ventures (net of income taxes)	<u>6.6</u>	3.9	(0.1)
<b>Net profit for the reporting period</b>		<b>1,212.6</b>	<b>1,358.0</b>
<i>Attributable to:</i>			
<b>Shareholders of the Parent Company</b>		<b>482.8</b>	<b>502.3</b>
Non-controlling interests		729.8	855.7
Basic consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)	<u>5.6</u>	6.12	6.05
Diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)	<u>5.6</u>	6.12	6.05
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Net profit for the reporting period</b>		<b>1,212.6</b>	<b>1,358.0</b>
<b>Components that may be reclassified to profit or loss</b>			
Restatement of non-monetary assets as at 1 January – impact of hyperinflation		-	28.7
Gain (loss) on valuation of cash flow hedging instruments		(0.6)	(0.5)
Exchange differences on translation of foreign operations		(622.3)	22.4
<b>Components that will not be reclassified to profit or loss</b>			
Net gain/loss on valuation of financial assets		37.1	(24.0)
Actuarial gains/losses		0.9	16.2
Other changes in equity of companies consolidated using the equity method		(1.1)	(15.3)
Income tax relating to other comprehensive income that will not be reclassified		(0.8)	(3.7)
<b>Total other comprehensive income</b>		<b>(586.8)</b>	<b>23.8</b>
<b>TOTAL COMPREHENSIVE INCOME attributable to:</b>		<b>625.8</b>	<b>1,381.8</b>
<b>Shareholders of the Parent Company</b>		<b>236.5</b>	<b>587.5</b>
Non-controlling interests		389.3	794.3

\* The restatement has been disclosed in detail in explanatory note 2.11 to these consolidated financial statements.

# Consolidated Statement of Financial Position

## Asseco Group

ASSETS	Note	31 December 2023	31 December 2022
		PLN mn	(restated*) PLN mn
<b>Non-current assets</b>			
Property, plant and equipment	<u>6.1</u>	965.2	993.0
Intangible assets	<u>6.2</u>	1,989.7	2,391.7
Right-of-use assets	<u>6.3</u>	755.2	789.9
Goodwill	<u>6.4</u>	5,878.8	5,930.5
Investments accounted for using the equity method	<u>6.6</u>	101.6	123.1
Other receivables and trade receivables	<u>6.8</u>	75.8	70.6
Deferred tax assets	<u>5.5</u>	228.6	267.3
Prepayments and accrued income	<u>6.9</u>	84.7	89.1
Other non-financial assets		1.9	1.9
Other financial assets	<u>6.10</u>	139.6	103.4
		<b>10,221.1</b>	<b>10,760.5</b>
<b>Current assets</b>			
Inventories	<u>6.11</u>	325.9	326.0
Prepayments and accrued income	<u>6.9</u>	318.6	323.0
Trade receivables	<u>6.8</u>	3,610.5	3,954.1
Contract assets	<u>6.8</u>	697.2	763.1
Corporate income tax receivable	<u>6.8</u>	130.8	62.8
Receivables from the state and local budgets and other receivables	<u>6.8</u>	188.5	124.5
Other non-financial assets		6.9	18.0
Other financial assets	<u>6.10</u>	310.9	120.0
Cash and bank deposits	<u>6.12</u>	2,987.1	3,636.0
		<b>8,576.4</b>	<b>9,327.5</b>
Assets held for sale		43.2	42.5
<b>Total current assets and assets held for sale</b>		<b>8,619.6</b>	<b>9,370.0</b>
<b>TOTAL ASSETS</b>		<b>18,840.7</b>	<b>20,130.5</b>

\* The restatement has been disclosed in detail in explanatory note 2.11 to these consolidated financial statements.

# Consolidated Statement of Financial Position

## Asseco Group

EQUITY AND LIABILITIES	Note	31 December 2023	31 December 2022
		PLN mn	(restated*) PLN mn
<b>Equity</b>			
<i>(attributable to shareholders of the Parent Company)</i>			
Share capital	<u>6.13</u>	83.0	83.0
Share premium		4,180.1	4,180.1
Treasury shares	<u>6.14</u>	(1,186.2)	-
Transactions with non-controlling interests		(195.1)	(188.8)
Exchange differences on translation of foreign operations		(33.3)	217.8
Retained earnings and other capitals		2,454.5	2,257.4
		<b>5,303.0</b>	<b>6,549.5</b>
<b>Non-controlling interests</b>	<u>6.7</u>	<b>3,772.7</b>	<b>3,663.3</b>
<b>Total equity</b>		<b>9,075.7</b>	<b>10,212.8</b>
<b>Non-current liabilities</b>			
Bank loans, borrowings and debt securities	<u>6.15</u>	2,241.8	2,021.8
Lease liabilities	<u>6.16</u>	519.3	535.6
Other financial liabilities	<u>6.17</u>	293.9	221.7
Deferred tax liabilities	<u>5.5</u>	445.6	574.0
Contract liabilities	<u>6.19</u>	91.2	84.8
Corporate income tax payable	<u>6.18</u>	5.6	59.0
Other liabilities	<u>6.18</u>	12.7	10.7
Provisions	<u>6.20</u>	64.4	59.5
Accruals and deferred income	<u>6.21</u>	55.5	56.4
		<b>3,730.0</b>	<b>3,623.5</b>
<b>Current liabilities</b>			
Bank loans, borrowings and debt securities	<u>6.15</u>	1,100.6	1,141.9
Lease liabilities	<u>6.16</u>	235.5	264.4
Other financial liabilities	<u>6.17</u>	260.3	516.4
Trade payables	<u>6.18</u>	1,645.8	1,599.7
Contract liabilities	<u>6.19</u>	1,109.6	1,126.8
Corporate income tax payable	<u>6.18</u>	148.0	115.2
Other liabilities to the state and local budgets	<u>6.18</u>	344.2	322.8
Other liabilities	<u>6.18</u>	613.0	646.2
Provisions	<u>6.20</u>	40.5	38.4
Accruals and deferred income	<u>6.21</u>	530.4	519.3
Liabilities held for sale		7.1	3.1
		<b>6,035.0</b>	<b>6,294.2</b>
<b>TOTAL LIABILITIES</b>		<b>9,765.0</b>	<b>9,917.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,840.7</b>	<b>20,130.5</b>

\* The restatement has been disclosed in detail in explanatory note 2.11 to these consolidated financial statements.

# Consolidated Statement of Changes in Equity

## Asseco Group

	Note	Share capital	Share premium	Treasury shares	Transactions with non-controlling interests	Exchange differences on translation of foreign operations	Retained earnings and other capitals	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>As at 1 January 2023 (restated)*</b>		<b>83.0</b>	<b>4,180.1</b>	-	<b>(188.8)</b>	<b>217.8</b>	<b>2,257.4</b>	<b>6,549.5</b>	<b>3,663.3</b>	<b>10,212.8</b>
Net profit for the reporting period		-	-	-	-	-	482.8	<b>482.8</b>	729.8	<b>1,212.6</b>
Other comprehensive income for the reporting period		-	-	-	-	(251.1)	4.8	<b>(246.3)</b>	(340.5)	<b>(586.8)</b>
<b>Total comprehensive income for the reporting period</b>		-	-	-	-	<b>(251.1)</b>	<b>487.6</b>	<b>236.5</b>	<b>389.3</b>	<b>625.8</b>
Dividend for the year 2022	<u>5.7</u>	-	-	-	-	-	(290.5)	<b>(290.5)</b>	(405.8)	<b>(696.3)</b>
Acquisition of treasury shares	<u>6.14</u>	-	-	(1,186.2)	-	-	-	<b>(1,186.2)</b>	-	<b>(1,186.2)</b>
Share-based payment transactions with employees		-	-	-	-	-	-	-	92.8	<b>92.8</b>
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	-	(6.3)	-	-	<b>(6.3)</b>	16.0	<b>9.7</b>
Obtaining control over subsidiaries		-	-	-	-	-	-	-	17.8	<b>17.8</b>
Loss of control over subsidiaries		-	-	-	-	-	-	-	(0.7)	<b>(0.7)</b>
<b>As at 31 December 2023</b>		<b>83.0</b>	<b>4,180.1</b>	<b>(1,186.2)</b>	<b>(195.1)</b>	<b>(33.3)</b>	<b>2,454.5</b>	<b>5,303.0</b>	<b>3,772.7</b>	<b>9,075.7</b>

\* The restatement has been disclosed in detail in explanatory note 2.11 to these consolidated financial statements.

On 15 June 2023, the Extraordinary General Meeting of Shareholders of Asseco Poland S.A. decided to create a capital reserve in the amount of PLN 1,185.6 million by transferring such amount from the Company's prior years retained earnings. This capital reserve may be used for future dividend payments or for buy-backs of the Company's own shares to be retired. In the table above, this capital reserve is included in the column of Retained earnings and other capitals.



# Consolidated Statement of Changes in Equity

## Asseco Group

	Note	Share capital	Share premium	Transactions with non-controlling interests	Exchange differences on translation of foreign operations	Retained earnings and other capitals	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>As at 1 January 2022</b>		<b>83.0</b>	<b>4,180.1</b>	<b>(147.5)</b>	<b>138.8</b>	<b>2,027.8</b>	<b>6,282.2</b>	<b>3,363.2</b>	<b>9,645.4</b>
Net profit for the reporting period		-	-	-	-	502.3	<b>502.3</b>	855.7	<b>1,358.0</b>
Other comprehensive income for the reporting period		-	-	-	79.0	6.2	<b>85.2</b>	(61.4)	<b>23.8</b>
<b>Total comprehensive income for the reporting period</b>		-	-	-	<b>79.0</b>	<b>508.5</b>	<b>587.5</b>	<b>794.3</b>	<b>1,381.8</b>
Dividend for the year 2021	<u>5.7</u>	-	-	-	-	(278.9)	<b>(278.9)</b>	(481.3)	<b>(760.2)</b>
Share-based payment transactions with employees		-	-	-	-	-	-	66.3	<b>66.3</b>
Transactions with non-controlling interests (including contingent financial liabilities to non-controlling shareholders (put options))		-	-	(41.3)	-	-	<b>(41.3)</b>	(93.9)	<b>(135.2)</b>
Obtaining control over subsidiaries		-	-	-	-	-	-	20.8	<b>20.8</b>
Loss of control over subsidiaries		-	-	-	-	-	-	(6.1)	<b>(6.1)</b>
<b>As at 31 December 2022 (restated)</b>		<b>83.0</b>	<b>4,180.1</b>	<b>(188.8)</b>	<b>217.8</b>	<b>2,257.4</b>	<b>6,549.5</b>	<b>3,663.3</b>	<b>10,212.8</b>

# Consolidated Statement of Cash Flows

## Asseco Group

	Note	12 months ended 31 December 2023 PLN mn	12 months ended 31 December 2022 (restated)* PLN mn
<b>Cash flows – operating activities</b>			
Pre-tax profit before share of profits of associates and joint ventures		1,525.9	1,742.8
<b>Total adjustments:</b>		<b>1,444.3</b>	<b>507.5</b>
Depreciation and amortization	<u>5.2</u>	874.4	892.9
Changes in working capital	<u>7.1</u>	328.4	(326.2)
Interest (income)/expenses		148.9	98.0
(Gain)/loss on foreign exchange differences		22.0	(23.6)
Other financial (income)/expenses		19.0	(1.4)
(Income)/expenses related to company acquisitions (incl. valuation of liabilities under put options, contingent liabilities, measurement of assets at fair value as at the date of obtaining control)		(30.0)	(19.0)
Impairment losses on intangible assets, on property, plant and equipment, and on investment property		3.7	37.6
Impairment loss on goodwill		4.9	17.8
(Gain)/loss on disposal of property, plant and equipment, intangible assets, and investment property		(4.3)	(27.8)
(Gain)/loss on disposal of a subsidiary		(0.6)	(207.2)
Costs of share-based payment transactions		80.7	64.8
(Gain)/loss on hyperinflation		(20.9)	(26.3)
Cost of dividends attributable to non-controlling interests		20.1	30.5
Other adjustments to pre-tax profit		(2.0)	(2.6)
<b>Cash provided by (used in) operating activities</b>		<b>2,970.2</b>	<b>2,250.3</b>
Corporate income tax paid		(481.4)	(401.5)
<b>Net cash provided by (used in) operating activities</b>		<b>2,488.8</b>	<b>1,848.8</b>
<b>Cash flows – investing activities</b>			
<b>Inflows</b>			
Disposal of property, plant and equipment, intangible assets, and investment property		19.5	45.5
Proceeds from the sale of shares in related entities, net of cash and cash equivalents in subsidiaries sold		13.8	244.0
Proceeds from disposal/settlement of financial assets carried at fair value as well as other financial assets carried at amortized cost		7.5	6.6
Loans collected (including cash deposits closed)	<u>7.2</u>	204.3	385.1
Interest received		20.2	2.6
Dividends received (from associates and joint ventures)		0.2	3.2
Other cash inflows from investing activities		-	8.0

<b>Outflows</b>			
Acquisition of property, plant and equipment, and intangible assets (including development expenditures)	<u>7.2</u>	(342.1)	(422.9)
Expenditures for the acquisition of subsidiaries and associates, net of cash and cash equivalents in subsidiaries acquired	<u>7.2</u>	(360.6)	(331.7)
Expenditures for acquisition/settlement of financial assets carried at fair value, as well as acquisition of other debt securities carried at amortized cost		(21.7)	(71.2)
Loans granted (including cash deposits made)	<u>7.2</u>	(434.1)	(355.6)
Other cash outflows from investing activities		(0.2)	(0.2)
<b>Net cash provided by (used in) investing activities</b>		<b>(893.2)</b>	<b>(486.6)</b>
<b>Cash flows – financing activities</b>			
<b>Inflows</b>			
Proceeds from issuance of shares by subsidiaries		31.5	-
Proceeds from bank loans and borrowings	<u>7.3</u>	1,262.7	703.2
Proceeds from issuance of debt securities		-	881.6
Received grants related to assets and/or development projects	<u>7.3</u>	1.4	3.4
<b>Outflows</b>			
Acquisition of treasury shares	<u>6.14</u>	(1,186.2)	-
Expenditures for acquisition of non-controlling interests	<u>7.3</u>	(111.4)	(86.6)
Redemption of debt securities	<u>7.3</u>	(251.3)	(241.1)
Repayments of bank loans and borrowings	<u>7.3</u>	(511.2)	(813.8)
Payments of lease liabilities	<u>7.3</u>	(295.0)	(295.8)
Interest paid (including interest on leases)	<u>7.3</u>	(153.2)	(90.7)
Dividends paid out by the Parent Company	<u>7.3</u>	(290.5)	(278.9)
Dividends paid out to non-controlling shareholders	<u>7.3</u>	(411.3)	(590.7)
Other cash flows from financing activities		(12.9)	(0.4)
<b>Net cash provided by (used in) financing activities</b>		<b>(1,927.4)</b>	<b>(809.8)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(331.8)</b>	<b>552.4</b>
Net foreign exchange differences		(323.7)	(9.5)
Net cash and cash equivalents as at 1 January		3,563.5	3,020.6
<b>Net cash and cash equivalents as at 31 December</b>	<u>6.12</u>	<b>2,908.0</b>	<b>3,563.5</b>

\* The restatement has been disclosed in detail in explanatory note 2.11 to these consolidated financial statements.

**Explanatory Notes  
to the Consolidated  
Financial Statements of  
Asseco Group**

**ASSECO**

# Explanatory Notes to the Consolidated Financial Statements

## 1. General information

Asseco Group (“Asseco Group”, the “Group”) is a group of companies, whose Parent Company is Asseco Poland S.A. (the “Parent Company”, “Company”, “Issuer”).

General information on the Parent Company	
Name	Asseco Poland S.A.
Registered seat	14 Olchowa St., Rzeszów, Poland
National Court Register number	0000033391
Statistical ID number (REGON)	010334578
Tax Identification Number (NIP)	522-000-37-82
Core business	Production of software

The Parent Company was established on 18 January 1989. On 4 January 2007, the Issuer changed its corporate name from Softbank S.A. to Asseco Poland S.A.

The period of the Company’s operations is indefinite.

Since 1998, the Company’s shares have been listed on the main market of the Warsaw Stock Exchange S.A.

Asseco Poland S.A. stands at the forefront of the multinational Asseco Group which is present, along with its subsidiaries, in 60 countries worldwide, including most of the European countries as well as in Israel, the USA and African countries. Asseco Group is one of the leading software producers in Europe as well as the largest provider of innovative IT solutions in Central and Eastern Europe.

As a leader of the Group, Asseco Poland S.A. is actively engaged in business acquisitions both in the domestic and foreign markets, seeking to strengthen its position across Europe and worldwide. Now the Company is expanding its investment spectrum for software houses, with an eye to gain insight into their local markets and customers, as well as access to innovative and unique IT solutions.

Our comprehensive offering includes products dedicated for the sectors of banking and finance, public administration, as well as industry, trade, and services. The Group has got a wide-range portfolio of proprietary products, unique competence and experience in the execution of complex IT projects, and a broad customer base, including the largest financial institutions, major industrial enterprises as well as public administration bodies.

## 2. Basis for the preparation of financial statements

### 2.1. Basis for preparation

The Group prepared these consolidated financial statements for the year ended 31 December 2023, which have been approved for publication on 27 March 2024.

These consolidated financial statements have been prepared in accordance with the historical cost convention, except for financial assets carried at fair value through profit or loss or through other comprehensive income, financial liabilities carried at fair value through profit or loss, as well as investment property which are measured at fair value. In addition, our subsidiaries operating in a hyperinflationary economy (Turkey) restated their financial data, taking into account the change in purchasing power based on the general price index, so that they were expressed in the measuring units current at the end of the reporting period. The impact of hyperinflation on our consolidated financial statements has been described in explanatory note 2.12.

These consolidated financial statements have been prepared on a going-concern basis, assuming the Group will continue its business activities in the foreseeable future.

### 2.2. Impact of the geopolitical and macroeconomic situation on the Group's business operations

As at the date of publication of these consolidated financial statements, based on the current analysis of risks including those arising from the war in Ukraine as well as the Gaza Strip conflict, the Management Board concluded that the Group's ability to continue as a going concern over a period not shorter than 12 months from 31 December 2023 is not threatened.

The Russian invasion of Ukraine in February 2022 caused a radical change in the geopolitical situation of the region in which the Parent Company and other companies of our Group are located. Asseco Group does not conduct any significant business operations in Russia, Belarus or in Ukraine, nor does it hold any cash in Russian banks. However, some companies of our Group, mainly in the Formula Systems segment, outsource employees from Ukraine and Russia, in particular programmers.

This situation has no direct impact on these consolidated financial statements. At the time of publication of these financial statements, the Group has not observed any significant impact of the current economic and political situation in Ukraine or the sanctions imposed on Russia on the Group's operations.

On a global scale, the war in Ukraine and the COVID-19 pandemic that took place in previous years have both translated into a less stable economic environment, rising inflation and higher interest rates. However, these changes have not materially affected the Group's financial performance and the impact of interest rate hikes is limited as more than half of the Group's debt is based on fixed interest rates. A breakdown of debt and other financial instruments by interest rate, as well as an analysis of sensitivity of our financial results to interest rate changes, is presented in explanatory note 8.2 to these financial statements.

As a consequence of the attack on Israel by the Hamas organization in October 2023 and the subsequent Israel's military operation in the Gaza Strip, the geopolitical situation of Israel changed significantly and that is where many companies of the Formula Systems segment (identical to the Formula Group) are located and operate.

Sales generated in Israel represent approx. 60% in the revenue structure of Formula Group and approx. 40% of Asseco Group's total revenues. However, business operations of our Israeli companies are well-diversified geographically: Sapiens Group generates approx. 5% of its revenues in Israel (with 15% of its employees working in the country), while Magic Software Group generates approx. 40% and Matrix IT Group approx. 90% of its revenues in Israel. Sales made in the new Israeli shekel currency account for approx. 40% of Asseco Group's total revenues. However, the Formula Systems segment's contribution to the net profit of Asseco Group is substantially lower than the segment's share in the Group's sales, i.e. revenues of the Formula Systems segment, which accounted for 64% of Asseco Group's total turnover, translated only into 13% of the Group's net profit.

The Formula Group companies have well-established business continuity programmes. At the time of publication of these consolidated financial statements, all companies of the Formula Systems segment operate on an ongoing basis and fulfill their contractual obligations within the deadlines specified in relevant contracts. These companies have a diversified customer base, including mostly large and financially sound corporations and institutions. The contacts implemented cover key areas such as cybersecurity, defence, engineering, healthcare, transportation, to name just a few.

As a result of the military operation taking place in the fourth quarter of 2023, our Israel-based companies switched to working from home or in a hybrid format. Around 1,000 employees (out of 13,000+ people employed in Israel by the Formula Systems companies) were called up for military service in the initial phase of the war, while by the end of the year the number had fallen to nearly 500 people. Calling up employees for military service had a negative impact on the Group's results due to lower revenues generated from Time & Material contracts and because salaries of those in defence forces are only partially reimbursed by the state. However, the said negative impact was not significant and it was partially compensated by new contracts with public sector customers in Israel, particularly in the field of defence.

Apart from the factors mentioned above, the situation in Gaza had no impact on these consolidated financial statements. Continuation of this war, the full extent and duration of which are yet unknown, might have a significant impact on Israel's economy, in particular on the availability of labour, fluctuation of the Israeli shekel exchange rate, downgrading of Israel's credit ratings, availability of certain materials and services, etc. At present time, it is difficult to assess the long-term effects of the war and their impact on the Group's subsidiary operations in Israel as well as on the financial performance of the Group itself.

### 2.3. Compliance statement

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

IFRS include standards and interpretations accepted by the International Accounting Standards Board ("IASB").

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

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

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

These consolidated financial statements provide a true and fair view of the Group's assets and financial position as at 31 December 2023, as well as the financial results of its operations and cash flows for the year ended 31 December 2023.

### 2.4. Functional currency and presentation currency

The presentation currency of these consolidated financial statements is the Polish zloty (PLN), and all figures are presented in millions of PLN (PLN mn) with one decimal place, unless stated otherwise. Any inaccuracies in totals, amounting to PLN 0.1 million, are due to the adopted rounding of numbers.

The functional currency applied by the Parent Company and, at the same time, the presentation currency used in these consolidated financial statements is the Polish zloty (PLN). Functional currencies applied by our subsidiaries consolidated in these financial statements are the currencies of primary business environments in which they operate. For consolidation purposes, financial statements of our foreign subsidiaries are translated into PLN using:

- the currency exchange rates as quoted by the National Bank of Poland at the end of the reporting period in case of the statement of financial position, and
- the arithmetic average of currency exchange rates as published by the National Bank of Poland and effective on the last day of each month during the reporting period in case of the statement of comprehensive income, and the statement of cash flows.

The effects of such conversion are recognized in equity as 'Exchange differences on translation of foreign operations'.

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

- ✓ exchange rate effective on 31 December 2023: EUR 1 = PLN 4.3480
- ✓ exchange rate effective on 31 December 2022: EUR 1 = PLN 4.6899
- ✓ exchange rate effective on 31 December 2023: USD 1 = PLN 3.9350
- ✓ exchange rate effective on 31 December 2022: USD 1 = PLN 4.4018

In addition, in order to translate balance sheet items stated in Israeli shekels to US dollars for consolidation purposes within Formula Systems Group, we have adopted the following exchange rates as quoted by the Bank of Israel:

- ✓ exchange rate effective on 31 December 2023: USD 1 = NIS 3.6270
- ✓ exchange rate effective on 31 December 2022: USD 1 = NIS 3.5190

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

## 2.5. Professional judgement and estimates

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

Presented in item i. below is the management's professional judgement regarding the existence of control over companies in which the Group holds less than 50% of shares. Such judgment affects the data presented in each item of these consolidated financial statements. Therefore, a change in estimates regarding this area might have a significant impact on the Group's future results.

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

The table below provides a list of estimates made by the Group, along with explanatory notes in which they have been described.

Selected estimates and judgements	Note	Page number
Operating revenues	<u>5.1</u>	45
Corporate income tax	<u>5.5</u>	57
Property, plant and equipment	<u>6.1</u>	63
Intangible assets	<u>6.2</u>	65
Right-of-use assets	<u>6.3</u>	71
Impairment tests	<u>6.5</u>	80
Receivables and contract assets	<u>6.8</u>	89
Other assets	<u>6.10</u>	95
Lease liabilities	<u>6.16</u>	104
Other financial liabilities	<u>6.17</u>	106
Contract liabilities	<u>6.19</u>	109
Provisions	<u>6.20</u>	110
Accruals and deferred income	<u>6.21</u>	113

In the period of 12 months ended 31 December 2023, our approach to making estimates was not subject to any substantial modification in relation to the consolidated financial statements for the period of 12 months ended 31 December 2022.



*i. Consolidation of entities in which the Group holds less than 50% of voting rights*

The Group has concluded that despite the lack of an absolute majority of voting rights at the general meeting of shareholders of Formula Systems (1985) Ltd (hereinafter “Formula”), Sapiens International Corporation N.V. (hereinafter “Sapiens”), Magic Software Enterprise Ltd (hereinafter “Magic”), Matrix IT Ltd (hereinafter “Matrix”), and Asseco Business Solutions S.A., these companies are still controlled by the Group in accordance with IFRS 10.

*Formula Systems (1985) Ltd*

During the period of 12 months ended 31 December 2023, the Parent Company maintained control over Formula Systems (1985) Ltd (“Formula”) despite holding less than 50% in its share capital. As at 31 December 2023, Asseco Poland held a 25.8% equity interest in Formula.

The Company’s Management conclusion regarding the existence of control over Formula resulted from the below described assumptions and confirming circumstances.

In accordance with IFRS 10, the most important factor for the existence of control is to exercise power over an entity, this is to have existing rights that give the current ability to direct the relevant activities of the entity (understood as activities that significantly affect the entity’s financial performance).

Based on the above, the Issuer assessed it has control over Formula, because at this company the body authorized to direct the relevant activities, within the meaning of IFRS 10, is the Board of Directors which generally takes decisions by a simple majority of votes, and the majority of its members are representatives of the Issuer (i.e. persons who concurrently hold important positions at other companies of Asseco Group).

The above assessment is evidenced by the fact that throughout the reporting period and until the date of preparing these financial statements, the key circumstances relevant to the existence of control were consistently met, including in particular:

- a) the Issuer had a majority on the Board of Directors (4 out of its 7 members are recruited from among members of the management boards of Asseco Group companies);
- b) the Board of Directors had the authority to manage the company’s current operations and to make decisions binding upon the company concerning all matters other than those directly delegated to the competence of the shareholders’ meeting under the company’s articles of association or the provisions of law. the Board of Directors determines, among other things:
  1. Amounts of dividends,
  2. Organizational structure,
  3. Remuneration policy,
  4. Operating activity plans,
  5. Rules of financing for operating activities,
  6. Order of the implementation of operating activities;
- c) the Board of Directors had the authority to appoint the Chief Executive Officer (CEO), determine his remuneration and give him binding instructions on the direction and management of the company – and although it is the CEO who actually manages the company, if the CEO failed to implement the Board of Directors’ instructions, they could have been implemented by the Board on its own, bypassing the CEO.

Considering that the Issuer’s control over Formula is derived from having the majority of votes on the Board of Directors, and that the composition of the Board of Directors is determined by the Shareholders’ Meeting, losing the majority of the Issuer’s representatives on the Board of Directors may result in the loss of control over Formula. This may occur if a majority of shareholders at the General Meeting of Shareholders vote “for” the dismissal of the Issuer’s representatives from the Board of Directors, or vote “against” their election for the next term of office, which may happen in particular when the interests of the remaining shareholders conflict with the Company’s interests.

Additionally, in making its assessment of exercising control over Formula, the Company's Management Board took into account that all of the Formula's shareholders who hold more than 5% but not more than 10% of its shares, declare the passive nature of their investments and have no desire to control the company. Moreover, during the reporting period, none of the eligible shareholders proposed their own candidates to the Board of Directors and thus left the initiative of selecting candidates to the Board itself. In addition, it should be pointed out that by holding 25.8% of voting rights at the Shareholders' Meeting of Formula, the Issuer is the so-called single largest shareholder, while equity stakes held by other shareholders are highly dispersed and disproportional because:

- i. Mr. Guy Bernstein (CEO of Formula Group) – the company's second largest shareholder holds an 11.7% stake of shares;
- ii. the next five major shareholders in Formula hold 34.5% of shares in aggregate as at the reporting date, and their individual stakes range from 5.3 % to 8.6% of Formula shares as disclosed in their stock exchange reports;

Importantly, there is a strictly regulated legal environment in Israel – as confirmed by an opinion received by the Company's Management from a reputable Israeli law firm – which prohibits institutional investors from entering into cooperation agreements in order to influence companies through the ownership of more than 20% of the means of control (either alone or in concert with other shareholders), and violation of this regulation may constitute an effective basis for seeking civil and administrative sanctions. According to these regulations, the means of control include both voting rights exercised at the shareholders' meeting as well as the appointment of own representatives to the board of directors. In view of the above, these shareholders are significantly limited in exerting influence on Formula despite holding a significant percentage of voting rights in aggregate. Furthermore, Israeli regulations provide for the obligation to publish information on entering into shareholder agreements on the exercise of voting rights and, in the absence of such information, it can be concluded that in the case of Formula no such agreement has been entered into.

The table below presents a simplified structure of shareholders in Formula as at 31 December 2023 and 31 December 2022:

	31.12.2023	31.12.2022
Asseco Poland S.A.	25.8%	25.6%
Guy Bernstein	11.7%	11.7%
Harel Insurance Investments & F	8.6%	8.5%
Menora Mivtachim Holdings Ltd	7.1%	7.2%
The Phoenix Holdings Ltd	7.1%	5.9%
Yelin Lapidot Holdings	6.4%	5.6%
Clal Insurance Enterprises Hold	5.3%	4.0%
Other	28.0%	31.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

In the case of Sapiens, Magic and Matrix, the discussion concerning the exercise of control comes down to determining whether, pursuant to IFRS 10, these companies were controlled by Formula Systems (1985) Ltd, their direct shareholder, in the period of 12 months ended 31 December 2023.

#### *Sapiens International Corporation NV*

In the case of Sapiens, the conclusion regarding the existence of control in the period of 12 months ended 31 December 2023, in line with IFRS 10, was made considering the following factors:

1. Governing bodies of Sapiens:
  - decisions of the general meeting are taken by a simple majority of votes represented at the general meeting;

- the annual (ordinary) general meeting adopts resolutions to appoint individual directors, choose the company's financial auditors for the next year, as well as to approve the company's financial statements and the management's report on operations;
- in accordance with the company's articles of association, the board of directors of Sapiens is responsible for managing the company's current business operations and is authorized to take substantially all decisions which are not specifically reserved to shareholders by the articles of association, including decisions to pay out dividends;
- the company's board of directors is composed of 6 members, 4 of whom are independent directors as regulated by the U.S. Securities and Exchange Commission. One of the board members is associated with Formula Systems.

## 2. Shareholders structure of Sapiens:

- the company's shareholders structure is dispersed because, apart from Formula Systems, just one shareholder holds more than 5.7% of voting rights at the general meeting;
- there is no evidence that any shareholders have or had any agreement for common voting at the general meeting;
- over the last five years (i.e. 2019-2023), the company's general meetings were attended by shareholders representing in aggregate between 70% and 84% of total voting rights. This means that the level of activity of the company's shareholders is relatively moderate. Bearing in mind that Formula presently holds approx. 43.63% of total voting rights, the attendance from shareholders would have to be higher than 87.25% in order to deprive Formula of an absolute majority of votes at the general meeting. The Management believes that achieving such high attendance seems unlikely.

With regard to the above information, the Group has determined that Formula Systems, despite the lack of an absolute majority of shares in Sapiens during the year 2023, has still been able to influence the appointment of directors at Sapiens, and therefore may affect the directions of development as well as current business operations of that company.

### *Magic Software Enterprises Ltd*

In the case of Magic, the conclusion regarding the existence of control in the period of 12 months ended 31 December 2023, in line with IFRS 10, was made considering the following factors:

#### 1. Governing bodies of Magic:

- decisions of the general meeting are taken by a simple majority of votes represented at the general meeting;
- the annual (ordinary) general meeting adopts resolutions to appoint individual directors, choose the company's financial auditors for the next year, as well as to approve the company's financial statements and the management's report on operations;
- in accordance with the company's articles of association, the board of directors of Magic is responsible for managing the company's current business operations and is authorized to take substantially all decisions which are not specifically reserved to shareholders by the articles of association, including decisions to pay out dividends;
- the company's board of directors is composed of 6 members, 4 of whom are independent directors as recommended by the U.S. Securities and Exchange Commission, while the remaining 2 members of the board are directly or indirectly associated with Formula Systems.

#### 2. Shareholders structure of Magic:

- the company's shareholders structure may be considered as dispersed because, apart from Formula Systems, just 2 investment funds hold more than 5% of voting rights (the shareholding of one of them is approx. 10% and of the other approx. 7%);
- there is no evidence that any shareholders have or had any agreement for common voting at the general meeting;
- over the last five years (i.e. 2019-2023), the company's general meetings were attended by shareholders representing in aggregate between 70% and 87% of total voting rights. This means that the level of activity of the company's shareholders is relatively moderate. Bearing in mind that Formula presently holds approx. 46.71% of total voting rights, the attendance from shareholders would have

to be higher than 93.42% in order to deprive Formula of an absolute majority of votes at the general meeting. The Management believes that achieving such high attendance seems unlikely.

With regard to the above, the Group has determined that Formula Systems, despite the lack of an absolute majority of shares in Magic, is still able to influence the appointment of directors at Magic, and therefore may affect the directions of development as well as current business operations of that company.

#### *Matrix IT Ltd*

In the case of Matrix IT, in which the Group held 48.69% of total voting rights as at 31 December 2023, the conclusion regarding the existence of control, in line with IFRS 10, was made considering the following factors:

##### 1. Governing bodies of Matrix IT:

- decisions of the general meeting are taken by a simple majority of votes represented at the general meeting;
- the annual (ordinary) general meeting adopts resolutions to appoint individual directors, choose the company's financial auditors for the next year, as well as to approve the company's financial statements and the management's report on operations;
- in accordance with the company's articles of association, the board of directors of Matrix IT is responsible for managing the company's current business operations and is authorized to take substantially all decisions which are not specifically reserved to shareholders by the articles of association, including the decision to pay out dividends;
- the company's board of directors is composed of 5 members, 2 of whom are external directors as required by the Israeli Securities and Exchange Commission, another one is an independent director, while one of the remaining two directors is associated with Formula Systems (he is Mr. Guy Bernstein, CEO of Formula Systems).

##### 2. Shareholders structure of Matrix IT:

- the shareholders structure of Matrix IT may be considered as dispersed because, apart from Formula, just one shareholder held more than 5% of voting rights (it was approx. 10%) during the reporting period;
- there is no evidence that any shareholders have or had any agreement for common voting at the general meeting;
- over the last five years (i.e. 2019-2023), the company's general meetings were attended by shareholders representing in aggregate between 77% and 82% of total voting rights. This means that the level of activity of the company's shareholders is relatively moderate. Bearing in mind that Formula presently holds approx. 48.21% of total voting rights, the attendance from shareholders would have to be higher than 96.42% in order to deprive Formula of an absolute majority of votes at the general meeting. The Management believes that achieving such high attendance seems unlikely.

With regard to the above, the Group has determined that Formula Systems, despite the lack of an absolute majority of shares in Matrix IT, is still able to influence the appointment of directors at Matrix IT, and therefore may affect the directions of development as well as current business operations of that company.

#### *Asseco Business Solutions S.A.*

In the case of Asseco Business Solutions S.A., the conclusion regarding the existence of control in the period of 12 months ended 31 December 2023, in line with IFRS 10, was made considering the following factors:

- decisions of the general meeting are taken by a simple majority of votes represented at the general meeting;
- the company's shareholders structure is dispersed because, apart from Asseco Enterprise Solutions, a.s. (a subsidiary of Asseco Poland), just two shareholders hold more than 5% of voting rights at the general meeting. These shareholders hold respectively 13.66% and 10.65% of total voting rights at the general meeting;
- there is no evidence that any shareholders have or had any agreement for common voting at the general meeting;
- over the last five years (i.e. 2019-2023), the company's general meetings were attended by shareholders representing in aggregate between 50.83% and 74.29% of total voting rights. This means

that the level of activity of the company's shareholders is relatively moderate or low. Bearing in mind that Asseco presently holds approx. 46.47% of total voting rights, the attendance from shareholders would have to be higher than 92.93% in order to deprive Asseco of an absolute majority of votes at the general meeting. The Management believes that achieving such high attendance seems unlikely.

With regard to the above, the Group has determined that Asseco Poland, despite the lack of an absolute majority of shares in Asseco Business Solutions S.A., is still able to influence the directions of development as well as current business operations of that company.

Hence, in these consolidated financial statements, the financial data of Asseco Business Solutions have been accounted for using the full consolidation method.

## ii. Hyperinflation

Professional judgement and estimates additionally included the assessment whether the Group subsidiaries operate in a hyperinflationary economy. It needed to be assessed whether the financial statements of such entities must be restated as required by IAS 29. The Management analyzed qualitative and quantitative factors (including whether the three-year cumulative inflation rate is approaching or exceeds 100%) which indicate the existence of hyperinflation and concluded that Turkey is a country with a hyperinflationary economy.

As a consequence, the financial data of our subsidiaries operating in Turkey, as part of ASEE Group (the Asseco International segment), have been restated taking into account the change in purchasing power based on the general price index, so that they were expressed in the measuring units current at the end of the reporting period. The impact of hyperinflation on these consolidated financial statements has been described in explanatory note 2.12.

## 2.6. Accounting policies applied

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

Selected accounting policies	Note	Page number
Operating revenues	<u>5.1</u>	45
Operating costs	<u>5.2</u>	53
Other operating activities	<u>5.3</u>	55
Financial income and expenses	<u>5.4</u>	56
Corporate income tax	<u>5.5</u>	57
Earnings per share	<u>5.6</u>	61
Property, plant and equipment	<u>6.1</u>	63
Intangible assets	<u>6.2</u>	65
Right-of-use assets	<u>6.3</u>	71
Goodwill	<u>6.4</u>	74
Impairment tests	<u>6.5</u>	80
Associates and joint ventures	<u>6.6</u>	86
Entities with significant non-controlling interests	<u>6.7</u>	87
Receivables and contract assets	<u>6.8</u>	89
Prepayments and accrued income	<u>6.9</u>	93
Other assets	<u>6.10</u>	95
Inventories	<u>6.11</u>	98
Cash and cash equivalents	<u>6.12</u>	99
Share capital	<u>6.13</u>	99
Bank loans, borrowings and debt securities	<u>6.15</u>	100
Lease liabilities	<u>6.16</u>	104
Other financial liabilities	<u>6.17</u>	106
Trade payables, state budget liabilities and other liabilities	<u>6.18</u>	108
Contract liabilities	<u>6.19</u>	109
Provisions	<u>6.20</u>	110
Accruals and deferred income	<u>6.21</u>	113

Accounting policies adopted in the preparation of these consolidated financial statements have not been changed in relation to those followed when preparing the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the change described in explanatory note 2.9, as well as except

for the adoption of new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2023.

#### **Amendments to the International Financial Reporting Standards effective from 1 January 2023:**

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

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

#### **2.7. New standards and interpretations published but not in force yet**

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

- IFRS 14 'Regulatory Deferral Accounts' (issued on 30 January 2014) – the European Commission has decided not to initiate the process of endorsement of this standard until the release of its final version – not yet endorsed by the EU till the date of approval of these consolidated financial statements – effective for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture' (issued on 11 September 2014) – work for the endorsement of these amendments has been postponed by the EU – the effective date of these amendments has been deferred indefinitely by the IASB;
- Amendments to IAS 1 'Presentation of Financial Statements – Classification of Liabilities as Current or Non-current' and 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date' (issued on 23 January 2020 and 15 July 2020, respectively) – not yet endorsed by the EU till the date of approval of these consolidated financial statements – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IFRS 16 'Leases – Lease Liability in a Sale and Leaseback' (issued on 22 September 2022) – not yet endorsed by the EU till the date of approval of these consolidated financial statements – effective for annual periods beginning on or after 1 January 2024.

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

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

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

#### **2.8. Impact of climate change**

Considering the industry in which the Group operates and the nature of its business (production of software and provision of IT services), its impact on the environment is quite limited. For the same reason, in the Company's Management opinion neither environmental changes nor climate regulations will significantly affect the Company's operations in the short to medium term, particularly given that the Company has not made any significant climate commitments.

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

- new climate legislation may be introduced, imposing new obligations on companies of Asseco Group;
- increasing electricity costs may affect the operating expenses of the Group;

- extreme weather phenomena may hinder our ability to provide on-site support services or affect the supply chains of purchased equipment.

On the other hand, the Group's operations may affect climate change in the following areas:

- use of electricity to run servers and maintain infrastructure associated with the services provided;
- use of energy, heating and air conditioning at many offices;
- fuel consumption by company cars;
- business trips;
- management of waste materials.

In 2023, the risk management process focused primarily on assessing threats and opportunities related to climate change. Due to the nature of our business, the relevance of climate issues is quite limited.

The Group took climate risks into account and analyzed the impact of climate change on its financial statements, in particular focusing on the following issues:

- useful life of assets;
- expected credit losses, including primarily allowances for receivables;
- impairment of non-financial assets;
- provisions, contingent liabilities and contingent assets;
- impact on revenues in the reporting period;
- impact on expenses (particularly energy costs) in the reporting period.

Based on the conducted analysis, the Group has concluded that the impact of climate change on the Group's consolidated financial statements is insignificant. Impact exerted by climate change on operations of Asseco Group as well as the impact of Asseco's business on the climate have been described in more detail in the 'Non-Financial Information Report for 2023', section 'Environment', which was published on 27 March 2024.

## 2.9. Changes in the accounting policies and presentation methods applied

In the reporting period, the Group revised its accounting policy applied for the presentation of selected items of income and expenses. Before the change in presentation, these items were disclosed under financial activities, and after the presentation change, they are included in other operating activities. The change has affected the following items of income and expenses:

Items of income and expenses	Before change in presentation	After change in presentation
Expenses related to obtaining control over subsidiaries	Financial expenses	Other operating expenses
Gain and loss on revaluation of deferred and conditional payments for controlling interests in subsidiaries – portion based on operating profits of subsidiaries	Financial income or expenses	Other operating income or expenses
Gain and loss on revaluation of liabilities from the acquisition of non-controlling interests (put options) – portion based on operating profits and equity of subsidiaries*	Financial income or expenses	Other operating income or expenses
Dividends paid out to non-controlling shareholders*	Financial expenses	Other operating expenses
Recognition/Reversal of allowances for receivables arising from the sale of shares in subsidiaries (hitherto recognized as 'Impairment loss on financial instruments')	Financial income or expenses	Other operating income or expenses

\*Applies only to put options and non-controlling interests accounted for using the present ownership method.

Gain and loss on revaluation of deferred and conditional payments for controlling interests in subsidiaries which result from unwinding of discounts on liabilities and foreign exchange differences are still disclosed in financial income or expenses. Gain and loss on revaluation of liabilities from the acquisition of non-controlling interests (subject to put options) which result from unwinding of discounts on liabilities and foreign exchange differences are also still disclosed in financial income or expenses.

In the statement of cash flows, after the presentation change the items listed in the table above will be disclosed in the line '(Income)/expenses related to company acquisitions (incl. valuation of liabilities under put options, contingent liabilities, measurement of assets at fair value as at the date of obtaining control)'. Before the change in presentation, these items were disclosed in the line 'Other financial income/expenses'.

These changes are intended to provide more consistent presentation of certain income and expenses in the Group's consolidated statement of profit and loss, as well as to emphasize that acquisitions are part of the Group's ordinary operating activities.

Gain and loss on revaluation of conditional payments and put options are largely due to changes in the current and expected operating profits generated by our subsidiaries and therefore, in the Group's opinion, they should be disclosed under operating activities rather than financial activities. Similar conclusions apply to the costs of acquiring companies that must be determined in order to finalize the acquisition process itself, as well as to the costs of dividends paid out to non-controlling interests (accounted for using the present ownership method), the amounts of which are also derived from operating profits generated by our subsidiaries. Furthermore, presentation of the above indicated income and expenses under other operating activities is consistent with the fact that other significant items related to the operating activities of subsidiaries, such as goodwill impairment charges or gains and losses on losing control over subsidiaries are also presented in other operating activities.

The restatement of data for the comparable period resulting from the said change in presentation is provided in explanatory note 2.11 to these consolidated financial statements.

No other changes were made to the applied methods of presentation during the reporting period.

#### 2.10. Correction of errors

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

#### 2.11. Restatement of comparable data

In accordance with par. 45 of IFRS 3 'Business Combinations', the Group is allowed 12 months from the acquisition date to make the final purchase price allocation. In 2023, the Group finalized the process of purchase price allocation of Pirios S.A. in the Asseco Poland segment, ANeT-Advanced Network Technology, s.r.o., Bithat Solutions s.r.l. and Helius Systems Sh.p.k. in the Asseco International segment, as well as Bear Staffing, Safra Digital Marketing Ltd, Shamrad Electronics (1997) LTD, Formally Smart Form System Ltd, RDT Equipment and Systems (1993) Ltd, The Goodkind Group LLC and Appush Ltd (formerly Vidstart Ltd) in the Formula Systems segment, which necessitated a restatement of comparable data.

The comparable data have also been restated due to a change in the presentation of certain financial income and expenses (as described in more detail in explanatory note 2.9).

These events resulted in changing the values of some assets and liabilities disclosed as at 31 December 2022, some items disclosed in the statement of profit and loss for the period of 12 months ended 31 December 2022, as well as certain information provided in explanatory notes.



The tables below present impact of the said changes on the comparable data contained in the statement of profit and loss and the statement of financial position.

Restatement of the statement of profit and loss	12 months ended	Revision of purchase price allocation	Change in presentation of certain financial income and expenses	12 months ended
	31 December 2022			31 December 2022 (restated)
	PLN mn	PLN mn	PLN mn	PLN mn
Operating revenues	17,370.1	-	-	17,370.1
Cost of sales	(13,586.0)	(0.6)	-	(13,586.6)
<b>Gross profit on sales</b>	<b>3,784.1</b>	<b>(0.6)</b>	-	<b>3,783.5</b>
Selling costs	(1,004.3)	-	-	(1,004.3)
General and administrative expenses	(1,166.2)	-	-	(1,166.2)
<b>Net profit on sales</b>	<b>1,613.6</b>	<b>(0.6)</b>	-	<b>1,613.0</b>
Other operating income	277.2	-	23.0	300.2
Other operating expenses	(75.6)	(0.2)	(43.5)	(119.3)
<b>Operating profit</b>	<b>1,815.2</b>	<b>(0.8)</b>	<b>(20.5)</b>	<b>1,793.9</b>
Financial income	164.0	-	(22.9)	141.1
Financial expenses	(235.6)	-	43.4	(192.2)
<b>Pre-tax profit before share of profits of associates and joint ventures</b>	<b>1,743.6</b>	<b>(0.8)</b>	-	<b>1,742.8</b>
Corporate income tax (current and deferred tax expense)	(384.8)	0.1	-	(384.7)
Share of profits of associates and joint ventures	(0.1)	-	-	(0.1)
<b>Net profit for the reporting period</b>	<b>1,358.7</b>	<b>(0.7)</b>	-	<b>1,358.0</b>
<i>Attributable to:</i>				
<b>Shareholders of the Parent Company</b>	<b>502.7</b>	<b>(0.4)</b>	-	<b>502.3</b>
Non-controlling interests	856.0	(0.3)	-	855.7

Restatement of the statement of financial position	31 December 2022	Revision of purchase price allocation in the segment of Formula Systems	Revision of purchase price allocation in the segment of Asseco International	Revision of purchase price allocation in the segment of Asseco Poland	31 December 2022 (restated)
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Non-current assets</b>	<b>10,760.3</b>	<b>(0.4)</b>	<b>0.5</b>	<b>0.1</b>	<b>10,760.5</b>
of which:					
Intangible assets	2,379.8	3.1	7.8	1.0	2,391.7
Goodwill	5,942.2	(3.5)	(7.3)	(0.9)	5,930.5
<b>Current assets</b>	<b>9,328.5</b>	<b>(1.0)</b>	-	-	<b>9,327.5</b>
of which:					
Trade receivables	3,954.7	(0.6)	-	-	3,954.1
Other financial assets	120.4	(0.4)	-	-	120.0
Non-current assets held for sale	42.5	-	-	-	42.5
<b>Total current assets plus non-current assets held for sale</b>	<b>9,371.0</b>	<b>(1.0)</b>	-	-	<b>9,370.0</b>
<b>TOTAL ASSETS</b>	<b>20,131.3</b>	<b>(1.4)</b>	<b>0.5</b>	<b>0.1</b>	<b>20,130.5</b>

<b>Total equity</b>	<b>10,213.5</b>	<b>(0.2)</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>10,212.8</b>
of which:					
Equity (attributable to shareholders of the Parent Company)	6,549.9	(0.1)	(0.2)	(0.1)	6,549.5
Non-controlling interests	3,663.6	(0.1)	(0.2)	-	3,663.3
<b>Non-current liabilities</b>	<b>3,621.9</b>	<b>0.7</b>	<b>0.7</b>	<b>0.2</b>	<b>3,623.5</b>
of which:					
Deferred tax liabilities	572.4	0.7	0.7	0.2	574.0
<b>Current liabilities</b>	<b>6,295.9</b>	<b>(1.9)</b>	<b>0.2</b>	<b>-</b>	<b>6,294.2</b>
of which:					
Bank loans, borrowings and debt securities	1,145.9	(4.0)	-	-	1,141.9
Other financial liabilities	514.6	1.6	0.2	-	516.4
Trade payables	1,599.5	0.2	-	-	1,599.7
Other liabilities	645.9	0.3	-	-	646.2
<b>TOTAL LIABILITIES</b>	<b>9,917.8</b>	<b>(1.2)</b>	<b>0.9</b>	<b>0.2</b>	<b>9,917.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20,131.3</b>	<b>(1.4)</b>	<b>0.5</b>	<b>0.1</b>	<b>20,130.5</b>

## 2.12. Effects of Turkey's status as a hyperinflationary economy

The assessment whether the Group companies operate in a hyperinflationary economy is based on qualitative and quantitative factors. Turkey, which is included in the area of operations conducted by ASEE Group (the Asseco International segment), the three-year cumulative inflation rate exceeded 100% in April 2022. Moreover, qualitative indicators of hyperinflation are also present in Turkey. Consequently, the Group recognized Turkey as a country with a hyperinflationary economy, and has applied IAS 29 'Financial Reporting in Hyperinflationary Economies' retrospectively from 1 January 2022 for its subsidiaries based in Turkey, as if the Turkish economy was always hyperinflationary. Also the financial data of our subsidiaries whose functional currency is the Turkish lira have been restated taking into account the change in purchasing power based on the consumer price index (CPI), so that they were expressed in the measuring units current at the end of the reporting period.

Accordingly, non-monetary items in the statement of financial position as well as the statement of profit and loss have been restated to reflect the purchasing power at the reporting date. Monetary items such as cash, receivables, liabilities, bank debt, etc. already reflect the purchasing power at the reporting date because these items are composed of balances, amounts of receivables or payables in respective monetary units. IAS 29, in conjunction with IAS 21 on foreign currency translation, also requires all transactions carried out in a hyperinflationary currency, i.e. Turkish lira (TRY), to be translated into the Group's presentation currency, i.e. the Polish zloty (PLN), using the exchange rate effective on the reporting date. Therefore, all transactions conducted in Turkey have been converted into PLN using the exchange rate of 31 December 2023, while the Group usually translates transactions in the statement of profit and loss at the average exchange rate for the reporting period.

## Basis of restatements due to hyperinflation

- Price index:

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

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

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

- Currency exchange rate:

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

### Description of the method of hyperinflation restatements:

- Hyperinflation restatements in the local currency
  - The Group has analyzed items of the statement of financial position of its subsidiaries in Turkey and divided them into monetary and non-monetary assets/liabilities. Monetary items have not been restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.
  - Significant non-monetary items existing in our Turkish subsidiaries include: goodwill arising from the acquisition of these companies, property, plant and equipment, intangible assets, right-of-use asset, prepayments, and liabilities from contracts with customers. Right-of-use assets have not been revalued because they are periodically indexed by the inflation rate. Other non-monetary items have been restated to reflect the effects of inflation based on changes in the price index in the period from their initial recognition till 31 December 2023 or until the date of disposal. The restatements were made as at the date of initial recognition of non-monetary items, but not earlier than as at the date of acquisition of subsidiaries by the Group, because it is assumed that non-monetary items were then translated and recognized in the consolidated financial statements at fair value, reflecting the purchasing power as at the acquisition date. The restatement significantly increased the value of goodwill, property, plant and equipment, and intangible assets. Such restatement also resulted in higher costs in the statement of profit and loss, in the form of higher depreciation and amortization charges due to the restated gross value of property, plant and equipment and intangible assets.
  - Due to the revaluation of non-monetary assets and liabilities, deferred tax calculated as the difference between the tax value and the book value was also revalued.
  - All transactions included in the statement of profit and loss for the period of 12 months ended 31 December 2023 have been restated to reflect changes in the price index from the month when recognized till 31 December, except for depreciation charges on property, plant and equipment and amortization charges on intangible assets that have been remeasured based on the adjusted gross value of these assets. The remeasurement of depreciation and amortization charges has been based on the normal periods of useful life of relevant assets. The restatement of the statement of profit and loss for the inflation rate resulted in an increase in the value of individual items presented in the local currency due to changes in the price index from the date of their recognition till 31 December 2023.

- e) In correspondence to the restatement of the statement of profit and loss and the statement of financial position for the inflation rate in the current reporting period, the Group has recognized financial income/expenses in the statement of profit and loss, disclosed in the line 'Gain on the net monetary position – hyperinflation'. The revaluation of items in the statement of financial position for the inflation rate from the date of their initial recognition till the end of 2021, has correspondingly been recognized in other comprehensive income for 2022, in the line 'Restatement of non-monetary assets as at 1 January – impact of hyperinflation', as well as in equity, in the line 'Retained earnings and other capitals'.

## 2) Translation of financial data into the Group's presentation currency

- a) Once the financial statements of our subsidiaries operating in Turkey were restated for the effects of inflation in the local currency, they have been translated into PLN which involved translating the statement of financial position and all items of the statement of profit and loss for the reporting period, using the TRY/PLN exchange rate effective on the reporting date. As at 31 December 2023, this exchange rate was: TRY 1 = PLN 0.1337. Translation of the statement of financial position has remained unchanged compared to the Group's usual practice, while the new principle of translating the statement of profit and loss has had a significant impact on its individual items. The effect of translating the statement of comprehensive income using the closing exchange rate of the reporting period has been recognized in correspondence in the line 'Exchange differences on translation of foreign operations'.

## 3) Time of recognition

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

The impact of adopting IAS 29 on the consolidated financial statements for the period of 12 months of ended 31 December 2023 is summarized below:

STATEMENT OF PROFIT AND LOSS	12 months ended	Impact of hyperinflation	12 months ended
	31 December 2023		31 December 2023
	without impact of IAS 29		according to IAS 29
	PLN mn	PLN mn	PLN mn
Operating revenues	16,899.7	(3.2)	16,896.5
Cost of sales	(13,169.4)	(1.4)	(13,170.8)
<b>Gross profit on sales</b>	<b>3,730.3</b>	<b>(4.6)</b>	<b>3,725.7</b>
Selling costs	(942.3)	1.2	(941.1)
General and administrative expenses	(1,165.3)	0.3	(1,165.0)
<b>Net profit on sales</b>	<b>1,622.7</b>	<b>(3.1)</b>	<b>1,619.6</b>
Other operating income	86.4	(0.2)	86.2
Other operating expenses	(81.4)	-	(81.4)
<b>Operating profit</b>	<b>1,627.7</b>	<b>(3.3)</b>	<b>1,624.4</b>
Financial income	144.0	22.3	166.3
Financial expenses	(265.2)	0.4	(264.8)
<b>Pre-tax profit before share of profits of associates and joint ventures</b>	<b>1,506.5</b>	<b>19.4</b>	<b>1,525.9</b>
Corporate income tax (current and deferred tax expense)	(317.4)	0.2	(317.2)
Share of profits of associates and joint ventures	3.9	-	3.9

<b>Net profit for the reporting period</b>	<b>1,193.0</b>	<b>19.6</b>	<b>1,212.6</b>
<i>Attributable to:</i>			
<b>Shareholders of the Parent Company</b>	<b>472.8</b>	<b>10.0</b>	<b>482.8</b>
Non-controlling interests	720.2	9.6	729.8
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)	6.00	0.12	6.12

<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Net profit for the reporting period</b>	<b>1,193.0</b>	<b>19.6</b>	<b>1,212.6</b>
<b>Components that may be reclassified to profit or loss</b>	<b>(606.9)</b>	<b>(16.0)</b>	<b>(622.9)</b>
<i>of which:</i>			
Exchange differences on translation of foreign operations	(606.3)	(16.0)	(622.3)
<b>Components that will not be reclassified to profit or loss</b>	<b>36.1</b>	<b>-</b>	<b>36.1</b>
<b>Total other comprehensive income</b>	<b>(570.8)</b>	<b>(16.0)</b>	<b>(586.8)</b>
<b>TOTAL COMPREHENSIVE INCOME attributable to:</b>	<b>622.2</b>	<b>3.6</b>	<b>625.8</b>
<b>Shareholders of the Parent Company</b>	<b>234.7</b>	<b>1.8</b>	<b>236.5</b>
Non-controlling interests	387.5	1.8	389.3

<b>ASSETS</b>	31 December 2023	Impact of	31 December 2023
	without impact of IAS 29	hyperinflation	according to IAS 29
	PLN mn	PLN mn	PLN mn
<b>Non-current assets</b>	<b>10,155.4</b>	<b>65.7</b>	<b>10,221.1</b>
<i>of which:</i>			
Property, plant and equipment	961.3	3.9	965.2
Intangible assets	1,989.0	0.7	1,989.7
Goodwill	5,817.6	61.2	5,878.8
Deferred tax assets	228.9	(0.3)	228.6
Prepayments and accrued income	84.5	0.2	84.7
<b>Current assets</b>	<b>8,574.7</b>	<b>1.7</b>	<b>8,576.4</b>
<i>of which:</i>			
Prepayments and accrued income	316.9	1.7	318.6
Non-current assets held for sale	43.2	-	43.2
<b>Total current assets plus non-current assets held for sale</b>	<b>8,617.9</b>	<b>1.7</b>	<b>8,619.6</b>
<b>TOTAL ASSETS</b>	<b>18,773.3</b>	<b>67.4</b>	<b>18,840.7</b>

EQUITY AND LIABILITIES	31 December 2023	Impact of	31 December 2023
	without impact of IAS 29	hyperinflation	according to IAS 29
	PLN mn	PLN mn	PLN mn
<b>Equity</b> <i>(attributable to shareholders of the Parent Company)</i>	<b>5,271.2</b>	<b>31.8</b>	<b>5,303.0</b>
of which:			
Exchange differences on translation of foreign operations	(25.1)	(8.2)	(33.3)
Retained earnings and other capitals	2,414.5	40.0	2,454.5
<b>Non-controlling interests</b>	<b>3,741.8</b>	<b>30.9</b>	<b>3,772.7</b>
<b>Total equity</b>	<b>9,013.0</b>	<b>62.7</b>	<b>9,075.7</b>
<b>Non-current liabilities</b>	<b>3,729.2</b>	<b>0.8</b>	<b>3,730.0</b>
of which:			
Deferred tax liabilities	445.4	0.2	445.6
Contract liabilities	90.6	0.6	91.2
<b>Current liabilities</b>	<b>6,031.1</b>	<b>3.9</b>	<b>6,035.0</b>
of which:			
Contract liabilities	1,105.7	3.9	1,109.6
<b>TOTAL LIABILITIES</b>	<b>9,760.3</b>	<b>4.7</b>	<b>9,765.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>18,773.3</b>	<b>67.4</b>	<b>18,840.7</b>

### 3. Organization and changes in the structure of Asseco Group, including the entities subject to consolidation

---

#### Selected accounting policies

---

##### **Consolidation rules**

These consolidated financial statements of Asseco Group encompass assets, liabilities and equity, revenues and costs, as well as cash flows of the Parent Company – Asseco Poland S.A. and entities remaining under its control (subsidiaries). Annual financial statements of our subsidiaries, after being adjusted to comply with IFRS, are prepared for the same reporting period as adopted by the Parent Company and using consistent accounting treatment of similar transactions and economic activities. Any discrepancies in the applied accounting policies are eliminated by making appropriate adjustments.

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

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

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

Should the Group lose control over a subsidiary company, the consolidated financial statements shall include the results of such subsidiary for the part of the year during which it was controlled by the Group. Acquisitions of subsidiaries are accounted for using the full consolidation method.

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

##### **Combinations of businesses under common control**

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

This refers in particular to transactions such as a transfer of companies or ventures between individual companies within a capital group, or a merger of a parent company with its subsidiary.

In the event of a business combination in which an investment in one subsidiary is contributed to another subsidiary or in which two (indirect or direct) subsidiaries of Asseco Poland S.A. are combined, the carrying value of our investment in the acquiree subsidiary is only transferred at the level of standalone financial statements. Hence, a takeover of one subsidiary by another subsidiary has generally no impact on the Group's financial results (except for the potential impact on deferred taxes and the so-called recycling of exchange differences on translation of foreign operations recognized in other comprehensive income).

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

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

---

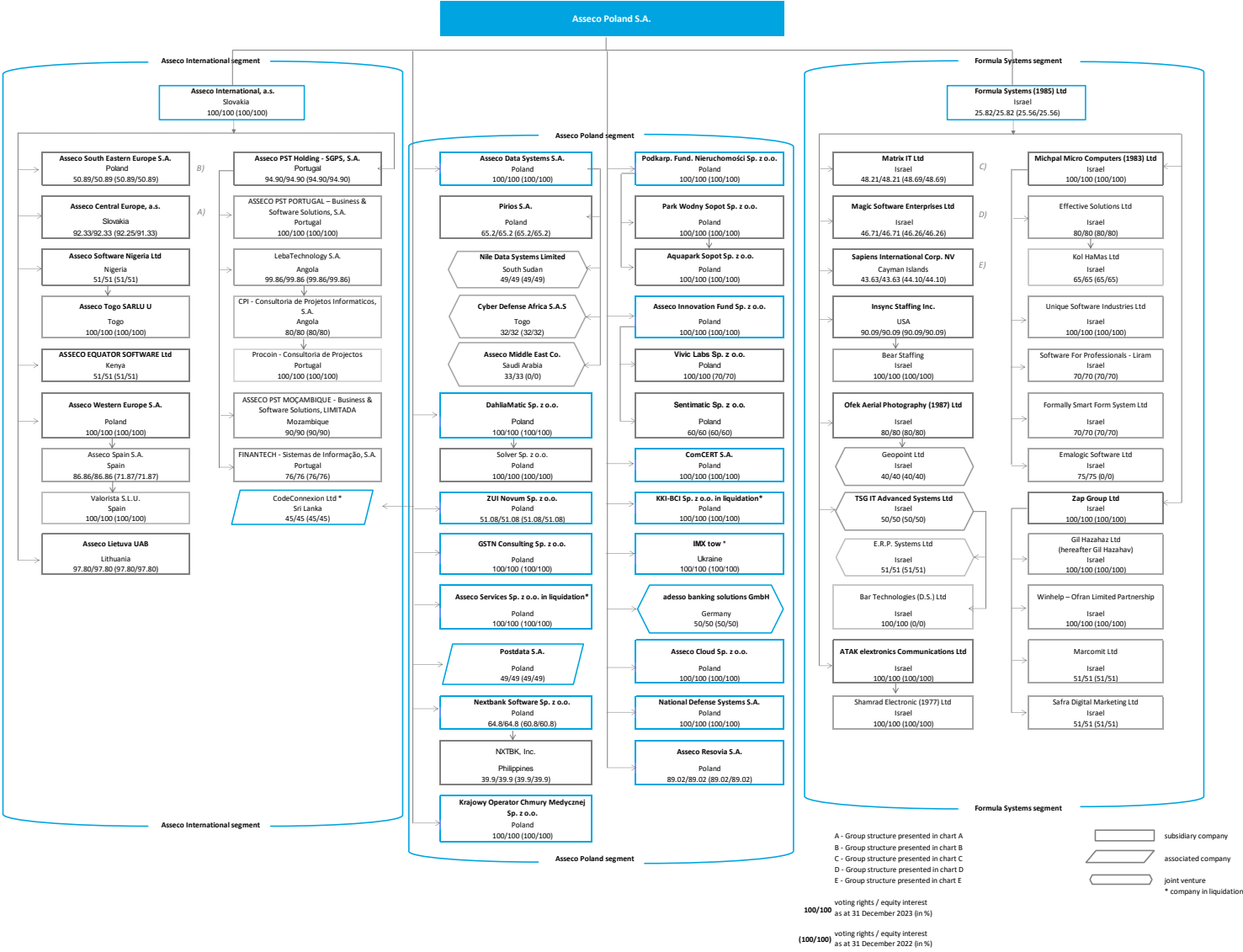
**Joint arrangements classified as joint operations**

*A joint operation is a joint arrangement whereby the parties that have joint control of the contractual arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. In the event the Group is a joint operator, the Group shall recognize in relation to its interest in a joint operation: (a) its assets, including its share of any assets held jointly; (b) its liabilities, including its share of any liabilities incurred jointly; (c) its revenue from the sale of its share of the output arising from the joint operation; (d) its share of the revenue from the sale of the output by the joint operation; and (e) its expenses, including its share of any expenses incurred jointly. Such a method of consolidation is referred to as accounting for assets and liabilities in proportion to the Group's interest in a joint operation.*

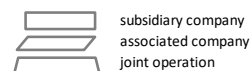
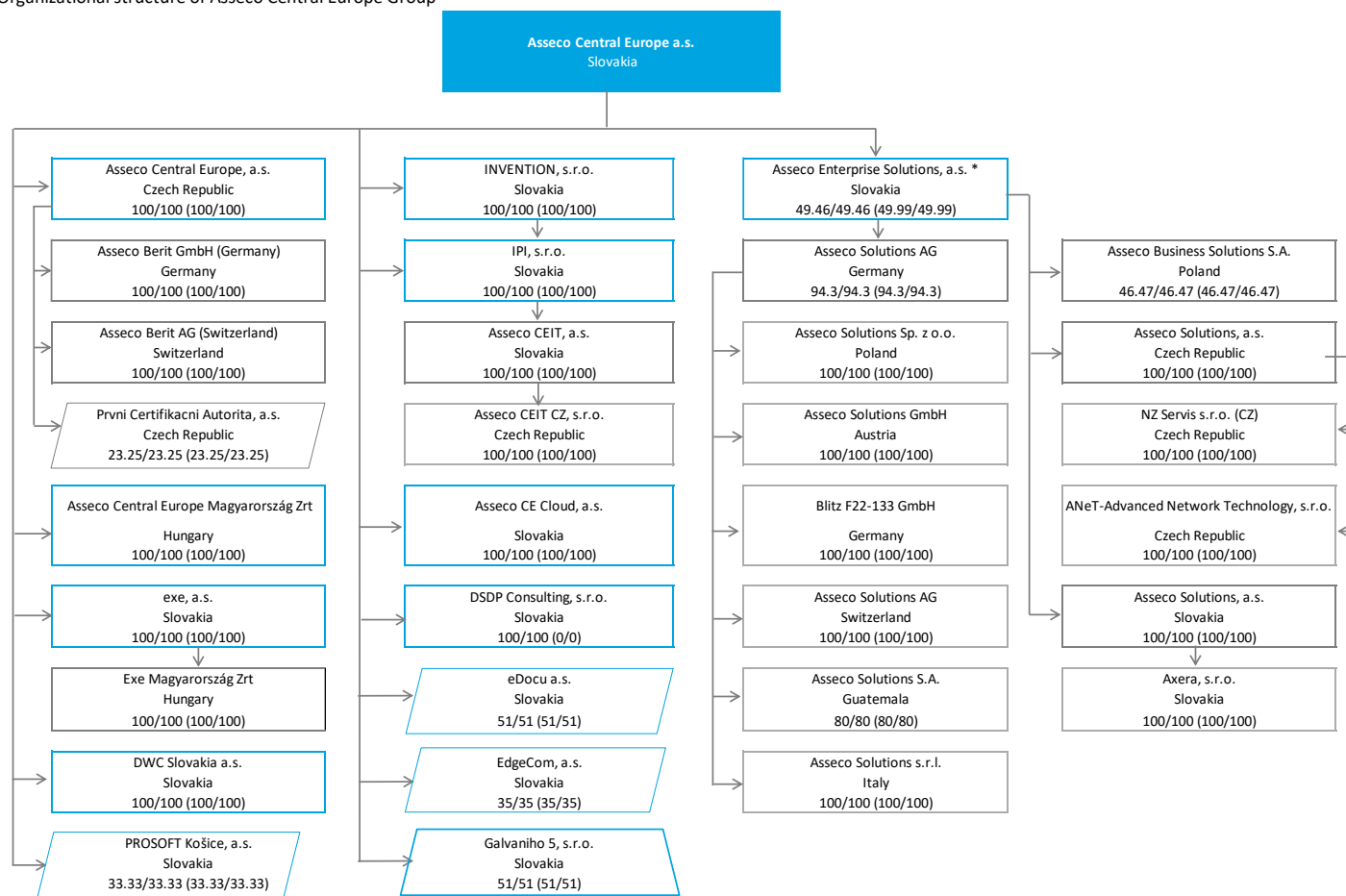
---



The organizational structure of Asseco Group has been presented in the chart below (the voting rights and equity interest held as at 31 December 2023 and 31 December 2022 are disclosed under the name of each company):



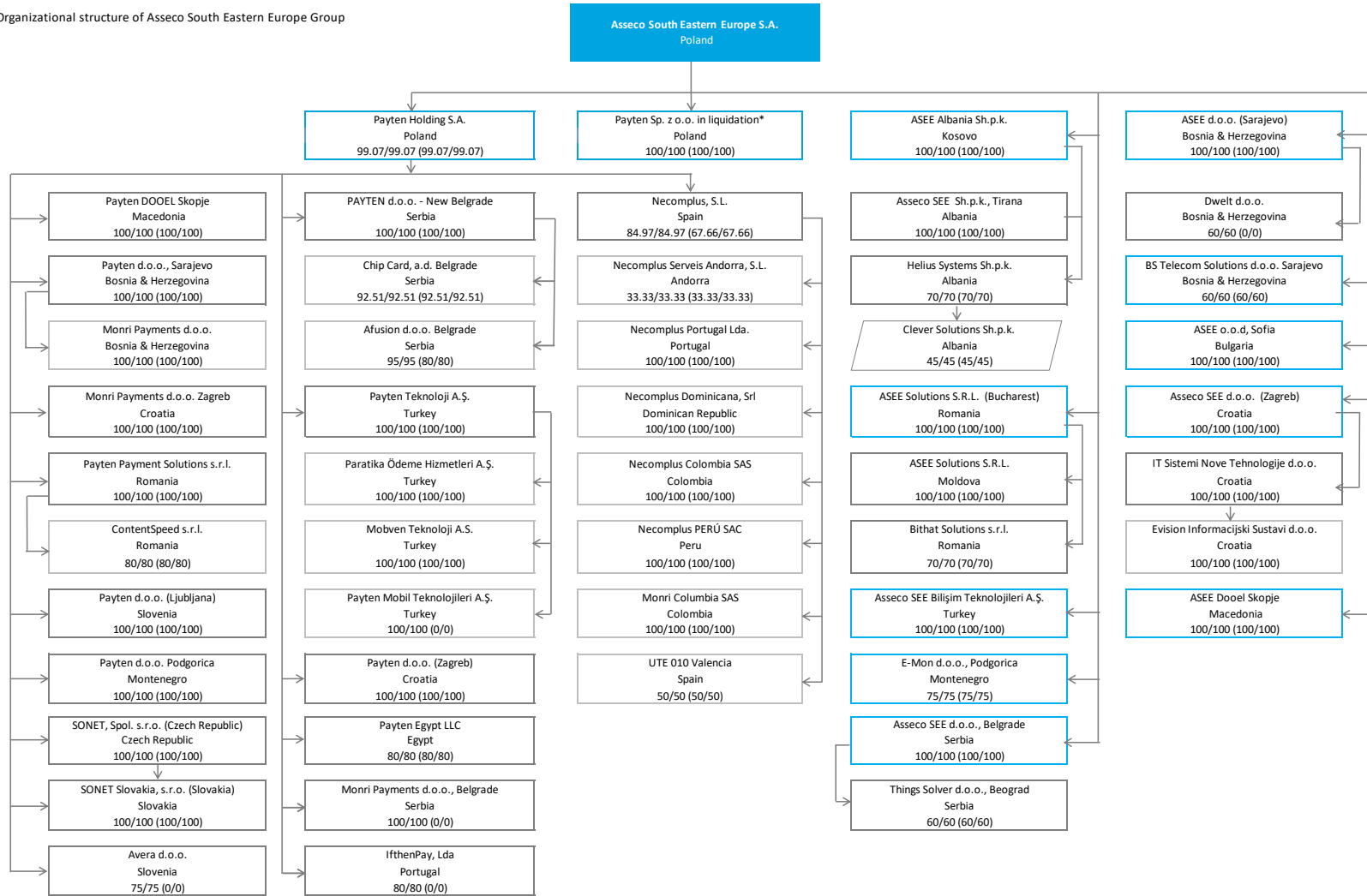
A. Organizational structure of Asseco Central Europe Group



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

\* Asseco Central Europe, a.s. holds a 49.456601% stake in Asseco Enterprise Solutions, while the remaining 49.456623% of shares are held by Asseco International, a.s. Asseco Central Europe, a.s. maintains direct control over Asseco Enterprise Solutions, a.s.

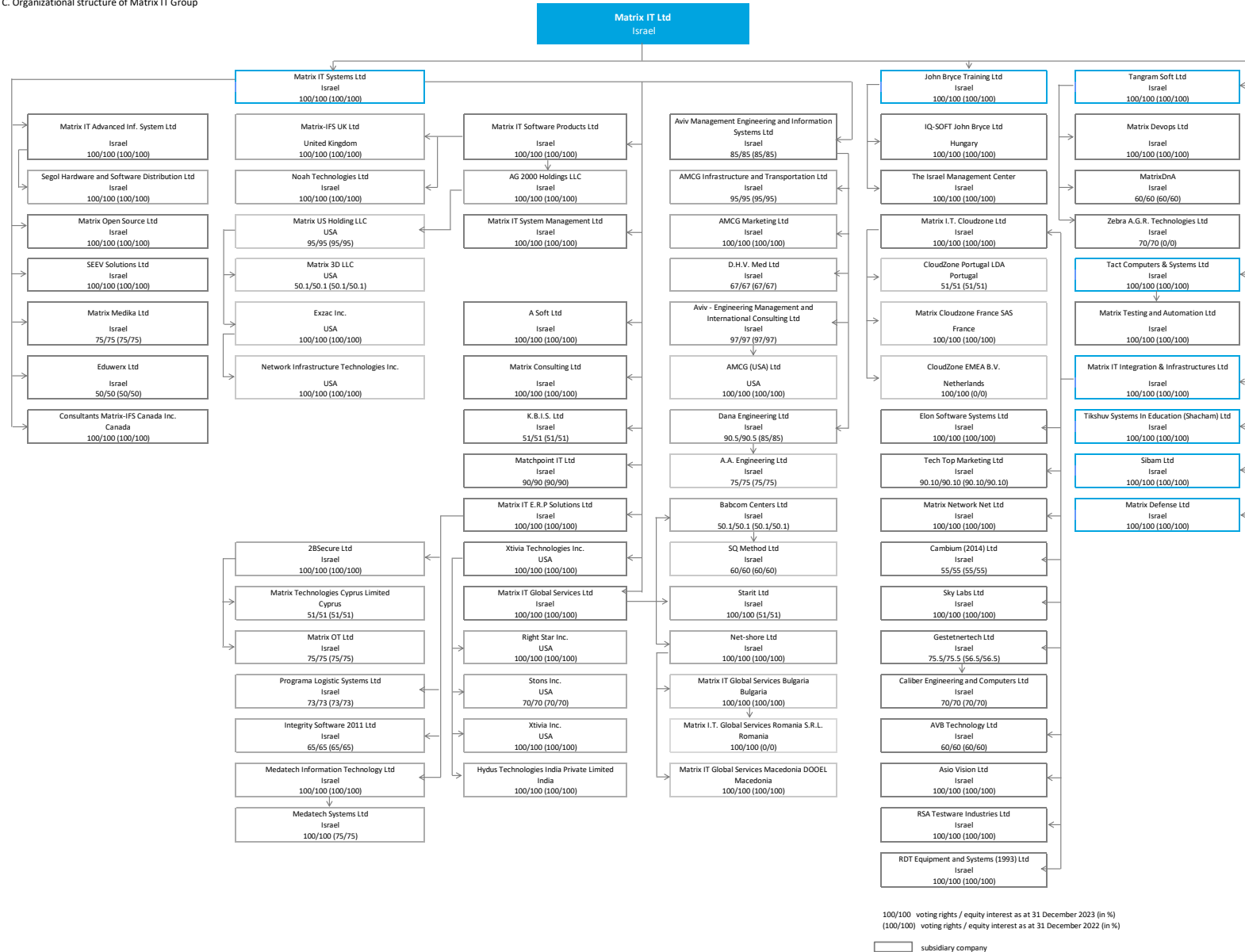
B. Organizational structure of Asseco South Eastern Europe Group



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

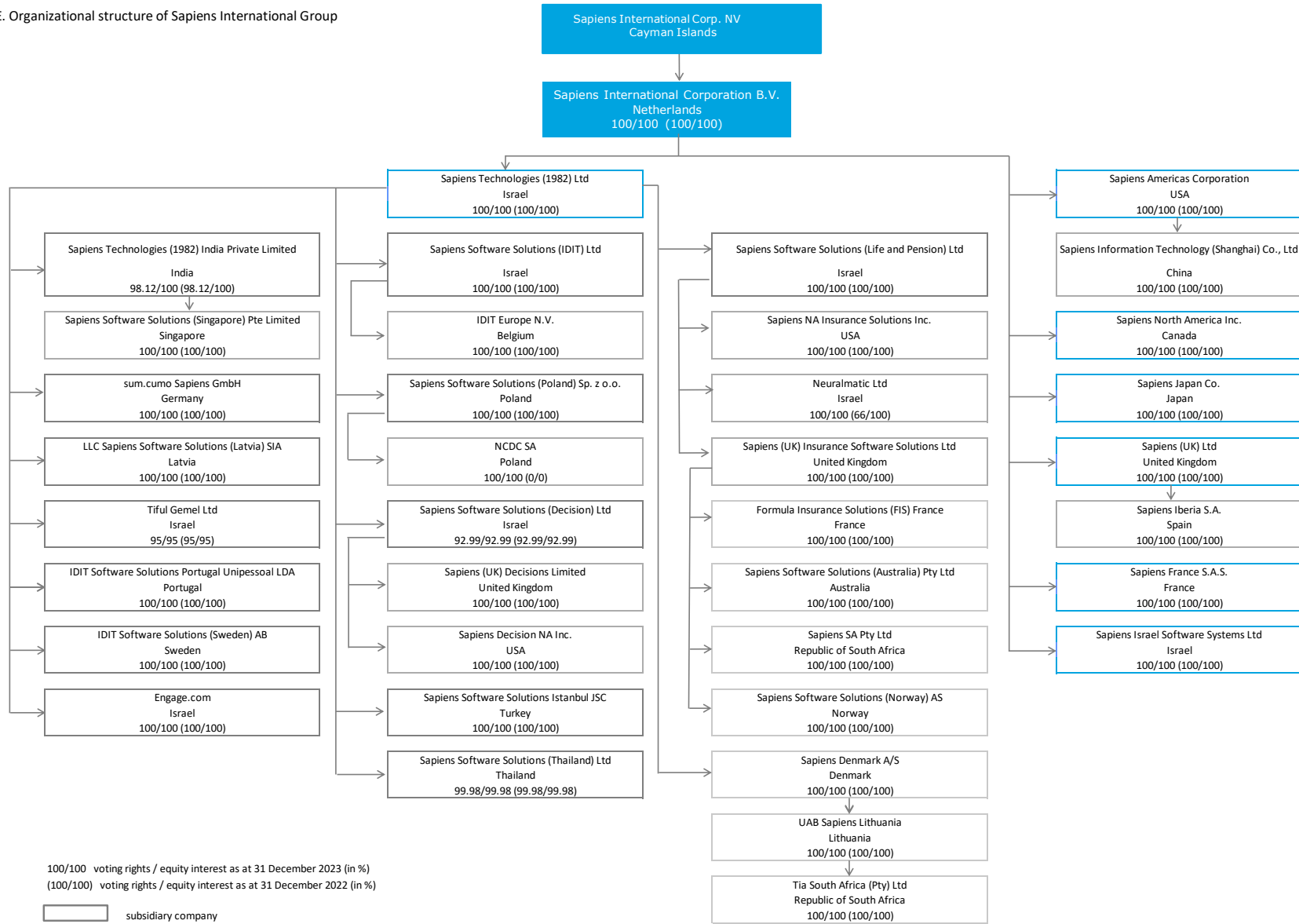
subsidiary company  
 associated company  
 \* company in liquidation

C. Organizational structure of Matrix IT Group





E. Organizational structure of Sapiens International Group



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

### Asseco Poland segment

Changes within the Asseco Poland segment	Date of transaction	Percentage of voting rights after transaction	Impact on equity attributable to shareholders of the Parent Company (in PLN mn)
<b>Change of shareholdings in companies</b>			
Equity interest held by Asseco Poland S.A. in Formula Systems (1985) Ltd dropped following an issuance of shares under the employee stock option plan	1 <sup>st</sup> quarter of 2023	25.54%	(0.4)
Asseco Poland S.A. increased its equity interest in Formula Systems (1985) Ltd by purchasing additional shares		25.82%	(7.9)
Asseco Innovation Fund Sp. z o.o. increased its equity interest in the company Vivic Labs Sp. z o.o.	19 January 2023	73.75%	-
	12 June 2023	82.5%	-
	7 July 2023	100%	-
Asseco Poland S.A. obtained control over Nextbank Software Sp. z o.o. (an associated company previously consolidated using the equity method).	1 October 2023	60.8%	5.8
Asseco Poland S.A. increased its equity interest in Nextbank Software Sp. z o.o. by purchasing additional shares	17 November 2023	64.8%	(1.5)
<b>Merger of companies</b>			
Merger of NavySol Sp. z o.o. with Asseco Innovation Fund Sp. z o.o. acting as the taking-over company	16 January 2023	n/a	n/a
<b>Establishing of new companies</b>			
Asseco Data Systems S.A. established Asseco Middle East Co.	3 May 2023	43%	n/a
<b>Liquidation of companies</b>			
Commencing the process of winding-up the company of Asseco Services Sp. z o.o. in liquidation	15 May 2023	n/a	n/a
<b>Sale of shares in companies</b>			
Asseco Data Systems S.A. sold 10% of shares in the company Asseco Middle East Co.	5 December 2023	33%	-

### Asseco International segment

Changes within the Asseco International segment	Date of transaction	Percentage of voting rights after transaction	Impact on equity attributable to shareholders of the Parent Company (in PLN mn)
<b>Acquisition of shares in new companies</b>			
<b>Detailed information on transactions is presented in explanatory note 6.4 to these consolidated financial statements.</b>			
Payten Holding S.A. acquired shares in IfthenPay, Lda based in Santa Maria de Lamas	13 October 2023	80%	-
Payten Holding S.A. acquired shares in Avera d.o.o. based in Pristava pri Mestinju	28 November 2023	75%	-
ASEE d.o.o. Sarajevo acquired shares in Dwelt d.o.o. based in Banja Luka	20 December 2023	60%	-

<b>Change of shareholdings in companies</b>			
PAYTEN d.o.o. – New Belgrade increased its equity interest in Afusion d.o.o. Belgrade	10 March 2023	95%	-
Equity interest held by Asseco International, a.s. and Asseco Central Europe, a.s. in Asseco Enterprise Solutions, a.s. dropped following an issuance of shares. The newly issued shares were acquired by the manager of Asseco Enterprise Solutions Group.	24 March 2023	98.91% (total shareholding of both companies)	5.7
Asseco Central Europe, a.s. sold its treasury shares to Asseco International, a.s. as a result of which the percentage of voting rights held by Asseco International, a.s. in Asseco Central Europe, a.s. increased by 0.08%, and its equity interest increased by 1%	29 May 2023	92.33%	-
Asseco Western Europe S.A. increased its equity interest in Asseco Spain S.A. following a partial exercise of put options	14 November 2023	86.86%	-
Payten Holding S.A. increased its equity interest in Necomplus, S.L. following a partial exercise of put options	29 December 2023	84.97%	-
<b>Merger of companies</b>			
Merger of Salesbeat GmbH with Asseco Solutions GmbH acting as the taking over company	1 January 2023	n/a	n/a
Merger of companies Integrirani Poslovni Sustavi d.o.o., Gastrobit d.o.o. and Web Studio d.o.o. with Monri Payments d.o.o. acting as the taking-over company	14 February 2023	n/a	n/a
Merger of Smarttek Yazılım ve Endüstriyel Oto Sanayi Ve Ticaret A.S. with Payten Teknoloji A.Ş. acting as the taking over company	3 August 2023	n/a	n/a
Merger of Sintagma UAB with Asseco Lietuva UAB acting as the taking-over company	22 December 2023	n/a	n/a
<b>Establishing of new companies</b>			
Asseco Central Europe, a.s. (Slovakia) established the company DSDP Consulting, s.r.o.	28 March 2023	100%	n/a
Payten Holding S.A. established the company Monri Payments d.o.o., Belgrade	7 April 2023	100%	n/a
Separation of Payten Mobil Teknolojileri A.Ş. from the structure of Mobven Teknolojileri A.Ş. The said transaction had no impact on the consolidated financial statements of the Group.	29 December 2023	100%	n/a
<b>Liquidation of companies</b>			
Commencing the process of winding-up the company of Payten Sp. z o.o. in liquidation	27 April 2023	n/a	n/a
<b>Sale of shares and loss of control in companies</b>			
Payten Sp. z o.o. sold 242 shares in Payten Holding S.A. to Asseco South Eastern Europe S.A.	9 January 2023	99.07%	-
Asseco International, a.s. sold a 51% stake in Asseco Central Asia MChJ QK. and lost control over that company	14 February 2023	-	0.3
Asseco International, a.s. lost control over the company Tecnologia Sistemas y Aplicaciones SL (Tecsis)	1st half of 2023	-	2.2
Asseco International, a.s. sold a 51% stake in Asseco Georgia LLC and lost control over that company	22 December 2023	-	(0.7)



## Formula Systems segment

Changes within the Formula Systems segment	Date of transaction	Percentage of voting rights after transaction	Impact on equity attributable to shareholders of the Parent Company (in PLN mn)
<b>Acquisition of shares in new companies</b>			
<b>Detailed information on transactions is presented in explanatory note 6.4 to these consolidated financial statements.</b>			
Tangram Soft Ltd acquired shares in Zebra A.G.R. Technologies Ltd	1 January 2023	70%	-
TSG IT Advanced Systems Ltd (joint venture) acquired shares in Bar Technologies (D.S.) Ltd	1 January 2023	100%	-
Magic Software Enterprises Ltd acquired shares in K.M.T (M.H.) Technologies Communication Computers Ltd	8 June 2023	60%	-
Michpal Micro Computers (1983) Ltd acquired shares in Emalogic Software Ltd	22 June 2023	75%	-
CommIT Technology Solutions Ltd acquired shares in Sanjer AI Ltd (associated company)	4 September 2023	33%	-
Sapiens Software Solutions (Poland) Sp. z.o.o. acquired shares in NCDC SA	4 December 2023	100%	-
<b>Change of shareholdings in companies</b>			
Sapiens Software Solutions (Life and Pension) Ltd increased its equity interest in Neuralmatic Ltd	1 <sup>st</sup> quarter of 2023	100%	-
Formula Systems (1985) Ltd decreased its equity interest in Matrix IT Ltd	1 <sup>st</sup> quarter of 2023	48.21%	(1.0)
Aviv Engineering Management and Information Systems Ltd increased its equity interest in Dana Engineering Ltd	17 April 2023	90.5%	-
Medatech Information Technology Ltd increased its equity interest in Medatech Systems Ltd	21 June 2023	100%	(2.3)
Magic Software Enterprises Ltd increased its equity interest in Mobisoft Ltd	30 June 2023	98.52%	(0.1)
Matrix IT Integration & Infrastructures Ltd increased its equity interest in Gestetnertech Ltd following a partial exercise of put options	8 August 2023	75.5%	-
Formula Systems (1985) Ltd decreased its equity interest in Sapiens International Corp. NV	3 <sup>rd</sup> quarter of 2023	43.63%	(1.5)
Formula Systems (1985) Ltd increased its equity interest in Magic Software Enterprises Ltd	4 <sup>th</sup> quarter of 2023	46.71%	(1.4)
Matrix I.T. Global Services Ltd increased its equity interest in Starit Ltd	16 November 2023	100%	-
<b>Establishing of new companies</b>			
Matrix IT Global Services Bulgaria established the company Matrix I.T. Global Services Romania S.R.L.	13 January 2023	100%	n/a
Matrix I.T CloudZone Ltd established the company CloudZone EMEA B.V.	13 October 2023	100%	n/a
<b>Liquidation of companies</b>			
Liquidation of Matrix Advisory Europe Ltd	13 March 2023	n/a	-
Liquidation of Yes-IT Ltd	3 <sup>rd</sup> quarter of 2023	n/a	-

## 4 Information on operating segments

According to IFRS 8, an operating segment is a separable component of the Group's business for which separate financial information is available and regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Performance of each of the following segments is subject to regular verification by the Management of Asseco Poland.

Asseco Group has identified the following operating segments:

The **Asseco Poland segment** comprises our companies which generate revenues mostly in the Polish market. Performance of this segment is analyzed on a regular basis by the Management of the Parent Company acting as the chief operating decision maker. This segment includes, among others, the following companies: Asseco Poland, Asseco Data Systems, Pirios, DahliaMatic, ZUI Novum, ComCERT, GSTN Consulting, Asseco Cloud, National Medical Cloud Operator, Asseco Innovation Fund Group, and Asseco Resovia S.A. The aforementioned companies offer comprehensive IT services intended for a broad range of clients operating in the sectors of financial institutions, public administration, and enterprises.

The **Asseco International segment** comprises our companies which generate revenues mostly in the markets of Central Europe, South Eastern Europe, as well as Western Europe and Eastern Europe. Performance of these companies is assessed on a periodic basis by the Management of Asseco International, a.s. This segment is identical with the composition of Asseco International Group. The aforementioned companies offer comprehensive IT services intended for a broad range of clients operating primarily in the sectors of financial institutions, public administration, and enterprises.

The **Formula Systems segment** comprises our companies which generate revenues mostly in the markets of Israel, North America, Japan, as well as in Europe, Middle East, and Africa (EMEA region). Performance of these companies is assessed on a periodic basis by the Management of Formula Systems; hence, the segment's composition corresponds to the structure of Formula Systems Group.

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

Selected data from the statement of profit and loss and the cash flow statement for the period of 12 months ended 31 December 2023, in a breakdown by operating segments:

12 months ended 31 December 2023	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Revenues from external customers</b>	<b>1,939.8</b>	<b>4,049.6</b>	<b>10,907.1</b>	-	<b>16,896.5</b>
Inter-segment transactions	24.0	9.8	15.8	(49.6)	-
Total operating revenues of segment	1,963.8	4,059.4	10,922.9	(49.6)	16,896.5
<b>Operating profit (loss) of operating segment</b>	<b>264.4</b>	<b>456.2</b>	<b>906.4</b>	<b>(2.6)</b>	<b>1,624.4</b>
Interest income <sup>1)</sup>	21.3	16.2	49.3	-	86.8
Interest expenses <sup>2)</sup>	(21.8)	(17.5)	(125.4)	0.4	(164.3)
<b>Corporate income tax</b>	<b>(47.5)</b>	<b>(97.4)</b>	<b>(172.3)</b>	-	<b>(317.2)</b>
<b>Non-cash items:</b>					
Depreciation and amortization (as disclosed in the cash flow statement)	(95.3)	(186.4)	(594.9)	2.2	(874.4)
<i>of which amortization of intangible assets recognized in purchase price allocation (PPA)</i>	<i>(14.1)</i>	<i>(18.0)</i>	<i>(253.7)</i>	-	<i>(285.8)</i>
Costs of share-based payment transactions with employees	-	(0.6)	(80.1)	-	(80.7)
Impairment losses on segment assets, of which:	(4.3)	(18.4)	(16.0)	-	(38.7)
<i>Write-down on goodwill</i>	<i>(4.9)</i>	-	-	-	<i>(4.9)</i>
<i>Allowances for receivables</i>	<i>(1.6)</i>	<i>(16.2)</i>	<i>(18.0)</i>	-	<i>(35.8)</i>
<i>Impairment losses on property, plant and equipment and on right-of-use assets</i>	-	<i>(0.1)</i>	2.0	-	1.9
<i>Impairment losses on intangible assets</i>	2.4	<i>(1.0)</i>	-	-	1.4
Share of profits of associates and joint ventures	0.4	0.3	3.2	-	3.9
<b>Net profit/loss attributable to the Parent Company</b>	<b>208.6</b>	<b>214.1</b>	<b>62.4</b>	<b>(2.3)</b>	<b>482.8</b>
<b>Cash provided by (used in) financing activities <sup>3)</sup></b>	<b>479.4</b>	<b>782.8</b>	<b>1,714.4</b>	<b>(6.4)</b>	<b>2,970.2</b>

<sup>1)</sup> Interest income on loans granted, debt securities, leases, trade receivables, and bank deposits

<sup>2)</sup> Interest expenses on bank loans, borrowings, debt securities, leases, and trade payables

<sup>3)</sup> Cash generated from operating activities before income tax paid

Selected data from the statement of financial position as at 31 December 2023, in a breakdown by operating segments:

31 December 2023	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Non-current assets</b>	<b>3,231.7</b>	<b>2,543.5</b>	<b>4,457.7</b>	<b>(11.8)</b>	<b>10,221.1</b>
of which goodwill	2,271.0	1,780.9	1,826.9	-	5,878.8
<b>Current assets</b>	<b>1,007.8</b>	<b>2,088.0</b>	<b>5,535.3</b>	<b>(11.5)</b>	<b>8,619.6</b>
<i>including:</i>					
trade receivables and contract assets	531.8	823.7	2,961.9	(9.7)	4,307.7
cash and cash equivalents	388.4	818.8	1,779.9	-	2,987.1
<b>Non-current liabilities</b>	<b>1,075.2</b>	<b>502.4</b>	<b>2,163.3</b>	<b>(10.9)</b>	<b>3,730.0</b>
<i>including:</i>					
liabilities under bank loans, borrowings and debt securities	826.1	156.0	1,259.7	-	2,241.8
lease liabilities	83.1	110.9	332.9	(7.6)	519.3
<b>Current liabilities</b>	<b>588.4</b>	<b>1,416.1</b>	<b>4,039.8</b>	<b>(9.3)</b>	<b>6,035.0</b>
<i>including:</i>					
liabilities under bank loans, borrowings and debt securities	102.4	126.9	871.3	-	1,100.6
lease liabilities	15.2	48.5	173.5	(1.7)	235.5
trade payables and contract liabilities	234.9	740.5	1,786.7	(6.7)	2,755.4

Selected data from the statement of profit and loss and the cash flow statement for the period of 12 months ended 31 December 2022, in a breakdown by operating segments:

<b>12 months ended 31 December 2022</b>	<b>Asseco Poland segment</b>	<b>Asseco International segment</b>	<b>Formula Systems segment</b>	<b>Eliminations</b>	<b>Total</b>
<i>(restated)</i>	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Revenues from external customers</b>	<b>1,722.0</b>	<b>4,192.4</b>	<b>11,455.7</b>	-	<b>17,370.1</b>
Inter-segment transactions	16.0	4.4	8.3	(28.7)	-
Total operating revenues of segment	1,738.0	4,196.8	11,464.0	(28.7)	17,370.1
<b>Operating profit (loss) of operating segment</b>	<b>275.0</b>	<b>406.6</b>	<b>1,113.8</b>	<b>(1.5)</b>	<b>1,793.9</b>
Interest income <sup>1)</sup>	12.4	4.9	15.1	-	32.4
Interest expenses <sup>2)</sup>	(4.4)	(12.0)	(87.3)	0.3	(103.4)
<b>Corporate income tax</b>	<b>(68.6)</b>	<b>(88.0)</b>	<b>(228.2)</b>	<b>0.1</b>	<b>(384.7)</b>
<b>Non-cash items:</b>					
Depreciation and amortization (as disclosed in the cash flow statement)	(91.4)	(190.5)	(613.6)	2.6	(892.9)
<i>of which amortization of intangible assets recognized in purchase price allocation (PPA)</i>	(12.9)	(22.9)	(268.1)	-	(303.9)
Costs of share-based payment transactions with employees	-	(0.4)	(64.4)	-	(64.8)
Impairment losses on segment assets, of which:	(2.6)	(68.5)	(0.4)	-	(71.5)
<i>Write-down on goodwill</i>	(5.0)	(12.8)	-	-	(17.8)
<i>Allowances for receivables</i>	3.3	(10.7)	(8.7)	-	(16.1)
<i>Impairment losses on property, plant and equipment and on right-of-use assets</i>	-	(0.7)	8.3	-	7.6
<i>Impairment losses on intangible assets</i>	(1.2)	(44.3)	-	-	(45.5)
Share of profits of associates and joint ventures	(0.8)	9.3	(8.6)	-	(0.1)
<b>Net profit/loss attributable to the Parent Company</b>	<b>210.9</b>	<b>210.0</b>	<b>82.3</b>	<b>(0.9)</b>	<b>502.3</b>
<b>Cash provided by (used in) financing activities <sup>3)</sup></b>	<b>312.7</b>	<b>517.2</b>	<b>1,422.4</b>	<b>(2.0)</b>	<b>2,250.3</b>

<sup>1)</sup> Interest income on loans granted, debt securities, leases, trade receivables, and bank deposits

<sup>2)</sup> Interest expenses on bank loans, borrowings, debt securities, leases, and trade payables

<sup>3)</sup> Cash generated from operating activities before income tax paid

Selected data from the statement of financial position as at 31 December 2022, in a breakdown by operating segments:

<b>31 December 2022</b>	<b>Asseco Poland segment</b>	<b>Asseco International segment</b>	<b>Formula Systems segment</b>	<b>Eliminations</b>	<b>Total</b>
<i>(restated)</i>	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Non-current assets</b>	<b>3,232.9</b>	<b>2,523.2</b>	<b>5,016.4</b>	<b>(12.0)</b>	<b>10,760.5</b>
of which goodwill	2,264.3	1,710.0	1,956.2	-	5,930.5
<b>Current assets</b>	<b>1,093.6</b>	<b>2,092.9</b>	<b>6,192.0</b>	<b>(8.5)</b>	<b>9,370.0</b>
<i>including:</i>					
trade receivables and contract assets	559.2	908.7	3,259.1	(9.8)	4,717.2
cash and cash equivalents	405.9	833.9	2,396.2	-	3,636.0
<b>Non-current liabilities</b>	<b>235.4</b>	<b>448.2</b>	<b>2,950.5</b>	<b>(10.6)</b>	<b>3,623.5</b>
<i>including:</i>					
liabilities under bank loans, borrowings and debt securities	-	168.7	1,853.1	-	2,021.8
lease liabilities	64.7	128.3	351.1	(8.5)	535.6
<b>Current liabilities</b>	<b>438.1</b>	<b>1,322.9</b>	<b>4,542.3</b>	<b>(9.1)</b>	<b>6,294.2</b>
<i>including:</i>					
liabilities under bank loans, borrowings and debt securities	1.8	146.4	993.7	-	1,141.9
lease liabilities	14.1	52.9	198.9	(1.5)	264.4
trade payables and contract liabilities	229.5	664.4	1,840.1	(7.5)	2,726.5

## 5 Explanatory notes to the consolidated statement of profit and loss

### 5.1. Structure of operating revenues

#### *Selected accounting policies*

The Group recognizes revenues in an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer.

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

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

#### **a) Sale of proprietary licenses and services**

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

- **Comprehensive IT projects**

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

Revenues from a performance obligation to provide a functional IT system are recognized over time, during the period of its development. This is because, in accordance with IFRS 15, revenues may be recognized over time of transferring control of the supplied goods/services, as long as the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date throughout the duration of the contract. In the Management's opinion, in the case of execution of comprehensive IT projects the provider cannot generate an asset with an alternative use because such systems together with the accompanying implementation services are "tailor-made". Concurrently, the analysis carried out so far showed that essentially all contracts concluded by the Group meet the criterion of ensuring an enforceable right to payment for performance completed throughout the duration of the contract. This means that revenues from comprehensive IT projects, which include the sale of proprietary licenses and own services, shall be recognized according to the percentage of completion method (based on the costs incurred so far) over time of transferring control of the sold goods/services to the customer. Relatively small IT projects, which are usually completed within one year or generate revenues that are insignificant in the Management's opinion, constitute a specific case where revenues may be recognized in the amount the Group is entitled to invoice, at the point in time of issuing the invoice or obtaining the right to issue the invoice.

- **Sale of proprietary licenses without significant related services**

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

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

The vast majority of licenses sold separately by the Group (thus representing a separate performance obligation) are intended to provide the customer with a right to use the intellectual property, which means revenues from the sale of such licenses are recognized at the point in time at which control of the licence is transferred to the customer. This is tantamount to stating that in the case of proprietary licenses sold without significant related services, regardless of the licensing period, the arising revenues are recognized on a one-off basis at the point in time of transferring control of the licence. There are also instances where the Group sells licenses the nature of which is to provide a right to access the intellectual property and such licenses are sold for a definite period of time. In such cases, revenues are recognized over time throughout the duration of the sold license.

---

In accordance with IFRS 15, the Group now recognizes such revenues based on the determination whether the license provides the customer with a right to access or a right to use.

▪ **Maintenance services and warranties**

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

In many cases, the Group provides a warranty for goods and services sold. Based on the conducted analysis, we have ascertained that most warranties granted by the Group meet the definition of service, these are the so-called extended warranties the scope of which is broader than just an assurance to the customer that the product/service complies with agreed-upon specifications. The conclusion regarding the extended nature of a warranty is made whenever the Group contractually undertakes to repair any errors in the delivered software within a strictly specified time limit and/or when such warranty is more extensive than the minimum required by law. The fact of granting an extended warranty indicates that the Group actually provides an additional service. In accordance with IFRS 15, this means the Group needs to recognize an extended warranty as a separate performance obligation and allocate a portion of the transaction price to such service. In all cases where an extended warranty is accompanied by a maintenance service, which is even a broader category than an extended warranty itself, revenues are recognized over time because the customer consumes the benefits of such service as it is performed by the provider. If this is the case, the Group continues to allocate a portion of the transaction price to such maintenance service. Likewise, in cases where a warranty service is provided after the project completion and is not accompanied by any maintenance service, then a portion of the transaction price and analogically recognition of a portion of contract revenues will have to be deferred until the warranty service is actually fulfilled.

In the case of warranties the scope of which is limited to the statutory minimum, the arising future and contingent obligations are covered by provisions for warranty repairs which, if materialized, will be charged as operating costs.

**b) Sale of third-party licenses and services**

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

**c) Sale of hardware**

The category of the 'Sale of hardware' includes revenues from contracts with customers for the supply of infrastructure. In this category, revenues are recognized basically at the point in time at which control of the equipment is transferred. However, this does not apply to situations where hardware is not delivered separately from services provided alongside, in which case the sale of hardware is part of a performance obligation involving the supply of a comprehensive infrastructure system. However, such comprehensive projects are a rare practice in the Group as the sale of hardware is predominantly performed on a distribution basis.

In the case of contracts that contain a component of providing a service or equipment, the Group considers whether such arrangements contain a lease component (i.e. whether the Group conveys the right to control the use of an identified asset for a period of time in exchange for consideration). The Group has not identified any lease components within contracts concluded with customers.

**Variable consideration**

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

The Group is party to a number of contracts which provide for penalties for non-performance or improper performance of contractual obligations. Any contractual penalties may therefore affect the consideration, which has been determined as a fixed amount in the contract, and make it subject to change due to such expected penalties. Therefore, as part of estimating the amount of consideration receivable under a contract, the Group has estimated the expected amount of consideration while taking into account the probability of paying such contractual penalties as well as other factors that might potentially affect the consideration. This may consequently cause a reduction in revenues. Apart from contractual

---

---

penalties, there are no other significant factors that may affect the amount of consideration (such as rebates or discounts), but in the event they were identified, they would also affect the amount of revenues recognized by the Group.

#### **Allocating the transaction price to performance obligations**

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

#### **Significant financing component**

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group's company with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract is deemed to contain a significant financing component.

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at the contract inception, that the period between when a promised good or service is transferred to the customer and when the customer pays for that good or service will be one year or less.

A contract with a customer does not contain a significant financing component if, among other factors, the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to the customer, and the difference between those amounts is proportional to the reason for the difference. This usually occurs when the contractual payment terms provide protection from the other party failing to adequately complete some or all of its obligations under the contract.

#### **Costs of contracts with customers**

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

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

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

Such an asset is depreciated on a systematic basis over the period of delivering the related goods and services to the customer.

#### **Other practical expedients used by the Group**

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

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

Revenues other than revenues from contracts with customers are generated by the Group primarily from outsourcing of IT hardware (e.g. ATMs, servers and POS terminals) and from letting of own property (mainly office space). Each time the Group determines whether all the risks and rewards incidental to the use of rented equipment or property have been transferred to the customer. Most often, the Group concludes that outsourcing contracts have the characteristics of operating leases, and therefore revenues from such services are recognized in accordance with IFRS 16 (the Group acting as a lessor).

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

The Group generates revenues, among others, from lease contracts whereby the Group's assets are leased to customers for a fee. In accordance with IFRS 16, the Group determines whether the concluded contract transfers substantially all the risks and rewards incidental to ownership of the leased asset to the customer, and consequently makes an appropriate classification of contracts as operating or finance leases.

---

---

## Estimates and judgements

---

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

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

Estimates and professional judgment are also used in allocating the contract consideration to individual performance obligations. This applies in particular to the allocation of consideration to extended warranty services which, as a rule, are not specified separately within a contract.

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

### **Classification of lease contracts (the Group as a lessor)**

The Group classifies its lease contracts as operating or finance leases depending on whether substantially all the risks and rewards incidental to ownership of the leased asset are retained by the lessor or transferred to the lessee. Such assessment is based on the economic substance of each transaction.

---

Starting from 2023, the Group changed the presentation of revenues by applying a new, more detailed breakdown, which resulted in the disclosure of revenues by group of products (instead of by sectors).

The new revenue breakdown presented in these consolidated financial statements has been designed to more accurately reflect the specific nature and diversity of the products offered. The key aspect of this approach is to aggregate revenues by product groups. The new division distinguishes the following categories: "Solutions for finance", "Solutions for public", "ERP solutions", "Other IT solutions", "Infrastructure", and "Other (non-IT)". Because of its greater detail, it facilitates a more precise analysis of revenues. The new revenue categories are described in detail below:

**Solutions for finance:** This category aggregates revenues from products (software) developed for the financial industry, including banking software, insurance software as well as a wide range of payment solutions that support payment card processing and ATM and POS terminal services. Payment solutions, unlike software, include an element of sold infrastructure that is inherent in these transactions.

**Solutions for public:** This category includes revenues from software dedicated to public institutions such as government and local authorities, other bodies of public administration, social security, uniformed services, as well as companies in the energy sector and other utilities. It also contains specialized products for the healthcare sector.

**ERP solutions:** This category focuses exclusively on revenues from Enterprise Resource Planning (ERP) systems, i.e. suites of integrated applications or modules for managing company resources and business processes. The separate presentation of this category underlines the great importance of ERP software and its differentiation from other types of software offered by the Group.

**Other IT solutions:** This category contains software products not classified in any of the above-mentioned groups. Included in this group are revenues from solutions for telecom companies, other industrial and service companies, as well as electronic signature.

**Infrastructure:** This category comprises revenues from the sale of hardware and other ICT infrastructure as well as non-business software. This group does not include infrastructure that is part of comprehensive payment solutions, which are classified in the category of "Solutions for financial industry".

**Other (non-IT):** This category aggregates revenues not directly related to IT software or services, including training, consulting and outsourcing of non-IT human resources, as well as rental of real estate.



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

Revenues	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn
<b>Operating revenues by type of revenues</b>		
Proprietary software and services	13,218.1	13,414.3
Third-party software and services	1,625.7	1,783.3
Hardware and infrastructure	2,052.7	2,172.5
<b>Total</b>	<b>16,896.5</b>	<b>17,370.1</b>
<b>Operating revenues by group of products</b>		
Solutions for finance	5,290.4	5,413.4
Solutions for public	3,351.0	3,428.0
ERP solutions	1,461.1	1,415.4
Other IT solutions	2,617.7	2,769.9
Infrastructure	3,384.1	3,511.1
Other (non-IT)	792.2	832.3
<b>Total operating revenues</b>	<b>16,896.5</b>	<b>17,370.1</b>

*i. Operating revenues in a breakdown by type of revenues*

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

	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>12 months ended 31 December 2023</b>					
Proprietary software and services	1,721.0	2,765.8	8,757.8	(26.5)	<b>13,218.1</b>
Third-party software and services	166.2	546.7	935.9	(23.1)	<b>1,625.7</b>
Hardware and infrastructure	76.6	746.9	1,229.2	-	<b>2,052.7</b>
<b>Total operating revenues</b>	<b>1,963.8</b>	<b>4,059.4</b>	<b>10,922.9</b>	<b>(49.6)</b>	<b>16,896.5</b>

	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>12 months ended 31 December 2022</b>					
Proprietary software and services	1,524.5	2,695.3	9,216.7	(22.2)	<b>13,414.3</b>
Third-party software and services	147.0	539.1	1,104.0	(6.8)	<b>1,783.3</b>
Hardware and infrastructure	66.5	962.4	1,143.3	0.3	<b>2,172.5</b>
<b>Total operating revenues</b>	<b>1,738.0</b>	<b>4,196.8</b>	<b>11,464.0</b>	<b>(28.7)</b>	<b>17,370.1</b>

ii. Breakdown of segment operating revenues by group of products

Operating revenues of individual segments generated by group of products during the period of 12 months ended 31 December 2023 and in the comparable period were as follows:

	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>12 months ended 31 December 2023</b>					
Solutions for finance	534.4	1,432.2	3,339.8	(16.0)	5,290.4
Solutions for public	943.6	404.8	2,014.0	(11.4)	3,351.0
ERP solutions	65.2	901.5	498.3	(3.9)	1,461.1
Other IT solutions	198.9	97.4	2,321.9	(0.5)	2,617.7
Infrastructure	209.5	1,204.5	1,979.6	(9.5)	3,384.1
Other (non-IT)	12.2	19.0	769.3	(8.3)	792.2
<b>Total operating revenues</b>	<b>1,963.8</b>	<b>4,059.4</b>	<b>10,922.9</b>	<b>(49.6)</b>	<b>16,896.5</b>

	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>12 months ended 31 December 2022</b>					
Solutions for finance	467.3	1,413.2	3,541.9	(9.0)	5,413.4
Solutions for public	833.2	487.5	2,107.9	(0.6)	3,428.0
ERP solutions	69.9	815.1	534.0	(3.6)	1,415.4
Other IT solutions	174.0	152.9	2,449.5	(6.5)	2,769.9
Infrastructure	183.5	1,308.9	2,020.6	(1.9)	3,511.1
Other (non-IT)	10.1	19.2	810.1	(7.1)	832.3
<b>Total operating revenues</b>	<b>1,738.0</b>	<b>4,196.8</b>	<b>11,464.0</b>	<b>(28.7)</b>	<b>17,370.1</b>

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

	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn
<b>Operating revenues by countries</b>		
Israel	6,622.6	6,968.6
USA	2,769.0	3,041.3
Poland	2,258.5	2,004.6
Spain	616.7	803.5
Germany	501.9	483.3
Czech Republic	468.2	369.2
Slovak Republic	450.3	485.9
United Kingdom	416.6	302.4
Serbia	374.6	373.5
Romania	254.5	206.6
Croatia	191.8	224.3
Denmark	111.7	257.6
Other countries	1,860.1	1,849.3
<b>Total</b>	<b>16,896.5</b>	<b>17,370.1</b>

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

	12 months ended 31 December 2023 PLN mn	12 months ended 31 December 2022 PLN mn
<b>Revenues from contracts with customers recognized in accordance with IFRS 15, of which:</b>	<b>16,800.2</b>	<b>17,272.5</b>
<b>From goods and services transferred at a specific point in time</b>	<b>3,242.2</b>	<b>3,140.5</b>
Asseco Poland segment	261.2	182.5
Asseco International segment	1,391.7	1,518.0
Formula Systems segment	1,605.0	1,452.6
Intragroup transactions	(15.7)	(12.6)
<b>From goods and services transferred over the passage of time</b>	<b>13,558.0</b>	<b>14,132.0</b>
Asseco Poland segment	1,701.6	1,552.7
Asseco International segment	2,568.4	2,581.4
Formula Systems segment	9,317.9	10,011.4
Intragroup transactions	(29.9)	(13.5)
<b>Revenues from operating leases recognized in accordance with IFRS 16</b>	<b>96.3</b>	<b>97.6</b>
Asseco Poland segment	1.0	2.8
Asseco International segment	99.3	97.4
Formula Systems segment	-	-
Intragroup transactions	(4.0)	(2.6)
<b>Total operating revenues</b>	<b>16,896.5</b>	<b>17,370.1</b>

Revenues from operating leases recognized in accordance with IFRS 16, as disclosed in the table above, represent primarily revenues generated by the Asseco International segment (in particular by Asseco South Eastern Europe Group) from the provision of ATM and POS terminal outsourcing services. Such contracts are treated as operating leases. These revenues also comprise income from letting of own property, including office space (particularly in the Asseco Poland segment). Such income is also recognized in accordance with the guidelines of IFRS 16 as revenues from operating leases.

v. *Other performance obligations*

The table below provides information on the total transaction price allocated to other performance obligations which remained unfulfilled (or partially unfulfilled) at the end of the reporting period. The Group has applied a practical expedient whereby it is not obliged to disclose information about the transaction price allocated to unfulfilled performance obligations, if a performance obligation is part of a contract whose expected duration is one year or shorter, or if the Group recognizes revenues from the fulfilment of a performance obligation in the amount it is entitled to invoice.

Value of unfulfilled performance obligations from which revenues will be recognized in the coming years	31 December 2023 PLN mn
2024*	1,479.6
2025	517.8
2026 and later	267.4
<b>Total</b>	<b>2,264.8</b>

\* The line of 2024 includes only revenues to be recognized in the coming year from contracts to be completed after 1 January 2025 or later, which means that this amount does not include any revenues from contracts to be completed in the course or by the end of 2024.

Value of unfulfilled performance obligations from which revenues will be recognized in the coming years	31 December 2022 PLN mn
2023*	1,469.9
2024	601.7
2025 and later	449.0
<b>Total</b>	<b>2,520.6</b>

\* The line of 2023 includes only revenues recognized in 2023 from contracts to be completed after 1 January 2024 or later, which means that this amount does not include any revenues from contracts completed in the course or by the end of 2023.

As at 31 December 2023, the Group analyzed the total amount of the transaction price allocated to performance obligations which remained unfulfilled (or partially unfulfilled) at the end of the reporting period. The conducted analysis showed that, as at 31 December 2023, a significant portion of performance obligations involving the delivery of a comprehensive IT system (measured using the percentage of completion method) resulted from contracts to be completed before or on 31 December 2024. Similarly, a significant majority of contracts for maintenance of IT systems are concluded for an indefinite period with a termination notice period shorter than 12 months, or for a definite period ending before or on 31 December 2024. Therefore, the Group considers such performance obligations to be short-term ones and thus subject to the above-described practical expedient. This means that as a result of applying the practical expedient, the table presents in a breakdown by years only the portion of performance obligations arising from contracts to be completed in 2025 or later, or from contracts concluded for an indefinite period with a termination notice period longer than one year.

vi. *Future minimum lease payments (the Group acting as a lessor)*

The table below presents future lease payments from operating leases, by maturity, showing the amounts of undiscounted lease payments to be received by the Group in the future.

	12 months ended 31 December 2023 PLN mn	12 months ended 31 December 2022 PLN mn
<b>Leases of property – future undiscounted lease payments from operating leases, of which:</b>		
in the period shorter than 1 year	4.0	2.8
within 1 to 2 years	1.8	3.2
within 2 to 3 years	1.2	0.8
within 3 to 4 years	1.1	0.8
within 4 to 5 years	0.9	1.2
in the period longer than 5 years	0.8	0.8
<b>Total future lease payments</b>	<b>9.8</b>	<b>9.6</b>

	12 months ended 31 December 2023 PLN mn	12 months ended 31 December 2022 PLN mn
<b>Leases of IT hardware and other equipment – future undiscounted lease payments from operating leases, of which:</b>		
in the period shorter than 1 year	86.0	94.9
within 1 to 2 years	25.2	32.6
within 2 to 3 years	10.0	22.0
within 3 to 4 years	4.7	11.1
within 4 to 5 years	2.1	7.6
in the period longer than 5 years	1.6	1.9
<b>Total future lease payments</b>	<b>129.6</b>	<b>170.1</b>

## 5.2. Structure of operating costs

### Selected accounting policies

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

Cost of goods, materials and third-party services sold (COGS) represents the costs of purchasing equipment, third-party licenses and services that must be performed by third-party resources – most often software or hardware producers. These costs are related to revenues from the sale of third-party software and services, as well as revenues from the sale of hardware.

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

Costs related to the operation of Employee Capital Plans (PPK) and Employee Pension Plans (PPE) in companies operating in Poland as well as costs related to similar pension schemes in other countries represent the costs of post-employment benefits in the form of a defined contribution plan, and are recognized in the 'Costs of pension benefits' (relevant commitments are disclosed under other liabilities).

Third-party services costs include the costs of outsourcing human resources, subcontractor costs, and the costs of non-project-related third-party services.

### Estimates

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

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

Operating costs	12 months ended	12 months ended
	31 December 2023	31 December 2022 (restated)
	PLN mn	PLN mn
Cost of goods, materials and third-party services sold (COGS)	(2,913.8)	(3,239.8)
Employee benefits	(8,331.4)	(8,428.8)
Depreciation and amortization	(871.7)	(891.3)
Third-party services	(2,272.1)	(2,305.8)
Other	(887.9)	(891.4)
<b>Total</b>	<b>(15,276.9)</b>	<b>(15,757.1)</b>
Cost of sales	(13,135.0)	(13,570.5)
Selling costs	(941.1)	(1,004.3)
General and administrative expenses	(1,165.0)	(1,166.2)
Recognition/(reversal) of impairment losses on financial instruments *	(35.8)	(16.1)
<b>Total</b>	<b>(15,276.9)</b>	<b>(15,757.1)</b>

\* allocated entirely to the Cost of sales

In the reporting period, the costs of third-party services include the costs of human resources outsourcing amounting to PLN 1,118.4 million as well as the costs of subcontractors amounting to PLN 955.3 million. In the comparable period, such costs amounted to PLN 1,086.4 million and PLN 996.0 million, respectively.

In the period of 12 months ended 31 December 2023, other operating costs included primarily maintenance of property and company cars in the amount of PLN 431.3 million, as well as business trips in the amount of PLN 68.1 million. Whereas, in the comparable period other operating costs included primarily maintenance of property and company cars in the amount of PLN 560.2 million, as well as business trips in the amount of PLN 61.7 million.

i. *Costs of employee benefits*

	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn
Salaries	(7,032.4)	(7,099.7)
Social insurance contributions	(513.2)	(492.1)
Costs of pension benefits	(509.4)	(572.6)
Costs of share-based payment transactions	(80.7)	(64.8)
Other costs of employee benefits	(195.7)	(199.6)
<b>Total costs of employee benefits</b>	<b>(8,331.4)</b>	<b>(8,428.8)</b>
Cost of sales	(6,892.0)	(6,981.2)
Selling costs	(633.8)	(661.0)
General and administrative expenses	(805.6)	(786.6)
<b>Total costs of employee benefits</b>	<b>(8,331.4)</b>	<b>(8,428.8)</b>

The average level of employment during the reporting period presented in full-time salaried jobs, i.e. employment in full-time jobs adjusted for (reduced by) positions which are not salaried by the Group companies (such as an unpaid leave, maternity leave, etc.), exclusive of companies whose financial results are disclosed under other operating activities or discontinued operations, however inclusive of companies which joined the Group during the reporting period (calculated proportionally to the period of their consolidation) equalled 32,502 persons, as compared with 31,582 persons in the comparable period.

ii. *Share-based payment transactions*

The costs of equity-settled share-based payment transactions with employees correspond to stock option plans that were awarded to employees and managers of companies incorporated within the Formula Systems segment and the Asseco International segment. During the period of 12 months ended 31 December 2023, such costs amounted to PLN 80.7 million as compared to PLN 64.8 million in the comparable period.

The tables below present the costs of share-based payment transactions in a breakdown by segments and more detailed information on share-based payment plans in particular subgroups.

	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn
Stock option plan for managers of companies in the Formula Systems segment	(80.1)	(64.4)
Stock option plan for managers of companies in the Asseco International segment	(0.6)	(0.4)
<b>Total costs of share-based payment transactions with employees</b>	<b>(80.7)</b>	<b>(64.8)</b>

	Formula Systems (1985) Ltd	Magic Group	Matrix Group	Sapiens Group	ASEE Group
Number of plans	3	2	2	2	2
Total cost of the plan	(206.0)	(122.2)	(54.3)	(133.0)	(4.1)
Cost incurred in 2023	(30.2)	(16.4)	(18.2)	(15.3)	(0.6)
Relevant vesting conditions	Specified period of service; financial performance of Formula Group is an additional condition in the CEO's plan	Specified period of service; financial performance of companies	Specified period of service	Period of service and in certain cases other non-market conditions	No vesting conditions
Form of settlement	equity instruments	equity instruments	equity instruments	equity instruments or cash	equity instruments

The largest share-based payment plan was awarded by the company Formula Systems to its CEO in 2020. Under this plan, the CEO was granted Restricted Share Units (RSUs) that will be convertible into a 4% stake in Formula Systems after the passage of 8 years, i.e. after the end of 2027. The stock option plan is worth a total of NIS 170.0 million (PLN 192.1 million) which shall be recognized on a straight-line basis in the Group's costs over the period from 2020 to 2027, that is over the remaining period of the next 4 years. In its financial results for 2023, Formula Systems (1985) Ltd recognized the costs of stock option plans in the amount of NIS 23.8 million (PLN 26.9 million). The conditions for vesting RSUs under this plan are that the CEO remains in his position until the plan ends and Formula Group achieves required financial performance.

*iii. Reconciliation of depreciation and amortization charges*

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

Depreciation and amortization	Note	12 months ended	12 months ended
		31 December 2023	31 December 2022 (restated)
		PLN mn	PLN mn
Depreciation charges as disclosed in the table of changes in property, plant and equipment	<u>6.1</u>	(190.1)	(195.7)
Amortization charges as disclosed in the table of changes in intangible assets	<u>6.2</u>	(401.8)	(420.1)
Depreciation charges as disclosed in the table of changes in right-of-use assets	<u>6.3</u>	(286.8)	(280.8)
Reduction of amortization charges due to recognition of grants to internally generated licenses		3.5	2.9
Amortization charges capitalized for development projects in progress		0.8	0.8
<b>Total depreciation and amortization charges disclosed in the statement of cash flows</b>		<b>(874.4)</b>	<b>(892.9)</b>
Depreciation charges transferred to other operating activities		2.7	1.6
<b>Total depreciation and amortization charges recognized in operating costs, of which:</b>		<b>(871.7)</b>	<b>(891.3)</b>
Cost of sales		(652.5)	(670.6)
Selling costs		(110.9)	(117.8)
General and administrative expenses		(108.3)	(102.9)
<b>Total</b>		<b>(871.7)</b>	<b>(891.3)</b>

### 5.3. Other operating income and expenses

#### *Selected accounting policies*

*In other operating activities, the Group discloses income and expenses that are not related to our core IT operations, and in particular sports and recreational activities. Other operating activities also comprise income and expenses related to acquisitions, including:*

- expenses related to obtaining control over subsidiaries,*
- gains and losses on loss of control over subsidiaries,*
- impairment losses on goodwill,*
- recognition and reversal of allowances for receivables arising from the sale of shares in subsidiaries,*
- gains and losses on revaluation of conditional payments and put options – portion based on operating profits of subsidiaries, and for non-controlling interests accounted for using the present ownership method – portion based on equity of subsidiaries, as well as*
- costs of dividends paid out to non-controlling shareholders (for non-controlling interests accounted for using the present ownership method).*

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

Other operating income	12 months ended	12 months ended
	31 December 2023	31 December 2022 (restated)
	PLN mn	PLN mn
Proceeds from sports and recreational activities	28.5	24.8
Gain on revaluation of liabilities from the acquisition of non-controlling interests (put options)	19.2	13.2
Gain on revaluation of deferred and conditional payments for controlling interests in subsidiaries	8.3	9.8
Gain on disposal of property, plant and equipment	6.6	29.5
Gain on obtaining control over a subsidiary (revaluation of a previously held stake)	5.8	-
Gain on loss of control over subsidiaries	2.5	211.1
Other	15.3	11.8
<b>Total</b>	<b>86.2</b>	<b>300.2</b>

The gain on loss of control over subsidiaries in the amount of PLN 2.5 million is related to the companies of Tecnolocia Sistemas y Aplicaciones SL (Tecsisa) and Asseco Central Asia MChJ QK (both of the Asseco International segment).

In the comparable period, the gain on loss of control over subsidiaries included primarily the gain recognized on the sale of shares in Infinity Labs R&D Ltd based in Israel (Matrix IT Group, the Formula Systems segment) in the amount of PLN 195.9 million, as well as the gain recognized on the sale of shares in the companies Peak Consulting and Asseco Denmark in the total amount of PLN 14.4 million (Asseco International Group and segment).

In the comparable period, the gain on disposal of property, plant and equipment includes mainly profit from the sale of real estate by Podkarpacki Fundusz Nieruchomości Sp. z o.o. completed in the third quarter of 2022.

Other operating expenses	12 months ended	12 months ended
	31 December 2023	31 December 2022 (restated)
	PLN mn	PLN mn
Expenses related to proceeds from sports and recreational activities	(38.3)	(37.2)
Cost of dividends attributable to non-controlling interests	(20.1)	(30.5)
Impairment loss on goodwill	(4.9)	(17.8)
Expenses related to obtaining control over subsidiaries	(3.2)	(9.2)
Loss on losing control over subsidiaries	(1.9)	(3.9)
Loss on revaluation of liabilities from the acquisition of non-controlling interests (put options)	(1.9)	(1.0)
Loss on revaluation of deferred and conditional payments for controlling interests in subsidiaries	(1.5)	(3.0)
Allowances for receivables arising from the sale of shares in subsidiaries	(0.9)	(0.2)
Other	(8.7)	(16.5)
<b>Total</b>	<b>(81.4)</b>	<b>(119.3)</b>

The impairment loss on goodwill in the amount of PLN 4.9 million recognized in 2023 is related to the company DahliaMatic Sp. z o.o. (the Asseco Poland segment). In the comparable period, the impairment loss on goodwill was recognized in relation to the companies of Tecnolocia Sistemas y Aplicaciones (Tecsisa) (the Asseco International segment) in the amount of PLN 12.8 million, and DahliaMatic Sp. z o.o. in the amount of PLN 5.0 million.



## 5.4. Financial income and expenses

### Selected accounting policies

Interest income comprises primarily interest on investments in debt securities (including in particular loans granted) and on bank deposits. Such income is measured at amortized cost using the effective interest rate. Other interest income includes interest on trade receivables, interest on finance leases, as well as unwinding of discounts on revenues (receivables) accounted for using the effective interest rate method.

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

Other interest expenses include interest on trade payables and unwinding of discounts on costs (liabilities) accounted for using the effective interest rate method, as well as bank fees and commissions. Financial expenses also include expenses arising from unwinding of discounts on deferred and conditional payments for as well as liabilities from the acquisition of non-controlling interests (put options) which are accounted for using the present ownership method.

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

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

Financial income	12 months ended 31 December 2023	12 months ended 31 December 2022 (restated)
	PLN mn	PLN mn
Interest income on investments in debt securities and bank deposits carried at amortized cost	81.5	29.5
Other interest income (incl. on other investments in debt securities, leases and receivables)	5.3	2.9
Positive foreign exchange differences	51.4	61.9
Gain on the net monetary position – hyperinflation	23.0	22.5
Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss	3.2	17.5
Gain on sale of associates	-	3.3
Other financial income	1.9	3.5
<b>Total</b>	<b>166.3</b>	<b>141.1</b>

The gain on the net monetary position – hyperinflation resulted from applying IAS 29 and making the inflation-related revaluation of non-monetary items in the statement of financial position and the statement of profit and loss of our subsidiaries operating in Turkey, as part of ASEE Group (the Asseco International segment), using the rate of inflation in the current year. Detailed information on the impact of hyperinflation has been provided in explanatory note 2.12 to these consolidated financial statements.

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

Financial expenses	12 months ended 31 December 2023	12 months ended 31 December 2022 (restated)
	PLN mn	PLN mn
Interest expenses on bank loans, borrowings, debt securities, leases, and on trade payables	(164.3)	(103.4)
Other interest expenses	(22.7)	(21.4)
Negative foreign exchange differences	(51.4)	(46.6)
Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss	(12.4)	(7.0)
Unwinding of discounts on deferred and conditional payments for controlling interests in subsidiaries and on liabilities from the acquisition of non-controlling interests (put options)	(12.1)	(11.7)
Impairment loss on financial instruments	(0.4)	(0.2)
Other financial expenses	(1.5)	(1.9)
<b>Total</b>	<b>(264.8)</b>	<b>(192.2)</b>

## 5.5. Corporate income tax

### Selected accounting policies

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

Income tax comprises current and deferred portion. The current income tax is the amount determined on the basis of tax regulations, which is calculated on the taxable income for a given period and recognized as a liability in the amount it was not paid, or as a receivable if the amount of current income tax already paid exceeds the amount to be paid. Deferred income tax assets and liabilities are treated in whole as long-term items and are not discounted. They can be compensated against each other if the entity holds an enforceable legal title to offset the amounts recognized.

Deferred tax assets and deferred tax liabilities shall be valued using the future tax rates anticipated to be applicable at the time when a deferred tax asset is realized or a deferred tax liability is reversed, based on the tax rates (and tax regulations) legally or factually in force at the reporting date.

Income tax relating to items that are recognized directly in equity shall be disclosed under equity and not in the statement of profit and loss.

Deferred tax assets arising from unused tax losses are recognized by the Group to the extent that it is probable that sufficient future taxable income will be available to offset unused tax losses. In assessing whether it is probable that future taxable income will be sufficient, the Group takes into account the nature, origin and timing of such income and ensures that convincing evidence is collected.

### Estimates and judgements

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

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

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

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

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

	12 months ended 31 December 2023	12 months ended 31 December 2022 (restated)
	PLN mn	PLN mn
Current income tax and prior years' adjustments	(397.0)	(484.4)
Deferred income tax	79.8	99.7
<b>Income tax expense as disclosed in the statement of profit and loss</b>	<b>(317.2)</b>	<b>(384.7)</b>

The table below presents the amount of current income tax expense for the years 2023 and 2022, in a breakdown by type of operations and other items:

	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn
<b>Corporate income tax expense as disclosed in the statement of profit and loss</b>		
Current income tax – core operations	(391.5)	(488.2)
Current income tax – capital gains	-	(3.7)
Corrections of CIT filings for prior years	(5.5)	7.5
<b>Total corporate income tax expense as disclosed in the statement of profit and loss</b>	<b>(397.0)</b>	<b>(484.4)</b>

### Uncertainty over income tax treatments

Regulations pertaining to the value added tax, corporate income tax, personal income tax or social security are frequently amended, thereby depriving taxpayers of a possibility to refer to well established court decisions and precedents. The current regulations in force are not always unambiguous, which may cause additional

discrepancies in their interpretation. Tax treatments are subject to audit by the taxation authorities. Should any irregularities in tax settlements be detected, a taxpayer is obliged to pay the outstanding amounts along with the statutory interest thereon. Payment of tax arrears does not always release a taxpayer from penal and fiscal liability. Due to such circumstances, tax treatments are subject to a relatively high risk. Settlement of tax liabilities may come under control in a period of five years, counting from the end of the year in which relevant tax returns were filed. In effect, the amounts of taxes payable disclosed in the financial statements may be later changed, after they are finally determined by the taxation authorities.

#### *Global Minimum Tax Pillar Two*

In December 2022, the European Council adopted the Directive on ensuring a global minimum level of taxation, which introduces within the EU the solutions previously formulated by the Organization for Economic Cooperation and Development (OECD) and accepted by more than 140 countries under the BEPS 2.0 (Base Erosion Profit Shifting) project.

The global minimum tax rules (so-called Pillar Two) impose new tax and reporting obligations on companies which belong to capital groups (Polish or multinational) with revenues of at least EUR 750 million, and therefore they apply to Asseco Group. The purpose of Pillar Two is to equalize taxation rules and it is implemented by imposing a minimum tax of 15% on income of capital groups. The effective tax rate shall be taken into account, not the nominal rate, and the amount of tax shall be calculated on a country-by-country basis, i.e. in aggregate for all group companies in a given country.

The Pillar Two regulations will not take effect in Poland in 2024, but they will become effective from 2024 in some countries where the Group companies operate. The Qualified Domestic Minimum Top-Up Tax (QDMTT) regulations have been introduced in 21 countries and the Income Inclusion Rule (IIR) has been introduced in 13 countries where the Group companies operate. The Group is currently in the process of collecting data and analyzing the possible use of temporary safe harbour mechanisms due to the Group's country-by-country reporting. Considering the high degree of complexity and elaborateness of the Pillar Two regulations, as well as the Group's highly complex organizational structure, the Group is analyzing the potential impact of these regulations on its financial results.

The table below presents the reconciliation of corporate income tax payable on pre-tax profit before share of profits of associates and joint ventures at the statutory tax rate, with corporate income tax computed at the Group's effective tax rate:

	12 months ended 31 December 2023	12 months ended 31 December 2022 <i>(restated)</i>
	PLN mn	PLN mn
<b>Pre-tax profit</b>	<b>1,525.9</b>	<b>1,742.8</b>
Statutory corporate income tax rate	19%	19%
<b>Corporate income tax computed at the statutory tax rate</b>	<b>289.9</b>	<b>331.1</b>
Difference due to different rates of corporate income tax paid abroad	26.6	49.8
Income tax on dividends	2.0	4.6
Derecognition of / (Utilization of formerly unrecognized) deferred tax assets arising from prior years' losses and other items	13.2	6.9
Impact of hyperinflation	(3.9)	(4.4)
Changes in the calculation of corporate income tax for the prior years	4.9	(7.5)
Valuation of financial instruments and dividends paid out to non-controlling shareholders	3.0	8.0
Income tax of controlled foreign companies (CFC)	10.2	13.1
Depreciation and amortization charges, differences in rates of depreciation and amortization, write-downs and other differences related to property, plant and equipment and intangible assets	0.9	4.1
Change in estimates of deferred tax assets recognized on the so-called "external temporary differences" resulting from dividend payments within the Group	6.5	4.4
IP BOX tax relief (including prior year adjustments)	(22.9)	(11.0)
R&D tax reliefs (including prior year adjustments)	(10.8)	(7.2)
Utilization of other tax credits	(3.9)	(5.4)
Special technological zone	(3.6)	(4.2)

Other permanent differences	5.1	2.4
<b>Corporate income tax at the effective tax rate of 20.8% in 2023, and 22.1% in 2022</b>	<b>317.2</b>	<b>384.7</b>

The table below presents information on deferred income tax assets and liabilities as well as impact of their changes on comprehensive income:

	Deferred tax liabilities		Deferred tax assets		Deferred income tax recognized in comprehensive income	
	31 December 2023	31 December 2022 (restated)	31 December 2023	31 December 2022 (restated)	2023	2022 (restated)
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
Property, plant and equipment	40.9	35.8	11.3	11.4	(3.8)	(0.1)
Intangible assets	369.7	462.7	7.1	10.3	59.6	62.5
Right-of-use assets	114.9	102.3	-	-	(22.0)	33.0
Inventories	-	-	3.9	3.0	1.1	0.2
Prepayments and accrued income	11.1	10.7	24.0	19.5	3.7	10.5
Trade receivables	4.3	4.0	16.6	14.3	2.4	0.8
Contract assets	44.5	61.7	0.6	0.6	17.1	(19.2)
Other receivables	1.8	1.7	6.3	4.1	2.3	(2.2)
Other assets	0.6	3.1	2.8	2.2	2.8	(4.9)
Non-current assets classified as held for sale	3.1	3.1	0.2	-	0.2	(3.1)
Bank loans, borrowings and debt securities	0.4	-	1.0	0.4	0.3	0.2
Provisions	2.4	1.3	24.2	23.5	1.6	(0.9)
Trade payables	0.1	0.4	7.5	38.0	(28.8)	18.1
Contract liabilities	-	-	28.1	23.1	5.2	-
Financial liabilities	-	0.1	117.1	113.3	15.4	(40.2)
Other liabilities	28.0	29.4	2.8	5.4	4.2	5.4
Accruals	-	-	60.7	66.3	0.6	6.6
Deferred income	0.2	0.7	0.2	0.1	0.7	0.6
Losses deductible against future taxable income and unused tax credits (net of write-offs)	-	-	90.6	76.2	16.4	28.6
<b>Total deferred tax assets / liabilities, gross</b>	<b>622.0</b>	<b>717.0</b>	<b>405.0</b>	<b>411.7</b>	<b>n/a</b>	<b>n/a</b>
<b>Deferred tax assets / liabilities, net</b>	<b>445.6</b>	<b>574.0</b>	<b>228.6</b>	<b>267.3</b>	<b>n/a</b>	<b>n/a</b>
Deferred income tax recognized in the statement of profit and loss					79.8	99.6
Deferred income tax recognized in other comprehensive income					(0.8)	(3.7)
<b>Deferred income tax recognized in comprehensive income</b>					<b>79.0</b>	<b>95.9</b>

The Parent Company as well as other companies operating in Poland (including Asseco Business Solutions S.A. and Asseco Data Solutions S.A.) carried out research and development work resulting in the creation of intellectual property rights, i.e. copyrights to a computer program, that were deemed as qualified IP rights within the meaning of the Polish corporate income tax regulations. Income generated by these companies in 2023 from fees or proceeds arising from contracts that involved qualified IP rights, multiplied by the Nexus ratio, was taxed with the preferential CIT rate of 5% permitted under the so-called IP Box tax relief. Revenues from qualified intellectual property rights include: fees or proceeds resulting from license agreements related to qualified IP rights; proceeds from the sale of qualified IP rights or the sale of qualified IP rights included in the selling price of products or services.

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

	31 December 2023	31 December 2022
	PLN mn	PLN mn (restated)
Deferred tax assets	228.6	267.3
Deferred tax liabilities	(445.6)	(574.0)
<b>Deferred tax assets (+) / liabilities (-), net</b>	<b>(217.0)</b>	<b>(306.7)</b>

In order to assess the realizability of deferred tax assets arising from tax losses, the Group took into account forecasted future taxable income of companies, income tax rates, time limits within which such assets can be utilized, as well as other tax regulations applicable in a given country.

Deferred tax assets arising from prior years' tax losses, which were not recognized by the Group amounted to PLN 93.3 million as at 31 December 2023, as compared to PLN 59.4 million as at 31 December 2022. Such non-recognition resulted primarily from the inability to utilize the cumulative tax loss of Formula Systems (1985) Ltd, which is engaged solely in holding activities and its income is not taxable, and therefore in the Group's opinion any accumulated tax losses will not be utilized in tax settlements. Contrary to the tax regulations applicable in Poland, in Israel tax-deductible losses can be utilized without time limits.

## 5.6. Earnings per share

### *Selected accounting policies*

*Basic earnings per share attributable to shareholders of the Parent Company for each reporting period shall be computed by dividing the net profit from continuing operations for the reporting period by the weighted average number of shares outstanding in that period.*

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

Due to the buy-back of 14,808,872 own shares conducted on 21 September 2023, the weighted average number of ordinary shares outstanding was calculated as follows:

- 83,000,303 shares were included in the calculation for the year 2022 as well as for the period from 1 January to 20 September 2023;
- 68,191,431 shares were included in the calculation for the period from 21 September to 31 December 2023.

Based on the above assumptions, the weighted average number of shares outstanding in the period of 12 months ended 31 December 2023 was calculated at 78,861,933 shares.

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

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

	12 months ended 31 December 2023	12 months ended 31 December 2022 (restated)
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	78,861,933	83,000,303
Net profit attributable to shareholders of the Parent Company for the reporting period (in millions of PLN)	482.8	502.3
<b>Consolidated earnings per share for the reporting period (in PLN)</b>	<b>6.12</b>	<b>6.05</b>

### 5.7. Information on dividends paid out

In 2023, the Parent Company paid out to its shareholders a dividend for the year 2022. On 30 May 2023, the General Meeting of Shareholders of Asseco Poland S.A. resolved that the net profit for the financial year 2022 in the amount of PLN 340.6 million shall be distributed as follows:

- a) The amount of PLN 290.5 million was allocated for distribution among the Company's Shareholders through the payment of a dividend amounting to PLN 3.50 per share. The dividend record date was set for 19 June 2023; whereas, the dividend payment was scheduled for 28 June 2023;
- b) The remaining portion of the net profit for 2022 in the amount of PLN 50.1 million was allocated to the reserve capital.

In 2022, the Parent Company paid out to its shareholders a dividend for the year 2021. On 25 May 2022, the General Meeting of Shareholders of Asseco Poland S.A. resolved that the net profit for the financial year 2021 in the amount of PLN 320.9 million shall be distributed as follows:

- a) The amount of PLN 278.9 million was allocated for distribution among the Company's Shareholders through the payment of a dividend amounting to PLN 3.36 per share. The dividend record date was set for 10 June 2022; whereas, the dividend payment was scheduled for 21 June 2022;
- b) The remaining portion of the net profit for 2021 in the amount of PLN 42.0 million was allocated to the reserve capital.

## 6 Explanatory notes to the consolidated statement of financial position

### 6.1. Property, plant and equipment

#### Selected accounting policies

##### Initial recognition and measurement

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

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

##### Impairment

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

##### Tangible assets under construction

Investments in progress relate to tangible assets under construction or during assembly and are recognized at purchase cost or production cost, decreased by any potential impairment losses. Tangible assets under construction are not depreciated until being available for use, this is when a given asset in the location and condition necessary for it to be capable of operating in the manner intended by management.

#### Estimates and judgements

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

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

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

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

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

	Land and buildings	Computers and other office equipment	Transportation vehicles	Other tangible assets	Tangible assets under construction	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Net book value of property, plant and equipment as at 1 January 2023</b>	<b>521.0</b>	<b>337.3</b>	<b>69.5</b>	<b>55.7</b>	<b>9.5</b>	<b>993.0</b>
<b>Additions, of which:</b>	<b>25.5</b>	<b>132.7</b>	<b>40.8</b>	<b>21.1</b>	<b>41.7</b>	<b>261.8</b>
Purchases and modernization	13.6	94.4	31.8	18.6	40.3	198.7
Obtaining control over subsidiaries	9.2	2.3	0.1	0.5	-	12.1
Acquisition of right-of-use assets	-	-	2.7	-	-	2.7
Transfers from tangible assets under construct	2.7	25.8	6.2	2.0	-	36.7
Transfers from inventories and investment property to tangible assets	-	9.8	-	-	1.4	11.2
Reversal of impairment losses	-	0.4	-	-	-	0.4
<b>Reductions, of which:</b>	<b>(33.0)</b>	<b>(127.8)</b>	<b>(25.1)</b>	<b>(20.0)</b>	<b>(39.2)</b>	<b>(245.1)</b>
Depreciation charges for the reporting period	(31.4)	(121.8)	(18.4)	(18.5)	-	(190.1)
Disposal and liquidation	(1.6)	(1.7)	(6.7)	(1.4)	(0.6)	(12.0)
Loss of control	-	(0.1)	-	(0.1)	-	(0.2)
Transfers from tangible assets under construction	-	-	-	-	(36.7)	(36.7)
Transfers to inventories and investment property	-	(3.7)	-	-	(1.9)	(5.6)

Impairment losses	-	(0.5)	-	-	-	(0.5)
<b>Other</b>	<b>0.6</b>	<b>0.7</b>	<b>0.1</b>	<b>(1.7)</b>	<b>(0.1)</b>	<b>(0.4)</b>
<b>Change due to hyperinflation</b>	<b>-</b>	<b>1.7</b>	<b>0.8</b>	<b>4.0</b>	<b>-</b>	<b>6.5</b>
<b>Exchange differences on translation of foreign operations</b>	<b>(24.3)</b>	<b>(12.2)</b>	<b>(4.5)</b>	<b>(9.2)</b>	<b>(0.4)</b>	<b>(50.6)</b>
<b>Net book value of property, plant and equipment as at 31 December 2023</b>	<b>489.8</b>	<b>332.4</b>	<b>81.6</b>	<b>49.9</b>	<b>11.5</b>	<b>965.2</b>

<b>As at 1 January 2023</b>						
<i>Gross value</i>	758.6	1,275.2	159.5	205.1	9.6	<b>2,408.0</b>
<i>Accumulated depreciation and impairment losses</i>	(237.6)	(937.9)	(90.0)	(149.4)	(0.1)	<b>(1,415.0)</b>
<b>Net book value as at 1 January 2023</b>	<b>521.0</b>	<b>337.3</b>	<b>69.5</b>	<b>55.7</b>	<b>9.5</b>	<b>993.0</b>
<i>of which net book value of tangible assets held under operating leases</i>	67.8	84.8	-	-	-	152.6

<b>As at 31 December 2023</b>						
<i>Gross value</i>	730.1	1,210.6	167.2	205.2	11.5	2,324.6
<i>Accumulated depreciation and impairment losses</i>	(240.3)	(878.2)	(85.6)	(155.3)	-	(1,359.4)
<b>Net book value as at 31 December 2023</b>	<b>489.8</b>	<b>332.4</b>	<b>81.6</b>	<b>49.9</b>	<b>11.5</b>	<b>965.2</b>
<i>of which net book value of tangible assets held under operating leases</i>	57.0	74.8	-	-	-	131.8

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

	Land and buildings	Computers and other office equipment	Transportation vehicles	Other tangible assets	Tangible assets under construction	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Net book value of property, plant and equipment as at 1 January 2022</b>	<b>472.5</b>	<b>316.6</b>	<b>55.2</b>	<b>52.6</b>	<b>9.0</b>	<b>905.9</b>
<b>Additions, of which:</b>	<b>36.4</b>	<b>148.7</b>	<b>35.4</b>	<b>30.7</b>	<b>42.1</b>	<b>293.3</b>
Purchases and modernization	21.3	118.5	24.5	21.7	41.5	227.5
Obtaining control over subsidiaries	0.3	4.8	1.1	1.6	-	7.8
Acquisition of right-of-use assets	-	-	6.6	-	-	6.6
Transfers from tangible assets under construction	14.8	19.0	3.2	7.0	-	44.0
Transfers from inventories and investment property to tangible assets	-	6.2	-	0.4	0.6	7.2
Reversal of impairment losses	-	0.2	-	-	-	0.2
<b>Reductions, of which:</b>	<b>(72.3)</b>	<b>(137.9)</b>	<b>(21.1)</b>	<b>(22.3)</b>	<b>(44.9)</b>	<b>(298.5)</b>
Depreciation charges for the reporting period	(29.7)	(130.7)	(16.5)	(18.8)	-	(195.7)
Disposal and liquidation	(1.4)	(1.8)	(4.5)	(1.5)	(0.2)	(9.4)
Loss of control	(1.8)	(2.2)	(0.1)	(1.9)	-	(6.0)
Transfers from tangible assets under construction	-	-	-	-	(44.0)	(44.0)
Reclassification to inventories or assets held for sale	(39.2)	(2.5)	-	(0.1)	(0.7)	(42.5)
Impairment losses	(0.2)	(0.7)	-	-	-	(0.9)
<b>Other</b>	<b>0.3</b>	<b>6.0</b>	<b>(0.2)</b>	<b>(5.3)</b>	<b>-</b>	<b>0.8</b>
<b>Change in presentation</b>	<b>83.7</b>	<b>4.2</b>	<b>-</b>	<b>(0.7)</b>	<b>3.3</b>	<b>90.5</b>
<b>Change due to hyperinflation</b>	<b>-</b>	<b>1.3</b>	<b>0.3</b>	<b>2.1</b>	<b>-</b>	<b>3.7</b>
<b>Exchange differences on translation of foreign operations</b>	<b>0.4</b>	<b>(1.6)</b>	<b>(0.1)</b>	<b>(1.4)</b>	<b>-</b>	<b>(2.7)</b>
<b>Net book value of property, plant and equipment as at 31 December 2022</b>	<b>521.0</b>	<b>337.3</b>	<b>69.5</b>	<b>55.7</b>	<b>9.5</b>	<b>993.0</b>



<b>As at 1 January 2022</b>						
Gross value	715.0	1,187.7	130.4	196.2	9.1	2,238.4
Accumulated depreciation and impairment losses	(242.5)	(871.1)	(75.2)	(143.6)	(0.1)	(1,332.5)
<b>Net book value as at 1 January 2022</b>	<b>472.5</b>	<b>316.6</b>	<b>55.2</b>	<b>52.6</b>	<b>9.0</b>	<b>905.9</b>
<i>of which net book value of tangible assets held under operating leases</i>	62.8	89.2	-	-	-	152.0
<b>As at 31 December 2022</b>						
Gross value	758.6	1,275.2	159.5	205.1	9.6	2,408.0
Accumulated depreciation and impairment losses	(237.6)	(937.9)	(90.0)	(149.4)	(0.1)	(1,415.0)
<b>Net book value as at 31 December 2022</b>	<b>521.0</b>	<b>337.3</b>	<b>69.5</b>	<b>55.7</b>	<b>9.5</b>	<b>993.0</b>
<i>of which net book value of tangible assets held under operating leases</i>	67.8	84.8	-	-	-	152.6

The reclassification to assets held for sale in 2022 is mostly related to a real estate held by Asseco Poland S.A. with a value of PLN 16.8 million, and a property held by Asseco Central Europe, a.s. Slovakia with a value of PLN 20.4 million.

The change in presentation of property, plant and equipment amounting to PLN 90.5 million in the comparable period is related to a property (office building) owned by Galvaniho5, s.r.o., and in previous years used by companies of ACE Group (the Asseco International segment) and recognized as a right-of-use asset. The Group obtained joint control over Galvaniho5 s.r.o. in 2022 and recognized this company as a joint operation, as a result of which assets and liabilities of this company began to be consolidated using the proportionate method (the method of allocating the company's share of assets and liabilities). Therefore, the right-of-use assets arising from the Group's lease agreements were reclassified to property, plant and equipment.

## 6.2. Intangible assets

### *Selected accounting policies*

#### **Intangible assets purchased**

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

#### **Goodwill**

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

*In the consolidated financial statements, goodwill is an asset resulting from obtaining control over business entities. The amount of goodwill is measured as the excess of the purchase price paid over the net value of identifiable assets acquired.*

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

#### **"ASSECO" and "Matrix IT" trademarks**

*The "ASSECO" and "Matrix IT" trademarks are considered by the Management Board of the Parent Company to be intangible assets with indefinite useful life. Therefore, these assets are not amortized and only tested for impairment on an annual basis.*

#### **Internally generated intangible assets**

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

*The cost of an internally generated intangible asset is the sum of expenditures incurred from the date when the intangible asset first meets the above-mentioned recognition criteria. Expenditures previously recognized as expenses may not be*

---

capitalized. The cost of an internally generated intangible asset comprises directly attributable costs necessary to create, produce, and prepare that asset to be capable of operating in the manner intended by management.

Such costs shall include basically employee benefits, expenditures for materials and services that are used or consumed directly in the project implementation, depreciation charges on equipment used in the generation process, as well as costs of any office space utilized by the development team.

Until completion of the development work, accumulated costs directly attributable to such development work are disclosed as "costs of development projects in progress". Upon completion of the development work, the ready-made product of the development work is reclassified to the category of "Internally generated software" and from that time the Group begins to amortize such internally generated software. Costs of development work which satisfy the above-mentioned criteria are capitalized at purchase cost less accumulated amortization and accumulated impairment losses. All the expenditures related to completed development projects are subject to amortization over the estimated period in which the related undertaking generates sales revenues.

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

Amortization charges against intangible assets with a definite period of useful life are recognized in profit or loss, in the category which corresponds to the function of each individual intangible asset.

Intangible assets with an indefinite period of useful life and those which are no longer used are tested for possible impairment at least once a year and whenever there are indications to do so. Should the carrying value exceed the estimated recoverable amount (the higher of the following two amounts: net sales price or value in use), the value of these assets shall be reduced to the recoverable amount.

Any gains or losses resulting from derecognition of an intangible asset from the statement of financial position are measured as the difference between net proceeds from the sale of such an asset and its carrying value, and are recognized in the statement of profit and loss at the time when such derecognition is made.

---

#### Estimates and judgements

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

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

The costs of internally generated intangible assets are measured and capitalized in line with the Group's accounting policy.

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

Goodwill as well as intangible assets with an indefinite period of useful life and intangible assets under construction are tested for impairment on an annual basis as well as at each reporting date when there is a justified indication to do so.

Performing such a test requires estimating the recoverable amount of a cash-generating unit and is usually carried out using the discounted cash flow method, which entails the need to make estimates for future cash flows, changes in working capital and the weighted average cost of capital.

The Management has decided that the useful life of this trademark is indefinite, because it is expected to contribute to the generation of net cash flows by the Parent Company in the future for an indefinite period of time.

The "ASSECO" trademark has partially been classified by the Group under corporate assets which represent assets that contribute to the generation of future cash flows by multiple cash-generating units. Therefore, a portion of the trademark value as well as other corporate assets are tested for potential impairment at the aggregate level of operating segments identified in the Parent Company, after taking into account revenues and costs from corporate activities.

---

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

	Software and internally generated licenses	Costs of development projects in progress	Purchased software, patents, licenses and other intangibles	Intangible assets recognized in business combinations	"ASSECO" and "Matrix IT" trademarks	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Net book value of intangible assets as at 1 January 2023 (restated)</b>	<b>292.2</b>	<b>140.2</b>	<b>76.8</b>	<b>1,199.5</b>	<b>683.0</b>	<b>2,391.7</b>
<b>Additions, of which:</b>	<b>145.3</b>	<b>115.3</b>	<b>18.2</b>	<b>112.0</b>	<b>-</b>	<b>390.8</b>
Purchases and modernization	-	-	17.9	-	-	17.9
Obtaining control over subsidiaries	0.3	-	0.3	112.0	-	112.6
Capitalization of development project c	-	115.3	-	-	-	115.3
Transfers from the costs of developer projects in progress	145.0	-	-	-	-	145.0
<b>Reductions, of which:</b>	<b>(93.1)</b>	<b>(147.0)</b>	<b>(26.5)</b>	<b>(289.0)</b>	<b>-</b>	<b>(555.6)</b>
Amortization charges for the reporting period	(93.1)	-	(22.9)	(285.8)	-	(401.8)
Disposal and liquidation	-	-	(3.6)	(3.2)	-	(6.8)
Loss of control over subsidiaries	-	(2.0)	-	-	-	(2.0)
Transfers to internally generated softw:	-	(145.0)	-	-	-	(145.0)
<b>(Recognition)/Reversal of impairment losses</b>	<b>(7.5)</b>	<b>3.2</b>	<b>3.4</b>	<b>2.3</b>	<b>-</b>	<b>1.4</b>
<b>Other</b>	<b>0.7</b>	<b>0.4</b>	<b>(0.3)</b>	<b>(0.7)</b>	<b>-</b>	<b>0.1</b>
<b>Change due to hyperinflation</b>	<b>0.3</b>	<b>-</b>	<b>0.8</b>	<b>-</b>	<b>-</b>	<b>1.1</b>
<b>Exchange differences on translation of foreign operations</b>	<b>(20.6)</b>	<b>(6.8)</b>	<b>(18.0)</b>	<b>(122.0)</b>	<b>(72.4)</b>	<b>(239.8)</b>
<b>Net book value of intangible assets as at 31 December 2023</b>	<b>328.6</b>	<b>105.3</b>	<b>54.4</b>	<b>890.8</b>	<b>610.6</b>	<b>1,989.7</b>
<b>As at 1 January 2023</b>						
<i>Gross value</i>	1,435.3	168.2	444.1	3,140.8	683.0	5,871.4
<i>Accumulated amortization and impairment losses</i>	(1,143.1)	(28.0)	(367.3)	(1,941.3)	-	(3,479.7)
<b>Net book value as at 1 January 2023 (restated)</b>	<b>292.2</b>	<b>140.2</b>	<b>76.8</b>	<b>1,199.5</b>	<b>683.0</b>	<b>2,391.7</b>
<b>As at 31 December 2023</b>						
<i>Gross value</i>	1,377.7	117.1	424.4	2,895.9	610.6	5,425.7
<i>Accumulated amortization and impairment losses</i>	(1,060.4)	(11.8)	(370.0)	(1,993.8)	-	(3,436.0)
<b>Net book value as at 31 December 202</b>	<b>328.6</b>	<b>105.3</b>	<b>54.4</b>	<b>890.8</b>	<b>610.6</b>	<b>1,989.7</b>

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

	Software and internally generated licenses	Costs of development projects in progress	Purchased software, patents, licenses and other intangibles	Intangible assets recognized in business combinations	"ASSECO" and "Matrix IT" trademarks	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Net book value of intangible assets as at 1 January 2022</b>	<b>253.1</b>	<b>123.2</b>	<b>92.9</b>	<b>1,327.8</b>	<b>706.8</b>	<b>2,503.8</b>
<b>Additions, of which:</b>	<b>127.2</b>	<b>155.6</b>	<b>21.6</b>	<b>181.2</b>	<b>-</b>	<b>485.6</b>
Purchases and modernization	-	-	21.2	-	-	21.2
Obtaining control over subsidiaries	3.5	6.1	0.4	181.2	-	191.2
Capitalization of development project c	-	149.5	-	-	-	149.5
Transfers from the costs of developer projects in progress	123.7	-	-	-	-	123.7
<b>Reductions, of which:</b>	<b>(92.6)</b>	<b>(124.1)</b>	<b>(29.4)</b>	<b>(303.8)</b>	<b>-</b>	<b>(549.9)</b>
Amortization charges for the reporting period	(90.9)	-	(25.4)	(303.8)	-	(420.1)
Disposal and liquidation	-	(0.4)	(0.3)	-	-	(0.7)
Loss of control over subsidiaries	(1.7)	-	(3.7)	-	-	(5.4)
Transfers to internally generated softw:	-	(123.7)	-	-	-	(123.7)
<b>(Recognition)/Reversal of impairment losses</b>	<b>(5.2)</b>	<b>(18.0)</b>	<b>-</b>	<b>(20.2)</b>	<b>-</b>	<b>(43.4)</b>
<b>Other</b>	<b>-</b>	<b>(0.1)</b>	<b>-</b>	<b>0.3</b>	<b>-</b>	<b>0.2</b>
<b>Change due to hyperinflation</b>	<b>0.2</b>	<b>-</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>0.7</b>
<b>Exchange differences on translation of foreign operations</b>	<b>9.5</b>	<b>3.6</b>	<b>(8.8)</b>	<b>14.2</b>	<b>(23.8)</b>	<b>(5.3)</b>
<b>Net book value of intangible assets as at 31 December 2022 (restated)</b>	<b>292.2</b>	<b>140.2</b>	<b>76.8</b>	<b>1,199.5</b>	<b>683.0</b>	<b>2,391.7</b>

<b>As at 1 January 2022</b>						
Gross value	1,282.3	133.1	435.2	2,925.9	706.8	5,483.3
Accumulated amortization and impairment losses	(1,029.2)	(9.9)	(342.3)	(1,598.1)	-	(2,979.5)
<b>Net book value as at 1 January 2022</b>	<b>253.1</b>	<b>123.2</b>	<b>92.9</b>	<b>1,327.8</b>	<b>706.8</b>	<b>2,503.8</b>

<b>As at 31 December 2022</b>						
Gross value	1,435.3	168.2	444.1	3,140.8	683.0	5,871.4
Accumulated amortization and impairment losses	(1,143.1)	(28.0)	(367.3)	(1,941.3)	-	(3,479.7)
<b>Net book value as at 31 December 2022 (restated)</b>	<b>292.2</b>	<b>140.2</b>	<b>76.8</b>	<b>1,199.5</b>	<b>683.0</b>	<b>2,391.7</b>

The impairment loss on intangible assets in the comparable period is related mainly to a product owned by the company Tecsis (the Asseco International segment). The decision to write down the entire carrying value of the said product was made because a key customer of Tecsis resigned from services provided on the basis of this product.

For impairment testing purposes, intangible assets are allocated to individual cash-generating units or groups of cash-generating units, which are constituted by individual subsidiaries or groups of subsidiaries. The conducted annual impairment tests have been described in detail in explanatory note 6.5 to these consolidated financial statements.

The column 'Intangible assets recognized in business combinations' discloses intangible assets identified at obtaining control over subsidiaries, including in particular: internally generated but non-capitalized technologies and products of the acquired companies, customer relations, and backlog. A substantial asset identified in the accounting for obtaining control over Formula Group in 2017 was the "Matrix IT" trademark, the carrying value of which stands at USD 120.2 million (PLN 473.0 million) as at the reporting date, and which has been assigned an indefinite period of useful life. For the purpose of impairment testing of the "Matrix IT" trademark,

the Group compared the value of net assets of Matrix IT with the company's stock market capitalization. This analysis showed that the company's market value exceeds its book value, and therefore the trademark was considered not to be impaired.

Additions to intangible assets recognized in accounting for business combinations in 2023 included:

- internally generated products identified in companies acquired in the Asseco Poland segment (PLN 7.2 million),
- customer relations identified in companies acquired in the Formula Systems segment (PLN 93.5 million), and
- other intangible assets identified in companies acquired in the Formula Systems segment (PLN 7.2 million).

### Development projects

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

In the year ended 31 December 2023, total development project costs which qualified for capitalization amounted to PLN 115.3 million (vs. PLN 149.5 million in the comparable period) and they were incurred by the following operating segments:

	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn
Asseco Poland segment	19.0	38.5
Asseco International segment	35.5	45.2
Formula Systems segment	60.8	65.8
<b>Total</b>	<b>115.3</b>	<b>149.5</b>

### Asseco Poland segment

During the period of 12 months ended 31 December 2023, within the Asseco Poland segment the largest expenditures for development work were made by Asseco Poland S.A. (PLN 14.2 million), and Asseco Data Systems S.A. (PLN 4.2 million).

The Group analyzed its development projects in progress with regard to impairment and concluded that these projects are being carried out on schedule and there is no need to recognize any impairment charges.

The largest projects implemented by companies of the Asseco Poland segment included:

**Asseco Medical Patient and Personnel Portal** – project carried out by Asseco Poland S.A. The aim of the project is to create a new product dedicated to managing standalone healthcare centers, as well as healthcare networks. The project will result in the development of software enabling e-services. Until 31 December 2023, total expenditures that have been capitalized as intangible assets amounted to PLN 2.5 million, of which PLN 1.6 million in 2023. The project will be completed in the second quarter of 2024.

**Road2cloud** – project carried out by Asseco Poland S.A. The goal of this project is to design and implement a new version of the Asseco CMR reporting system, featuring a module to handle AnaCredit and National Credit Register reporting in an architecture integrated with public cloud solutions. Until 31 December 2023, total expenditures that have been capitalized as intangible assets amounted to PLN 2.5 million, of which PLN 1.7 million in 2023. The project will be completed in the second quarter of 2024.

**ACSE-eCommerce** – project carried out by Asseco Poland S.A. This project is aimed to upgrade the ACSE-eCommerce software with modules to enable the implementation of VOICE and DATA telecom sales and after-sales services. The ACSE system is a solution for large, medium as well as small-sized telecom operators. Until 31 December 2023, total expenditures that have been capitalized as intangible assets amounted to PLN 5.8 million, of which PLN 0.7 million in 2023. The project was completed in December 2023.

In turn, as part of development projects carried out by **Asseco Data Systems S.A.**, capitalized expenditures were related to the development and modernization of the company's own products which are dedicated mainly to municipal governments (e.g. ERP systems for state institutions, toll collection systems, etc.) and public cloud solutions.

## Asseco International segment

During the period of 12 months ended 31 December 2023, within the Asseco International segment the largest expenditures for development work were made by Asseco Business Solutions S.A. (PLN 22.8 million), Asseco Solutions, Slovakia (PLN 2.5 million), Asseco Central Europe, a.s. Slovakia (PLN 3.7 million), and by Asseco Central Europe Hungary (PLN 1.1 million).

The largest projects implemented by companies of the Asseco International segment included:

**Macrologic ERP WNIP 6.0** – project carried out by Asseco Business Solutions S.A. The goal of the project is to add necessary functionalities to the Macrologic ERP products line in order to meet the market needs. This product is dedicated to large and medium-sized enterprises, supporting the execution of complex business processes with software solutions adapted to specific needs. In 2023, development expenditures for this project amounted to PLN 5.3 million. The project was completed by 31 December 2023.

**ABS Mobile Touch 13.0** – project carried out by Asseco Business Solutions S.A. The objective of the project is to extend the functionality of the Mobile Touch solution. The Mobile Touch application is a system that combines sales, CRM, presentation, management and control functions. It can be operated on modern tablets or smartphones thereby enabling effective cooperation via phone, e-mail or external applications. The Mobile Touch system is designed for companies that have extensive sales forces operating in the field. The application provides convenient, fast and safe access to information from any place and at any time, increases the efficiency of daily work of sales representatives, and allows the managerial staff to monitor the status of tasks performed by salespeople on an ongoing basis. The solution successfully supports FMCG, pharmaceutical and construction industry companies, and can also be implemented in other market sectors. In 2023, development expenditures for this project amounted to PLN 3.7 million. The project was completed by 31 December 2023.

**ABS.IR 3.0** – project carried out by Asseco Business Solutions S.A. The ABS.IR project aims to recognize products with the help of artificial intelligence embedded in the cloud or on a device, automatically determine business parameters based on a picture, develop tools to effectively describe pictures for artificial intelligence learning, as well as to create an analytical area allowing to study the use and effectiveness of Image Recognition. In 2023, development expenditures for this project amounted to PLN 4.1 million. The project was completed by 31 December 2023.

**CloudERP** – project carried out by ACE Asseco Solutions, Slovakia. The goal of this project is to develop a next-generation ERP system incorporating e-Commerce solutions in the SAAS model and artificial intelligence, suitable for both businesses (B2B) and individual customers (B2C). In 2023, expenditures for development of this application amounted to PLN 2.5 million.

## Formula Systems segment

During the period of 12 months ended 31 December 2023, within the Formula Systems segment the largest expenditures for development work were made by Sapiens International (PLN 27.3 million), Magic Software (PLN 13.3 million), and ZAP Group (PLN 16.3 million).

The largest projects implemented by companies of the Formula Systems segment included:

**IDIT** – project carried out by Sapiens International. IDIT software supports mainly property and casualty insurance products. It enables simplified administration and automated control of the claims management and settlement process. This product offers intelligent as well as rule-based automatic payment of compensations. In 2023, expenditures for development of this application amounted to PLN 9.7 million.

**Adaptik** – project carried out by Sapiens International. The aim of the project is to develop software for the administration of property and casualty insurance, depending on the individual user needs. This product is used by insurance companies and focuses on the electronic filing of applications. In 2023, expenditures for development of this application amounted to PLN 9.4 million.

**FIS** – project carried out by Sapiens International. The aim of this project is to develop software for the administration of life and pension insurance. It is a comprehensive cloud-based solution for managing insurance, annuities, investments, etc. In 2023, expenditures for development of this application amounted to PLN 8.0 million.

**XPA** – project carried out by Magic Software. The goal of this project is to develop a code-free platform allowing for quick creation of enterprise-grade mobile, web-based and desktop applications. In 2023, expenditures for development of this application amounted to PLN 5.3 million.

**XPA** – project carried out by Magic Software. This project aims to develop an integration platform to connect IT systems, enabling the orchestration of data flows in order to support the achievement of business objectives. In 2023, expenditures for development of this application amounted to PLN 3.0 million.

### 6.3. Right-of-use assets

---

#### Selected accounting policies

---

A contract is a lease or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use is transferred under a contract if the lessee has both of the following:

- the right to obtain substantially all of the economic benefits from use of the identified asset; and
- the right to direct the use of the identified asset.

#### **Initial recognition and measurement of right-of-use assets**

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

Right-of-use assets are initially recognized at cost.

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

#### **Subsequent measurement of right-of-use assets**

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

#### **Practical expedients for short-term leases and leases of low-value assets**

The Group applies a practical expedient to rental contracts and other contracts of similar nature that are concluded for a period shorter than 12 months from the lease commencement date.

Whereas, the practical expedient for leases of low-value assets is applied by the Group primarily to leases of IT hardware and other equipment with a low initial value. Low-value assets are considered by the Group to be items with a value not exceeding USD 5,000.

In both the above-mentioned exceptions, the lease payments are recognized as operating expenses basically on a straight-line basis, in the period to which they are related. The recognition of costs in the appropriate category, by function or nature, depends on the purpose of the leased asset. In such case, no right-of-use assets and corresponding financial liabilities are recognized.

#### **Exemptions from applying IFRS 16**

The Group does not apply the provisions of IFRS 16 to rental contracts and other contracts of similar nature for which the underlying assets are recognized as intangible assets. Moreover, IFRS 16 does not apply to intellectual property licensing agreements which are within the scope of IAS 38.

Accounting policies regarding the lease term in contracts concluded for an indefinite period have been described in explanatory note 6.16.

---

#### Estimates and judgements

---

The Group applies the provisions of IAS 36 'Impairment of Assets' to determine whether the right-of-use asset is impaired. At each reporting date, the Group determines if there are any objective indications of impairment of a given right-of-use asset. In addition, at the end of each financial year, the Company's Management makes judgments for contracts concluded for an indefinite period in order to determine their duration with reasonable certainty.

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

---

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

	Land and buildings	Transportation vehicles	Other	Total
	PLN mn	PLN mn	PLN mn	PLN mn
<b>Net book value of right-of-use assets as at 1 January 2023</b>	<b>643.2</b>	<b>142.7</b>	<b>4.0</b>	<b>789.9</b>
<b>Additions, of which:</b>	<b>253.0</b>	<b>110.7</b>	<b>2.5</b>	<b>366.2</b>
Conclusion of new lease contracts	199.0	109.4	2.3	310.7
Modification of existing contracts (lease extension, interest rate change)	14.7	0.6	0.1	15.4
Obtaining control over subsidiaries	2.5	0.2	-	2.7
Additions due to change in lease instalments	36.8	0.4	-	37.2
Other	-	0.1	0.1	0.2
<b>Reductions, of which:</b>	<b>(229.3)</b>	<b>(93.1)</b>	<b>(2.6)</b>	<b>(325.0)</b>
Depreciation charges for the reporting period	(198.0)	(86.4)	(2.4)	(286.8)
Early termination of contracts	(6.1)	(4.0)	-	(10.1)
Modification of existing contracts (lease shortening, interest rate change)	(21.8)	-	-	(21.8)
Reductions due to change in lease instalments	(1.0)	(0.2)	-	(1.2)
Acquisition of right-of-use assets	-	(2.5)	(0.2)	(2.7)
Other	(2.4)	-	-	(2.4)
<b>Impairment losses (+/-)</b>	<b>2.0</b>	<b>-</b>	<b>-</b>	<b>2.0</b>
<b>Change in presentation</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>0.1</b>
<b>Exchange differences on translation of foreign operations</b>	<b>(59.4)</b>	<b>(18.2)</b>	<b>(0.4)</b>	<b>(78.0)</b>
<b>Net book value of right-of-use assets as at 31 December 2023</b>	<b>609.5</b>	<b>142.2</b>	<b>3.5</b>	<b>755.2</b>
<b>As at 1 January 2023</b>				
<i>Gross value</i>	<i>1,211.1</i>	<i>279.4</i>	<i>9.3</i>	<i>1,499.8</i>
<i>Accumulated depreciation and impairment losses</i>	<i>(567.9)</i>	<i>(136.7)</i>	<i>(5.3)</i>	<i>(709.9)</i>
<b>Net book value as at 1 January 2023</b>	<b>643.2</b>	<b>142.7</b>	<b>4.0</b>	<b>789.9</b>
<b>As at 31 December 2023</b>				
<i>Gross value</i>	<i>1,218.1</i>	<i>299.2</i>	<i>9.4</i>	<i>1,526.7</i>
<i>Accumulated depreciation and impairment losses</i>	<i>(608.6)</i>	<i>(157.0)</i>	<i>(5.9)</i>	<i>(771.5)</i>
<b>As at 31 December 2023, less accumulated depreciation</b>	<b>609.5</b>	<b>142.2</b>	<b>3.5</b>	<b>755.2</b>

The largest portion of the Group's right-of-use assets is constituted by land and buildings. In the case of land, the balance disclosed as at 31 December 2023 includes mainly contracts for perpetual usufruct of land that have been concluded by the Group companies based in Poland. The remaining contractual period of the perpetual usufruct of land is long (ranging for 68 to 99 years) and we have constructed our own office buildings on such perpetually leased land, as a result of which we have relatively small flexibility as regards the option to terminate such lease contracts.

Whereas, assets representing the right to use buildings result from contracts for rental of office space concluded in many countries around the world. The lease terms under such contracts are up to 20 years. Our office space lease contracts contain just standard provisions which are in line with the market practice, and therefore they do not generate any unusual risks.

Lease liabilities corresponding to the value of right-of-use assets have been presented in explanatory note 6.16.



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

	Land and buildings	Transportation vehicles	Other	Total
	PLN mn	PLN mn	PLN mn	PLN mn
<b>Net book value of right-of-use assets as at 1 January 2022</b>	<b>711.4</b>	<b>115.0</b>	<b>4.7</b>	<b>831.1</b>
<b>Additions, of which:</b>	<b>215.5</b>	<b>121.8</b>	<b>2.7</b>	<b>340.0</b>
Conclusion of new lease contracts	157.9	115.8	2.7	276.4
Modification of existing contracts (lease extension, interest rate change)	28.7	0.6	-	29.3
Obtaining control over subsidiaries	14.8	0.7	-	15.5
Other	14.1	4.7	-	18.8
<b>Reductions, of which:</b>	<b>(213.3)</b>	<b>(90.6)</b>	<b>(2.8)</b>	<b>(306.7)</b>
Depreciation charges for the reporting period	(194.9)	(83.4)	(2.5)	(280.8)
Loss of control over subsidiaries	(6.5)	-	(0.3)	(6.8)
Early termination of contracts	(6.1)	-	-	(6.1)
Modification of existing contracts (lease shortening, interest rate change)	-	(0.4)	-	(0.4)
Acquisition of right-of-use assets	-	(6.6)	-	(6.6)
Reclassification to assets held for sale	(5.8)	-	-	(5.8)
Other	-	(0.2)	-	(0.2)
<b>Impairment losses (+/-)</b>	<b>8.3</b>	<b>-</b>	<b>-</b>	<b>8.3</b>
<b>Change in presentation</b>	<b>(75.5)</b>	<b>0.2</b>	<b>(0.7)</b>	<b>(76.0)</b>
<b>Exchange differences on translation of foreign operations</b>	<b>(3.2)</b>	<b>(3.7)</b>	<b>0.1</b>	<b>(6.8)</b>
<b>Net book value of right-of-use assets as at 31 December 2022</b>	<b>643.2</b>	<b>142.7</b>	<b>4.0</b>	<b>789.9</b>
<b>As at 1 January 2022</b>				
<i>Gross value</i>	<i>1,170.3</i>	<i>284.6</i>	<i>18.7</i>	<i>1,473.6</i>
<i>Accumulated depreciation and impairment losses</i>	<i>(458.9)</i>	<i>(169.6)</i>	<i>(14.0)</i>	<i>(642.5)</i>
<b>Net book value as at 1 January 2022</b>	<b>711.4</b>	<b>115.0</b>	<b>4.7</b>	<b>831.1</b>
<b>As at 31 December 2022</b>				
<i>Gross value</i>	<i>1,211.1</i>	<i>279.4</i>	<i>9.3</i>	<i>1,499.8</i>
<i>Accumulated depreciation and impairment losses</i>	<i>(567.9)</i>	<i>(136.7)</i>	<i>(5.3)</i>	<i>(709.9)</i>
<b>As at 31 December 2022, less accumulated depreciation</b>	<b>643.2</b>	<b>142.7</b>	<b>4.0</b>	<b>789.9</b>

In the comparable period, the change in presentation amounting to PLN 75.5 million is related to a real estate utilized by ACE Group companies that used to be recognized as a right-of-use asset in 2021. This property is owned by Galvaniho 5 s.r.o. The Group obtained joint control over Galvaniho5 s.r.o. in 2022 and recognized this company as a joint operation, as a result of which assets and liabilities of this company began to be consolidated using the proportionate method (the method of allocating the company's share of assets and liabilities). Therefore, the right-of-use assets arising from the Group's lease agreements were reclassified to property, plant and equipment.

The reclassification to assets held for sale in the amount of PLN 5.8 million is related to a real estate used by Asseco Poland that was reclassified to assets held for sale during the comparable period.

## 6.4. Goodwill

### Selected accounting policies

**Goodwill** arising from the acquisition of an entity is initially recognized at purchase cost, which represents the excess of: (i) the value of the consideration transferred; (ii) the amount of any non-controlling interest in the acquired entity; and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquired entity; over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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

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

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

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

For impairment testing purposes, goodwill arising from obtaining control over subsidiaries is allocated by the Group in the following way:

- to the groups of cash-generating units that constitute an operating segment; or
- to individual subsidiaries; or
- to operating segments identified within the Parent Company (including: "Finance and Banking", "Healthcare and Public Administration", or "General Business").

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

Goodwill	31 December 2023	31 December 2022
	PLN mn	(restated) PLN mn
<b>Asseco Poland segment, of which:</b>	<b>2,271.0</b>	<b>2,264.3</b>
<b>Goodwill allocated to individual cash-generating units</b>	<b>349.5</b>	<b>342.8</b>
Asseco Data Systems S.A.	245.5	245.5
Asseco Cloud Sp. z o.o.	11.0	11.0
GSTN Consulting	33.1	33.1
ZUI Novum Sp. z o.o.	0.3	0.3
DahliaMatic Sp. z o.o.	44.8	49.7
ComCERT S.A.	3.2	3.2
Nextbank Sp. z o.o.	11.6	-
<b>Operating segments identified within the Parent Company</b>	<b>1,921.5</b>	<b>1,921.5</b>
Goodwill allocated to the Finance and Banking segment	890.2	890.2
Goodwill allocated to the Healthcare and Public Administration segment	850.3	850.3
Goodwill allocated to the General Business segment	181.0	181.0
<b>Asseco International segment, of which:</b>	<b>1,780.9</b>	<b>1,710.0</b>
Asseco Central Europe Group	745.6	786.1
Asseco South Eastern Europe Group	943.8	824.8
Asseco Spain S.A.	18.6	20.0
Asseco Lietuva UAB <sup>1)</sup>	0.5	0.7
Asseco PST Holding SGPS S.A. (formerly Exictos)	72.4	78.4
<b>Formula Systems segment</b>	<b>1,826.9</b>	<b>1,956.2</b>
<b>Total goodwill</b>	<b>5,878.8</b>	<b>5,930.5</b>

<sup>1)</sup> Goodwill recognized on the acquisition of Sintagma UAB and Asseco Lietuva UAB.

During the periods of 12 months ended 31 December 2023 and 31 December 2022, the following changes in goodwill arising from consolidation took place (the table includes changed components only):

Goodwill as allocated to reportable segments in 2023:	Goodwill at the beginning of the period PLN mn	Obtaining of control / Loss of control PLN mn	Write-down on goodwill PLN mn	Hyperinflation PLN mn	Foreign exchange differences PLN mn	Goodwill at the end of the period PLN mn
<b>Asseco Poland segment</b>						
DahliaMatic Sp. z o.o.	49.7	-	(4.9)	-	-	44.8
Nextbank Sp. z o.o.	-	11.6	-	-	-	11.6
<b>Asseco International segment</b>						
Asseco Central Europe Group	786.1	-	-	-	(40.5)	745.6
Asseco South Eastern Europe Group	824.8	179.0	-	37.5	(97.5)	943.8
Asseco Spain S.A.	20.0	-	-	-	(1.4)	18.6
Asseco Lietuva UAB	0.7	-	-	-	(0.2)	0.5
Asseco PST Holding SGPS S.A. (formerly Exictos)	78.4	-	-	-	(6.0)	72.4
<b>Formula Systems segment</b>						
Formula Group	1,956.2	92.3	-	-	(221.6)	1,826.9

Goodwill as allocated to reportable segments in 2022:	Goodwill at the beginning of the period PLN mn	Obtaining of control / Loss of control PLN mn	Write-down on goodwill PLN mn	Hyperinflation	Foreign exchange differences PLN mn	Goodwill at the end of the period PLN mn
<b>Asseco Poland segment</b>						
DahliaMatic Sp. z o.o.	54.7	-	(5.0)	-	-	49.7
Asseco Data Systems S.A.	233.3	12.2	-	-	-	245.5
<b>Asseco International segment</b>						
Asseco Central Europe Group	770.0	3.8	-	-	12.3	786.1
Asseco South Eastern Europe Group	710.0	46.5	-	70.7	(2.4)	824.8
Asseco Spain S.A.	19.6	-	-	-	0.4	20.0
Asseco Danmark	35.0	(35.6)	-	-	0.6	-
Asseco PST Holding SGPS S.A. (formerly Exictos)	76.1	0.7	-	-	1.6	78.4
Tecnologia Sistemas y Aplicaciones (Tecsisa)	12.5	-	(12.8)	-	0.3	-
<b>Formula Systems segment</b>						
Formula Group	1,691.5	213.9	-	-	50.8	1,956.2

The increase in goodwill due to hyperinflation is a result of applying IAS 29 and is related to Turkey-based subsidiaries of ASEE Group (the Asseco International segment). Detailed information on the impact of hyperinflation has been provided in explanatory note 2.12 to these consolidated financial statements.

The decrease in goodwill of DahliaMatic Sp. z o.o. is a result of recognizing a write-down on goodwill of this company in the amount of PLN 4.9 million in 2023.

In addition, in the period of 12 months ended 31 December 2023, the balance of goodwill arising from consolidation was affected by the transactions described below. Foreign currency amounts disclosed for individual acquisitions in the tables below have been converted to Polish zlotys at the exchange rates effective on the acquisition date, whereas in the aggregate table above, changes in goodwill have been converted to Polish zlotys at the average exchange rate for the reporting period.

Due to the large number of acquisition transactions conducted within the Group, a detailed description has only been provided for major acquisitions (where the value of net assets acquired was higher than PLN 10 million). For the remaining acquisitions, we have disclosed just basic information.

No descriptions have been provided for acquisitions that were carried out during the comparable period and finally accounted for in the reporting period, because the differences between their provisional and final purchase price allocations were immaterial. The total impact of final purchase price allocations on individual items of the statement of financial position and the statement of profit and loss is presented in explanatory note 2.11 to these consolidated financial statements.

In order to determine the fair value of assets and liabilities of the acquired entities, input data were derived from the financial statements of the acquired companies prepared as at the acquisition date, in accordance with the accounting policy adopted by Asseco Group. In addition, as a result of the purchase price allocations performed, the Group recognized intangible assets which were measured on the basis of expected future sales revenues, expected profitability, and return on assets employed. The estimated cash flows were discounted with the discount rate equivalent to the weighted average cost of capital determined for individual companies. In correspondence to the recognition of assets, the Group recognized deferred tax liabilities.

For each acquisition, the Group estimates the fair value of potential contingent liabilities assumed, such as disputes against the acquired companies or groups of companies.

In some acquisitions, the purchase price allocation process is performed by external consulting companies and in such cases the fair values of assets and liabilities recognized from the acquisition are derived from a report prepared as part of this process.

*i. Acquisition of shares in Zebra company by Matrix Group*

On 1 January 2023, Tangram Soft Ltd (a company of Matrix IT Group) acquired 70% of shares in the company Zebra A.G.R. Technologies Ltd based in Israel. The purchase price amounted to NIS 79.3 million (PLN 98.4 million), of which NIS 53.0 million (PLN 65.8 million) was paid in cash, and the remaining amount represents a put option worth NIS 26.3 million (PLN 32.6 million). All non-controlling interests are puttable and are accounted for using the present ownership method (whereby the value of put options is measured at purchase price, while the balance of non-controlling interests stands at 0). The acquisition agreement provides for bilateral call and put options for the remaining shares in that company.

As part of the purchase price allocation, the excess of the purchase price paid over the value of net assets acquired was recognized in intangible assets in the amount of NIS 21.2 million (PLN 26.3 million), while the amount of NIS 20.9 million (PLN 25.9 million) was allocated to goodwill.

As at 31 December 2023, the process of purchase price allocation has already been completed by the Group. The fair values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional values as at the acquisition date NIS mn	Provisional values as at the acquisition date PLN mn	Fair values as at the acquisition date NIS mn	Fair values as at the acquisition date PLN mn
<b>Assets acquired</b>				
Property, plant and equipment	-	-	0.3	0.4
Intangible assets (including those identified under purchase price allocation)	11.2	13.9	21.2	26.3
Trade receivables	117.8	146.1	117.8	146.1
Inventories	15.3	19.0	15.3	19.0
Cash and cash equivalents	15.1	18.7	15.1	18.7
Other assets	3.6	4.5	3.4	4.3
<b>Total assets</b>	<b>163.0</b>	<b>202.2</b>	<b>173.1</b>	<b>214.8</b>
<b>Liabilities acquired</b>				
Bank loans and borrowings	25.1	31.1	25.1	31.1
Trade payables	78.5	97.4	78.5	97.4
Other liabilities	6.2	7.7	6.2	7.7
Deferred tax liabilities	2.6	3.2	4.9	6.1
<b>Total liabilities</b>	<b>112.4</b>	<b>139.4</b>	<b>114.7</b>	<b>142.3</b>
<b>Net assets value</b>	<b>50.6</b>	<b>62.8</b>	<b>58.4</b>	<b>72.5</b>
<b>Value of non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity interest acquired</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>

<b>Purchase price</b>	<b>79.3</b>	<b>98.4</b>	<b>79.3</b>	<b>98.4</b>
<b>Goodwill as at the acquisition date</b>	<b>28.7</b>	<b>35.6</b>	<b>20.9</b>	<b>25.9</b>

*ii. Acquisition of shares in K.M.T (M.H.) Technologies Communication Computers Ltd by Magic Group*

On 8 June 2023, Magic Software Enterprises Ltd (a company of Magic Group) acquired 60% of shares in K.M.T (M.H.) Technologies Communication Computers Ltd based in Israel. The purchase price of these shares amounted to NIS 56.3 million (PLN 63.1 million) and it was fully paid in cash.

As part of the provisional purchase price allocation, the excess of the purchase price paid over the value of net assets acquired was recognized in intangible assets in the amount of NIS 34.8 million (PLN 39.0 million), while the remaining amount of NIS 35.0 million (PLN 39.2 million) was allocated to goodwill.

Until 31 December 2023, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional values as at the acquisition date	
	NIS mn	PLN mn
<b>Assets acquired</b>		
Property, plant and equipment	0.5	0.6
Intangible assets (including those identified under purchase price allocation)	34.8	39.0
Trade receivables	9.8	11.0
Cash and cash equivalents	2.3	2.6
Other assets	4.5	5.0
<b>Total assets</b>	<b>51.9</b>	<b>58.2</b>
<b>Liabilities acquired</b>		
Trade payables	0.8	0.9
Deferred income	-	-
Other liabilities	12.1	13.6
Deferred tax liabilities	4.2	4.7
<b>Total liabilities</b>	<b>17.1</b>	<b>19.2</b>
<b>Net assets value</b>	<b>34.8</b>	<b>39.0</b>
<b>Value of non-controlling interests</b>	<b>13.5</b>	<b>15.1</b>
<b>Equity interest acquired</b>	<b>60%</b>	<b>60%</b>
<b>Purchase price</b>	<b>56.3</b>	<b>63.1</b>
<b>Goodwill as at the acquisition date</b>	<b>35.0</b>	<b>39.2</b>

*iii. Acquisition of shares in Emalogic Software Ltd*

On 22 June 2023, Michpal MicroComputers (1983) Ltd (a company of Michpal Group) acquired 75% of shares in Emalogic Software Ltd based in Israel. The purchase price amounted to NIS 26.4 million (PLN 29.3 million), of which NIS 23.8 million (PLN 26.4 million) was paid in cash, and the remaining amount constitutes a conditional payment depending on future operating profits of the acquired company.

As part of the provisional purchase price allocation, the excess of the purchase price paid over the value of net assets acquired was recognized in intangible assets in the amount of NIS 17.0 million (PLN 18.9 million), while the remaining amount of NIS 14.6 million (PLN 16.2 million) was allocated to goodwill.

Until 31 December 2023, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional values as at the acquisition date	Provisional values as at the acquisition date
	NIS mn	PLN mn
<b>Assets acquired</b>		
Property, plant and equipment	0.6	0.7
Intangible assets (including those identified under purchase price allocation)	17.0	18.9
Trade receivables	5.5	6.1
Cash and cash equivalents	9.4	10.4
Other assets	1.2	1.3
<b>Total assets</b>	<b>33.7</b>	<b>37.4</b>
<b>Liabilities acquired</b>		
Bank loans and borrowings	1.0	1.1
Trade payables	0.3	0.3
Other liabilities	12.8	14.3
Deferred tax liabilities	3.9	4.3
<b>Total liabilities</b>	<b>18.0</b>	<b>20.0</b>
<b>Net assets value</b>	<b>15.7</b>	<b>17.4</b>
<b>Value of non-controlling interests</b>	<b>3.9</b>	<b>4.3</b>
<b>Equity interest acquired</b>	<b>75%</b>	<b>75%</b>
<b>Purchase price</b>	<b>26.4</b>	<b>29.3</b>
<b>Goodwill as at the acquisition date</b>	<b>14.6</b>	<b>16.2</b>

*iv. Obtaining control over NextBank Software Sp. z o.o.*

On 1 October 2023, Asseco Poland S.A. obtained control over the company NEXTBANK SOFTWARE Sp. z o.o. in which it held a 60.8% stake of shares as at the date of obtaining control. The fair value of shares held was determined at PLN 17.5 million, and as a result of this transaction the Group recognized a gain of PLN 5.8 million on the revaluation of shares held.

As part of the provisional purchase price allocation, the excess of the fair value measurement of shares held over the value of net assets acquired was recognized in intangible assets in the amount of PLN 11.3 million, while the remaining amount of PLN 11.6 million was allocated to goodwill.

Until 31 December 2023, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company.

*v. 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). The purchase price amounted to EUR 13.8 million (PLN 62.8 million), of which EUR 8.3 million (PLN 37.7 million) was paid in cash, and the remaining amount constitutes a conditional payment of EUR 1.4 million (PLN 6.4 million) depending on future profits of the acquired company and a put option worth EUR 4.1 million (PLN 18.6 million). All non-controlling interests are puttable and are accounted for using the present ownership method (whereby the value of put options is measured at purchase price, while the balance of non-controlling interests stands at 0).

As part of the provisional purchase price allocation, the excess of the purchase price paid over the value of net assets acquired in the amount of EUR 12.4 million (PLN 56.4 million) was allocated to goodwill.

Until 31 December 2023, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company.

*vi. 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). The purchase price amounted to EUR 4.5 million (PLN 19.5 million), of which EUR 2.7 million (PLN 12.3 million) was paid in cash, and the remaining amount constitutes a conditional payment of EUR 1.2 million (PLN 5.5 million) depending on future profits of the acquired company and a put option worth EUR 0.6 million (PLN 2.7 million). All non-controlling interests are puttable and are accounted for using the present ownership method (whereby the value of put options is measured at purchase price, while the balance of non-controlling interests stands at 0).

As part of the provisional purchase price allocation, the excess of the purchase price paid over the value of net assets acquired in the amount of EUR 2.5 million (PLN 10.8 million) was allocated to goodwill.

Until 31 December 2023, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company.

*vii. Acquisition of shares in NCDC S.A.*

On 4 December 2023, Sapiens Software Solutions (Poland) Sp. z o.o. (a company of Sapiens Group) acquired 100% of shares in NCDC S.A., a company based in Poland. The purchase price amounted to PLN 46.6 million, of which PLN 40.5 million was paid in cash, and the remaining amount constitutes a deferred payment, a portion of which additionally depends on future operating profits of the acquired company.

As part of the provisional purchase price allocation, the excess of the purchase price paid over the value of net assets acquired was recognized in intangible assets in the amount of PLN 17.5 million, while the remaining amount of PLN 12.7 million was allocated to goodwill.

Until 31 December 2023, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional values as at the acquisition date
	PLN mn
<b>Assets acquired</b>	
Property, plant and equipment	8.6
Intangible assets (including those identified under purchase price allocation)	17.5
Right-of-use assets	0.7
Trade receivables	4.8
Cash and cash equivalents	8.4
Other assets	2.1
<b>Total assets</b>	<b>42.1</b>
<b>Liabilities acquired</b>	
Trade payables	2.0
Other liabilities	2.9
Deferred tax liabilities	3.3
<b>Total liabilities</b>	<b>8.2</b>
<b>Net assets value</b>	<b>33.9</b>
<b>Value of non-controlling interests</b>	<b>-</b>
<b>Equity interest acquired</b>	<b>100%</b>
<b>Purchase price</b>	<b>46.6</b>
<b>Goodwill as at the acquisition date</b>	<b>12.7</b>

#### viii. Acquisition of shares in Dwelt d.o.o. Banja Luka

On 20 December 2023, ASEE d.o.o. Sarajevo acquired 60% of shares in Dwelt d.o.o., a company based in Banja Luka (Bosnia and Herzegovina). The purchase price amounted to BAM 51.0 million (PLN 112.9 million), of which BAM 7.8 million (PLN 17.3 million) was paid in cash, and the remaining amount constitutes a conditional payment of BAM 11.6 million (PLN 25.6 million) depending on future profits of the acquired company and a put option worth BAM 31.6 million (PLN 70.0 million). All non-controlling interests are puttable and are accounted for using the present ownership method (whereby the value of put options is measured at purchase price, while the balance of non-controlling interests stands at 0).

As part of the provisional purchase price allocation, the excess of the purchase price paid over the value of net assets acquired in the amount of BAM 50.4 million (PLN 111.3 million) was allocated to goodwill.

Until 31 December 2023, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company.

### 6.5. Impairment tests

#### *Selected accounting policies*

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

*The recoverable amount of an asset or cash-generating unit corresponds to the fair value of such asset or cash-generating unit less the costs necessary to make the sale of such asset or cash-generating unit, or to the value in use of such asset or cash-generating unit, whichever is higher. The recoverable amount is measured for individual assets unless a given asset does not generate cash flows significantly independent from cash flows generated by other assets or groups of assets. Impairment takes place when the carrying value of an asset is higher than its recoverable amount, in which case such asset shall be written-down to the determined recoverable amount. In order to determine the value in use, estimated future cash flows shall be discounted to their present value by applying a discount rate that reflects the current market assessments of the time value of money and the risks related to the given asset. Impairment losses on assets used in continuing operations are recognized as operating expenses.*

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

#### **Goodwill – impairment tests**

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

*In the event a cash-generating unit contains goodwill and a part of operation of this cash-generating unit is sold, goodwill related to the operation disposed shall be included in its carrying value for the purpose of determining a gain or loss on disposal of that operation. In such circumstances the value of goodwill sold shall be measured as a proportion of the value of business disposed to the value of the cash-generating unit retained.*

#### *Estimates and judgements*

*Each impairment test requires making estimates of the value in use of a cash-generating unit or a group of cash-generating. The value in use is estimated by determining both the future cash flows expected to be achieved from the cash-generating unit or units and a discount rate to be subsequently used in order to calculate the net present value of those cash flows.*



## Companies quoted in an active market

In the case of cash-generating units constituted by companies or groups of companies quoted in an active market, the recoverable amount may equal the market value (i.e. stock market capitalization) of a company/group or its value in use, whichever is higher. Therefore, for cash-generating units constituted by companies or groups of companies quoted in an active market, impairment testing was performed in two stages. First of all, the carrying value of a cash-generating unit was compared to its market value (stock market capitalization). If the market value exceeded the carrying value, the cash-generating unit was deemed not to have been impaired. Otherwise, the value in use of such cash-generating unit was estimated by applying the model of discounted free cash flow to firm (FCFF).

As at 31 December 2023, the stock market capitalization of Asseco Poland remained below the book value of the Group's net assets.

In the case of the Asseco International segment, for impairment testing purposes, goodwill is allocated to the level of operating segments constituted by companies or subgroups incorporated within Asseco International Group.

In the case of cash-generating units constituted by companies quoted in an active market, factors indicating potential impairment may include: low market capitalization of a given cash-generating unit (i.e. excess of its carrying value over its market value).

Our companies or groups of companies quoted in an active market include: Asseco Business Solutions S.A., Asseco South Eastern Europe S.A., as well as Formula Systems (1985) Ltd and its subsidiary subgroups.

The tables below compare the market values (calculated on the basis of the average price of each company's shares quoted in the last quarter before the reporting date) against the carrying values of our cash-generating units constituted by companies or groups of companies quoted in an active market as at 31 December 2023 and 31 December 2022.

<b>31 December 2023</b>	<b>Asseco South Eastern Europe Group</b>	<b>Asseco Business Solutions S.A.</b>	<b>Formula Group</b>
	<b>PLN mn</b>	<b>PLN mn</b>	<b>PLN mn</b>
net assets value of cash-generating unit	1,181.2	381.8	3,323.7
stock market capitalization	2,411.1	1,543.3	4,102.2
<b>excess (+) / deficit (-) of fair value over carrying value</b>	<b>1,229.9</b>	<b>1,161.5</b>	<b>778.5</b>

<b>31 December 2022</b>	<b>Asseco South Eastern Europe Group</b>	<b>Asseco Business Solutions S.A.</b>	<b>Formula Group</b>
	<b>PLN mn</b>	<b>PLN mn</b>	<b>PLN mn</b>
net assets value of cash-generating unit	1,176.7	364.2	3,435.4
stock market capitalization	2,265.3	1,042.2	5,544.4
<b>excess (+) / deficit (-) of fair value over carrying value</b>	<b>1,088.6</b>	<b>678.0</b>	<b>2,109.0</b>

The fair values of Asseco Business Solutions S.A., Asseco South Eastern Europe Group and Formula Systems Group are much higher than their carrying values, hence it was deemed unnecessary to perform an additional interim impairment test or to recognize any impairment losses on these cash-generating units. However, appropriate impairment tests were carried out in accordance with the requirements of IAS 36, and their underlying assumptions are described below.

### Companies not quoted in an active market

In the case of companies or groups of companies not quoted in an active market, the recoverable amount of cash-generating units was determined as their value in use by applying the model of discounted free cash flow to firm (FCFF).

In the calculation of the value in use of cash-generating units or groups of cash-generating units, the following assumptions have been adopted:

- For each subsidiary, the so-called business units were analyzed which, when put together, comprise the budget and forecasts of the whole subsidiary company;
- Detailed forecasts covered the period of 5 years with an assumed increase in cash flows, while the residual value for later operations of each subsidiary was computed assuming a steady growth in cash flows in a range of 2.5% to 3.0%;
- Projected increases in cash flows depend upon the Group's overall strategy and detailed business plans of individual companies, taking into account the specifics of particular geographical markets and sectors. They also reflect the present and potential order backlog, assuming both the retention of current customers and gaining new ones. Despite fluctuating inflation, revenue increases are also expected due to the indexation mechanisms contained in existing contracts. This is particularly evident in companies of the Asseco Poland segment, including Asseco Poland S.A., Asseco Data Systems S.A. and Asseco Cloud Sp. z o.o., as well as in Asseco Spain S.A. (the Asseco International segment) where the rate of change in free cash flows reached a positive value;
- Due to the fact that both in the Healthcare and Public Administration segment and the General Business segment identified by the Parent Company, the execution of budgets and forecasts largely depends on gaining several major contracts in the future with the Parent Company's key clients, it should be noted that the forecasts for testing assumed the most likely scenario of continuing cooperation with these clients in the long term and acquiring such significant contracts;
- In the case of the Finance and Banking segment, the Management considered all significant internal and external factors which affect the expected growth in demand for the Company's products and services in this segment. In particular, the Management assumed a significant increase in such demand during the forecast period to be driven by digital transformation and regulatory changes in the financial sector, not only in Poland but also in other markets where the Company operates or intends to operate in the near future. Another assumption was that the Banking and Finance segment will complete significant investment processes during the forecast period which, in combination with macroeconomic factors, will enable optimization of the cost structure and higher profitability of this cash-generating unit/segment. Taking into account the adopted operating strategy for the coming years, the Management sees no significant risk of failure to meet the assumptions adopted for the test;
- The forecasts for foreign subsidiaries assumed growth of sales in their functional currencies;
- The discount rates applied were equivalent to the weighted average cost of capital for a given cash-generating unit. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the beta coefficient leveraged to reflect the average market debt/equity ratio, as well as the expected market yield.

Only in very few cases the war in Ukraine had a bearing on the current financial results and/or expectations of the Management Board as to the future financial performance of the Group companies. In the event where the company's present condition has deteriorated or it operates in a market that is particularly affected by the current developments, our forecasts for the coming years reflect greater uncertainty in relation to the expectations made in the last year's testing models. In such cases, future cash flows were adjusted using a more conservative approach than in previous years. However, in the vast majority of cases, the results achieved by our cash-generating centres in 2023 were favourable, and often better than budgeted.

The conducted impairment tests, which involved the estimation of the value in use by applying the model of discounted free cash flow to firm (FCFF), indicated a necessity to recognize an impairment loss on goodwill related to the company DahliaMatic Sp. z o.o.

Due to several protracted implementation projects that caused additional costs, DahliaMatic Sp. z o.o. was unable to meet its annual budget for 2023. The company's management decided to adjust its 5-year forecasts in order to make them more realistic to the actual situation, as a result of which the company's value in use dropped below its carrying value. Hence, the carried out test resulted in recognition of an impairment charge on goodwill in the amount of PLN 4.9 million.

Other than in the above case, the value in use of all of our cash-generating units or groups of cash-generating units exceeds their carrying value.

## Analysis of sensitivity

We carried out a sensitivity analysis for all the impairment tests performed as at 31 December 2023 which involved the estimation of the value in use. Such sensitivity analysis examined the impact of changes in:

- real discount rate applied for the residual period, i.e. for cash flows generated after 2028;
- compound annual growth rate of free cash flows over the period of forecast, i.e. in the years 2024-2028;

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

The objective of such a sensitivity analysis was to find the threshold values showing how much the selected parameters applied in the model could be changed so that the estimated value in use of each cash-generating unit was equal to its carrying value. The results of such sensitivity analysis carried out as at 31 December 2023 are presented in the following table:

	Carrying value of cash-generating unit*	Value of trademarks with an indefinite useful life allocated to cash-generating unit	Discount rate for the residual period		Compound annual growth rate of free cash flows (FCFF)
			applied in the model	threshold value	threshold value
	PLN mn	PLN mn	%	%	%
<b>Cash-generating unit constituted by the Formula Systems segment</b>					
Formula Systems Group	5,442.3	473.0	9.0%	17.1%	(15.8%)
<b>Main cash-generating units within the Asseco International segment</b>					
Asseco South Eastern Europe Group	1,194.7	-	10.1%	57.1%	(20.9%)
Asseco Central Europe Group	1,332.3	-	8.8%	23.7%	(21.8%)
Asseco Spain	57.5	-	9.1%	15.0%	8.5%
Asseco PST	143.0	-	9.0%	32.6%	(30.4%)
Asseco Lietuva	-	-	11.2%	∞	n/a
<b>Main cash-generating units within the Asseco Poland segment</b>					
<i>Companies of the Asseco Poland segment identified as cash-generating units</i>					
ZUI Novum	4.5	-	13.0%	∞	n/a
Asseco Data Systems	405.8	-	10.8%	21.1%	(14.3%)
DahliaMatic	46.0	-	13.0%	19.8%	15.4%
Asseco Cloud	32.0	-	13.0%	36.5%	1.2%
<b>Cash-generating units constituted by operating segments identified within the Parent Company</b>					
Healthcare and Public Administration segment	986.4	137.6**	10.1%	22.1%	(14.5%)
Finance and Banking segment	1,026.3		10.1%	12.7%	(1.2%)
General Business segment	238.0		10.1%	25.6%	(23.0%)

\* The carrying value of a cash-generating unit represents net operating assets (including the fair value of assets recognized in purchase price allocation) and goodwill that have been fully consolidated in these financial statements (hence this value does not include net debt/cash position).

\*\* The trademark value allocated to defend the aggregate value of Asseco Poland's three operating segments equals to PLN 51.8 million.

∞ means that the threshold discount rate for the residual period is greater than 100% or negative.

n/a means that it is impossible to determine the threshold value of compound annual growth rate of free cash flows

The analogous analysis performed as at 31 December 2022 was as follows:

	Carrying value of cash-generating unit*	Value of trademarks with an indefinite useful life allocated to cash-generating unit	Discount rate for the residual period		Compound annual growth rate of free cash flows (FCFF)
	PLN mn	PLN mn	applied in the model %	threshold value %	threshold value %
<b>Cash-generating unit constituted by the Formula Systems segment</b>					
Formula Systems Group	5,219.6	545.4	8.7%	14.4%	(11.9%)
<b>Main cash-generating units within the Asseco International segment</b>					
Asseco South Eastern Europe Group	1,157.7	-	11.7%	29.7%	(14.0%)
Asseco Central Europe Group	1,266.7	-	9.3%	18.0%	(15.5%)
Asseco Spain	70.8	-	9.6%	32.5%	1.4%
Asseco PST	123.7	-	9.5%	27.6%	(30.0%)
Sintagma + Asseco Lietuva	10.7	-	12.5%	86.9%	(4.8%)
<b>Main cash-generating units within the Asseco Poland segment</b>					
<i>Companies of the Asseco Poland segment identified as cash-generating units</i>					
ZUI Novum	3.9	-	14.4%	∞	n/a
Asseco Data Systems	461.1	-	12.5%	18.4%	12.9%
DahliaMatic	64.9	-	14.1%***	14.1%***	(1.5%)
Asseco Cloud	30.1	-	14.4%	22.3%	43.4%**
<b>Cash-generating units constituted by operating segments identified within the Parent Company</b>					
Healthcare and Public Administration segment	1,073.8	137.6****	11.7%	17.0%	1.2%
Finance and Banking segment	1,084.8		11.7%	14.0%	19.4%
General Business segment	266.2		11.7%	18.2%	4.3%

\* The carrying value of a cash-generating unit represents net operating assets (including the fair value of assets recognized in purchase price allocation) and goodwill that have been fully consolidated in these financial statements (hence this value does not include net debt/cash position).

\*\* The high level of the compound annual growth rate of free cash flows for Asseco Cloud is attributable to the indexation of existing customer contracts as described in the assumptions for impairment testing, as well as high capital expenditures for property, plant and equipment in the current year.

\*\*\* The discount rate applied in the model for the residual period and the threshold discount rate are the same due to the recognition of an impairment write-down on goodwill in the amount of PLN 5.0 million.

\*\*\*\* The trademark value allocated to uphold the aggregate value of Asseco Poland's three operating segments equals to PLN 60.9 million.

Explanations for this table (\*, ∞ and n/a) are identical to those disclosed under the previous table.

The Group has identified common (corporate) assets that contribute to the generation of future cash flows by multiple cash-generating units. Therefore, corporate assets are tested for potential impairment at the aggregate level of operating segments identified in the Parent Company, after taking into account revenues and costs from corporate activities. The Group's corporate assets include portions of the "ASSECO" trademark, land and buildings where our representative offices are located, as well as company-wide intangible assets that have been allocated to operating activities.

As indicated in the table above, for the Finance and Banking segment identified as a cash-generating unit in the Parent Company, the discount rate applied in the analysis model for the residual period equalled 10.1%. Whereas, the compound annual growth rate of cash flows for the period from 2024 to 2028 as applied in the model for this segment equalled 8.5%. The values of analogical parameters (i.e. WACC for the residual period and CAGR) applied in the model for the Healthcare and Public Administration segment equalled 10.1% and 12.0%, respectively. For the General Business segment we applied the same value of WACC as for other segments, while the adopted compound annual growth rate of free cash flows equalled 5.7%.

In addition, the table below presents the analysis of sensitivity of our models for the calculation of the recoverable amounts of the largest cash-generating units, to changes in discount rates as well as to percentage changes in the expected free cash flows (FCFF).

Formula Systems	Change in discount rate for the residual period (in percentage points)						
	-1.5 pp	-1.0 pp	-0.5 pp	0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
Present value of FCFF (in millions of PLN)	23,810.6	21,677.8	19,911.1	18,896.3	17,161.0	16,072.3	15,126.6
Excess/deficit against the unit's book value (in millions of PLN)	14,819.1	12,686.2	10,919.6	9,904.8	8,169.5	7,080.8	6,135.1

Formula Systems	Change in the value of FCFF in the years 2024-2028 (in percentage)						
	-5%	-3%	-1%	0%	1%	3%	5%
Present value of FCFF (in millions of PLN)	17,951.5	18,329.4	18,707.4	18,896.3	19,085.3	19,463.2	19,841.2
Excess/deficit against the unit's book value (in millions of PLN)	8,960.0	9,337.9	9,715.9	9,904.8	10,093.8	10,471.7	10,849.7

Asseco South Eastern Europe Group	Change in discount rate for the residual period (in percentage points)						
	-1.5 pp	-1.0 pp	-0.5 pp	0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
Present value of FCFF (in millions of PLN)	5,595.8	5,164.8	4,797.2	4,672.3	4,204.7	3,963.1	3,749.7
Excess/deficit against the unit's book value (in millions of PLN)	4,355.7	3,924.7	3,557.1	3,432.2	2,964.6	2,723.0	2,509.6

Asseco South Eastern Europe Group	Change in the value of FCFF in the years 2024-2028 (in percentage)						
	-5%	-3%	-1%	0%	1%	3%	5%
Present value of FCFF (in millions of PLN)	4,438.6	4,532.1	4,625.5	4,672.3	4,719.0	4,812.4	4,905.9
Excess/deficit against the unit's book value (in millions of PLN)	3,198.5	3,292.0	3,385.4	3,432.2	3,478.9	3,572.3	3,665.8

Asseco Central Europe Group	Change in discount rate for the residual period (in percentage points)						
	-1.5 pp	-1.0 pp	-0.5 pp	0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
Present value of FCFF (in millions of PLN)	5,203.3	4,723.4	4,328.2	4,100.0	3,717.0	3,476.5	3,268.1
Excess/deficit against the unit's book value (in millions of PLN)	3,710.9	3,231.0	2,835.8	2,607.6	2,224.6	1,984.1	1,775.7

Asseco Central Europe Group	Change in the value of FCFF in the years 2024-2028 (in percentage)						
	-5%	-3%	-1%	0%	1%	3%	5%
Present value of FCFF (in millions of PLN)	3,895.0	3,977.0	4,059.0	4,100.0	4,141.0	4,223.0	4,305.0
Excess/deficit against the unit's book value (in millions of PLN)	2,402.6	2,484.6	2,566.6	2,607.6	2,648.6	2,730.6	2,812.6

Asseco Data Systems	Change in discount rate for the residual period (in percentage points)						
	-1.5 pp	-1.0 pp	-0.5 pp	0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
Present value of FCFF (in millions of PLN)	1,085.0	1,004.2	935.0	914.5	822.7	776.6	735.8
Excess/deficit against the unit's book value (in millions of PLN)	676.4	595.6	526.4	505.9	414.1	368.0	327.2

Asseco Data Systems		Change in the value of FCFF in the years 2024-2028 (in percentage)					
Present value of FCFF (in millions of PLN)	868.8	887.1	905.4	914.5	923.7	942.0	960.3
Excess/deficit against the unit's book value (in millions of PLN)	460.2	478.5	496.8	505.9	515.1	533.4	551.7

Finance and Banking segment		Change in discount rate for the residual period (in percentage points)					
	-1.5 pp	-1.0 pp	-0.5 pp	0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
Present value of FCFF (in millions of PLN)	1,743.3	1,601.9	1,482.7	1,439.2	1,293.4	1,217.2	1,150.3
Excess/deficit against the unit's book value (in millions of PLN)	717.0	575.6	456.4	412.9	267.1	190.9	124.0

Finance and Banking segment		Change in the value of FCFF in the years 2024-2028 (in percentage)					
	-5%	-3%	-1%	0%	1%	3%	5%
Present value of FCFF (in millions of PLN)	1,367.3	1,396.1	1,424.8	1,439.2	1,453.6	1,482.4	1,511.2
Excess/deficit against the unit's book value (in millions of PLN)	341.0	369.8	398.5	412.9	427.3	456.1	484.9

Healthcare and Public Administration segment		Change in discount rate for the residual period (in percentage points)					
	-1.5 pp	-1.0 pp	-0.5 pp	0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
Present value of FCFF (in millions of PLN)	2,989.3	2,742.2	2,534.0	2,458.1	2,203.4	2,070.3	1,953.5
Excess/deficit against the unit's book value (in millions of PLN)	2,002.9	1,755.8	1,547.6	1,471.7	1,217.0	1,083.9	967.1

Healthcare and Public Administration segment		Change in the value of FCFF in the years 2024-2028 (in percentage)					
	-5%	-3%	-1%	0%	1%	3%	5%
Present value of FCFF (in millions of PLN)	2,335.2	2,384.4	2,433.5	2,458.1	2,482.7	2,531.9	2,581.0
Excess/deficit against the unit's book value (in millions of PLN)	1,348.8	1,398.0	1,447.1	1,471.7	1,496.3	1,545.5	1,594.6

General Business segment		Change in discount rate for the residual period (in percentage points)					
	-1.5 pp	-1.0 pp	-0.5 pp	0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
Present value of FCFF (in millions of PLN)	729.2	671.6	623.0	605.4	546.0	515.0	487.8
Excess/deficit against the unit's book value (in millions of PLN)	491.2	433.6	385.0	367.4	308.0	277.0	249.8

General Business segment		Change in the value of FCFF in the years 2024-2028 (in percentage)					
	-5%	-3%	-1%	0%	1%	3%	5%
Present value of FCFF (in millions of PLN)	575.1	587.2	599.3	605.4	611.4	623.5	635.6
Excess/deficit against the unit's book value (in millions of PLN)	337.1	349.2	361.3	367.4	373.4	385.5	397.6

## 6.6. Associates and joint ventures

### Selected accounting policies

#### Investments in associates

Associates are entities which remain under significant, direct or indirect, influence of the Parent Company which are however neither subsidiaries nor joint ventures.

Investments in associates are disclosed in the Group's consolidated financial statements using the equity method. Under the equity method of accounting, any investment in an associate is initially recognized at cost and is subsequently adjusted to reflect the Group's share of profit or loss and other comprehensive income of the associate.

Financial statements of associates, adjusted to comply with IFRS, constitute the basis for valuation of the Group's shareholdings in such entities using the equity method. The reporting dates of associates are the same as those adopted by the Group.

#### Investments in joint ventures

Joint ventures are joint contractual arrangements whereby the parties that have joint control of the arrangement have rights to net assets of the arrangement. Shares in joint ventures which are jointly controlled by the Group are accounted for using the equity method.

The largest among our companies consolidated using the equity method is TSG IT Advanced Systems Ltd (included in the Formula Systems segment) which is a jointly controlled entity. Other companies with the largest carrying value of investment include the associated companies Prvni Certifikacni Autorita a.s. (the Asseco International segment) and Postdata S.A. (the Asseco Poland segment), and the joint venture Geopoint Ltd (the Formula Systems segment).

Investments in associates and joint ventures are accounted for using the equity method and their key financial information is presented in the table below.

Financial position data of associates and joint ventures	31 December 2023	of which	31 December 2022	of which
	PLN mn	TSG company PLN mn	PLN mn	TSG company PLN mn
Non-current assets	330.7	248.2	437.0	349.8
Current assets	277.0	206.0	369.5	296.0
Non-current liabilities	311.0	264.9	374.4	318.9
Current liabilities	144.8	107.8	189.6	148.0
<b>Net assets</b>	<b>151.9</b>	<b>81.5</b>	<b>242.5</b>	<b>178.9</b>
<b>Book value of investments</b>	<b>101.6</b>	<b>74.8</b>	<b>123.1</b>	<b>85.2</b>

Profit and loss data of associates and joint ventures	12 months ended	of which	12 months ended	of which
	31 December 2023 PLN mn	TSG company PLN mn	31 December 2022 PLN mn	TSG company PLN mn
Revenues	480.4	333.7	453.3	298.9
Operating profit	45.1	25.4	15.6	(4.5)
Net profit/loss	20.4	5.8	(5.1)	(19.1)
<b>Share of profits of associates and joint ventures</b>	<b>3.9</b>	<b>2.9</b>	<b>(0.1)</b>	<b>(9.5)</b>

In addition, other comprehensive income of associates and joint ventures for the period of 12 months ended 31 December 2023 that is attributable to the Parent Company amounted to PLN (0.5) million and resulted from exchange differences on translation of foreign operations and other changes in equity.

## 6.7. Entities with significant non-controlling interests

### Selected accounting policies

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

In section 3 of these consolidated financial statements, we have presented information on entities in which the Group holds less than 100% of shares, including their company names, countries of registration, as well as equity interests and voting rights held by the Group.

In the Management's opinion, the entities with significant individual non-controlling interests are: Matrix IT Group, Magic Software Enterprises Group, Sapiens International Group, Asseco South Eastern Europe Group, as well as Asseco Central Europe Group, among others including Asseco Business Solutions. In the case of other entities with non-controlling interests, individual non-controlling interests do not exceed 4% of total non-controlling interests therein, hence they have not been considered as entities with significant non-controlling interests.

The tables below present the selected financial data of entities with significant individual non-controlling interests for the period of 12 months ended 31 December 2023 and as at 31 December 2023, as well as for respective comparable periods. These figures are presented before consolidation adjustments, including the elimination of mutual transactions.

Percentage of non-controlling interests	31 December 2023	31 December 2022
Matrix IT Ltd*	87.55%	87.55%
Magic Software Enterprises Ltd*	87.94%	88.18%
Sapiens International Corp. NV*	88.73%	88.73%
ASEE Group	49.11%	49.11%
ACE Group	7.67%	8.67%

\* Percentages of non-controlling interests are calculated taking into account our direct shareholding in Formula Systems (1985) as well as indirect shareholdings in the companies of Matrix IT Ltd, Magic Software Enterprises Ltd, and Sapiens International Corp. NV.

Group name	Carrying value of non-controlling interests*	
	31 December 2023	31 December 2022 (restated)
Formula Group**	2,948.5	2,842.1
ASEE Group	559.1	556.9
ACE Group	256.2	243.2
Other individually insignificant	8.9	21.1
<b>Total</b>	<b>3,772.7</b>	<b>3,663.3</b>

\* Carrying values of non-controlling interests have been adjusted for the value of put options granted to minority shareholders.

\*\* The value of non-controlling interest in Formula Group includes, among others, the values of non-controlling interests in Matrix IT Ltd, Magic Software Enterprises Ltd, and Sapiens International Corp. NV.

Group name	Net profit attributable to non-controlling interests		Dividends paid out to non-controlling interests	
	31 December 2023	31 December 2022 (restated)	31 December 2023	31 December 2022
Matrix IT Ltd	231.8	396.8	(104.9)	(253.8)
Magic Software Enterprises Ltd	140.9	164.2	(90.9)	(78.3)
Sapiens International Corp. NV	206.4	175.1	(63.8)	(96.4)
ASEE Group	106.6	100.1	(48.0)	(36.6)
ACE Group	57.7	52.3	(46.3)	(44.4)
Other individually insignificant	(13.6)	(32.8)	(57.4)	(81.2)
<b>Total</b>	<b>729.8</b>	<b>855.7</b>	<b>(411.3)</b>	<b>(590.7)</b>



	Matrix IT Ltd	Magic Software Enterprises Ltd	Sapiens International Corp. NV	ASEE Group	ACE Group
<b>31 December 2023</b>					
Non-current assets	1,586.4	1,059.9	1,452.4	1,168.9	963.9
Current assets	2,840.7	998.9	1,380.9	952.5	698.7
<i>of which cash and cash equivalents</i>	<i>694.6</i>	<i>418.5</i>	<i>498.7</i>	<i>313.7</i>	<i>284.4</i>
Non-current liabilities	800.7	362.7	321.1	277.5	183.4
Current liabilities	2,424.8	551.2	759.0	716.9	470.5
<b>31 December 2022 (restated)</b>					
Non-current assets	1,769.3	1,157.2	1,674.8	1,060.0	1,012.2
Current assets	3,226.6	1,082.7	1,424.4	814.1	710.7
<i>of which cash and cash equivalents</i>	<i>1,049.9</i>	<i>365.6</i>	<i>706.0</i>	<i>298.6</i>	<i>207.2</i>
Non-current liabilities	1,141.1	336.5	558.3	185.9	212.4
Current liabilities	2,647.9	687.0	791.5	566.1	495.6

	Matrix IT Ltd	Magic Software Enterprises Ltd	Sapiens International Corp. NV	ASEE Group	ACE Group
<b>Period of 12 months ended 31 December 2023</b>					
Net cash provided by (used in) operating activities	743.1	413.6	512.5	358.4	367.2
Net cash provided by (used in) investing activities	(102.7)	(149.5)	(307.5)	(120.3)	(66.4)
Net cash provided by (used in) financing activities	(755.2)	(96.0)	(231.4)	(133.4)	(176.0)
<b>Period of 12 months ended 31 December 2022</b>					
Net cash provided by (used in) operating activities	655.4	330.2	341.0	286.4	220.5
Net cash provided by (used in) investing activities	44.6	(161.9)	(55.0)	(96.5)	(88.5)
Net cash provided by (used in) financing activities	(218.7)	(83.6)	(325.3)	(75.2)	(152.4)

## 6.8. Receivables and contract assets

### *Selected accounting policies*

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

Assets from contracts with customers result from the excess of the percentage of completion of implementation contracts over invoices issued. In the case of such assets, the Group has fulfilled its performance obligation but the right to payment is conditioned on something other than just the passage of time, which distinguishes contract assets from trade receivables.

**Trade receivables**, usually with payment terms ranging from 14 and 30 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for doubtful receivables. Receivables with remote payment terms are recognized at the present value of expected payments, less any allowances for expected credit losses.

**Receivables from uninvoiced deliveries** arise from the supply of services which were performed during the reporting period (the Group has completed its performance obligation), but have not been invoiced until the end of the reporting period. However, if as at the reporting date the Group deems it has an unconditional right to payment for its performance, the respective amounts are classified as receivables.

#### **Allowances for expected credit losses on receivables and contract assets**

In estimating an allowance for trade receivables, the Company applies the simplified approach whereby the impairment allowance is measured at an amount equal to expected credit losses over the lifetime of receivables. In order to estimate such expected credit losses, the Group uses a provisioning matrix prepared on the basis of historical payments received from customers, where appropriate adjusted by the impact of forward-looking information. For this purpose, the Group

allocates its customers into homogeneous groups from which receivables are statistically analyzed in respect of aging and collection, based on data from minimum 2 years back.

The amount of impairment allowances is revised at each reporting date.

For trade receivables that are past-due more than 180 days, apart from the statistical method of estimating the amount of impairment loss based on the provisioning matrix, the Group also applies individual approach. For all trade receivables that are past-due more than 180 days and significant in amount, the management shall exercise professional judgment while analyzing the financial condition of the contractor, type of collateral held, progress of contract completion, customer rating, as well as other relevant facts and circumstances.

The procedure for recognizing an additional loss allowance in excess of the amounts resulting directly from the provisioning matrix is a supplementary verification mechanism used by the Company which allows to identify those receivables for which the risk of non-collection is higher than the statistical average.

In the case of additional control procedure, the Company takes into account all the facts and circumstances that may indicate the risk related to given receivables is higher than statistical. Such facts and circumstances include:

- questioning the amount of receivables by the customer, especially if the Group has entered into a dispute with the customer before any court or arbitration authority;
- individual financial standing of the customer, including in particular the fact of entering into restructuring or bankruptcy proceedings, or information about the deteriorating financial liquidity of the customer;
- situation in the geographical market or sector in which the customer operates;
- specifics of the contract under which payment is receivable, including any security mechanisms provided for in the contract (e.g. software copyrights are transferred to the customer only upon receiving the payment);
- any collateral held as security for payment.

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

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

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

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

#### Estimates and judgements

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

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

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

	31 December 2023		31 December 2022 (restated)	
	Long-term	Short-term	Long-term	Short-term
	PLN mn	PLN mn	PLN mn	PLN mn
<b>Trade receivables, of which:</b>				
<b>Invoiced receivables</b>	<b>1.2</b>	<b>3,091.2</b>	<b>2.8</b>	<b>3,302.3</b>
from related parties	0.6	8.0	1.7	17.9
from other entities	0.6	3,083.2	1.1	3,284.4
<b>Uninvoiced receivables</b>	<b>16.0</b>	<b>641.2</b>	<b>1.0</b>	<b>766.1</b>
from related parties	-	8.8	-	9.0
from other entities	16.0	632.4	1.0	757.1
<b>Receivables from operating leases</b>	<b>-</b>	<b>8.7</b>	<b>-</b>	<b>9.5</b>
from related parties	-	-	-	-
from other entities	-	8.7	-	9.5
<b>Net investment in the lease</b>	<b>1.6</b>	<b>0.7</b>	<b>2.5</b>	<b>1.0</b>
<b>Allowances for expected credit losses on trade receivables</b>	<b>-</b>	<b>(131.3)</b>	<b>(0.2)</b>	<b>(124.8)</b>

<b>Total trade receivables</b>	<b>18.8</b>	<b>3,610.5</b>	<b>6.1</b>	<b>3,954.1</b>
<b>Corporate income tax receivable</b>	-	<b>130.8</b>	-	<b>62.8</b>
<b>Receivables from the state and local budgets</b>	-	<b>53.1</b>	-	<b>43.6</b>
Value added tax	-	28.2	-	22.6
Other	-	24.9	-	21.0
<b>Other receivables</b>	<b>57.0</b>	<b>135.4</b>	<b>64.5</b>	<b>80.9</b>
Other receivables	57.0	137.7	64.5	82.9
Allowances for expected credit losses on other receivables (-)	-	(2.3)	-	(2.0)
<b>Total receivables from the state and local budgets and other receivables</b>	<b>57.0</b>	<b>188.5</b>	<b>64.5</b>	<b>124.5</b>
<b>Total receivables</b>	<b>75.8</b>	<b>3,929.8</b>	<b>70.6</b>	<b>4,141.4</b>

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

	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN mn	PLN mn	PLN mn	PLN mn
<b>Contract assets (receivables from valuation of IT contracts)</b>				
from related parties	-	54.1	-	35.9
from other entities	-	643.1	-	727.2
<b>Total contract assets</b>	-	<b>697.2</b>	-	<b>763.1</b>

Assets from contracts with customers result from the excess of the percentage of completion of implementation contracts over invoices issued.

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

	12 months ended 31 December 2023 PLN mn	12 months ended 31 December 2022 PLN mn
<b>Contract assets as at 1 January</b>	<b>763.1</b>	<b>501.9</b>
Reclassification of contract assets due to obtaining an unconditional right to payment	(353.0)	(663.9)
Fulfilment of new uninvoiced performance obligations; changes in estimated transaction prices, modification of other assumptions	335.9	901.6
Obtaining control over subsidiaries	(0.9)	12.6
Exchange differences on translation of foreign operations	(47.9)	10.9
<b>Contract assets as at 31 December</b>	<b>697.2</b>	<b>763.1</b>

Both as at 31 December 2023 and 31 December 2022, the carrying values of receivables and contract assets were not different from their fair values which are determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets (level 3 of the fair value hierarchy).

Related party transactions have been presented in explanatory note 6.22 to these consolidated financial statements.

The balance of other receivables includes, among others, receivables relating to guarantees of due performance of contracts (i.e. cash security provided to customers in order to compensate for their potential losses should we fail to fulfil any contractual obligations), receivables from disposal of tangible assets, receivables from security deposits paid-in (PLN 51.1 million), as well as receivables from the sale of shares by the Parent Company and by the Asseco International segment.

Receivables from disposal of financial instruments and equity investments include primarily receivables from the sale of shares in the companies: Asseco Central Europe in the amount of PLN 2.6 million, Asseco South Eastern Europe – PLN 1.1 million, Podkarpacki Fundusz Nieruchomości Sp. z o.o. – PLN 13.0 million, and in Eversoft Poland Sp. z o.o. – PLN 0.2 million.

The Group has adopted a relevant policy that allows for selling products and services to verified customers. Owing to that, in the Management’s opinion the credited sales risk would not exceed the level covered with allowances for doubtful receivables. However, due to the dynamic macroeconomic and geopolitical situation prevailing in Poland and globally, the Group has implemented a process of even stricter monitoring of its receivables and has intensified its standard debt collection procedures.

The tables below present the ageing structure of gross receivables and loss allowances as at 31 December 2023 and 31 December 2022. In addition, the table discloses the percentages of gross receivables that have been covered by allowances for expected credit losses.

	31 December 2023					
	Amount before allowance (gross)		Allowance		Amount after allowance (net)	
	PLN mn	%	PLN mn	% covered by allowance	PLN mn	%
<b>Receivables not yet due</b>	<b>2,459.6</b>	<b>65.4%</b>	<b>(18.1)</b>	<b>0.7%</b>	<b>2,441.5</b>	<b>67.3%</b>
<b>Past-due receivables</b>	<b>1,301.0</b>	<b>34.6%</b>	<b>(113.2)</b>	<b>8.7%</b>	<b>1,187.8</b>	<b>32.7%</b>
Receivables past-due up to 3 months	724.5	19.3%	(1.9)	0.3%	722.6	19.9%
Receivables past-due from 3 to 6 months	426.1	11.3%	(2.1)	0.5%	424.0	11.7%
Receivables past-due from 6 to 12 months	59.5	1.6%	(23.4)	39.3%	36.1	1.0%
Receivables past-due over 12 months	90.9	2.4%	(85.8)	94.4%	5.1	0.1%
<b>Total trade receivables</b>	<b>3,760.6</b>	<b>100.0%</b>	<b>(131.3)</b>	<b>3.5%</b>	<b>3,629.3</b>	<b>100.0%</b>

	31 December 2022 (restated)					
	Amount before allowance (gross)		Allowance		Amount after allowance (net)	
	PLN mn	%	PLN mn	% covered by allowance	PLN mn	%
<b>Receivables not yet due</b>	<b>2,240.7</b>	<b>54.8%</b>	<b>(10.8)</b>	<b>0.5%</b>	<b>2,229.9</b>	<b>56.3%</b>
<b>Past-due receivables</b>	<b>1,845.2</b>	<b>45.2%</b>	<b>(114.2)</b>	<b>6.2%</b>	<b>1,731.0</b>	<b>43.7%</b>
Receivables past-due up to 3 months	1,474.0	36.1%	(1.8)	0.1%	1,472.2	37.2%
Receivables past-due from 3 to 6 months	222.0	5.4%	(3.2)	1.4%	218.8	5.5%
Receivables past-due from 6 to 12 months	53.9	1.3%	(21.0)	39.0%	32.9	0.8%
Receivables past-due over 12 months	95.3	2.3%	(88.2)	92.5%	7.1	0.2%
<b>Total trade receivables</b>	<b>4,085.9</b>	<b>100.0%</b>	<b>(125.0)</b>	<b>3.1%</b>	<b>3,960.9</b>	<b>100.0%</b>

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

Allowances for trade receivables	12 months ended 31 December 2023	12 months ended 31 December 2022 (restated)
	PLN mn	PLN mn
<b>Allowances as at 1 January</b>	<b>(125.0)</b>	<b>(118.9)</b>
Recognized during the reporting period	(65.7)	(52.7)
Utilized during the reporting period	16.6	13.7
Reversed during the reporting period	30.0	36.6
Acquisition of subsidiaries	(0.2)	(3.9)
Loss of control over subsidiaries	0.1	0.7
Foreign exchange differences	12.9	(0.5)
<b>As at 31 December</b>	<b>(131.3)</b>	<b>(125.0)</b>

## 6.9. Prepayments and accrued income

### Selected accounting policies

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

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

#### Costs of contracts with customers

The costs of obtaining a contract are those additional (incremental) costs incurred by the Group in order to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognizes such costs as an asset if it expects to recover those costs. Capitalized costs of obtaining a contract are amortized over the estimated period of engagement with the customer, and their recognition in the statement of profit and loss depends on the cost center.

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

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

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

Costs capitalized in the statement of financial position are subsequently expensed in the statement of profit and loss, basically as the cost of sales in correspondence to the recognition of revenues as goods and services are transferred to the customer.

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

	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN mn	PLN mn	PLN mn	PLN mn
<b>Prepaid services, of which:</b>	<b>57.4</b>	<b>286.1</b>	<b>66.0</b>	<b>288.7</b>
Maintenance services and license fees	54.8	228.3	63.7	228.6
Rents and averaged instalments under operating leases	0.1	1.9	0.2	1.9
Insurances	0.3	15.2	0.6	19.4
Other services	2.2	40.7	1.5	38.8
<b>Expenses related to services performed for which revenues have not been recognized yet</b>	<b>26.8</b>	<b>17.1</b>	<b>22.9</b>	<b>17.5</b>
Costs of fulfilling contracts with customers	26.8	15.6	22.8	14.7
Other costs of services for which revenues have not been recognized yet	-	1.5	0.1	2.8
<b>Other prepayments and accrued income</b>	<b>0.5</b>	<b>15.4</b>	<b>0.2</b>	<b>16.8</b>
<b>Total</b>	<b>84.7</b>	<b>318.6</b>	<b>89.1</b>	<b>323.0</b>

As at 31 December 2023 and 31 December 2022, prepayments and accrued income included primarily the costs of prepaid maintenance services and license fees that will be successively expensed in future periods, as well as the costs of performing projects from which revenues will be recognized in future periods, and which qualify for capitalization in accordance with IFRS 15.

The costs of fulfilling contracts with customers amounting to PLN 42.4 million in 2023 included mainly capitalized expenditures for the development and adaptation of a banking solution at the Parent Company, revenues from which will be recognized by the Group in the future, over time as the solution is made available to banks that declared their willingness to use it in the SaaS model (PLN 32.6 million). The remaining costs of contracts with customers were incurred in the Asseco International segment (PLN 4.6 million) as well as in the Formula Systems segment (PLN 5.2 million). During the reporting period, assets arising from costs incurred in fulfilling contracts with customers were subject to depreciation charges in the amount of PLN 17.5 million, as compared to PLN 15.0 million in the comparable period. There was no impairment in such assets both in the reporting period and the comparable period.

## 6.10. Other assets

### *Selected accounting policies*

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

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

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

At initial recognition, the Group classifies its investments in equity instruments (other than investments in subsidiaries and associates), which are not held for trading and not quoted in an active market, as measured at fair value through other comprehensive income.

Whereas, investments in derivative instruments and equity instruments quoted in an active market are measured at fair value through profit or loss.

#### **Measurement at initial recognition**

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

#### **Measurement after initial recognition**

##### Measurement of financial assets at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met: (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

##### Measurement of financial assets at fair value through other comprehensive income

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

Financial assets that are measured by the Group at fair value through other comprehensive income include: treasury and corporate bonds, as well as investments in equity instruments of companies quoted in an active market (provided such investments are not held for trading and are not a contingent consideration recognized by the acquirer in a business combination) and equity instruments of companies not quoted in an active market.

Investments in equity instruments of companies quoted in an active market may also be recognized by the Group as financial assets carried at fair value through other comprehensive income, provided such investments are not held for trading and are not a contingent consideration recognized by the acquirer in a business combination. Investments in such equity instruments of companies quoted in an active market may be carried at fair value through profit or loss or – following the Group's irrevocable election made at initial recognition – through other comprehensive income.

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

**Measurement of financial assets at fair value through profit or loss**

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

**Derecognition**

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

**Impairment of financial assets**

The expected loss impairment model applies to financial assets measured at amortized cost as well as to financial assets measured at fair value through other comprehensive income, except for investments in equity instruments.

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

- general approach,
- simplified approach.

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

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

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

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

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

**Estimates**

As required by IFRS 9 'Financial Instruments', the Group classifies and measures loans granted at each reporting date, as well as estimates the amount of impairment losses. Derivative financial instruments are measured at fair value at each reporting date.

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

	31 December 2023		31 December 2022 (restated)	
	Long-term PLN mn	Short-term PLN mn	Long-term PLN mn	Short-term PLN mn
<b>Financial assets carried at fair value through profit or loss, of which:</b>				
Shares in companies not quoted in an active market	18.2	0.2	20.9	-
Shares in companies quoted in an active market	9.1	0.1	-	3.3
Other assets	12.8	1.2	17.5	1.0
	<b>40.1</b>	<b>1.5</b>	<b>38.4</b>	<b>4.3</b>
<b>Financial assets carried at fair value through other comprehensive income, of which:</b>				
Shares in companies not quoted in an active market	10.7	-	13.0	3.8
Shares in companies quoted in an active market	76.6	-	41.4	-
Corporate bonds	-	0.6	-	-
Other	1.7	-	3.2	-
	<b>89.0</b>	<b>0.6</b>	<b>57.6</b>	<b>3.8</b>

<b>Financial assets carried at amortized cost, of which:</b>				
Other debt securities	0.1	0.2	-	1.6
<b>Loans granted and cash deposits, of which:</b>				
granted to related parties	6.8	1.3	5.1	1.1
granted to employees	1.6	1.6	0.9	2.4
granted to other entities	-	-	-	1.2
term cash deposits	2.0	305.7	1.4	105.6
	<b>10.5</b>	<b>308.8</b>	<b>7.4</b>	<b>111.9</b>
<b>Total other financial assets</b>	<b>139.6</b>	<b>310.9</b>	<b>103.4</b>	<b>120.0</b>

**Financial assets carried at fair value through profit or loss** include forward transactions for the purchase or sale of foreign currencies, investments in equity instruments quoted in an active market, and derivative instruments. The fair value of currency forward contracts is determined at each reporting date using calculation models based on inputs that are directly observable in active markets. Whereas, the fair value of the portfolio of financial assets is determined on the basis of quoted prices for such assets in active markets.

Investments in companies quoted in an active market are measured at fair value at each reporting date, on the basis of their closing prices at the end of the reporting period. Valuation changes are recognized through profit or loss in the statement of profit and loss.

The balance of shares in companies quoted in an active market includes a small stake of shares in a stock exchange-listed company that was purchased by Formula Systems (1985) Ltd in 2022. The value of shares in companies not quoted in an active market increased primarily due to the valuation of the above-mentioned shareholding.

**Financial assets carried at fair value through other comprehensive income** in the period reported include basically shares of companies quoted in an active market. The Group does not intend to sell these shares in the foreseeable future because it is not our goal to generate short-term gains/losses from trading in shares.

**Financial assets carried at amortized cost** include loans granted, bank deposits, promissory notes, as well as other debt securities.

Loans to related parties were granted on an arm's length basis.

Term cash deposits include bank deposits with an original maturity of more than 3 months.

The increase in term cash deposits is primarily related to the Sapiens Group companies (the Formula Systems segment).

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

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

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



As at 31 December 2023	Carrying value PLN mn	Level 1 <sup>i)</sup> PLN mn	Level 2 <sup>ii)</sup> PLN mn	Level 3 <sup>iii)</sup> PLN mn
<b>Financial assets carried at fair value through profit or loss</b>				
Shares in companies not quoted in an active market	18.4	-	-	18.4
Shares in companies quoted in an active market	9.2	9.2	-	-
Other assets	14.0	-	14.0	-
<b>Total</b>	<b>41.6</b>	<b>9.2</b>	<b>14.0</b>	<b>18.4</b>
<b>Financial assets carried at fair value through other comprehensive income</b>				
Shares in companies not listed on regulated markets	10.7	-	-	10.7
Shares in companies quoted in an active market	76.6	76.6	-	-
Corporate bonds	0.6	-	0.6	-
Other assets	1.7	-	-	1.7
<b>Total</b>	<b>89.6</b>	<b>76.6</b>	<b>0.6</b>	<b>12.4</b>

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

As at 31 December 2022	Carrying value PLN mn	Level 1 <sup>i)</sup> PLN mn	Level 2 <sup>ii)</sup> PLN mn	Level 3 <sup>iii)</sup> PLN mn
<b>Financial assets carried at fair value through profit or loss</b>				
Shares in companies not quoted in an active market	20.9	-	-	20.9
Shares in companies quoted in an active market	3.3	3.3	-	-
Other assets	18.5	3.3	15.2	-
<b>Total</b>	<b>42.7</b>	<b>6.6</b>	<b>15.2</b>	<b>20.9</b>
<b>Financial assets carried at fair value through other comprehensive income</b>				
Shares in companies not listed on regulated markets	16.8	-	-	16.8
Shares in companies listed on regulated markets	41.4	41.4	-	-
Other assets	3.2	-	-	3.2
<b>Total</b>	<b>61.4</b>	<b>41.4</b>	<b>-</b>	<b>20.0</b>

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

## 6.11. Inventories

### Selected accounting policies

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

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

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

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

The table below presents inventories as at 31 December 2023 and 31 December 2022:

Inventories	31 December 2023	31 December 2022
	PLN mn	PLN mn
Computer hardware, third-party software licenses and other goods for resale	323.8	318.0
Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services	33.1	34.1
Impairment losses on inventories	(31.0)	(26.1)
<b>Total</b>	<b>325.9</b>	<b>326.0</b>

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

Impairment losses on inventories	12 months ended 31 December 2023 PLN mn	12 months ended 31 December 2022 PLN mn
<b>Impairment losses as at 1 January</b>	<b>(26.1)</b>	<b>(21.6)</b>
Recognized during the reporting period	(14.8)	(13.9)
Utilized during the reporting period	2.9	3.9
Reversed during the reporting period	4.9	5.9
Loss of control over subsidiaries	0.1	0.2
Foreign exchange differences	2.0	(0.6)
<b>As at 31 December</b>	<b>(31.0)</b>	<b>(26.1)</b>

## 6.12. Cash and cash equivalents

### *Selected accounting policies*

Cash and cash equivalents presented in the statement of financial position comprise cash at bank and on hand, short-term bank deposits with original maturities not exceeding 3 months, and other highly liquid instruments. The balance of cash and cash equivalents disclosed in the consolidated statement of cash flows consists of the above-defined cash and cash equivalents. For the purposes of the statement of cash flows, the Group decided not to include bank overdraft facilities (used as an element of financing for current operations) nor restricted cash in the balance of cash and cash equivalents. The Group treats as cash equivalents only those revolving loans that are obtainable on demand, constituting an integral part of cash management in the Group companies. The Group consistently applies this approach and, in particular, classifies revolving loans as cash equivalents for presentation in the statement of cash flows, when the actual balance of the bank account is subject to frequent fluctuations and the management of a Group company uses bank overdraft facilities for managing the current financial liquidity.

The table below presents cash and cash equivalents as at 31 December 2023 and 31 December 2022:

	31 December 2023 PLN mn	31 December 2022 (restated) PLN mn
Cash at bank accounts	1,860.0	2,352.9
Cash at split payment accounts	19.4	15.9
Cash on hand	0.7	0.7
Short-term bank deposits (up to 3 months)	1,106.2	1,265.1
Other cash equivalents	0.8	1.4
<b>Total cash and cash equivalents as disclosed in the statement of financial position</b>	<b>2,987.1</b>	<b>3,636.0</b>
Interest accrued on cash and cash equivalents	0.1	-
Bank overdraft facilities utilized for current liquidity management	(80.3)	(72.5)
Cash and cash equivalents classified as assets held for sale	1.1	-
<b>Total cash and cash equivalents as disclosed in the cash flow statement</b>	<b>2,908.0</b>	<b>3,563.5</b>

Interest earned on cash at bank is variable and depends on interest rates offered on bank deposits. Short-term bank deposits are made for varying periods of between one day and three months and earn interest at their respective fixed interest rates. The Group holds cash in highly reputable banks only; hence the impact of any estimates of expected credit losses is insignificant.

### 6.13. Share capital

The Parent Company's share capital as at 31 December 2023 and in the comparable period amounted to PLN 83,000,303.00 and has been fully paid up. The share capital is divided into 83,000,303 ordinary shares with a par value of PLN 1 each. The Parent Company has not issued any preference shares. The Parent Company's authorized capital is equal to its share capital.

The reserve capital was established in accordance with the Commercial Companies Code (CCC), from the premium of issuance price over the par value on shares (less the share issuance-related expenses) as well as from prior years' profits that have been appropriated to reserve capital by the Company's General Meeting of Shareholders. The remaining portion of reserve capital is presented as retained earnings and is related to the accounting for prior years' profits in compliance with the CCC.

The Parent Company's dividend policy has been described in the standalone financial statements of Asseco Poland S.A. for the period of 12 months ended 31 December 2023. Moreover, the Parent Company's dividend payment capacity has been presented in explanatory note 5.13. to the standalone financial statements.

### 6.14. Treasury shares

The acquisition of treasury shares by Asseco Poland S.A. was settled on 21 September 2023. This transaction was conducted outside the regulated market, through a buy-back of own shares following the tender offer announced by the Company on 6 September 2023. In the buy-back transaction, the Parent Company acquired a total of 14,808,872 own shares, representing approximately 17.84% of the share capital and 17.84% of total voting rights at the Company's general meeting. The price per share was PLN 80.00 and the total acquisition price equalled PLN 1,184.7 million, while the buy-back related expenses amounted to PLN 1.5 million.

The acquisition of treasury shares was carried out as a result of the implementation of Resolution No. 5 of the Extraordinary General Meeting of Asseco Poland S.A. that was adopted on 15 June 2023. In accordance with this resolution, treasury shares may be purchased in order to be cancelled as well as to be resold or offered as part of an employee incentive plan.

In the comparable period, the Parent Company held no treasury shares.

### 6.15. Bank loans, borrowings and debt securities

#### *Selected accounting policies*

The Group classifies its financial liabilities to the following categories:

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

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

All bank loans, borrowings and debt securities are initially recognized at their purchase cost, representing the fair value of cash received net of any transaction costs directly attributable to obtaining a bank loan or issuing debt securities.

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

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

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

	31 December 2023		31 December 2022 (restated)	
	Long-term PLN mn	Short-term PLN mn	Long-term PLN mn	Short-term PLN mn
Bank loans	1,337.5	585.2	673.2	587.4
- overdraft facilities	-	111.7	-	126.5
- non-revolving loans	1,337.5	473.5	673.2	460.9
Debt securities	902.4	512.5	1,345.3	550.8

Loans	1.9	2.9	3.3	3.7
<b>Total</b>	<b>2,241.8</b>	<b>1,100.6</b>	<b>2,021.8</b>	<b>1,141.9</b>

The Group's total liabilities under all bank loans and borrowings obtained and debt securities issued aggregated at PLN 3,342.4 million as at 31 December 2023, compared to PLN 3,163.7 million outstanding as at 31 December 2022. The change in our total debt was primarily driven by an increase of PLN 926.7 million in debt of the Asseco Poland segment, mainly due to a new bank loan obtained by the Parent Company, which was partially offset by a decrease of PLN 715.8 million in debt of the Formula Systems segment, mainly due to repayment of bank loans by Matrix IT Group and changes in foreign exchange rates.

The above-mentioned new bank loan was taken out by Asseco Poland S.A. from PKO Bank Polski S.A. on 6 September 2023, and proceeds obtained in the amount of PLN 946.7 million were used to finance the share buy-back which was conducted on 21 September 2023. This bank loan bears an interest rate of 1M WIBOR plus margin. The final repayment of the loan shall be made by 6 September 2028. The bank loan will be repaid in monthly instalments and the last instalment will equal 50% of the amount of loan used.

The Company's liabilities under this loan agreement have been secured by the Company's declaration of voluntary submission to enforcement pursuant to art. 777 of the Code of Civil Procedure, however the bank may demand additional security as stipulated in the agreement.

Under the bank loan agreement, the Company has undertaken to:

- maintain the Financial Leverage Ratio (Total net debt/EBITDA) at a level not exceeding 3.5;
- maintain the Debt-Service Coverage Ratio (EBITDA – Income tax paid/Debt-service cost) at a level of not less than 1.1.

The ratios and values mentioned above refer to data from the standalone financial statements of Asseco Poland S.A. and shall be calculated in accordance with the definitions contained in the bank loan agreement.

The total net debt of Asseco Poland S.A. is defined as the excess of financial liabilities over the amount of cash and cash equivalents, less financial liabilities to related parties and less lease liabilities. EBITDA of Asseco Poland S.A. shall be defined as the total of operating profit before tax (i.e. operating profit/loss stated in the published financial statements) and depreciation and amortization charges, less gains on disposal of non-current assets and less goodwill impairment charges reversed, plus losses on disposal of non-financial non-current assets and plus goodwill impairment charges recognized, less (excluding) depreciation charges on right-of-use assets under IFRS 16, and plus all dividend income. The total debt and EBITDA ratios shall be calculated using the values of the aforementioned items the last 12 months ended on the date for which the ratio is calculated.

The definitions provided above are abbreviated while the full and precise definitions of the indicators are contained in the loan agreement. As at the reporting date, the Financial Leverage Ratio was below 2.0 and the Debt-Service Coverage Ratio was above 10.

Pursuant to the agreement, the bank may reduce the amount of the granted loan or terminate the agreement in whole or in part and demand repayment of the loan in the event:

- there is a change in control over the Company, understood as an event or series of events as a result of which any person or persons acting in concert control more than 33% of voting rights at the Company's general meeting;
- when the Financial Leverage Ratio is higher than or equal to 3.0 and the Company, without the Bank's prior written consent, makes a dividend payment or an advance payment for dividend, or redeems shares for a cash consideration payable to a shareholder; or
- when the Financial Leverage Ratio reaches or exceeds the level of 3.0 as referred above as a result of a dividend payment or an advance payment for dividend, or the redemption of shares for a cash consideration payable to a shareholder which has not been consented by the Bank.

Bank overdraft facilities outstanding as at 31 December 2023 and 31 December 2022 are presented in the tables below.

Loan currency	Effective interest rate	Actual amount of debt as at 31 December 2023 PLN mn	Maximum debt limit available PLN mn	Unused amount of credit facilities PLN mn
EUR	Variable interest rate	49.4	257.3	207.9
	Fixed interest rate	-	9.0	9.0
PLN	Variable interest rate	1.8	636.4	634.6**
	Fixed interest rate	6.8	6.8	-
NIS	Variable interest rate	26.0	n/a*	n/a*
	Fixed interest rate	4.5	4.5	-
HUF	Variable interest rate	4.5	4.5	-
BAM	Fixed interest rate	23.1	28.8	5.7
Other	Fixed interest rate	0.1	0.4	0.3
	Variable interest rate	-	26.4	26.4
		<b>111.7</b>	<b>969.6</b>	<b>883.9</b>

\* Debt in the amount of PLN 26.0 million represents bank overdraft facilities used entirely by Matrix IT Group. In case of Matrix IT Group, limits available under credit facilities are negotiated with individual banks on an aggregate basis (meaning the sum of bank account overdrafts and non-revolving loans), and as at 31 December 2023 the total limit of such credit facilities reached NIS 1,629.0 million (PLN 1,767.3 million).

\*\* of which PLN 24.3 million used as collateral for guarantees.

Loan currency	Effective interest rate	Actual amount of debt as at 31 December 2022 (restated) PLN mn	Maximum debt limit available PLN mn	Unused amount of credit facilities PLN mn
EUR	Variable interest rate	27.0	261.1	234.1
	Fixed interest rate	0.4	0.9	0.5
PLN	Variable interest rate	1.7	642.2	640.5**
	Fixed interest rate	10.8	10.8	-
NIS	Variable interest rate	43.2	n/a*	n/a*
	Fixed interest rate	10.2	13.2	3.0
HUF	Variable interest rate	10.2	13.2	3.0
BAM	Fixed interest rate	33.0	34.8	1.8
Other	Fixed interest rate	0.2	0.4	0.2
		<b>126.5</b>	<b>963.4</b>	<b>880.1</b>

\* Debt in the amount of PLN 43.2 million represents bank overdraft facilities used entirely by Matrix IT Group. In case of Matrix IT Group, limits available under credit facilities are negotiated with individual banks on an aggregate basis (meaning the sum of bank account overdrafts and non-revolving loans), and as at 31 December 2022 the total limit of such credit facilities reached NIS 1,472 million (PLN 1,841.3 million).

\*\* of which PLN 26.7 million used as collateral for guarantees.

Non-revolving bank loans outstanding as at 31 December 2023 and 31 December 2022 are presented in the table below.

Loan currency	Effective interest rate	31 December 2023		31 December 2022 (restated)	
		Long-term	Short-term	Long-term	Short-term
		PLN mn	PLN mn	PLN mn	PLN mn
EUR	Variable interest rate	35.4	10.9	36.3	26.2
	Fixed interest rate	101.6	30.1	118.7	42.3
NIS	Variable interest rate	33.3	19.3	29.5	8.2
	Fixed interest rate	188.8	246.3	357.2	339.9
USD	Variable interest rate	135.1	58.4	121.0	38.5
	Fixed interest rate	-	0.5	-	-
CZK	Fixed interest rate	3.6	3.5	7.8	3.9
PLN	Variable interest rate	826.1	100.4	-	-
Other	Fixed interest rate	13.0	3.2	0.9	0.1

Variable interest rate	0.6	0.9	1.8	1.8
	<b>1,337.5</b>	<b>473.5</b>	<b>673.2</b>	<b>460.9</b>

The Group's liabilities under bonds and other debt securities issued are attributable to three companies: Formula Systems, Sapiens International and Matrix IT, and they are presented in the table below:

Company	Division into short- and long-term portion	Series	31 December 2023	31 December 2022	Effective interest rate	Currency
			PLN mn	PLN mn		
Formula Systems	long-term portion	Series A	-	43.2	2.38%	NIS
		Series C	355.8	509.1	2.71%	NIS
	short-term portion	Series A	37.7	42.8	2.38%	NIS
		Series C	88.8	102.4	2.71%	NIS
<b>Formula Systems subtotal</b>			<b>482.3</b>	<b>697.5</b>		
Sapiens International	long-term portion	Series B	155.6	260.9	3.52%	NIS/USD
	short-term portion	Series B	77.8	93.1	3.52%	NIS/USD
<b>Sapiens International subtotal</b>			<b>233.4</b>	<b>354.0</b>		
Matrix IT	long-term portion	Series B	391.0	532.1	4.36%	NIS
	short-term portion	Series B	91.2	62.3	4.36%	NIS
	short-term portion	n/a	217.0	250.2	Bank of Israel interest rate + 0.5%	NIS
<b>Matrix IT subtotal</b>			<b>699.2</b>	<b>844.6</b>		
<b>Total bonds and other debt securities</b>			<b>1,414.9</b>	<b>1,896.1</b>		

Assets serving as collateral for bank loan facilities:

Category of assets	Net value of assets		Utilized amount of bank loans secured with assets	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	PLN mn	PLN mn	PLN mn	PLN mn
Cash and cash equivalents	21.0	16.2	55.1	36.9
Land and buildings	174.9	183.2	131.4	120.7
Transportation vehicles	0.2	-	0.2	-
Other tangible assets	18.4	17.1	-	-
Long-term investments	1,583.4	1,987.1	482.2	697.6
Other financial assets	1.5	3.8	6.9	13.6
Inventories	8.9	16.0	5.0	28.7
Current and future receivables	82.6	73.1	57.6	75.2
<b>Total</b>	<b>1,890.9</b>	<b>2,296.5</b>	<b>738.4</b>	<b>972.7</b>

Some loans obtained from Polish, Slovak and Israeli banks come with the so-called covenants which impose an obligation to maintain certain financial ratios at the levels required by the bank. These ratios are related to the level of indebtedness, e.g. debt to EBITDA or debt to equity ratios, or to achieving the expected operating results. In the event a company carrying such a covenanted loan fails to satisfy the said requirements, the bank may apply a sanction in the form of a higher credit margin. Should the bank deem the new level of a ratio to be unacceptable, the bank may in certain cases exercise its rights in the collateral provided. Both as at 31 December 2023 and 31 December 2022, one of ACE Group companies (the Asseco International segment) infringed covenants defined in their bank loan agreement. The total amount of debt affected by the breach of covenants was EUR 1.2 million (PLN 5.2 million) as at 31 December 2023, as compared to EUR 7.2 million (PLN 33.8 million) as at 31 December 2022. This amount is presented in current liabilities. Apart from the case described above, as at 31 December 2023 and 31 December 2022, none of our companies infringed on any covenants defined in their bank loan agreements.

#### Fair value of financial liabilities

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

Both as at 31 December 2023 and 31 December 2022, the fair values of bank loans and debt securities issued were not significantly different from their book values.

As at 31 December 2023	Carrying value PLN mn	Level 1 <sup>i)</sup> PLN mn	Level 2 <sup>ii)</sup> PLN mn	Level 3 <sup>iii)</sup> PLN mn
<b>Bank loans, borrowings and debt securities</b>				
Bank loans	1,922.7	-	-	1,922.7
- overdraft facilities	111.7	-	-	111.7
- non-revolving loans	1,811.0	-	-	1,811.0
Debt securities	1,414.9	1,197.9	217.0	-
Loans	4.8	-	-	4.8
<b>Total</b>	<b>3,342.4</b>	<b>1,197.9</b>	<b>217.0</b>	<b>1,927.5</b>

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

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

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

As at 31 December 2022 (restated)	Carrying value PLN mn	Level 1 <sup>i)</sup> PLN mn	Level 2 <sup>ii)</sup> PLN mn	Level 3 <sup>iii)</sup> PLN mn
<b>Bank loans, borrowings and debt securities</b>				
Bank loans	1,260.6	-	-	1,260.6
- overdraft facilities	126.5	-	-	126.5
- non-revolving loans	1,134.1	-	-	1,134.1
Debt securities	1,896.1	1,645.9	250.2	-
Loans	7.0	-	-	7.0
<b>Total</b>	<b>3,163.7</b>	<b>1,645.9</b>	<b>250.2</b>	<b>1,267.6</b>

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

## 6.16. Lease liabilities

### Selected accounting policies

A contract is a lease or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use is transferred under a contract if the lessee has both of the following:

- the right to obtain substantially all of the economic benefits from use of the identified asset; and
- the right to direct the use of the identified asset.

#### Lease liabilities – initial recognition

At the lease commencement date, the Group measures the lease liability at the present value of lease payments outstanding at that date. The lease payments are discounted by the Group using the incremental borrowing rate.

The lease payments comprise: fixed payments (including in-substance fixed lease payments), less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable under residual value guarantees; the exercise price of a purchase option (if the Group is reasonably certain to exercise that option); and payments of penalties for terminating the lease (if the Group is reasonably certain to exercise that option).

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

#### Lease liabilities – subsequent measurement

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

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

#### **Lease term for contracts with an option to extend the lease**

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

Under some lease contracts, the Group has an option to extend the duration of the lease of assets. The Group makes judgements in assessing whether there is reasonable certainty that the option to extend the lease will be exercised. This means it considers all relevant facts and circumstances that create an economic incentive for extending the lease, or an economic penalty for not extending the lease. After the commencement date, the Group shall revise the lease term if there is a significant event or a change in circumstances under its control that affects its ability to exercise (or not to exercise) the option to extend the lease (e.g. a change in business strategy).

#### **Lease term for contracts for an indefinite period**

The Group has lease contracts concluded for an indefinite period, as well as contracts that have evolved into contracts for an indefinite period under which both parties have the option to terminate the lease. In determining the lease term, the Group determines the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty. The Group assesses the significance of broadly understood penalties, i.e. apart from strictly contractual or financial matters, it considers all other significant economic factors discouraging the termination of the contract (e.g. significant investments in the underlying asset, availability of alternative solutions, relocation costs). If neither the Group acting as the lessee nor the lessor incurs a significant (broadly understood) penalty for terminating the contract, then the lease ceases to be enforceable and the lease term is limited to the period of termination notice. However, in a situation where any of the parties, according to professional judgment, incurs a significant (broadly understood) penalty for terminating the contract, the Group shall determine the lease term as the period over which it is reasonably certain the lease will be continued.

#### **Lessee's incremental borrowing rate**

The Group is not able to readily determine the interest rate implicit in lease contracts, and therefore in measuring the lease liability it uses the lessee's incremental borrowing rate. This is the rate of interest that the Group would have to pay to borrow over a similar term, in the same currency and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

#### **Estimates and judgements**

##### **Estimates and professional judgement related to leases**

The application of IFRS 16 requires making miscellaneous estimates and exercising professional judgment. This regards mainly the assessment of the lease term in contracts concluded for an indefinite period as well as in contracts providing the Group with an option to extend the lease. In determining the lease term, the Group considers all relevant facts and circumstances that create an economic incentive to exercise or not to exercise the option to extend the lease or the option to terminate the lease. When determining the lease term, the Group also takes into account the amount of expenditures incurred to adapt the leased asset to individual needs, and in the case of real estate leases – size of the market in a given location and the specific features of rented property.

As at 31 December 2023, assets used under lease contracts where the Group is a lessee, included:

- real estate,
- cars,
- IT hardware and other assets.

Lease liabilities	31 December 2023		31 December 2022	
	Long-term PLN mn	Short-term PLN mn	Long-term PLN mn	Short-term PLN mn
Leases of real estate	440.3	162.8	504.3	245.2
Leases of transportation vehicles	77.5	70.8	29.2	17.3
Leases of other assets	1.5	1.9	2.1	1.9
	<b>519.3</b>	<b>235.5</b>	<b>535.6</b>	<b>264.4</b>



### Leases of real estate

The future cash flows and liabilities arising from leases of real estate are as follows:

	31 December 2023	31 December 2022
	PLN mn	PLN mn
<b>Minimum lease payments</b>		
in the period shorter than 1 year	174.4	270.1
in the period from 1 to 5 years	375.4	397.3
in the period longer than 5 years	192.7	230.1
<b>Future minimum lease payments</b>	<b>742.5</b>	<b>897.5</b>
<b>Future interest expenses</b>	<b>(139.4)</b>	<b>(148.0)</b>
<b>Present value of lease liabilities</b>		
in the period shorter than 1 year	162.8	245.2
in the period from 1 to 5 years	321.8	365.8
in the period longer than 5 years	118.5	138.5
<b>Finance lease liabilities</b>	<b>603.1</b>	<b>749.5</b>

The incremental interest rate on leases of real estate equalled 3.30% as at 31 December 2023, as compared to 3.26% as at 31 December 2022.

### Leases of cars, IT hardware and other assets

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

	31 December 2023	31 December 2022
	PLN mn	PLN mn
<b>Minimum lease payments</b>		
in the period shorter than 1 year	74.0	21.7
in the period from 1 to 5 years	78.2	27.0
in the period longer than 5 years	3.5	7.0
<b>Future minimum lease payments</b>	<b>155.7</b>	<b>55.7</b>
<b>Future interest expenses</b>	<b>(4.0)</b>	<b>(5.2)</b>
<b>Present value of lease liabilities</b>		
in the period shorter than 1 year	72.7	19.2
in the period from 1 to 5 years	76.6	25.5
in the period longer than 5 years	2.4	5.8
<b>Finance lease liabilities</b>	<b>151.7</b>	<b>50.5</b>

The incremental interest rate on leases of cars, IT hardware and other assets equalled 1.78% as at 31 December 2023, as compared to 2.54% in the comparable period, this is as at 31 December 2022.

The table below presents the amounts of costs arising from lease contracts that were recognized in the statement of profit and loss for the period of 12 months ended 31 December 2023 and in the comparable period:

Lease-related amounts recognized in the statement of profit and loss	Note	12 months ended 31 December 2023	12 months ended 31 December 2022
		PLN mn	PLN mn
Depreciation of right-of-use assets	<u>6.3</u>	(286.8)	(280.8)
Interest expenses on lease liabilities	<u>5.4</u>	(35.1)	(30.1)
Costs arising from leases of low-value assets		(2.8)	(2.2)
Costs arising from short-term leases		(37.5)	(25.0)
Gain/Loss on subleasing of right-of-use assets		0.1	0.4
<b>Total</b>		<b>(362.1)</b>	<b>(337.7)</b>

## 6.17. Other financial liabilities

### Selected accounting policies

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

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

#### **Deferred payments for the acquisition of shares**

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

#### **Conditional payments for the acquisition of shares**

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

#### **Financial derivative instruments**

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

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

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

#### **Estimates**

As at 31 December 2023, the Group recognized liabilities under future conditional payments to the sellers of controlling interests in our subsidiaries, as well as liabilities under put options granted to non-controlling shareholders. Determination of the amounts payable under such liabilities required making estimates of future financial results of our subsidiaries.

Financial liabilities	31 December 2023		31 December 2022 (restated)	
	Long-term	Short-term	Long-term	Short-term
	PLN mn	PLN mn	PLN mn	PLN mn
Dividends payable	-	7.5	-	6.2
Liabilities under deferred and/or conditional payments for controlling interests	14.8	89.0	76.8	163.5
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	279.1	163.6	144.5	345.1
Other financial liabilities	-	0.2	0.4	1.6
	<b>293.9</b>	<b>260.3</b>	<b>221.7</b>	<b>516.4</b>

Both as at 31 December 2023 and 31 December 2022, dividends payable comprised basically dividends payable to non-controlling shareholders in subsidiaries and indirect subsidiaries of the Parent Company.

As at 31 December 2023 and 31 December 2022, the Group carried estimated liabilities arising from deferred and/or conditional payments for controlling interests. The amounts of the above-mentioned liabilities have been measured using the price calculation formula as defined in the controlling interest acquisition agreements, which usually corresponds to a given company's profit for the contractual term multiplied by a predetermined coefficient. The table below presents liabilities arising from deferred and/or conditional payments for controlling interests in subsidiaries as at 31 December 2023 and 31 December 2022:

Liabilities under deferred and/or conditional payments for controlling interests	31 December 2023	31 December 2022 (restated)
	PLN mn	PLN mn
Liabilities from acquisitions made within the Asseco Poland segment	1.5	3.3
Liabilities from acquisitions made within the Asseco International segment	53.8	34.1
Liabilities from acquisitions made within the Formula Systems segment	48.5	202.9
	<b>103.8</b>	<b>240.3</b>

As at 31 December 2023 and 31 December 2022, the Group had liabilities arising from the acquisition of non-controlling interests in subsidiaries (put options). The amounts of such liabilities have been estimated using the formula for calculation of the exercise price of options that the Group granted to non-controlling shareholders, which corresponds to a given company's profit for the contractual term multiplied by a predetermined coefficient.

The table below presents liabilities arising from put options granted to non-controlling shareholders in subsidiaries as at 31 December 2023 and 31 December 2022:

Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	31 December 2023	31 December 2022
	PLN mn	PLN mn
Liabilities of companies within the Asseco Poland segment	9.8	8.7
Liabilities of companies within the Asseco International segment	205.0	152.7
Liabilities of companies within the Formula Systems segment	227.9	328.2
	<b>442.7</b>	<b>489.6</b>

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

As at 31 December 2023	Carrying value PLN mn	Level 1 <sup>i)</sup> PLN mn	Level 2 <sup>ii)</sup> PLN mn	Level 3 <sup>iii)</sup> PLN mn
<b>Financial liabilities</b>				
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	442.7	-	-	442.7
Liabilities under deferred and/or conditional payments for controlling interests	103.8	-	-	103.8
Dividends payable	7.5	-	-	7.5
Other financial liabilities	0.2	-	0.1	0.1
<b>Total</b>	<b>554.2</b>	<b>-</b>	<b>0.1</b>	<b>554.1</b>

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

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

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

As at 31 December 2022 (restated)	Carrying value PLN mn	Level 1 <sup>i)</sup> PLN mn	Level 2 <sup>ii)</sup> PLN mn	Level 3 <sup>iii)</sup> PLN mn
<b>Financial liabilities</b>				
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	489.6	-	-	489.6
Liabilities under deferred and/or conditional payments for controlling interests	240.3	-	-	240.3
Dividends payable	6.2	-	-	6.2
Other financial liabilities	2.0	-	2.0	-
<b>Total</b>	<b>738.1</b>	<b>-</b>	<b>2.0</b>	<b>736.1</b>

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

## 6.18. Trade payables, state budget liabilities and other liabilities

### Selected accounting policies

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

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

### Liabilities arising from project-related penalties

Project-related penalties constitute compensation for failure to fulfill or improper fulfilment of a performance obligation, and they result from contracts concluded with customers rather than from the provisions of law of a given country.

Project-related penalties are a variable component of consideration which decreases the transaction price, whereas a liability arising from contractual penalties is a kind of a refund liability, but not a contract liability.

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

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

	31 December 2023		31 December 2022 (restated)	
	Long-term PLN mn	Short-term PLN mn	Long-term PLN mn	Short-term PLN mn
<b>Trade payables and contractual penalties, of which:</b>	<b>1.1</b>	<b>1,645.8</b>	<b>2.7</b>	<b>1,599.7</b>
<b>Invoiced payables</b>	<b>0.2</b>	<b>1,113.8</b>	<b>1.5</b>	<b>1,024.6</b>
from related parties	-	3.4	-	1.2
from other entities	0.2	1,110.4	1.5	1,023.4
<b>Uninvoiced payables</b>	<b>0.9</b>	<b>523.4</b>	<b>1.2</b>	<b>568.3</b>
from related parties	-	2.5	-	0.6
from other entities	0.9	520.9	1.2	567.7
<b>Liabilities arising from contractual penalties</b>	<b>-</b>	<b>8.6</b>	<b>-</b>	<b>6.8</b>
<b>Corporate income tax payable</b>	<b>5.6</b>	<b>148.0</b>	<b>59.0</b>	<b>115.2</b>
<b>Liabilities to the state and local budgets</b>	<b>-</b>	<b>344.2</b>	<b>-</b>	<b>322.8</b>
Value added tax (VAT)	-	194.7	-	181.9
Personal income tax (PIT)	-	69.5	-	61.1
Social insurance	-	74.1	-	71.7
Withholding income tax	-	4.6	-	5.1
Other	-	1.3	-	3.0
<b>Other liabilities</b>	<b>11.6</b>	<b>613.0</b>	<b>8.0</b>	<b>646.2</b>
Liabilities to employees (including salaries payable)	-	502.2	-	576.0

Other liabilities	11.6	110.8	8.0	70.2
<b>Total</b>	<b>18.3</b>	<b>2,751.0</b>	<b>69.7</b>	<b>2,683.9</b>

Trade payables are non-interest bearing. Related party transactions are presented in explanatory note 6.22 to these consolidated financial statements. Other liabilities include among others liabilities arising from purchases of property, plant and equipment and intangible assets in the amount of PLN 7.7 million, as well as liabilities from audits of financial statements carried out in the Group companies in the amount of PLN 10.8 million.

### 6.19. Contract liabilities

#### *Selected accounting policies*

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

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

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

#### *Estimates and judgements*

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

The table below presents the balance of contract liabilities, which include liabilities from valuation of IT contracts resulting from the excess of amounts invoiced to customers over the value of goods and services transferred to those customers as at the reporting date, as well as deferred income relating to advance payments received or receivable for services and hardware to be delivered in future periods.

	31 December 2023		31 December 2022	
	Long-term	Short-term	Long-term	Short-term
	PLN mn	PLN mn	PLN mn	PLN mn
<b>Liabilities from valuation of IT contracts, of which:</b>	-	<b>98.6</b>	-	<b>106.8</b>
From related parties	-	-	-	0.4
From other entities	-	98.6	-	106.4
<b>Deferred income from IT projects, of which:</b>	<b>91.2</b>	<b>1,011.0</b>	<b>84.8</b>	<b>1,020.0</b>
Maintenance services and license fees	77.6	805.6	84.4	860.9
Implementation processes	0.9	136.4	0.3	112.8
Obligations to supply hardware	5.9	53.5	-	43.8
Other prepaid services	6.8	15.5	0.1	2.5
<b>Total contract liabilities</b>	<b>91.2</b>	<b>1,109.6</b>	<b>84.8</b>	<b>1,126.8</b>

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

	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn
<b>As at 1 January</b>	<b>1,211.6</b>	<b>1,104.5</b>
Restatement – impact of hyperinflation	3.9	3.5
Invoices issued above the level of performance obligations satisfied	1,879.0	1,362.6
Fulfilment of new uninvoiced performance obligations; changes in estimated transaction prices, modification of other assumptions	(1,763.8)	(1,273.4)
Obtaining control over subsidiaries	(0.4)	1.3
Exchange differences on translation of foreign operations	(129.5)	13.1
<b>Contract liabilities as at 31 December</b>	<b>1,200.8</b>	<b>1,211.6</b>

## 6.20. Provisions

### *Selected accounting policies*

*A provision should be recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.*

*Where the effect of the time value of money is material, the amount of a provision shall be determined by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks related to the liability. Where the discounting method is used, an increase in a provision due to the passage of time is recognized as a financial cost.*

#### **Onerous contracts**

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

*A contract with a customer is onerous when the total amount of revenues is lower than the total of the cost of goods and services sold and production costs.*

*Once an onerous contract is identified (which may happen at any time during the contract execution), the entire loss expected to be incurred on such contract should be immediately recognized as a cost in the current reporting period (by creating a provision for the expected loss).*

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

#### **Provision for warranty repairs**

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

*If the warranty meets the definition of a service (is an extended warranty in accordance with IFRS 15), i.e. the warranty scope is broader than just an assurance to the customer that the product/service complies with agreed-upon specifications, then no provision is created. This is due to the fact that revenue from an extended warranty is recognized over the extended warranty period, and consequently the costs of warranty services provided under such extended warranty are recognized in the statement of profit and loss at the point in time of incurring those costs.*

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

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

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

*Any costs associated with the provision of our warranty services shall be, when incurred, deducted from the previously created provision. At the reporting date, the Group verifies the amount of carried provision for warranty repairs. If the actual costs of warranty services or anticipated future costs are lower/higher than assumed at the time of initial recognition of a provision, such provision shall be decreased/increased accordingly to reflect the Group's current expectations in respect of the fulfilment of its warranty obligations in future periods.*

#### **Post-employment benefits**

*In accordance with our corporate remuneration schemes, the Group's employees are entitled to receive a retirement benefit. The amount of retirement benefits depends on the regulations of the labour law in force in individual countries where the Group companies operate. The Group companies create provisions for post-employment benefits based on calculations made by independent actuaries, taking into account assumptions specific for a given company and country.*

The present value of such liabilities is measured by an independent actuary at each reporting date. Any actuarial gains or losses resulting from the remeasurement of obligations under defined benefit plans shall be recognized in other comprehensive income and cannot be later reclassified to profit or loss.

**Provisions for contractual penalties**

Provisions for contractual penalties only include provisions for non-project penalties, i.e. provisions for penalties that are not directly related to the fulfilment of a performance obligation, which constitute compensation for damages rather than for failure to fulfill a performance obligation. The potential amount of contractual non-project penalties and the time of their occurrence are not known to the Group. Non-project penalties arise from the provisions of law rather than from the contract itself and any contractual penalties provided for therein. Provisions for contractual penalties are presented in other provisions and recognized as other operating costs.

**Provisions for risks of litigation and other provisions**

Other provisions include mainly provisions for pending court proceedings and are created on the basis of available information, in particular the opinions of lawyers and independent experts. The Group creates a provision if at the end of the reporting period the Group has a present obligation arising from past events which can be measured with sufficient reliability, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

**Estimates and judgements**

It should be taken into account that all provisions estimated by the Company, in particular provisions for contractual penalties and onerous contracts, required the exercise of professional judgment and estimates in order to determine the most probable amount of the future outflow of economic benefits from the Company. However, such estimates may change in the future and the actual outflow of benefits may turn out to be larger or smaller than disclosed in these financial statements.

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

Provisions	Warranty repairs PLN mn	Costs related to ongoing court litigation PLN mn	Post-employment benefits PLN mn	Other provisions PLN mn	Total PLN mn
<b>As at 1 January 2023</b>	<b>2.2</b>	<b>9.9</b>	<b>54.8</b>	<b>31.0</b>	<b>97.9</b>
Obtaining control over subsidiaries	-	-	0.9	-	<b>0.9</b>
Provisions created during the reporting period	1.5	6.3	18.0	32.0	<b>57.8</b>
Provisions utilized during the reporting period	(0.2)	(0.2)	(2.5)	(7.7)	<b>(10.6)</b>
Provisions reversed during the reporting period	(1.5)	(0.1)	(0.8)	(23.6)	<b>(26.0)</b>
Loss of control over subsidiaries	-	-	-	(0.6)	<b>(0.6)</b>
Discount change	-	-	(5.4)	-	<b>(5.4)</b>
Exchange differences on translation of foreign operations	(0.1)	(1.3)	(6.5)	(1.2)	<b>(9.1)</b>
<b>As at 31 December 2023, of which:</b>	<b>1.9</b>	<b>14.6</b>	<b>58.5</b>	<b>29.9</b>	<b>104.9</b>
Short-term as at 31 December 2023	1.8	8.6	2.0	28.1	<b>40.5</b>
Long-term as at 31 December 2023	0.1	6.0	56.5	1.8	<b>64.4</b>
<b>As at 1 January 2023, of which:</b>	<b>2.2</b>	<b>9.9</b>	<b>54.8</b>	<b>31.0</b>	<b>97.9</b>
Short-term as at 1 January 2023	2.1	4.6	2.3	29.4	<b>38.4</b>
Long-term as at 1 January 2023	0.1	5.3	52.5	1.6	<b>59.5</b>

The provision for warranty repairs covers the costs of providing warranty services ensured by the manufacturers of computer hardware, as well as the standard warranty for proprietary software that has been delivered to the Group's customers.

The provision for post-employment benefits represents basically retirement benefits which are to be paid to the Group's employees when they go into retirement.

Other provisions reported as at 31 December 2023 include a provision for onerous contracts in the amount of PLN 18.2 million, compared to PLN 11.9 million as at 31 December 2022.

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

Provisions	Warranty repairs	Costs related to ongoing court litigation	Post-employment benefits	Other provisions	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>As at 1 January 2022</b>	<b>4.3</b>	<b>1.8</b>	<b>63.7</b>	<b>11.1</b>	<b>80.9</b>
Obtaining control over subsidiaries	-	-	0.8	2.1	2.9
Provisions created during the reporting period	2.0	8.6	6.0	28.3	44.9
Provisions utilized during the reporting period	(0.3)	(0.1)	(0.6)	(2.2)	(3.2)
Provisions reversed during the reporting period	(3.9)	-	(0.3)	(9.3)	(13.5)
Loss of control over subsidiaries	-	(0.2)	(0.1)	-	(0.3)
Discount change	-	-	(15.3)	0.1	(15.2)
Change in presentation	-	-	-	0.3	0.3
Exchange differences on translation of foreign operations	0.1	(0.2)	0.6	0.6	1.1
<b>As at 31 December 2022, of which:</b>	<b>2.2</b>	<b>9.9</b>	<b>54.8</b>	<b>31.0</b>	<b>97.9</b>
Short-term as at 31 December 2022	2.1	4.6	2.3	29.4	38.4
Long-term as at 31 December 2022	0.1	5.3	52.5	1.6	59.5
<b>As at 1 January 2022, of which:</b>	<b>4.3</b>	<b>1.8</b>	<b>63.7</b>	<b>11.1</b>	<b>80.9</b>
Short-term as at 1 January 2022	4.3	1.8	2.0	9.1	17.2
Long-term as at 1 January 2022	-	-	61.7	2.0	63.7

## 6.21. Accruals and deferred income

### Selected accounting policies

#### Accruals for unused holiday leaves

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

#### Accruals for employee bonuses

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

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

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

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

#### Grants related to assets

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held.

If a grant received by the Company is related to assets, then it is accounted for as deferred income which is afterwards systematically, by way of equal annual write-offs, recognized in profit or loss over the estimated useful life of the related asset as a reduced depreciation expense.

#### Estimates

The Group estimates the amount of its obligations based on the adopted assumptions and methodology, assessing the probability of an outflow of resources embodying economic benefits and, as at the reporting date, recognizes liabilities for which such outflow is highly probable.

Accruals for employee bonuses, in a large number of cases, depend on the estimates of profits achieved at various levels by the Group or its subsidiary companies.

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



	31 December 2023		31 December 2022 (restated)	
	Long-term	Short-term	Long-term	Short-term
	PLN mn	PLN mn	PLN mn	PLN mn
<b>Accruals, of which:</b>				
Accruals for unused holiday leaves	-	250.8	-	260.6
Accruals for employee and management bonuses	1.8	271.8	1.8	250.7
	<b>1.8</b>	<b>522.6</b>	<b>1.8</b>	<b>511.3</b>
<b>Deferred income, of which:</b>				
Grants related to assets	53.7	6.7	54.6	5.3
Other	-	1.1	-	2.7
	<b>53.7</b>	<b>7.8</b>	<b>54.6</b>	<b>8.0</b>
<b>Total accruals and deferred income</b>	<b>55.5</b>	<b>530.4</b>	<b>56.4</b>	<b>519.3</b>

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

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

## 6.22. Related party transactions

	Sales		Purchases	
	12 months ended 31 December 2023	12 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn	PLN mn	PLN mn
Transactions with associates and joint ventures	13.3	14.2	1.3	2.2
Transactions with entities or individuals related through the Key Management Personnel of the Group	26.8	0.4	9.8	5.4
Transactions with Members of the Management Board and Supervisory Board and Commercial Proxies of Asseco Poland S.A.	-	-	0.5	1.4
Transactions with Members of Management Boards and Supervisory Boards and Commercial Proxies of other companies of the Group	-	0.1	2.6	19.4
Transactions with capital-related entities	100.0	105.6	4.5	4.9
<b>Total related party transactions</b>	<b>140.1</b>	<b>120.3</b>	<b>18.7</b>	<b>33.3</b>

Sales to related parties include revenues from the sale of goods and IT services related to ongoing IT projects and from other activities, as well as income from letting of own office space.

Purchases from related parties include purchases of goods and services for ongoing IT projects, sponsorship activities, purchases of consulting services, as well as rental of buildings.

'Transactions with capital-related entities' presented in the table above and in the following tables in this explanatory note disclose the outstanding balances of receivables and payables between companies of Asseco Group and entities of Polsat Plus Group which, in the comparable period, held 22.95% of equity interest and voting rights at the General Meeting of Shareholders of the Parent Company. On 21 September 2023, Asseco Poland S.A. bought back a portion of shares that were owned by Cyfrowy Polsat S.A. as a result of which the equity interest and voting rights held by Cyfrowy Polsat S.A. at the General Meeting of Shareholders of the Parent Company decreased to 10.13%. Therefore, from the date of that transaction, entities belonging to Polsat Plus Group have no longer been considered as capital-related entities. Since 21 September 2023, the above-mentioned entities have only been related with Asseco Group through personnel, because persons related to Polsat Plus Group sit on the Supervisory Board of Asseco Poland S.A.

'Transactions with capital-related entities' presented in the table above for 2023 disclose purchases from and sales to entities of Polsat Plus Group for the period of 9 months ended 30 September 2023. Whereas, transactions

with the aforementioned entities which were conducted in the fourth quarter of 2023 are disclosed in the line 'Transactions with entities or individuals related through the Key Management Personnel of the Group'.

	Trade receivables, other receivables and contract assets as at		Trade payables, other liabilities and contract liabilities as at	
	31 December 2023 PLN mn	31 December 2022 PLN mn	31 December 2023 PLN mn	31 December 2022 PLN mn
Transactions with associates and joint ventures	1.6	4.2	0.4	1.8
Transactions with entities or individuals related through the Key Management Personnel of the Group	72.0	3.6	9.8	11.4
Transactions with Members of the Management Board and Supervisory Board and Commercial Proxies of Asseco Poland S.A.	-	-	-	0.1
Transactions with Members of Management Boards and Supervisory Boards and Commercial Proxies of other companies of the Group	24.7	37.6	17.3	13.3
Transactions with capital-related entities	-	60.1	-	10.3
<b>Total related party transactions</b>	<b>98.3</b>	<b>105.5</b>	<b>27.5</b>	<b>36.9</b>

As at 31 December 2023, total receivables from related parties comprised trade receivables and contract assets amounting to PLN 71.5 million as well as other receivables amounting to PLN 26.8 million; whereas, as at 31 December 2022, such trade receivables and contract assets amounted to PLN 64.5 million and other receivables amounted to PLN 41.0 million.

As at 31 December 2023, total liabilities to related parties comprised trade payables and contract liabilities amounting to PLN 9.6 million as well as other liabilities amounting to PLN 17.9 million; whereas, as at 31 December 2022, such trade payables and contract liabilities amounted to PLN 12.5 million and other liabilities amounted to PLN 24.4 million.

As at 31 December 2023, lease liabilities to entities related through the Key Management Personnel of a subsidiary company amounted to PLN 11.6 million; whereas, as at 31 December 2022, lease liabilities to entities related through the Key Management Personnel stood at PLN 13.2 million.

The lack of receivables from and payables to capital-related entities as at 31 December 2023 is due to the decrease in the equity interest held by Polsat Plus Group in the Parent Company, as described above, however such amounts are disclosed in the line 'Transactions with entities or individuals related through the Key Management Personnel of the Group'.

In 2023, interest expenses on lease liabilities to entities related through the Key Management Personnel amounted to PLN 0.2 million, as compared to PLN 0.2 million incurred in 2022.

Receivables arising from transactions with Members of Management Boards and Supervisory Boards and Commercial Proxies of other companies of the Group include primarily deferred payments for shares in our subsidiaries (ACE, ASEE, Formula Systems) that were sold to their managers. Such sale transactions were conducted mainly in previous years, and the resulting receivables are described in detail in explanatory note 6.8.

	Loans granted		Borrowings	
	31 December 2023 PLN mn	31 December 2022 PLN mn	31 December 2023 PLN mn	31 December 2022 PLN mn
Transactions with associates and joint ventures	0.5	5.6	-	-
Transactions with entities or individuals related through the Key Management Personnel of the Group	0.5	-	1.1	0.3
Transactions with Members of Management Boards and Supervisory Boards and Commercial Proxies of other companies of the Group	7.1	0.6	0.2	2.2
<b>Total related party transactions</b>	<b>8.1</b>	<b>6.2</b>	<b>1.3</b>	<b>2.5</b>

In 2023, interest income on loans granted and receivables from entities related through the Key Management Personnel amounted to PLN 0.9 million, as compared to PLN 0.2 million in the comparable period.

During the reporting period, all transactions with related parties of Asseco Group were carried out on an arm's length basis.

## 7 Explanatory notes to the consolidated statement of cash flows

### 7.1. Cash flows – operating activities

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

	12 months ended 31 December 2023	12 months ended 31 December 2022 (restated)
	PLN mn	PLN mn
Change in inventories	(22.0)	(111.9)
Change in receivables and non-financial assets	105.6	(556.1)
Change in liabilities	259.2	240.8
Change in prepayments and accruals	(26.6)	78.0
Change in provisions	12.2	23.0
<b>Total</b>	<b>328.4</b>	<b>(326.2)</b>

Differences between changes in individual elements of working capital in the statement of financial position and changes disclosed in the statement of cash flows in operating activities (as presented in the table above) resulted primarily from adjustments related to acquisitions and disposals of subsidiaries made during the period, changes in the statement of financial position balances related to non-operating activities (e.g. in the case of liabilities arising from purchases of property, plant and equipment and intangible assets, dividends payable, and receivables from the sale of shares), as well as from using different foreign exchange rates to translate items in the statement of financial position and in the statement of cash flows, as described in explanatory note 2.4. to these consolidated financial statements.

### 7.2. Cash flows – investing activities

In the period of 12 months ended 31 December 2023 as well as in the comparable period, the amount of cash flows from investing activities was affected primarily by the following transactions:

- acquisitions of property, plant and equipment, intangible assets and expenditures for development projects:

Acquisition of property, plant and equipment, and intangible assets	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn
Acquisition of property, plant and equipment	(207.3)	(242.4)
Acquisition of intangible assets	(18.3)	(31.9)
Expenditures for development projects	(116.5)	(148.6)
<b>Total</b>	<b>(342.1)</b>	<b>(422.9)</b>

- Expenditures for the acquisition of subsidiaries and associates, adjusted for cash and cash equivalents held by the acquired companies as at the date of obtaining control:

Expenditures for acquisition of subsidiaries and associates, net of cash and cash equivalents in companies acquired	12 months ended 31 December 2023	12 months ended 31 December 2022 (restated)
	PLN mn	PLN mn
Acquisitions made within the Asseco Poland segment	(0.2)	(14.5)
Acquisitions made within the Asseco International segment	(60.2)	(47.5)
Acquisitions made within the Formula Systems segment	(300.2)	(269.7)
<b>Total</b>	<b>(360.6)</b>	<b>(331.7)</b>

- cash flows related to loans granted during the period of 12 months ended 31 December 2023 and in the comparable period:

	Loans collected		Loans granted	
	12 months ended 31 December 2023 PLN mn	12 months ended 31 December 2022 PLN mn	12 months ended 31 December 2023 PLN mn	12 months ended 31 December 2022 PLN mn
Loans granted to employees, related parties and other entities	9.7	39.0	(25.6)	(32.1)
Term cash deposits with original maturities exceeding 3 months	194.6	346.1	(408.5)	(323.5)
<b>Total</b>	<b>204.3</b>	<b>385.1</b>	<b>(434.1)</b>	<b>(355.6)</b>

### 7.3. Cash flows – financing activities

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

- Proceeds from bank loans and borrowings:

Proceeds from bank loans and borrowings	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn
Bank loans and borrowings obtained within the Asseco Poland segment	944.6	-
Bank loans and borrowings obtained within the Asseco International segment	67.2	112.2
Bank loans and borrowings obtained within the Formula Systems segment	250.9	591.0
<b>Total</b>	<b>1,262.7</b>	<b>703.2</b>

- Repayments of bank loans and borrowings:

Repayments of bank loans and borrowings	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn
Bank loans repaid within the Asseco Poland segment	(23.8)	(0.3)
Bank loans repaid within the Asseco International segment	(82.5)	(98.3)
Bank loans repaid within the Asseco International segment	(404.9)	(715.2)
<b>Total</b>	<b>(511.2)</b>	<b>(813.8)</b>

- Expenditures for the acquisition of non-controlling interests:

Expenditures for acquisition of non-controlling interests	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn
Non-controlling interests acquired within the Asseco Poland segment	(1.5)	(0.3)
Non-controlling interests acquired within the Asseco International segment	(33.0)	(7.3)
Non-controlling interests acquired within the Formula Systems segment	(76.9)	(79.0)
<b>Total</b>	<b>(111.4)</b>	<b>(86.6)</b>

- In addition, in the period of 12 months ended 31 December 2023, Formula Group redeemed its previously issued bonds. Cash outflows for this purpose amounted to PLN 251.3 million (of which PLN 130.1 million were spent by Formula Systems (1985) Ltd, PLN 82.8 million by Sapiens Group, and PLN 38.4 million by Martix IT Group).

- Lease expenditures:

In 2023, total cash outflows for payment of lease liabilities amounted to PLN 370.0 million, of which:

- PLN 295.0 million for payment of liabilities recognized as lease liabilities;
- PLN 34.7 million for payment of interest on the above-mentioned liabilities;
- PLN 40.3 million for payment of lease liabilities under the practical expedient regarding short-term leases and leases of low-value assets.

In 2022, total cash outflows for payment of lease liabilities amounted to PLN 349.7 million, of which:

- PLN 295.8 million for payment of liabilities recognized as lease liabilities;
- PLN 26.7 million for payment of interest on the above-mentioned liabilities;
- PLN 27.2 million for payment of lease liabilities under the practical expedient regarding short-term leases and leases of low-value assets.

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

Change in financial liabilities	Bank loans, borrowings and debt securities	Lease liabilities	Dividends payable	Liabilities under put options granted to non-controlling shareholders	Grants received or returned, and other liabilities
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>As at 1 January 2023 (restated)</b>	<b>3,095.2</b>	<b>800.0</b>	<b>6.2</b>	<b>489.6</b>	<b>-</b>
<b>Changes arising from cash flows</b>	<b>381.7</b>	<b>(329.7)</b>	<b>(701.8)</b>	<b>(82.6)</b>	<b>(27.4)</b>
Inflows	1,262.7	-	-	-	1.4
Repayment of principal amount (including dividends paid)	(762.5)	(295.0)	(701.8)	(82.6)	(28.8)
Interest paid	(118.5)	(34.7)	-	-	-
<b>Non-cash changes</b>	<b>150.6</b>	<b>365.0</b>	<b>692.7</b>	<b>73.6</b>	<b>27.4</b>
Interest accrued	124.0	35.1	-	-	-
Non-cash increase in liabilities (incl.: dividends awarded, new lease contracts, lease modifications)	-	364.6	690.4	5.0	28.8
Non-cash decrease in liabilities (incl.: lease modifications and valuation of put options as per agreement)	(1.0)	(36.4)	-	(35.4)	(1.4)
Discount	1.8	-	-	7.3	-
Fair value measurement	-	-	-	55.8	-
Obtaining control over subsidiaries	28.3	2.7	2.4	40.9	-
Loss of control	(6.7)	-	-	-	-
Change in presentation	-	-	(0.1)	-	-
Foreign exchange differences recognized in financial income/expenses	4.2	(1.0)	-	-	-
<b>Exchange differences on translation of foreign operations</b>	<b>(365.1)</b>	<b>(80.5)</b>	<b>10.4</b>	<b>(37.9)</b>	<b>-</b>
<b>As at 31 December 2023</b>	<b>3,262.4</b>	<b>754.8</b>	<b>7.5</b>	<b>442.7</b>	<b>-</b>

Change in financial liabilities (restated)	Bank loans, borrowings and debt securities	Lease liabilities	Dividends payable	Liabilities under put options granted to non-controlling shareholders	Grants received or returned, and other
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>As at 1 January 2022</b>	<b>2,544.4</b>	<b>846.1</b>	<b>5.5</b>	<b>416.3</b>	<b>-</b>
<b>Changes arising from cash flows</b>	<b>465.9</b>	<b>(322.5)</b>	<b>(869.6)</b>	<b>(4.5)</b>	<b>(78.7)</b>
Inflows	1,584.8	-	-	-	3.4
Repayment of principal amount (including dividends paid)	(1,054.9)	(295.8)	(869.6)	(4.5)	(82.1)
Interest paid	(64.0)	(26.7)	-	-	-
<b>Non-cash changes</b>	<b>153.4</b>	<b>261.5</b>	<b>872.2</b>	<b>74.5</b>	<b>78.7</b>
Interest accrued	70.5	30.1	-	-	-
Non-cash increase in liabilities (incl.: dividends awarded, new lease contracts, lease modifications)	-	320.2	868.0	11.1	82.1
Non-cash decrease in liabilities	-	(10.9)	-	(38.8)	(3.4)
Discount	-	-	-	0.4	-
Fair value measurement	-	-	-	20.3	-
Obtaining control over subsidiaries	26.0	15.5	5.2	82.6	-
Loss of control	-	(6.9)	-	-	-
Change in presentation	65.1	(72.2)	-	(1.1)	-
Foreign exchange differences recognized in financial income/expenses	(8.2)	(14.3)	(1.0)	-	-
<b>Exchange differences on translation of foreign operations</b>	<b>(68.5)</b>	<b>14.9</b>	<b>(1.9)</b>	<b>3.3</b>	<b>-</b>
<b>As at 31 December 2022 (restated)</b>	<b>3,095.2</b>	<b>800.0</b>	<b>6.2</b>	<b>489.6</b>	<b>-</b>

## 8 Explanatory notes on objectives and principles of financial risk management

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

### 8.1. Foreign currency risk

#### *Selected accounting policies*

*The functional currency applied by the Parent Company as well as the reporting currency used in these consolidated financial statements is the Polish zloty (PLN). The functional currencies of the Group's foreign subsidiaries include: NIS (Israeli new shekel), EUR (euro), USD (US dollar), CZK (Czech koruna), RON (Romanian new leu), and RSD (Serbian dinar). Transactions denominated in foreign currencies (i.e. other than the functional currency) are, at the time of initial recognition, translated into the functional currency at the exchange rate effective on the transaction date. Assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate effective at the end of the reporting period. Foreign currency non-cash items carried at historical cost are converted at the exchange rate effective on the original transaction date. Foreign currency non-cash items carried at fair value are converted using the exchange rate as of the date when such fair value is determined.*

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

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

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

*In the case of indirect foreign subsidiaries, the financial statements are translated from their functional currencies to Polish zlotys in several stages, meaning their functional currency figures are first converted to the functional currency of their immediate parent company (lower-level parent), and subsequently the consolidated financial statements of such lower-level parent are translated into the functional currency of its parent company.*

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

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

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

Groups / categories of financial instruments	Carrying value as at 31 Dec. 2023	Foreign currency exposure as at 31 Dec. 2023	USD	EUR	NIS	Other currencies
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Financial assets</b>						
Cash and cash equivalents	2,987.1	2,453.7	890.5	632.8	622.2	308.2
Loans granted and bank deposits	319.0	317.4	301.2	8.7	-	7.5
Other financial assets	131.5	121.4	97.7	3.1	19.4	1.2
Trade receivables and contract assets	4,326.5	3,753.2	454.0	628.0	2,232.2	439.0
<b>Financial liabilities</b>						
Other financial liabilities*	546.7	535.4	27.5	258.0	242.5	7.4
Bank loans, borrowings and debt securities	3,342.4	2,414.9	426.9	231.4	1,702.0	54.6
Lease liabilities	754.8	668.7	20.8	142.1	410.9	94.9
Trade payables	1,646.9	1,508.0	283.1	301.5	801.5	121.9

\* excluding dividends payable

Groups / categories of financial instruments	Carrying value as at 31 Dec. 2022	Foreign currency exposure as at 31 Dec. 2022	USD	EUR	NIS	Other currencies
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Financial assets (restated)</b>						
Cash and cash equivalents	3,636.0	3,150.3	872.0	639.1	1,251.1	388.1
Loans granted and bank deposits	117.7	114.8	105.6	5.8	1.9	1.5
Other financial assets	105.7	95.6	13.4	12.8	68.3	1.1
Trade receivables and contract assets	4,723.3	4,125.8	772.5	719.1	2,016.6	617.6
<b>Financial liabilities (restated)</b>						
Other financial liabilities*	731.9	719.4	115.7	190.6	403.6	9.5
Bank loans, borrowings and debt securities	3,163.7	3,161.9	513.6	250.2	2,333.1	65.0
Lease liabilities	800.0	735.4	90.4	169.1	357.4	118.5
Trade payables	1,602.4	1,464.9	327.6	252.3	731.8	153.2

\* excluding dividends payable

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

Groups / categories of financial instruments	Analysis of sensitivity to foreign currency risk as at 31 December 2023					
	USD		EUR		NIS	
	+5%	-5%	+5%	-5%	+5%	-5%
	Impact on financial results		Impact on financial results		Impact on financial results	
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Financial assets</b>						
Cash and cash equivalents	44.6	(44.6)	31.6	(31.6)	31.3	(31.3)
Loans granted and bank deposits	15.1	(15.1)	0.3	(0.3)	-	-
Other financial assets	4.9	(4.9)	0.2	(0.2)	1.0	(1.0)
Trade receivables and contract assets	22.7	(22.7)	31.4	(31.4)	111.6	(111.6)
<b>Financial liabilities</b>						
Other financial liabilities	(1.4)	1.4	(12.8)	12.8	(12.1)	12.1
Bank loans, borrowings and debt securities	(20.8)	20.8	(9.6)	9.6	(83.6)	83.6
Lease liabilities	(1.0)	1.0	(7.2)	7.2	(20.6)	20.6
Trade payables	(14.1)	14.1	(15.0)	15.0	(40.0)	40.0



Analysis of sensitivity to foreign currency risk as at 31 December 2022						
Groups / categories of financial instruments	USD		EUR		NIS	
	+5%	-5%	+5%	-5%	+5%	-5%
	Impact on financial results PLN mn	Impact on financial results PLN mn	Impact on financial results PLN mn	Impact on financial results PLN mn	Impact on financial results PLN mn	Impact on financial results PLN mn
<b>Financial assets (restated)</b>						
Cash and cash equivalents	43.6	(43.6)	32.0	(32.0)	62.6	(62.6)
Loans granted and bank deposits	5.3	(5.3)	0.2	(0.2)	0.1	(0.1)
Other financial assets	0.7	(0.7)	0.6	(0.6)	3.4	(3.4)
Trade receivables and contract assets	38.6	(38.6)	36.0	(36.0)	100.8	(100.8)
<b>Financial liabilities (restated)</b>						
Other financial liabilities	(5.5)	5.5	(9.5)	9.5	(20.5)	20.5
Bank loans, borrowings and debt securities	(25.9)	25.9	(12.5)	12.5	(116.7)	116.7
Lease liabilities	(4.5)	4.5	(8.5)	8.5	(17.8)	17.8
Trade payables	(16.4)	16.4	(12.6)	12.6	(36.5)	36.5

## 8.2. Interest rate risk

The Group identifies and measures the interest rate risk on a regular basis, and takes actions aiming to minimize its impact on our financial position. Any instruments bearing a variable interest rate expose the Group to the risk of cash flow fluctuations as a result of interest rate changes, which may affect the amount of interest income or expenses recognized in financial results. Changes in the market interest rates may have a negative influence on the financial results of the Group. The Group's exposure to changes in this market factor is primarily attributable to: (i) changes in the amount of interest charged on variable interest rate loans that are granted to the Group companies by external financial institutions, (ii) changes in the valuation of debt securities such as Treasury and corporate bonds as well as derivative instruments held, and (iii) changes in the amount of interest offered on cash deposits made by the Group companies which are based on variable interest rates.

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

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

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

Detailed information on bank loans and borrowings, including their interest rates, currencies, and maturities are presented in explanatory note 6.15 to these consolidated financial statements.

The table below presents the structure of financial instruments exposed to the risk of interest rate changes as at 31 December 2023:

Groups / categories of financial instruments	Carrying value as at	Amount exposed to risk as at	WIBOR	EURIBOR and ESTR	LIBOR USD and SOFR	Bank of Israel Interest and PRIME	Other
	31 Dec. 2023	31 Dec. 2023					
	PLN mn	PLN mn					
<b>Financial assets</b>	<b>7,764.1</b>	<b>1,078.4</b>	<b>348.1</b>	<b>28.1</b>	<b>282.7</b>	<b>410.8</b>	<b>8.7</b>
Cash and cash equivalents	2,987.1	1,077.7	347.4	28.1	282.7	410.8	8.7
Loans granted and cash deposits	319.0	0.7	0.7	-	-	-	-
Other financial assets	131.5	-	-	-	-	-	-
Trade receivables and contract assets	4,326.5	-	-	-	-	-	-
<b>Financial liabilities</b>	<b>6,298.3</b>	<b>1,520.7</b>	<b>929.9</b>	<b>97.2</b>	<b>221.6</b>	<b>267.5</b>	<b>4.5</b>
Bank loans, borrowings and debt securities	3,342.4	1,519.1	928.3	97.2	221.6	267.5	4.5
Bank overdraft facilities	111.7	81.7	1.8	49.4	-	26.0	4.5
Bank loans	1,811.0	1,220.4	926.5	47.8	221.6	24.5	-
Debt securities	1,414.9	217.0	-	-	-	217.0	-

Loans	4.8	-	-	-	-	-	-
Lease liabilities	754.8	1.6	1.6	-	-	-	-
Other financial liabilities	554.2	-	-	-	-	-	-
Trade payables	1,646.9	-	-	-	-	-	-

The table below presents the structure of financial instruments exposed to the risk of interest rate changes as at 31 December 2022:

Groups / categories of financial instruments	Carrying value as at 31 Dec. 2022	Amount exposed to risk as at 31 Dec. 2022	WIBOR	EURIBOR	LIBOR USD	Bank of Israel Interest and PRIME	Other
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
<b>Financial assets (restated)</b>	<b>8,582.7</b>	<b>1,016.1</b>	<b>303.2</b>	<b>138.1</b>	<b>73.9</b>	<b>500.9</b>	-
Cash and cash equivalents	3,636.0	1,014.4	302.0	138.1	73.9	500.4	-
Loans granted and cash deposits	117.7	1.7	1.2	-	-	0.5	-
Other financial assets	105.7	-	-	-	-	-	-
Trade receivables and contract assets	4,723.3	-	-	-	-	-	-
<b>Financial liabilities (restated)</b>	<b>6,304.2</b>	<b>600.2</b>	<b>6.0</b>	<b>93.1</b>	<b>159.8</b>	<b>331.1</b>	<b>10.2</b>
Bank loans, borrowings and debt securities	3,163.7	595.9	1.7	93.1	159.8	331.1	10.2
Bank overdraft facilities	126.5	82.1	1.7	27.0	-	43.2	10.2
Bank loans	1,134.1	263.3	-	66.1	159.5	37.7	-
Debt securities	1,896.1	250.2	-	-	-	250.2	-
Loans	7.0	0.3	-	-	0.3	-	-
Lease liabilities	800.0	4.3	4.3	-	-	-	-
Other financial liabilities	738.1	-	-	-	-	-	-
Trade payables	1,602.4	-	-	-	-	-	-

The table below presents the analysis of sensitivity of our financial results to interest rate changes as at 31 December 2023:

Interest rate	Deviation assumed (in percentage points)		Amount exposed to risk	Impact on financial results	
	31 December 2023		31 December 2023	31 December 2023	
			PLN mn	PLN mn	PLN mn
WIBOR	+ 1.0 pp	- 1.0 pp	(581.7)	(5.8)	5.8
EURIBOR and ESTR	+ 1.0 pp	- 1.0 pp	(68.8)	(0.7)	0.7
LIBOR USD and SOFR	+ 1.0 pp	- 1.0 pp	61.1	0.6	(0.6)
Bank of Israel Interest and PRIME	+ 1.0 pp	- 1.0 pp	143.2	1.4	(1.4)
Other	+ 1.0 pp	- 1.0 pp	4.2	-	-
<b>Total</b>			<b>(442.0)</b>	<b>(4.5)</b>	<b>4.5</b>

The table below presents the analysis of sensitivity of our financial results to interest rate changes as at 31 December 2022:

Interest rate	Deviation assumed (in percentage points)		Amount exposed to risk	Impact on financial results	
				31 December 2022	
	31 December 2022		31 December 2022	31 December 2022	31 December 2022
			PLN mn	PLN mn	PLN mn
WIBOR	+ 1.0 pp	- 1.0 pp	297.2	3.0	(3.0)
EURIBOR	+ 1.0 pp	- 1.0 pp	45.0	0.5	(0.5)
LIBOR USD and SOFR	+ 1.0 pp	- 1.0 pp	(85.9)	(0.9)	0.9
Bank of Israel Interest and PRIME	+ 1.0 pp	- 1.0 pp	169.8	1.7	(1.7)
Other	+ 1.0 pp	- 1.0 pp	(10.2)	(0.1)	0.1
<b>Total</b>			<b>415.9</b>	<b>4.2</b>	<b>(4.2)</b>

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

### 8.3. Credit risk

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

The Group's total exposure to credit risk results from the fact of having receivables (note 6.8) and other financial assets (note 6.10).

### 8.4. Financial liquidity risk

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

The Group's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funds, including mainly: bank account overdrafts, investment loans and borrowings, and corporate bonds (the latter were only issued in the Formula Systems segment during the year ended 31 December 2023 and the comparable period).

The Group's activities in the field of financial liquidity management involve planning and monitoring of cash flows at the level of each subsidiary company, individual operating segments and the Group as a whole. The Group monitors cash balances, working capital, as well as interest-bearing debt and its maturities at all of its companies on a monthly basis in order to ensure funds for ongoing operations.

Asseco Group does not use a mechanism for allocating funds between companies, the so-called cash pooling, but there are transfers of funds between individual companies of the Group by extending intra-group loans on an arm's length basis.

Liquidity management in the Group consists particularly in securing adequate immediate liquidity by having cash resources in bank accounts with appropriate ratings (current accounts and term deposits with different maturities) and in bank overdraft facilities (a significant portion of which remained unused during the reporting period and as at 31 December 2023). Bank overdraft facilities have been disclosed in explanatory note 6.15 in the second table, specifying the maximum amounts of debt available but not used, as well as interest rates on possible overdrafts. All bank loans and their maturities are disclosed in the same explanatory note. Total cash and cash equivalents held by the Group as at 31 December 2023 are presented in explanatory note 6.12. Other financial liabilities are disclosed in explanatory note 6.17. The maturities of financial liabilities as at the reporting date, broken down by categories of liabilities, are presented in the table below.

As a rule, Asseco Group does not pursue a centralized financial policy because it operates as a federation of companies as described in the Management's report on operations, and securing funds for current business operations remains the responsibility of the management of each subsidiary. However, the Management Board of the Parent Company sets the limits for possible external debt financing by acting in supervisory bodies of subsidiaries, as well as determines strategic financial goals by influencing the decisions made at general meetings of shareholders.

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

Maturity of financial liabilities as at 31 December 2023	Liabilities falling due within 3 months	Liabilities falling due within 3 to 12 months	Liabilities falling due within 1 to 5 years	Liabilities falling due after 5 years	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
Trade payables	1,602.1	43.7	1.1	-	1,646.9
Bank loans, borrowings and debt securities	136.9	963.7	2,241.8	-	3,342.4
Lease liabilities*	69.8	178.6	465.5	184.3	898.2
Dividends payable to minority shareholders of the Group	4.2	3.3	-	-	7.5
Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	6.8	82.2	14.8	-	103.8
Liabilities under put options granted to non-controlling shareholders	18.3	145.3	279.1	-	442.7
Forward/future contracts and other financial liabilities	0.1	0.1	-	-	0.2
<b>Total</b>	<b>1,838.2</b>	<b>1,416.9</b>	<b>3,002.3</b>	<b>184.3</b>	<b>6,441.7</b>

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

Maturity of financial liabilities as at 31 December 2022 (restated)	Liabilities falling due within 3 months	Liabilities falling due within 3 to 12 months	Liabilities falling due within 1 to 5 years	Liabilities falling due after 5 years	Total
	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
Trade payables	1,539.3	60.4	2.7	-	1,602.4
Bank loans, borrowings and debt securities	129.9	1,012.0	2,021.8	-	3,163.7
Lease liabilities*	41.7	250.1	424.3	237.1	953.2
Dividends payable to minority shareholders of the Group	4.2	2.0	-	-	6.2
Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	1.1	162.4	76.8	-	240.3
Liabilities under put options granted to non-controlling shareholders	-	345.1	144.5	-	489.6
Forward/future contracts and other financial liabilities	0.8	0.8	0.4	-	2.0
<b>Total</b>	<b>1,717.0</b>	<b>1,832.8</b>	<b>2,670.5</b>	<b>237.1</b>	<b>6,457.4</b>

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

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

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

Items of income, expenses, gains and losses recognized in the statement of profit and loss	Interest income (expenses)	Reversal (recognition) of impairment losses	Gain (loss) on exercise and valuation	Other	Total
for 12 months ended 31 December 2023	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
Financial assets carried at fair value through profit or loss	-	-	(9.7)	-	(9.7)
Cash and cash equivalents	61.3	-	-	-	61.3
Investments in other debt securities carried at amortized cost	-	(0.6)	-	-	(0.6)
Loans granted	20.2	0.1	-	-	20.3
Trade receivables from other entities	4.7	(35.7)	-	-	(31.0)
Other financial liabilities	-	-	19.3	-	19.3
Bank loans and borrowings	(69.8)	-	-	-	(69.8)
Debt securities	(57.1)	-	-	-	(57.1)
Lease liabilities	(35.1)	-	-	-	(35.1)
Trade payables	(1.7)	-	-	-	(1.7)
<b>Total</b>	<b>(77.5)</b>	<b>(36.2)</b>	<b>9.6</b>	<b>-</b>	<b>(104.1)</b>

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

Items of income, expenses, gains and losses recognized in the statement of profit and loss	Interest income (expenses)	Reversal (recognition) of impairment losses	Gain (loss) on exercise and valuation	Other	Total
for 12 months ended 31 December 2022	PLN mn	PLN mn	PLN mn	PLN mn	PLN mn
Financial assets carried at fair value through profit or loss	-	-	5.2	-	5.2
Cash and cash equivalents	28.1	-	-	-	28.1
Loans granted	1.5	(0.2)	-	-	1.3
Trade receivables from other entities	2.8	(16.1)	-	-	(13.3)
Other financial liabilities	-	-	19.6	-	19.6
Bank loans and borrowings	(34.1)	-	-	-	(34.1)
Debt securities	(37.7)	-	-	-	(37.7)
Lease liabilities	(30.1)	-	-	-	(30.1)
Trade payables	(1.5)	-	-	-	(1.5)
<b>Total</b>	<b>(71.0)</b>	<b>(16.3)</b>	<b>24.8</b>	<b>-</b>	<b>(62.5)</b>

## 9 Other explanatory notes

### 9.1. Off-balance-sheet liabilities

#### Selected accounting policies

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

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

#### **Lease contracts subject to practical expedients for short-term leases and leases of low-value assets permitted under IFRS 16**

The Group applies a practical expedient permitted under IFRS 16 to rental contracts and other contracts of similar nature that are concluded for a period shorter than 12 months from the lease commencement date.

Whereas, the practical expedient for leases of low-value assets is applied by the Group primarily to leases of IT hardware and other equipment with a low initial value. Low-value assets are considered by the Group to be items with a value not exceeding USD 5,000.

In both the above-mentioned exceptions, the lease payments are recognized as operating expenses basically on a straight-line basis, in the period to which they are related. In such case, no right-of-use assets and corresponding financial liabilities are recognized. Lease liabilities subject to the above-mentioned practical expedients constitute off-balance-sheet liabilities.

The Company's contingent liabilities arising from guarantees of due performance of contracts as at 31 December 2023 and 31 December 2022 are presented in the table below:

Contingent liabilities	31 December 2023	31 December 2022
	PLN mn	PLN mn
<b>Liabilities from guarantees of due performance of contracts</b>		
Liabilities falling due within 3 months	23.6	20.8
Liabilities falling due within 3 to 12 months	191.9	243.7
Liabilities falling due within 1 to 5 years	188.3	191.9
Liabilities falling due after 5 years	-	8.2
<b>Total</b>	<b>403.8</b>	<b>464.6</b>
<b>Liabilities arising from bank guarantees and guarantee bonds</b>		
Liabilities falling due within 3 months	1.1	3.2
Liabilities falling due within 3 to 12 months	53.9	38.4
Liabilities falling due within 1 to 5 years	2.4	6.0
Liabilities falling due after 5 years	-	-
<b>Total</b>	<b>57.4</b>	<b>47.6</b>
<b>Other contingent liabilities</b>	<b>2.4</b>	<b>0.8</b>

Guarantees of due performance of contracts granted by the Group were purchased from banks, hence the contingent liabilities disclosed in the table above may become due as a result of the bank's recourse to the Group in the event of failure to perform our contractual obligations.

In the Management's opinion, the probability of having to satisfy our liabilities from guarantees of due performance of contracts as presented in the table above is negligible; however, due to their amount, it was decided to make an appropriate disclosure in these consolidated financial statements of Asseco Group.

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

Significant guarantees granted by Asseco Group as at 31 December 2023 and in the comparable period:

- As at 31 December 2023 and 31 December 2022, Asseco Central Europe, a.s. (the Asseco International segment) granted a guarantee in the amount of EUR 2.98 million (PLN 12.9 million) to the company Prosoft Kosice, a.s. (a joint venture of ACE Group) in order to secure the repayment of liabilities by Prosoft to a bank in Slovakia.
- As at 31 December 2023 and 31 December 2022, Asseco Central Europe, a.s. (the Asseco International segment) granted a guarantee in the amount of CZK 100 million (PLN 17.6 million) to the company Asseco Central Europe, a.s. (Czech Republic) in order to secure the repayment of liabilities by ACE (Czech Republic) to a bank in Czechia.
- As at 31 December 2023, Asseco Central Europe, a.s. (the Asseco International segment) granted a guarantee in the amount of HUF 600.0 million (PLN 6.8 million) to the company Asseco Central Europe Magyarország Zrt in order to secure the repayment of its liabilities under a loan agreement.
- As at 31 December 2023 and 31 December 2022, Asseco Central Europe, a.s. (the Asseco International segment) granted a guarantee in the amount of EUR 3.5 million (PLN 15.2 million) to the company Asseco CEIT a.s. in order to secure the repayment of its liabilities under a loan agreement.

Both as at 31 December 2023 and 31 December 2022, the Group had no contingent liabilities arising from any sureties granted.

The table below presents the amounts of off-balance-sheet lease liabilities as at 31 December 2023 as well as at 31 December 2022. These are off-balance-sheet liabilities arising from lease contracts subject to practical expedients permitted under IFRS 16 for short-term leases or leases of low-value assets.

	31 December 2023	31 December 2022
	PLN mn	PLN mn
<b><i>Liabilities from rental of space</i></b>		
In the period up to 1 year	2.9	3.8
In the period from 1 to 5 years	0.5	3.6
Over 5 years	-	-
	<b>3.4</b>	<b>7.4</b>
<b><i>Liabilities from other lease contracts</i></b>		
In the period up to 1 year	4.1	6.4
In the period from 1 to 5 years	4.9	2.4
Over 5 years	-	-
	<b>9.0</b>	<b>8.8</b>

#### Disputes in litigation during the reporting period

- Asseco Poland segment***

As at 31 December 2023, the Parent Company was party to two court cases initiated by the same plaintiff, in which the total amount in dispute was approx. PLN 13.3 million. The Company's Management assessed the validity of claims brought in court and considered them to be groundless, and consequently assessed the risk of an outflow of economic benefits from the Parent Company to be so small that there was no need to create any provision. In the said disputes, the plaintiff made unjustified demands upon the Company to transfer proprietary software copyrights and extend the licenses granted.

In the second quarter of 2023, the Second Instance Court resolved the first of these disputes dismissing the claim against the Parent Company by an overwhelming margin, as anticipated by our Management. Consequently, there will be no outflow of any significant economic benefits from the Company which confirms that the Management's decision not to create any provision was correct and fully justified. Due to such favourable settlement of the first dispute, the Company has not changed its assessment as to a favourable outcome also in the second dispute, the value of which is PLN 7.1 million.

As at the reporting date, there was also another court dispute pending in which the plaintiff filed a claim for payment of PLN 17.1 million (the Parent Company was sued jointly and severally with its subsidiary Asseco Data Systems S.A.). The Company's Management assessed the validity of claims presented in the lawsuit and considered them to be completely groundless. Thus the Management concluded there was no need to create any provision for such claims as at 31 December 2023. Furthermore, in 2021, Asseco Poland S.A. along with Asseco Data Systems S.A. filed a counter-claim in this case for the payment of compensation for damages incurred as a result of the plaintiff's unjustified withdrawal from the contract. After the reporting date, i.e. on 9 January 2024, the District Court in Warsaw approved a settlement agreement that was reached, based on which the District Court in Warsaw decided to discontinue the court proceedings on 22 February 2024. Both the settlement agreement and the discontinuation decision proved the claims were groundless. Consequently, there will be no outflow of any significant economic benefits from the Company which confirms that the Management's decision not to create any provision was correct and fully justified.

During the reporting period, the said Asseco Data Systems S.A. was party to court proceedings with the total amount in dispute of PLN 18.0 million. This amount was primarily related to the claim for payment of PLN 17.1 million which has been described above.

During the reporting period, DahliaMatic S.A. was engaged in a court dispute that was initiated in 2021, in which the plaintiff brought a claim for payment of PLN 12.1 million as a contractual penalty. As at 31 December 2023, the whole amount of receivables from the plaintiff has been written down and the company's Management Board assessed the validity of claims made in the dispute proceedings and found them groundless. Thus the Management concluded there was no reason to create any additional provisions for such claims as at 31 December 2023. Furthermore, due to the plaintiff's withdrawal from the contract, DahliaMatic S.A. filed a counter-claim for unpaid remuneration.

- ***Asseco International segment***

During the reporting period, ACE Group (of the Asseco International segment) was engaged in proceedings before the Czech Antimonopoly Office regarding the participation in a tendering procedure in which one of ACE Group subsidiaries was a sub-supplier. The Antimonopoly Office imposed a penalty of CZK 13.5 million (PLN 2.4 million) on that company, for which the Group created a provision in the previous year. These proceedings have not been finalized yet and the company has filed an appeal against the decision of the office. In addition, during the reporting period, ACE Group was party to three disputes that entered the stage of court proceedings. In the first case, the claim is related to payment of contractual penalties in the amount of CZK 115.7 million (PLN 20.4 million), while the ACE Management has filed a counter-claim against the same the plaintiff, for compensation for the lost contract in the amount of CZK 102.9 million (PLN 18.1 million). In the reporting period, this dispute was terminated by signing a settlement agreement under which ACE Group recognized a liability in the amount of CZK 14.2 million (PLN 2.5 million). The total value of the remaining disputes is CZK 9.9 million (PLN 1.7 million) and they have been covered with provisions amounting to PLN 2.2 million.

In 2021, Asseco Spain S.A. sued one of its customers for the unjustified unilateral termination of a contract which was meant to be in force till the end of 2026. Asseco Spain claimed compensation for such breach of the contract. Moreover, the company sued the same customer and its new supplier for infringement of the company's intellectual property rights. The case is currently pending before a court of law in Madrid. As at 31 December 2023, all accounts receivable and other assets related to the terminated contract have been written down and therefore winning this court case is going to have positive financial effects for the Group.

- ***Formula Systems segment***

In the reporting period, Matrix IT Group (of the Formula Systems segment) was party to court proceedings where the total amount in dispute was NIS 10.2 million (PLN 11.1 million). Additionally, in December 2023, a court in Israel requested Matrix IT for disclosure of documents in order to investigate the possibility of filing a lawsuit against the company by its minority shareholder. The defendants would be the CEO of Matrix IT and members of its Board of Directors, and the lawsuit would challenge the remuneration awarded to the company's CEO despite the lack of approval by the Shareholders' Meeting. Matrix IT is in the process of analyzing the request and preparing a response to the court.

In the reporting period, Sapiens Group (of the Formula Systems segment) was not party to any significant court litigation.



During the current reporting period, both court proceedings pending against one of the Michpal Group companies (of the Formula Systems segment) were concluded. From the perspective of both the Group and the company, the cost of adjudicated claims is immaterial and has been expensed in the current period results.

In the reporting period, Zap Group (which was acquired by Formula Systems in 2021) was party to court proceedings where the total amount in dispute was NIS 103.8 million (PLN 117.3 million). All these cases were pending before the acquisition of Zap Group and, in the opinion of Formula's management, any potential claims resulting from such lawsuits were secured in an appropriate amount in the acquisition agreement and thus should not weigh upon the financial results of Asseco Group in the future. During the second quarter of 2023, two of the aforementioned cases for a total of NIS 11.2 million (PLN 12.7 million) were resolved. In addition to the cases mentioned above, a dispute for NIS 2.5 million (PLN 2.8 million) was initiated during the reporting period.

During the reporting period, Formula Systems (1985) Ltd was engaged in a dispute that began in 2020, in which Formula Systems (1985) Ltd and members of its management bodies were sued personally by a minority shareholder, who holds 28 shares representing 0.0001% of the total number of shares in this company. The lawsuit concerns the correctness of granting the stock option plan to Mr. Guy Bernstein (CEO of Formula Systems) in 2020, the terms and value of which are described in explanatory note 5.2 in the consolidated financial statements for the year 2020, which was awarded to the CEO by a resolution of the Board of Directors that overruled the decision made by the General Meeting of Shareholders. In the lawsuit, the shareholder has questioned the correctness of the adopted procedure and has also alleged irregularities in the implementation of the option plans of 2011 and 2012. The lawsuit also concerns the remuneration of the company's CFO. The shareholder's objection asserts acting to the detriment of minority shareholders. After consulting with legal advisors, the company has deemed the claim to be unfounded, considering that both the Board of Directors and the company's managing officers (including the CEO and CFO) acted in accordance with the law. Formula Systems (1985) Ltd informed the Securities and Exchange Commission of the details of the claim in 6-K forms which are available to the public. In the reporting period, the court acceded to the company's request to dismiss the claim due to a change in the factual situation in dispute. After the reporting period, the plaintiff appealed against this court decision to the Israeli Supreme Court.

In the opinion of Company's Management Board, the provisions for pending litigation that are recognized in these consolidated financial statements have been created in a sufficient amount to cover possible risks arising from existing disputes.

Except for those described above, during the reporting period, no significant proceedings were instituted or pending before any court, arbitration authority or public administration authority, concerning any liabilities or receivables of Asseco Group companies.

## 9.2. Seasonal and cyclical business

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

## 9.3. Employment

Number of employees in the Group's departments as at	31 December 2023	31 December 2022 (restated)
Management Board of the Parent Company	11	11
Management Boards of the Group companies	208	213
Production departments	28,803	28,451
Sales departments	1,710	1,754
Administration departments	2,330	2,321
<b>Total</b>	<b>33,062</b>	<b>32,750</b>

Number of employees in the Group's segments as at	31 December 2023	31 December 2022
Asseco Poland segment	3,778	3,529
Asseco International segment	8,475	8,441
Formula Systems segment	20,809	20,780
<b>Total</b>	<b>33,062</b>	<b>32,750</b>

#### 9.4. Remuneration of the entity authorized to audit financial statements

The table below discloses the amounts of remuneration paid or payable to the entity authorized to audit the Company's financial statements, namely Ernst & Young Audyt Polska Sp. z o.o. sp.k., for the years ended 31 December 2023 and 31 December 2022, in a breakdown by type of service:

Remuneration of the entity authorized to audit financial statements	12 months ended 31 December 2023	12 months ended 31 December 2022
	PLN mn	PLN mn
Mandatory audit of annual financial statements:		
- of the Parent Company	1.2	0.9
- of the Group companies	0.4	0.2
Other attestation services, including review of semi-annual financial statements:		
- of the Parent Company	0.6	0.6
- of the Group companies	0.2	0.2
<b>Total</b>	<b>2.4</b>	<b>1.9</b>

Moreover, other firms of the EY network carry out the audits of annual and reviews of interim financial statements, as well as other certification services, in favour of Asseco Group companies in Poland as well as in other countries. Firms of the EY network provided the Group companies also with services other than the audits of financial statements, which were subject to the procedure of approval by the Company's Audit Committee.

The total remuneration for audit and non-audit services provided by all firms of the EY network in 2023 amounted to PLN 20.5 million, and included:

- audits of annual financial statements for PLN 13.2 million;
- other attestation services, including review of financial statements for PLN 3.8 million;
- tax consultancy for PLN 2.2 million;
- other services for PLN 1.3 million.

The total remuneration for audit and non-audit services provided by all firms of the EY network in 2022 amounted to PLN 16.9 million, and included:

- audits of annual financial statements for PLN 8.4 million;
- other attestation services, including review of financial statements for PLN 5.1 million;
- tax consultancy for PLN 2.8 million;
- other services for PLN 0.6 million.

A detailed description of services performed by firms of the EY's network has been presented the Report on Applying Corporate Governance Standards, being a constituent of the Management Report on Operations of Asseco Poland S.A. and Asseco Group.

#### 9.5. Remuneration of the Management Board and Supervisory Board

The tables below present remuneration of the key management personnel of the Parent Company for performing duties at the Parent Company as well as in related entities in the years 2023 and 2022.

Remuneration for performing duties at Asseco Poland S.A.	12 months ended 31 December 2023 PLN mn	12 months ended 31 December 2022 PLN mn
<b>Management Board</b>		
Adam Góral	2.6	2.8
Grzegorz Bartler*	0.7	0.4
Andrzej Dopierała	0.2	0.1
Krzysztof Groyecki	1.8	1.6
Marek Panek	1.0	1.1
Paweł Piwowar	1.0	0.9
Zbigniew Pomianek	2.8	2.8
Karolina Rzońca-Bajorek	1.5	1.6
Sławomir Szmytkowski	2.5	3.2
Artur Wiza	1.5	1.6
Gabriela Żukowicz	1.5	1.6
<b>Total</b>	<b>17.1</b>	<b>17.7</b>

<b>Supervisory Board</b>		
Izabela Albrycht	0.13	0.12
Jacek Duch	0.25	0.23
Piotr Augustyniak	0.16	0.15
Dariusz Brzeski	0.13	0.12
Artur Gabor	0.16	0.15
Piotr Maciąg	0.13	0.12
Adam Noga	0.17	0.16
Tobias Solorz**	0.14	0.03
Piotr Żak	0.13	0.12
<b>Total</b>	<b>1.40</b>	<b>1.20</b>

\* Grzegorz Bartler has served as Member of the Management Board since 1 July 2022.

\*\* Tobias Solorz has served as Member of the Supervisory Board since 25 May 2022.

Remuneration for performing duties at the Group companies	12 months ended 31 December 2023 PLN mn	12 months ended 31 December 2022 PLN mn
<b>Management Board</b>		
Adam Góral	0.18	0.17
Andrzej Dopierała	1.72	1.80
Marek Panek	1.86	1.60
Paweł Piwowar	0.08	0.16
Zbigniew Pomianek	0.05	0.05
Karolina Rzońca-Bajorek	0.63	0.05
Artur Wiza	0.45	0.47
Gabriela Żukowicz	0.60	0.51
<b>Total</b>	<b>5.57</b>	<b>4.81</b>
<b>Supervisory Board</b>		
Jacek Duch	0.14	0.13
Izabela Albrycht	0.03	0.03
Piotr Augustyniak	0.06	0.06
Piotr Maciąg	0.18	-
<b>Total</b>	<b>0.41</b>	<b>0.22</b>

The amounts of remuneration paid to Members of the Management Board for performing duties at the supervisory boards and management boards of Asseco Poland S.A. and the Group's subsidiary companies

have been disclosed in a breakdown to fixed and variable portions in the Report on the Remuneration of Members of the Management Board and Supervisory Board of Asseco Poland S.A. for the year 2023.

## 9.6. Capital management

The primary objective of the Group's capital management is to maintain a favourable credit rating and a safe level of capital ratios in order to support the Group's business operations and maximize shareholder value. Capital management is performed at the level of individual companies within the Group, whose management boards are responsible for ensuring an effective and safe financing structure that takes into account the operational risks specific to particular companies. While the functions of supervision, setting of strategic capital goals and, in certain cases, capital allocation are carried out at the Group level. These activities are aimed at maximizing the return for owners at the assumed level of risk.

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

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

Capital management	Note	31 December 2023	31 December 2022 (restated)
		PLN mn	PLN mn
Bank loans, borrowings and debt securities	<a href="#">6.15</a>	3,342.4	3,163.7
Lease liabilities	<a href="#">6.16</a>	754.8	800.0
Minus cash and cash equivalents (-)	<a href="#">6.12</a>	(2,987.1)	(3,636.0)
<b>Net debt</b>		<b>1,110.1</b>	<b>327.7</b>
Equity		5,303.0	6,549.5
<b>Equity and net debt</b>		<b>6,413.1</b>	<b>6,877.2</b>
<b>Leverage ratio</b>		<b>17.3%</b>	<b>4.8%</b>

The leverage ratio increased mainly due to the decrease in equity following the Parent Company's share buy-back which was conducted in September 2023. The leverage ratio remains within the target range set by the Group's Management.

## 9.7. Significant events after the reporting period

### ▪ Settlement agreement and discontinuation of court proceedings

On 9 January 2024, the District Court in Warsaw approved a settlement agreement that was reached with regard to a court dispute for PLN 17.1 million, as described in explanatory note 9.1. Based on the said settlement agreement, the District Court in Warsaw decided to discontinue the related court proceedings on 22 February 2024. The settlement agreement and the discontinuation decision proved the claims were groundless. Consequently, there was no outflow of any significant economic benefits from the Company which confirms that the Management's decision not to create any provision was correct and fully justified.

### ▪ Merger of companies in Asseco South Eastern Europe Group

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

### ▪ Loss of control over Asseco Software Nigeria Ltd.

On 22 January 2024, Asseco International, a.s. transferred all the shares it held in Asseco Software Nigeria Ltd. and they were received by Asseco Nigeria Ltd. as treasury shares. In these consolidated financial statements,

all the assets and liabilities of that company have been presented in assets held for sale and liabilities held for sale, respectively.

- **Increase of the share capital and liquidation of National Defense Systems S.A.**

The Extraordinary General Meeting of National Defense Systems S.A., which was held on 1 March 2024, passed a resolution to raise the company's share capital by PLN 350 thousand through the issuance of 350,000 ordinary registered shares of series B, with a par value of PLN 1.00 each. In addition, the Extraordinary General Meeting of National Defense Systems S.A. decided to dissolve that company and put it into liquidation.

- **Sale of real estate located in Wrocław**

On 5 March 2024, the Company signed a notarized deed to sell its property located in Wrocław. As at the reporting date, this property has been disclosed under non-current assets and liabilities held for sale. The transaction price was above the carrying value of the property.

### 9.8. Significant events related to prior years

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

**Approval for publication by  
the Management Board**

**ASSECO**

These consolidated financial statements of Asseco Group for the year ended 31 December 2023 have been approved for publication by the Management Board of Asseco Poland S.A. on 27 March 2024.

**Management Board:**

---

Adam Góral  
President  
of the Management Board

---

Grzegorz Bartler  
Vice President  
of the Management Board

---

Andrzej Dopierała  
Vice President  
of the Management Board

---

Krzysztof Groyecki  
Vice President  
of the Management Board

---

Marek Panek  
Vice President  
of the Management Board

---

Paweł Piwowar  
Vice President  
of the Management Board

---

Zbigniew Pomianek  
Vice President  
of the Management Board

---

Karolina Rzońca-Bajorek  
Vice President  
of the Management Board

---

Sławomir Szmytkowski  
Vice President  
of the Management Board

---

Artur Wiza  
Vice President  
of the Management Board

---

---

Gabriela Żukowicz  
Vice President  
of the Management Board

---

**Person responsible for the preparation of consolidated financial statements:**

---

Rafał Obodziński  
Director of the Financial  
Reporting Department

---



# Technology for business, solutions for people.

**Asseco Poland S.A.**

14 Olchowa St., 35-322 Rzeszów, Poland

Phone: +48 17 888 55 55

Fax: +48 17 888 55 50

Email: [info@asseco.pl](mailto:info@asseco.pl)

[investor.asseco.pl](http://investor.asseco.pl)

ASSECO