RESTRICTED

QUALCO INFORMATION SYSTEMS SA

Annual Report of the Board of Directors and Annual Financial Statements in accordance with the International Financial Reporting Standards for the year ended 31 December 2019

GENERAL COMMERCIAL REGISTRY NO: 002916401000

HEADQUARTERS: Ag. Konstantinou 40, Maroussi, PC 151 24, ATTICA

http://www.qualco.eu/

Contents **Page**

Management Report of the Board of Directors

Dear Shareholders,

Pursuant to Article 43a, par. 3 of Codified Law 2190/1920, as well as the corresponding provisions of Law 4548/2018, we submit as attachments to the Ordinary General Meeting the financial statements of the company for the year ended on 31 December 2019 together with our observations on them and we kindly request your that you approve them.

The Board of Directors is responsible for the preparation of the Financial Statements of the company whose composition is as follows:

1) Tsakalotos Orestis, Chairman
2) Georgantzis Miltiadis, CEO
3) Retzekas Spyridon, Member of the Board of Directors
4) Amallos Demokritos, Member of the Board of Directors
5) Kontopoulos Nikolaos, Member of the Board of Directors

It is noted that the Company's Financial Statements were prepared on the basis of the International Financial Reporting Standards.

This report contains financial and non-financial information of the Company "Qualco SA" (hereinafter the "Company") for the fiscal year 2019.

Report of the year

The financial position of the Company and its performance during the period ended 31/12/2019 is presented in the attached statements and taking into account the prevailing conditions in Greece, it is considered satisfactory.

The results of the activities of the company are in accordance with the estimates of the Management.

The Company's equity increased from € 3,016,822 in 2018 to € 6,405,088 in 2019 (an increase of € 3,388,266 or 112%).

This increase is due to the significant profitability of the closing year 2019 as presented below.

Ratios

The Management lists the following ratios

	31/12/2019	**31/12/2018**
Current Assets / Total Assets	67.47%	62.49%
Current Assets / Short-Term Liabilities	101.87%	76.05%
Equity / Total Liabilities	25.39%	11.94%
Equity / Fixed Assets	74.64%	34.32%

The first two ratios measure the liquidity of the Company by depicting the proportion of funds allocated to current assets. They constitute an indication of the short-term liabilities covered by current receivables.

The next ratio measures the financial self-sufficiency of the Company, reflecting its dependence on credit capital and its dependence on foreign borrowing.

The last ratio measures the degree of financing of the Company's fixed assets from its Equity.

Adjusted EBITDA

The Board evaluates the profitability of the company by using the ratio of **adjusted EBITDA** (Earnings Before Interest, Taxes, Depreciation, Amortisation and non-recurring expenditure). Non-recurring expenditure include the amounts of fines and surcharges from debt settlement arrangements to the Greek State from taxes and liabilities to insurance funds (essentially a financing expense), as well as any imposition of additional and non-recurring amounts resulting from tax or other administrative audits.

	01/01 - 31/12/2019	**01/01 - 31/12/2018**
Operating earnings - Earnings before interest and tax (EBIT)	**4,956,268**	**(1,769,022)**
Depreciation	2,400,008	2,293,092
Earnings Before Interest, Taxes, Depreciation, Amortisation (EBITDA)	**7,356,277**	**524,070**
Fines and surcharges	704,629	719,475
Fines and surcharges from previous years	9,985	625,460
Adjusted EBITDA	**8,070,890**	**1,869,005**

Investment Strategy (Research and Development)

The Investment Plan of the Company included actions concerning both the development of new products and the operational development in specific markets.

In its effort to consolidate its position in the market of software and services, the Company has given special priority to the research and development of its new products.

The company is continuing a well-defined investment project for the leading product "Qualco Collections and Recovery", aiming to move to a new, fully online platform and cloud technology. The new version of the product will be launched gradually in 2021. In addition, the company continues to invest in the Analytics and Modeling (D3E) platform with the aim of providing new opportunities that will further enhance the value added of the product for the evaluation and management of NPL portfolio during 2020.

Within 2019, the Company capitalized staff fees totaling € 900 thousand, an expenditure related to the development of new software.

Review of significant events that took place during the fiscal year

Although domestic demand for new software projects remained weak for another year, Qualco was able to enter into significant new contracts. The most important of all is the conclusion of an agreement with Intrum. The agreement and signing of a contract with Intrum concerns the sale and installation of Qualco software to Intrum's subsidiaries in 24 countries. This project has a three-year horizon and has already started in the fiscal year 2019 and has contributed to the improvement of the company's financial figures in the closed fiscal year. This cooperation gives the company huge prospects for its further operating development in the coming years due to the size of the project.

Within 2019, the execution of the two major projects in PPC, totaling € 23.5 million, was completed and the execution of another major project started for PPC on the basis of the new cooperation agreement of € 15 million, with a possibility of extension by € 4.5 million.

Risk management

The Company is exposed to financial risks such as market risks (changes in exchange rates, interest rate, market prices), credit risk, liquidity risk, technological development risk and macroeconomic risk.

i) Liquidity risk

Liquidity risk is kept at low levels by maintaining sufficient cash and adequate credit limits offered by collaborating banks.

The company's policy is to minimise its exposure to cash flow interest rate risk regarding long-term financing. Long-term financing is usually at a floating interest rate based on Euribor.

As regards interest rates, management believes that what is paid in relation to the loans concluded is equivalent to the current reasonable market interest rates and therefore their value does not differ from the value at which these liabilities are presented.

ii) Foreign Exchange Risk

Currency risks arise from transactions made in foreign currencies. The Company carries out commercial operations with foreign companies, and as a consequence, is substantially exposed to foreign exchange risk, although most of its transactions are in Euro (€).

In particular, the foreign exchange risk arises occasionally, in particular when consultants' fees arise, as well as project costs incurred in foreign currencies. The Company controls and assesses periodically, separately but also jointly, its exposure to foreign exchange risk and will use derivative financial instruments if required to limit such risk.

iii) Credit risk

Credit risk is the possible non-timely repayment to the Company of the existing and contingent liabilities of its counterparties and consists mainly of commercial and other receivables, as well as cash and cash equivalents.

Trade receivables come from a large customer base. Because of the prevailing conditions in the market, extremely strict control is exercised over new contracts and the procedures for monitoring progress of works, invoices and receipts. A large part of its trade receivables is insured against credit risk by obtaining letters of guarantee for the execution of contracts from banking institutions.

Cash and cash equivalents also involve potential credit risk. In such cases, the risk may arise from counterparty failure to fulfill their obligations towards the Company. In order to deal with this credit risk, the Company, in the framework of the policies approved by the Boards of Directors, cooperates with financial institutions of high investment credit rating and continuously evaluates and sets limits on the degree of exposure to each individual financial institution.

Furthermore, a large part of its receivables relate either to claims from the Greek State or to claims that correspond to liabilities to the Greek State. In the Management's view, appropriate provisions are recognized for losses arising from impairment of receivables due to specific credit risks.

iv) Risk of technological developments

Technological developments in software production technology and operating systems may, under certain conditions, affect a software company. The continuous upgrading of products in the latest technological environments is an important factor in the company's competitiveness. The Company does not foresee that such a risk may arise in the next few years, since its products are developed, in fact this constitutes a key element of its competitiveness that differentiates it in the market.

In any case, the Company closely monitors the technological developments and adjusts its products accordingly.

The risks incurred by the company and their management are detailed in paragraph 4 of the Financial Statements.

Transactions with related parties

The related parties of the Company are the following:

Parent: Qualco Holdco Limited

Qualco SA is 100% owned by Qualco Holdco Limited.

Subsidiaries:

		% of participation	
Name	**Headquarters**	**31/12/2019**	**31/12/2018**
Qquant Master Servicer Single-person AEDAP	Greece	100%	100%
Qualco (UK) Limited	United Kingdom	90%	90%
Qualco Cyprus Ltd	Cyprus	100%	100%
Qualco SAS	France	1%	1%

Associates:

		% of participation	
Name	**Headquarters**	**31/12/2019**	**31/12/2018**
Incubator	Greece	50.00%	50.00%
PQH Single Special Liquidation S.A.	Greece	33.33%	33.33%

The Company's transactions with related parties are as follows:

	Trade liabilities		Financial liabilities	
Liabilities to related parties	**2019**	**2018**	**2019**	**2018**
Qualco Holdco Limited	477,201	240,378	32	-
Qualco (UK) Limited	90,906	84,557	-	-
Qquant Master Servicer Single-person AEDAP	60,000	168,806	-	-
Other related parties	-	-	98,776	-
Total	**628,107**	**493,741**	**98,808**	**-**

Receivables from related parties	Trade receivables 2019	Trade receivables 2018	Financial receivables 2019	Financial receivables 2018
Qualco Holdco Limited	720,664	775,875	-	-
Qualco (UK) Limited	587,174	742,793	787,823	787,823
Qualco SAS	190,523	124,403	-	63,500
Qualco Cyprus Ltd	245,770	201,653	1,374,555	1,270,486
Qquant Master Servicer Single-person AEDAP	3,381,498	1,838,282	14,421	19,868
PQH Single Special Liquidation S.A.	25,462	587,313	-	-
Other related parties	-	-	2,236,679	1,166,562
Total	**5,151,091**	**4,270,319**	**4,413,478**	**3,308,239**

Purchases from / Sales to related parties	Sales of goods and services 2019	Sales of goods and services 2018	Purchases of goods and services 2019	Purchases of goods and services 2018
Qualco Holdco Limited	19,480	775,875	440,458	216,364
Qualco (UK) Limited	436,882	453,551	43,742	36,953
Qualco SAS	125,424	125,016		-
Qualco Cyprus Ltd	219,475	25,523		-
Qquant Master Servicer Single-person AEDAP	1,725,323	1,577,368	60,000	-
PQH Single Special Liquidation S.A.	4,150,666	3,070,679		-
Other related parties	-	-	728,424	-
Total	**6,677,250**	**6,028,012**	**1,272,623**	**253,317**

Remuneration of members of the Board of Directors and Managing Executives	2019	2018
Salaries and other benefits to employees	1,577,304	847,407
Total	**1,577,304**	**847,407**

Environmental and labor issues

Corporate and Social Responsibility

Contributing to the progress and prosperity of society is one of the fundamental values and the most important principles of Qualco’s operation, largely determining its sustainable business.

Corporate Social Responsibility is about how we achieve our goals and utilize our business incentives, operating in a way that reflects the company's values in areas that include the market, employees, consumers, society and the environment.

For us Qualco people, Corporate Social Responsibility actions are an integral part of our culture and our overall philosophy as an organization. The main strategy of the company's actions is structured having our "fellow human beings" in mind and is based the "free support" principle, while the active development of the above two points are a key priority for Qualco in Greece, despite the difficult conditions we all face today.

The philosophy of Social Responsibility covers three key strategic axes in all the countries where Qualco operates. Initially, it includes all actions and initiatives that differentiate us from competition. It then includes initiatives that support local communities, institutions and people in real need. This is our second strategic axis. Finally, the third axis of our strategy is inextricably linked to the ability of employees to participate in all actions and activities.

Environmental Issues

Qualco has been showing respect for the environment all this time, so it ranks very high in the code of ethics that governs all our operations.

Our operation is in line with all regulations - laws on good environmental practice, and at the same time we support local and international environmental actions and initiatives by participating in or encouraging participation in them for sustainable development.

Labor Issues

The Company employed 223 employees on 31/12/2019. With full awareness of the prevailing economic conditions, we recognize that our human resources are our most important asset and the key factor in achieving our strategic goals.

The Company aims to achieve its objectives through transparent and merit-based frameworks for selecting and evaluating the performance of and rewarding our human resources and a network of appropriate procedures and rational organizational structures. Progress and development opportunities are part of our people-centered philosophy.

Finally, through the implementation of structured communication policies between the levels of hierarchy, we build trust among its members.

Equal opportunities

The executives, employees and associates of the company behave with respect to their colleagues and every trading partner of the company and fully comply with the legislation on equal opportunities. No forms of harassment against any employee or third party to the Company are acceptable.

The value, qualifications and performance of individuals are the main reasons for the assignment of more complex and demanding roles in the organization chart, while characteristics related to gender, age, religion, origin, color, or beliefs of the candidates are not reasons for their preference or exclusion over their fellow candidates.

Hygiene and safety of staff

In the context of safeguarding the safety and health of employees, the Company has appointed a Safety Technician and an Occupational Physician, in order to investigate any eventual hazards in the workplace and to propose measures to avoid them. Protecting health and safety in all areas of activity is a matter of paramount importance and priority. The Company sees to the creation of a working environment with sufficient and pleasant work conditions. The criteria set to ensure health and safety in the workplace are particularly high.

Society

The Company sees to the implementation of minimum social standards and aims at their continuous improvement. These minimum social standards are the foundation of its functioning:

- Human dignity
- Compliance with legislative provisions
- Prohibition of employment of minors
- Prohibition of forced labor and disciplinary measures
- Freedom of organization and gathering
- Environmental protection

The implementation and monitoring of the aforementioned social standards is carried out through an in-house social responsibility strategy and a corresponding in-house process. Punishment or unfavorable treatment of employees who report such violations in relation to these social standards is not allowed.

Projected course and evolution

The significant amount of unfinished projects already undertaken since 2019 creates an expectation for a stronger growth in 2020 for the Company. The growth rates are also supported by the revenues from products and services sold to the ever-increasing number of large and medium-sized customers.

In view of the strongly export orientation of the Company, the prospects, results and course for the current year 2019, are directly related to the situation prevailing on the one hand in the domestic and on the other hand in the global economy and market, without ignoring the unfavorable conditions still prevailing in the domestic economy, although there are indications that after a long period of recession, attempts are being made to return to growth, improve business conditions and increase business investment, whereas there is hope that the end of fiscal surveillance may be the starting point of growth and return to normality.

In any case, although developments can not be predicted with certainty and any assessment of the development and course of activities and financial figures would be uncertain, as the transaction activity has not been restored, the Company Management, having strengthened its extroversion, will focus its efforts on the market shares that are expected to emerge:

- from further strengthening its activity abroad,
- from the contribution of new and specialized personnel,
- from the development and presentation of new functions and innovative products in the domestic and international market;
- from the reduction of expenditure, which is already being implemented through the reorganization of corporate operations and departments, as well as
- from a targeted approach to new projects, in particular complex IT projects.

The flexibility of the internal structure and organization that has already been created by the Company allows it to adapt more quickly and efficiently to the new emerging market conditions, in order to effectively utilize any substantial development opportunities that may arise.

In addition, the development of the Company's operations in sectors with high added value, is expected to have a beneficial effect on profit margins and financial figures.

The Company systematically strengthens its presence and its activities in the markets in order to cover and serve the needs of the banking and investment sector, in which it has significant expertise.

Events after the date of the Statement of Financial Position

The consequences of the COVID 19 pandemic have been fully addressed to date, by applying teleworking intensively for all employees in the company from mid-March 2020, using the fully developed technological systems in which the company is constantly investing since its establishment. Employee profitability has not decreased, and in some functions there is an increase in profitability. Any impact on the future course of the company will result from the change in the overall global economic developments due to COVID 19. Our estimates so far are that there will be a lag in revenue for 2020 in relation to the budget that the company had prepared for the year 2020, but due to the increase of NPLs in Greece due to COVID 19, there will be further opportunities in the sector in which the company operates in the coming years.

In April 2020, the Qualco Group reached an agreement with the institutional investor Amely SLarl, who already owns 20% of its share capital, to increase its capital shareholding by 20%. The completion of the procedures and the increase of the share capital is expected to take place within the first quarter of 2021. The Management of the Group welcomes this move by the institutional investor and considers that this development will significantly enhance the Group's ability to claim large projects of international scope, while stimulating its liquidity.

Within the first five months of 2020, the relationship with PPC, after the contract of EUR 15 million had ended, continued as part of the contractually agreed extension of EUR 4,5 million, which was awarded at the beginning of May 2020.

Exact copy of the Minutes of the BoD.

Maroussi, Attica, 28 August 2020

The Chairman of the Board

Tsakalotos Orestis

Audit Report of Independent Certified Public Auditor-Accountant

To the Shareholders of the Company QUALCO INFORMATION SYSTEMS SA

Audit Report on the Financial Statements

Opinion

We have audited the attached financial statements of the company "QUALCO INFORMATION SYSTEMS SA" (the Company), which consist of the statement of financial position of 31 December 2019, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the fiscal year ended on that date, as well as a summary of significant accounting principles and methods, and other explanatory notes.
In our opinion, the attached financial statements present reasonably, in all material aspects, the financial position of the company QUALCO INFORMATION SYSTEMS SA on 31 December 2019, its financial performance and its cash flows for the fiscal year in accordance with the International Financial Reporting Standards, as adopted by the European Union.

Basis of opinion

We have conducted our audit in accordance with International Auditing Standards (IAS), as transposed into Greek legislation. Our responsibilities, according to these standards, are further described in the section of our report 'Auditor's responsibilities for the audit of financial statements'. We are independent of the Company throughout the term of our appointment, in accordance with the Code of Professional Conduct for Auditors of the International Auditing and Assurance Standards Board, as transposed into Greek legislation, and the professional ethics and conduct requirements related to the auditing of financial statements in Greece and we have fulfilled our ethical obligations in accordance with the requirements of the applicable law and the abovementioned Code of Conduct. We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our audit opinion.

Subject Emphasis

We draw your attention to note 2.5 of the financial statements, which describes the fact that the Company made a correction of an error in the current fiscal year with regard to the issue of reserving the audit report of the previous fiscal year issued on 21 August 2019, applying the requirements of IAS 8 " Accounting Policies, Changes in Accounting Estimates and Errors ". This correction was applied retroactively affecting both the comparative reference period, i.e. 31/12/2018 and the beginning of the earlier comparative reference period, i.e. 01/01/2018. No reservation is expressed in our opinion in that respect.

Other issue

The financial statements of the Company for the previous fiscal year ended on 31/12/2018 have been audited by a different auditing company. For this fiscal year, the Certified Auditor Accountant issued a qualified report on 21/08/2019.

Responsibilities of the management regarding the financial statements

The management is responsible for the preparation and fair presentation of these Financial Statements, in accordance with International Financial Reporting Standards, as adopted by the European Union, and for those safeguards that the management thinks are necessary to enable preparation of Financial Statements free of material misstatements due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue its activities, disclosing, where applicable, any issues related to the going concern and the use of the accounting basis of the going concern unless the management either intends to liquidate the Company or to discontinue its activities or has no other realistic option than to take such actions.

Auditor's responsibilities in auditing the financial statements

Our objectives are to obtain reasonable assurance as to whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report presenting our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that the audit carried out in accordance with the IAS, as transposed into Greek legislation, will always identify a material misstatement, when such a misstatement exists. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the IAS, as transposed into Greek legislation, will always identify a material misstatement, when such a misstatement exists.

As a duty of the audit, according to IAS as transposed into Greek legislation, we exercise our professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, by designing and performing audit procedures that respond to those risks and we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to detect a material misstatement due to fraud is higher than that due to error, since fraud may involve collusion, forgery, deliberate omissions, false assertions or the bypassing of internal audit safeguards.
- We understand audit-related internal safeguards to design audit procedures appropriate to the circumstances, but not to express an opinion on the effectiveness of the Company's internal audit.
- We assess the appropriateness of the accounting principles and methods used and the reasonableness of accounting estimates and respective disclosures made by the Management.
- We assess the appropriateness of the management's use of the going concern accounting principle and the audit evidence that has been obtained to determine whether there is material uncertainty about events or circumstances that may indicate material uncertainty as to the ability of the company to continue its activity. If we conclude that there is material uncertainty, we are required to report such disclosures in the financial statements in the auditor's report or whether these disclosures are insufficient to differentiate our opinion. Our findings are based on audit evidence obtained until the date of the auditor's report. However, future events or circumstances may result in the Company ceasing to operate as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, as well as whether the financial statements reflect the underlying transactions and events in a manner that ensures their reasonable presentation.

Among other issues, we notify management of the planned scope and timing of the audit, as well as of significant audit findings, including any material deficiencies in internal safeguards that we identify during our audit.

Report on other Legal and Regulatory Requirements

Taking into account the fact that management is responsible for drawing up the Management Report of the BoD, pursuant to Article 2 paragraph 5 (Part B) of Law 4336/2015, it should be noted that:

a) Item "Other financial receivables" includes a claim against a member of the Board of Directors amounting to € 2,084,843 in violation of the prohibitive provisions of Article 99 of Law 4548/2018.
a) In our opinion the Board of Directors Management Report has been drawn up according to the current legal requirements of Article 150 of Law 4548/2018 and its contents correspond to the attached Financial Statements for the year ended 31.12.2019.
c) On the basis of the information obtained during our audit in relation to "QUALCO INFORMATION SYSTEMS SA" and the environment it operates in, we did not identify any material misstatements in the Directors' Report.

Athens, 28/08/2020

The Certified Auditor-Accountant

Christina Tsironi

SOEL Reg. No 36671

Statement of Financial Position

ASSETS	Note	31/12/2019	31/12/2018 (Reformed)	1/1/2018 (Reformed)
Non-current assets				
Tangible fixed assets	**5**	674,359	577,904	654,617
Intangible assets	**6**	7,220,493	8,212,314	9,154,295
Investments in subsidiaries and associates	**7**	303,114	335,022	335,022
Deferred tax claims	**8**	459,148	1,421,416	1,330,731
Assets Exploitation Rights	**2.6**	686,087	-	
Other long-term receivables	**9**	947,695	64,366	71,004
Total non-current assets		**10,290,896**	**10,611,022**	**11,545,669**
Current assets				
Trade and other receivables	**10**	9,982,225	9,170,544	2,892,586
Current tax receivables	**11**	11,118	127,870	121,324
Accrued income	**12**	4,156,972	4,223,922	2,461,855
Other financial receivables	**13**	4,261,610	3,308,207	4,856,063
Other receivables	**14**	1,221,047	463,749	1,483,621
Cash and cash equivalents	**15**	1,706,411	384,476	882,122
Total current assets		**21,339,384**	**17,678,768**	**12,697,571**
Total assets		**31,630,280**	**28,289,790**	**24,243,240**
EQUITY AND LIABILITIES				
Equity				
Share capital and share premium	**16**	7,239,363	7,239,363	1,239,417
Other inventories	**16**	2,821,343	2,586,437	2,580,343
Results carried forward		(3,655,617)	(6,808,979)	(3,553,741)
Total equity		**6,405,088**	**3,016,821**	**266,019**
Liabilities				
Long-term liabilities				
Long-term loans	**17**	2,609,946	222,688	3,303,960
Long-term financial lease liabilities	**2.6**	456,398	-	-
Deferred tax liabilities	**8**	151,569	157,884	183,145
Tax liabilities	**23**	626,112	1,043,300	1,236,596
Liabilities for personnel retirement benefits	**18**	416,725	562,906	563,453
Other long-term liabilities	**21**	16,854	39,687	101,369
Total long-term liabilities		**4,277,604**	**2,026,465**	**5,388,523**
Short-term liabilities				
Suppliers and other payables	**20**	6,958,258	5,522,341	3,721,208
Short-term loan liabilities	**17**	4,824,393	7,824,884	4,364,304
Short-term financial lease liabilities	**2.6**	178,789	-	-
Other financial liabilities	**22**	37,186	282,527	552,736
Other tax liabilities	**23**	3,646,533	4,029,478	5,203,365
Deferred income	**24**	1,198,926	1,251,992	1,400,698
Other liabilities	**25**	3,778,562	4,335,280	3,313,178
Current tax liabilities	**26**	324,943	-	33,207
Total short-term liabilities		**20,947,588**	**23,246,502**	**18,588,698**
Total liabilities		**25,225,192**	**25,272,967**	**23,977,221**
Total equity and liabilities		**31,630,280**	**28.289.789.**	**24,243,240**

The notes on pages 18 to 55 are an integral part of these financial statements.

Note
The amounts of the previous annual periods have been adjusted to reflect the effects of the application of IAS 8 "Accounting policies, changes in accounting estimates and errors" (see note 2.5).

Statement of Comprehensive Income

	Note	01/01 - 31/12/2019	01/01 - 31/12/2018 (Reformed)
Turnover	28	38,651,238	22,503,407
Cost of goods sold	29	(24,616,478)	(17,666,553)
Gross profits		**14,034,760**	**4,836,854**
Distribution costs			
Administrative costs	29	(7,027,564)	(5,079,361)
Distribution costs	29	(1,666,701)	(1,540,994)
Other income	30	387,721	1,302,359
Other expenses	30	(771,947)	(1,369,950)
Operating results		**4,956,268**	**(1,851,092)**
Financial income	31	153,946	1,218
Other Financial Results	7	(31,908)	
Financial expenses	31	(718,231)	(598,325)
Financial expenses - net		**(596,194)**	**(597,107)**
Profit / (loss) before tax		**4,360,075**	**2,448,199**
Income tax	27	(1,206,715)	(807,039)
Profit / (loss) for the year		**3,153,360**	**(3,255,238)**
Other Comprehensive Income for the year: Items not to be transferred subsequently to profit and loss			
Actuarial Profit/(Loss)	21	309,086	81,779
Deferred tax on actuarial profit/(loss)		(74,181)	(20,445)
Other Comprehensive Income for the year		**234,905**	**61,334**
Total Comprehensive Income/ (Expenses) for the year after tax		**3,388,266**	**3,193,904**

The notes on pages 18 to 55 are an integral part of these financial statements.

Statement of Changes in Equity

	Share capital	Share premium	Other inventories	Results carried forward	Total equity
Balance as at 1 January 2018	**771,641**	**467,776**	**2,580,343**	**(2,903,268)**	**916,492**
Adjustment due to application of IAS 8				(650,473)	(650,473)
Balance as at 1 January 2018	**771,641**	**467,776**	**2,580,343**	**(3,553,741)**	**266,019**
Net loss for the year				(3,255,238)	(3,255,238)
Other Comprehensive Income for the year			61,334		61,334
Total comprehensive expenses for the year	**-**	**-**	**61,334**	**(3,255,238)**	**3,193,904**
Payment of share capital	77,572	5,922,374	-		5,999,946
Share capital increase costs			(55,240)		(55,240)
Balance as at 31 December 2018	**849,213**	**6,390,150**	**2,586,437**	**(6,808,979)**	**3,016,821**

	Share capital	Share premium	Other inventories	Results carried forward	Total equity
Balance as at 1 January 2019	**849,213**	**6,390,150**	**2,586,437**	**(6,808,979)**	**3,016,821**
Net profit for the year	-			3,153,360	3,153,360
Reassessment of staff benefit payables			309,086		309,086
Deferred tax on revaluation of staff benefit payables			(74,181)		(74,181)
Total comprehensive income for the year	**-**	**-**	**234,905**	**3,153,360**	**3,388,266**
Share capital increase					-
Share capital increase costs					-
Balance as at 31 December 2019	**849,213**	**6,390,150**	**2,821,342**	**(3,655,618)**	**6,405,087**

Note

The amounts of the previous annual periods have been adjusted to reflect the effects of the application of IAS 8 "Accounting policies, changes in accounting estimates and errors" (see note 2.5).

The notes on pages 18 to 55 are an integral part of these financial statements.

Statement of Cash Flows

	01/01 - 31/12/2019	01/01 - 31/12/2018 (Reformed)
Profit/(Loss) before taxes	**4,360,075**	**2,448,199**
Adjustments for:		
Depreciation of tangible fixed assets	196,519	231,602
Depreciation of rights of use of assets	223,406	
Depreciation of intangible fixed assets	1,980,084	2,061,490
Change in provisions, pension reserves and grants	162,905	81,232
Interest income	(153,946)	(1,218)
Interest expenses	718,231	539,145
Depreciation of grants	(56,446)	(61,682)
Impairment of assets and other investments	31,908	82,070
	7,462,736	**484,440**
Changes in working capital		
Reduction/(Increase) of trade and other liabilities	(3,122,106)	(6,353,390)
Reduction/(Increase) of accrued income	66,950	(1,762,068)
Increase/(Reduction) of trade and other liabilities	1,807,967	1,569,001
Increase/(Reduction) of revenue carried forward	(53,066)	(148,706)
Increase/(Reduction) of labor costs	(556,718)	895,131
(Reduction)/increase of social security liabilities	-	126,972
(Reduction)/increase of other tax liabilities	(800,133)	(1,752,604)
Cash flows from operating activities	4,805,628	(6,941,224)
Income tax		(51,621)
Cash outflows from operating activities	**4,805,628**	**(6,992,845)**
Cash flows from investment activities		
Purchases of tangible fixed assets	(412,696)	(154,889)
Purchases of intangible assets	(988,263)	(1,119,508)
Interest collected	331	1,218
Net cash outflows from investment activities	**(1,400,628)**	**(1,273,179)**
Cash flows from financing activities		
Share capital increase		6,799,968
Share capital reduction		(800,022)
Loans taken out	7,000,000	3,044,620
Repayment of loans	(7,518,446)	(2,725,376)
Repayments of Financial Leases	(214,585)	
Loans to related parties	(1,178,102)	(543,621)
Repayment of loan capital from related parties	224,698	2,091,478
Interest paid	(396,630)	(479,082)
Collection of grants		380,413
Net cash outflows from financial activities	**(2,083,065)**	**7,768,378**
Net increase/(reduction) in cash and cash equivalents	**1,321,935**	**(497,646)**
Cash and cash equivalents at the beginning of the fiscal year	384,476	882,122
Cash and cash equivalents at the end of the fiscal year	**1,706,411**	**384,476**

The notes on pages 18 to 55 are an integral part of these financial statements.

Note
The amounts of the previous annual periods have been adjusted to reflect the effects of the application of IAS 8 "Accounting policies, changes in accounting estimates and errors" (see note 2.5).

Notes on the financial statements

1. General information

These financial statements include the annual corporate financial statements of the company under the name "QUALCO INFORMATION SYSTEMS SA" (hereinafter "Qualco" or "Company").

The company "QUALCO INFORMATION SYSTEMS SA" was founded in Greece in 1998.

It is headquartered at 40, Agiou Konstantinou Street, Maroussi, PC 15124, Attica with TIN 094503426 and GEMI number 002916401000.

The main activities of the company are a) development, distribution and support of advanced software and business solutions for the wider financial and construction sector; b) provision of a wide range of services related to IT Infrastructures; c) design, implementation and support of complex systems for the purpose of efficiency and development of business intelligence and management information; d) design and implementation of mission-critical, line-of-business IT projects on a large scale; and e) design and implementation of risk calculation methods.

The financial year of the company begins on 1 January and ends on 31 December each year.

These financial statements are presented in euro, which is the currency of the primary economic environment in which the company operates.

The entry into the Qualco Group of the institutional investor Pacific Investment Management Company LLC, "PIMCO", through the investment fund Amely S.à.r.l. was completed in the first quarter of 2018. The entry of the institutional investor was accompanied by a corporate reorganization and capital inflow of € 10m. The corporate reorganization resulted in the holding company Qualco Holdco Limited, headquartered in the UK, becoming the ultimate parent of the Group, after the transfer of 100% of the shares of Qualco S.A. and the contribution of new funds into it. The financial statements for the year ended 31 December 2019 were incorporated with the full consolidation method in the consolidated financial statements of Qualco Holdco Limited based in the UK.

These financial statements were approved for publication by the Company's BoD on 27 August 2020 and are subject to the approval of the Ordinary General Meeting of shareholders.

2. Framework for the preparation of financial statements

2.1 Basis of Preparation

The present annual corporate financial statements of QUALCO SA as at 31 December 2019, covering the period 1.1.2019 - 31.12.2019, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) that have been issued by the International Accounting Standards Board (IASB) and the relevant Interpretations issued by the Financial Reporting Interpretations Committee ("IFRIC"), which are related to the activities of the Group and are in force at the date of preparation of the Financial Statements, as adopted by the European Commission.

The Financial Statements have been prepared in accordance with the principle of historical or imputed cost, the independence of fiscal years, uniformity, presentation, significance of the data and the principle of earned revenue and costs.

Furthermore, the Financial Statements have been prepared on a going concern basis. The consequences of the COVID 19 pandemic have been fully addressed to date, by applying teleworking intensively for all employees in the company from mid-March 2020, using the fully developed technological systems in which the company is constantly investing since its establishment. Employee profitability has not decreased, and in some functions there is an increase in profitability. Any impact on the future course of the company will result from the change in the overall global economic developments due to COVID 19. Our estimates for the company so far are that there will be a lag in revenue for 2020 in relation to the budget that the company had prepared for the year 2020, but due to the increase of NPLs in Greece due to COVID 19, there will be further opportunities in the sector in which the company operates in the coming years.

The company examined the principle of going concern by reviewing its budgets and cash flows for at least one year from the date of preparation of the financial statements for 2019, and concluded that it has sufficient resources to continue its operation.

All revised or newly issued standards and interpretations that apply to the company and are in force as at 31 December 2019 were considered in preparing the financial statements for this fiscal year, to the extent that they were applicable.

The preparation of the financial statements in accordance with the Generally Accepted Accounting Principles requires the conduct of estimates and assumptions that may affect both the accounting balances of assets and liabilities and the required disclosures for contingent receivables and payables on the date of preparation of the Financial Statements, as well as the amounts of income and expenses recognised during the reporting period. The use of adequate information and the application of a subjective judgment constitute integral elements for making estimates in asset valuations, classification of financial instruments, impairment of receivables, provision of income tax and pending court cases. Actual future results may differ from the above estimates.

2.2 Comparability

The comparative figures of the financial statements have been reformulated in order to present the effects of the implementation of IAS 8 "Accounting policies, changes in accounting estimates and errors" (see note 2.5).

2.3 New Standards, Interpretations, Revisions and Amendments to Existing Standards that are effective and have been adopted by the European Union

The following new Standards, Interpretations and Amendments to Standards have been issued by the International Accounting Standards Board (IASB), have been adopted by the European Union and their implementation is mandatory from 01/01/2019 or later.

IFRS 16 "Leases" (applicable for annual periods beginning on or after 01/01/2019)

In January 2016, IASB issued a new Standard, IFRS 16. The objective of the IASB was to develop a new lease accounting Standard that sets out the principles that both parties to a contract - namely both the customer ("the lessee") and the supplier ("the lessor") - applied to provide relevant information about leases in a manner that faithfully represents those transactions. To achieve this, a lessee should recognize the assets and liabilities arising from the lease. The impact of this standard on the Group is indicated in note 2.6.

IFRIC 23 "Uncertainty over Income Tax Treatments" (applicable to annual periods beginning on or after 1 January 2019)

In June 2017, IASB issued a new Interpretation, IFRIC 23. IAS 12 "Income Taxes" determines accounting of current and deferred taxation, but does not determine the manner in which the effects of uncertainty should be reflected. IFRIC 23 includes additional requirements to IAS 12, determining the manner in which the effects of uncertainties over income tax treatments should be reflected. The new Interpretation has no effect on the Company's Financial Statements.

Amendments to IFRS 9: "Prepayment features with negative compensation" (applicable to annual periods beginning on or after 1 January 2019)

In October 2017, IASB issued narrow-scope amendments to IAS 9. Pursuant to the existing requirements of IFRS 9, an entity would measure a financial asset with negative compensation at fair value through the income statement, since the "negative compensation" feature could be considered as creating possible cash flows which do not consist solely of principal and interest. According to the amendments, an entity may measure specific prepaid financial assets with negative compensation at amortized cost or fair value through comprehensive income, provided that a specific condition is met. The amendments have no effect on the Company's Financial Statements.

Amendments to IAS 28: "Long-term Interests in Associates and Joint Ventures" (applicable to annual periods beginning on or after 1 January 2019)

In October 2017, IASB issued narrow-scope amendments to IAS 28. The amendments intend to clarify the accounting of long-term investments in associates or joint ventures - for which the net equity method does not apply - on the basis of IFRS 9. The amendments have no effect on the Company's Financial Statements.

Annual Improvements to IFRSs - 2015-2017 Cycle (applicable to annual periods beginning on or after 1 January 2019)

In December 2017, IASB issued "Annual Improvements to IFRSs - 2015-2017 Cycle", a collection of amendments regarding certain Standards which forms part of the annual improvements to IFRSs. The improvements included in this cycle are: IFRS 3 - IFRS 11: Interests in a joint operation held previously by an entity obtaining control; IFRS 12: Impact on income tax on payments for financial instruments classified as equity items, IAS 23: Borrowing costs eligible for capitalization. The amendments are applicable to annual periods beginning on or after 1 January 2019. The amendments have no effect on the Company's Financial Statements.

Amendments to IAS 19: "Plan Amendment, Curtailment or Settlement" (applicable to annual periods beginning on or after 1 January 2019)

In February 2018, IASB issued narrow-scope amendments to IAS 19, whereby an entity must use updated actuarial assessments when determining current cost and net interest for the period after the amendment, curtailment or settlement of a defined benefit plan. These amendments intended to improve understanding the financial statements and the provision of more useful information to the users. The amendments have no effect on the Company's Financial Statements.

2.4 New Standards, Interpretations, Revisions and Amendments to existing Standards which have not yet entered into force or have not been adopted by the European Union

The following new standards, interpretations and amendments have been issued by the IASB but have not yet become effective or have not been adopted by the European Union.

Revised Conceptual Framework for Financial Reporting (applicable to annual periods beginning on or after 1 January 2020)

In March 2018, IASB revised the Conceptual Framework for Financial Reporting. The purpose of the revision was the inclusion of significant issues that were not covered, as well as the update and the provision of clarifications concerning specific guidance. The Revised Conceptual Framework for Financial Reporting includes a new chapter concerning measurement, which analyses the concept of measurement, including the factors that must be taken into account when selecting a basis for measurement, issues concerning the presentation and disclosures in the Financial Statements and guidance concerning the derecognition of assets and liabilities from the Financial Statements. Further, the Revised Conceptual Framework for Financial Reporting includes improved definitions of assets and liabilities, guidance supporting the implementation of the said definitions, update to the criteria for the recognition of assets and liabilities, as well as clarifications to significant sectors, such as the roles of management, conservatism and uncertainty during measurement in financial reporting. The Company will consider the impact of all of the above on its Financial Statements, although they are not expected to have any effect. The above have been adopted by the European Union and are effective from 01/01/2020.

Amendments to References to the Conceptual Framework for Financial Reporting (applicable to annual periods beginning on or after 1 January 2020)

In March 2018, IASB issued Amendments to References to the Conceptual Framework for Financial Reporting, in furtherance of the revision thereof. Certain Standards contain explicit references to previous versions of the Conceptual Framework for Financial Reporting. The objective of these amendments is to update the aforementioned references and to support the transition to the revised Conceptual Framework for Financial Reporting. The Company will consider the impact of all of the above on its Financial Statements, although they are not expected to have any effect. The above have been adopted by the European Union and are effective from 01/01/2020.

Amendments to IAS 1 and IAS 8: "Definition of Material" (applicable to annual periods beginning on or after 1 January 2020)

In October 2018, IASB issued amendments to the definition of material, in order to make it easier for companies to run materiality exercises. The definition of material aids companies to determine which information should be included in their Financial Statements. The new definition amends IAS 1 and IAS 8. These amendments clarify the definition of material and how it should be applied, including guidance in the definition, which until now was included in other Standards. The Company will consider the impact of all of the above on its Financial Statements, although they are not expected to have any effect. The above have been adopted by the European Union and are effective from 01/01/2020.

Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform" (effective for annual periods beginning on or after 01/01/2020)

In September 2019, the IASB issued amendments to certain requirements of specific hedge accounting operations in order to smooth potential effects arising from the uncertainty which comes from the interest rate benchmark reform. The amendments were designed to support the provision of useful financial information by the companies during this period of uncertainty, resulting from the phasing out of interest rate benchmarks, such as interbank interest rates. In addition companies are required to provide additional information to investors regarding the hedging relationships directly affected by this uncertainty. The Company will consider the impact of all of the above on its Financial Statements, although they are not expected to have any effect. The above have been adopted by the European Union and are effective from 01/01/2020.

Amendments to IFRS 3: "Definition of a Business" (applicable to annual periods beginning on or after 1 January 2020)

In October 2018, IASB issued narrow-scope amendments to IAS 3 in order to improve the definition of a business. The amendments will aid companies to determine whether a business or a group of assets has been acquired. The amended definition notes that the output of a business is the provision of goods and services to customers, while the previous definition focused on the performance in the form of dividends, lower costs or other economic benefits to investors and third parties. In addition to the amendment of the definition of a business, IASB provides additional guidance through this issue. The Company will consider the impact of all of the above on its Financial Statements, although they are not expected to have any effect. The above have been adopted by the European Union and are effective from 01/01/2020.

IFRS 17 "Insurance Contracts" (applicable to annual periods beginning on or after 1 January 2021)

In May 2017, IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The IASB's objective was to develop a common, principle-based Standard for the accounting treatment of all types of insurance contracts, including reinsurance contracts held by an insurance entity. A single, principle-based Standard should encourage better comparability of financial information across entities, jurisdictions and capital markets. IFRS 17 specifies the requirements that an entity should meet in financial disclosure for insurance contracts it issues and reinsurance contracts it holds. The Company will consider the impact of all of the above on its Financial Statements, although they are not expected to have any effect. The above have not been adopted by the European Union.

Amendments to IAS 1 "Classification of Liabilities as Current or non-current (effective for annual periods beginning on or after 01/01/2022)

In January 2020, the IASB issued narrow-scope amendments to IAS 1 affecting the requirements for the presentation of the liabilities. Specifically, the amendments clarify one of the criteria for classification of a liability as non-current, the requirement for an entity to have the right to defer the settlement of the liability for at least 12 months after the reporting period. The amendments include: a) clarifying that the right of an entity to defer the settlement should exist on the reporting date; b) clarifying that the classification of the liability is not affected by the intentions or expectations of the Management regarding the exercise of the right to defer any settlement; c) explaining how borrowing conditions affect the classification; and d) clarifying the requirements related to classifying the liabilities of an entity which is about to or is liable to proceed to a settlement through the issue of own equity instruments. The Company will consider the impact of all of the above on its Financial Statements, although they are not expected to have any effect. The above have not been adopted by the European Union.

2.5 Restructuring of the items of financial statements

The Management of the Company in the current year proceeded to the application of paragraphs 41-42 of IAS 8 regarding the correction of errors in the financial statements.

As a consequence, the present financial statements of the Company have been restructured. The correction made was applied retroactively affecting both the comparative reference period, i.e. 31/12/2018 and the beginning of the earlier comparative reference period, i.e. 01/01/2018.

The error correction concerns the subject of the reservation of the audit report for the previous year 2018 issued on August 21, 2019. More specifically, the audit for the year 2018 showed that in order to cover possible losses during the liquidation of real estate balances of the account "Trade and other receivables" the hitherto recognized impairment of € 308.97 thousand, was less than the required amount of € 658, 53 thousand, with the consequence that the value of trade receivables and equity appear increased by this amount and the results of the year 2018 appear increased by € 82.07 thousand.

Management, applying the relevant provisions of IAS 8, proceeded to impair the value of trade receivables by € 658.53 thousand, charging equity of the earlier presented period, ie 01/01/2018, by € 576.46 thousand, and the results and equity of the comparative period that ended on 31/12/2018 in the amount of € 82.07 thousand.

Management estimates that the information presented after the application of IAS 8, is more relevant and presents reliably the financial position of the Company.

The following is an analysis of the items affected by the correction of the relevant error:

Impact on the Statement of Financial Position	**31/12/2018**	**1/1/2018**
Trade and other receivables before error correction (Published)	9,903,087	3,543,059
Impairment of trade receivables	(732,543)	(650,473)
Trade and other receivables after error correction (Reformed)	**9,170,544**	**2,892,586**
Results brought forward before error correction (Published)	(6,076,435)	(2,903,268)
Impairment of trade receivables	(732,543)	(650,473)
Results brought forward after error correction (Reformed)	**(6,808,978)**	**(3,553,741)**
Total equity before error correction (Published)	3,749,365	916,492
Impairment of trade receivables	(732,543)	(650,473)
Total equity after error correction (Reformed)	**3,016,822**	**266,019**

Impact on the Statement of Comprehensive Income	**31/12/2018**
Cost of Sales before error correction (Published)	(17,584,483)
Impairment of trade receivables	(82,070)
Cost of Sales after error correction (Reformed)	**(17,666,553)**
Mixed profit before error correction (Published)	(17,584,483)
Impairment of trade receivables	(82,070)
Mixed profit after error correction (Reformed)	**(17,666,553)**
Operating results before error correction (Published)	(1,769,022)
Impairment of trade receivables	(82,070)
Operating results after error correction (Reformed)	**(1,851,092)**
Losses before taxes before error correction (Published)	(2,366,129)
Impairment of trade receivables	(82,070)
Losses before taxes after error correction (Reformed)	**2,448,199**
Losses for the year before error correction (Published)	(3,173,168)
Impairment of trade receivables	(82,070)
Losses for the year after error correction (Reformed)	**(3,255,238)**
Total (expenses) for the year before tax before error correction (Published)	(3,111,834)
Impairment of trade receivables	(82,070)
Total (expenses) for the year after tax before error correction (Reformed)	**3,193,904**

Impact on the Statement of Cash Flows	**31/12/2018**
Losses before taxes before error correction (Published)	(2,366,128)
Impairment of trade receivables	(82,070)
Cost of Sales after error correction (Reformed)	**(2,448,198)**
Adjustment for: impairment of assets and other investments before error correction (Published)	-
Impairment of trade receivables	(82,070)
Adjustment for: impairment of assets and other investments after error correction (Reformed)	**(82,070)**

2.6 Change in Accounting Policy due to IFRS 16

The Company proceeded to the adoption of IFRS 16 "Leases" from 1 January 2019. IFRS 16 introduces a single model for the recognition of leases in financial statements. By adopting the standard, the Company, as a lessee, recognizes in the statement of financial position rights to use the assets and lease obligations, including the date that the leased assets become available for use. The accounting treatment of the leases for the lessor remains the same as that of IAS 17.

The Company applied IFRS 16 using the simplified transition method. According to this method, the standard is applied retroactively with the cumulative effect of its application being recognized on 1 January 2019. According to the above, the comparative information for 2018 has not been restated and is presented in accordance with the provisions of IAS 17. Changes in accounting policies regarding leases are analyzed below.

A. As a lessee

The Company leases various assets such as plots, buildings, means of transport and machinery. As a lessee, with the previous accounting policy, the Company classified the leases as operating or financial based on the assessment whether all risks and benefits related to ownership of an asset are transferred, irrespective of whether the ownership title of the said asset is transferred in the end or not. IFRS 16 recognizes the right to use the assets and the lease liabilities for most of the leases to which it is contracted as a lessee, except for low value leases, whose payments were recorded using the straight-line method throughout the duration of the lease. The recognized rights of use of the assets are related to the following categories of assets and are presented in the item "Rights of use of assets":

	31/12/2019	**01/01/2019**
Rights of use of buildings	254,529	403,829
Rights of use of software	90,876	122,943
Right of use of telecommunication network and equipment	1,042	1,628
Rights of use of means of transport	339,640	381,092
Total Rights of Use	**686,087**	**909,492**

The company presents lease liabilities under the items "Long-term lease liabilities" and "Long-term lease liabilities payable in the next fiscal year" in the Statement of Financial Position.

Important accounting policies:

The leases are recognized in the Statement of Financial Position as a right to use an asset and a lease liability, on the date that the leased asset becomes available for use. Each rent is allocated between the lease liability and interest, which is charged on the results throughout the lease term, in order to achieve a fixed interest rate for the balance of the financial liability in each period. The rights to use assets are initially valued at cost, and then reduced by the amount of accumulated depreciation and any impairment. The right to use is amortized in the shortest period between the useful life of the item or its lease term, using the straight-line method. The initial measurement of the rights to use assets consists of:

- the amount of the initial valuation of the lease liability;
- the lease payments made on or before that date, reduced by the amount of discounts or other incentives offered;
- the initial costs, which are directly linked to the leased property;
- the costs of rehabilitation. Finally, they are adapted to specific re-valuations of the corresponding lease leability.

Lease liabilities are initially valued at the present value of the leases, which were not paid at the beginning of the lease. They are discounted at the imputed lease rate or, if this rate cannot be determined by the contract, at the interbank borrowing rate (IBR). The interbank borrowing rate is the cost that the lessee would have to pay to borrow the necessary capital to acquire an asset of similar value to the leased asset, in a similar economic environment and with similar terms and conditions.

Lease liabilities include the net present value of:

- fixed rents (including "substantially" fixed rents); variable rents, which depend on an indicator;
- residual value, which is expected to be paid;
- price of a purchase right, if the lessor is almost certain that he/she will exercise the right;
- termination penalties for a lease if the lessor chooses this right.

After their initial valuation, the lease liabilities increase by their financial costs and decrease by the payment of rents. Finally, they are reassessed when there is a change:

a. in rents due to a change in a ratio;
b. in the estimate of the amount of residual value expected to be paid; or
c. in the evaluation of a purchase or extension option, which is relatively certain to be exercised, or a termination option, which is relatively certain not to be exercised.

During the transition, the Company used the following practical facilities provided by IFRS 16 for leases that were classified as operating in accordance with IAS 17:

- Use of previous assessments made during the application of IAS 17 and IFRIC 4 to determine whether a contract contains a lease, or whether a contract is a lease at the date of initial application.
- Use of the accounting treatment of operating leases for leases having a duration of less than 12 months on January 1, 2019.
- Use of a single discount rate in a lease portfolio with similar characteristics.
- Exemption of initial direct costs for assessing the rights of use of fixed assets at the date of first application.

B. As a lessor

When fixed assets are rented through finance leases, the current value of the lease payments is recorded as receivable. The difference between the gross amount of the receivable and the current value of the receivable is recorded as deferred financial income. The income from the lease is recorded in the results of the financial year of the leasing applying the method of net investment, which represents a fixed periodical return. The Company does not enter into any contracts in the capacity of lessor.

C. Impact on Financial Statements

Effects of the adoption of IFRS 16 during the transition	
Operating lease commitments disclosed on 31 December 2018	1,441,176
(Less): Leases outside the scope of IFRS 16	(388,686)
(Less): Short-term leases	(92,759)
Plus/(Less): Other adjustments	-
Total	**959,732**
Weighted average interbank interest rate on 1 January 2019	**4.8%**
Valuation at present value on 1 January 2019	**842,945**
Long-term financial lease liabilities	635,187
Short-term financial lease liabilities	207,759
Total lease liabilities on 1 January 2019	**842,945**

Effects of the adoption of IFRS 16 in the annual reporting period:

As a result of the first-time application of IFRS 16, in relation to the leases previously classified as operating or financial, on 31/12/2019 the Company recognized € 686,087 rights of use and € 635,187 lease liabilities. In addition, in relation to the above leases, the Company recognized depreciation and financial expenses instead of rental expenses. For the annual period that ended on 31/12/2019, the Company recognized € 223,406 as depreciation and € 40,532 as financial expenses.

The following is an analysis of the lease liabilities for the following years as well as the recognized rights to use assets by category of asset:

	Up to 1 year	**Between 1 year and 5 years**	**Over 5 years**	**Total**
Lease liabilities	223,814	482,619	56,480	**762,913**
Less: Amounts that constitute financial expenses	(45,025)	(78,697)	(4,004)	(127,726)
Total present value of minimum future payments	**178,789**	**403,922**	**52,476**	**635,187**

	Rights of use of buildings	Rights of use of software	Right of use of telecommunication network and equipment	Rights of use of means of transport	Total
Acquisition value					
Start balance on 01/01/2019	**403,829**	**281,164**	**1,628**	**381,092**	**1,067,713**
Additions					-
Balance as at 31/12/2019	**403,829**	**281,164**	**1,628**	**381,092**	**1,067,713**
Accumulated depreciation					
Start balance on 01/01/2019		**158,221**			**158,221**
Depreciation	149,301	32,067	586	41,451	223,406
Balance as at 31/12/2019	**149,301**	**190,288**	**586**	**41,451**	**381,627**
Non-depreciable value on 31/12/2019	**254,529**	**90,876**	**1,042**	**339,640**	**686,087**

2.7 Foreign currency conversion

(a) Functional and presentation currency.

The financial statements are presented in Euro, which is the functional and the presentation currency of the Company's Financial Statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Profits and losses from foreign exchange differences that result from the settlement of such transactions during the period and from the conversion of monetary items denominated in foreign currency using the rate in effect as of the date of the Statement of Financial Position are recorded in the results.

2.8 Tangible fixed assets

Fixed assets are depicted in the financial statements at acquisition cost, less any accumulated depreciation and any impairment provisions.

Depreciation is charged on the profit and loss account on the basis of the fixed depreciation method throughout the estimated useful life of the fixed assets. The estimated useful life of the most significant classes of tangible assets is as follows:

S/N	Description	Useful Life
1	Mechanical equipment	10 years
2	Transport means (passenger vehicles)	8 years
3	Transport means (freight vehicles)	6 years
4	Furniture and other Equipment	10 years
5	Computer equipment	5 years

The useful lives of tangible fixed assets are subject to review at the date of each statement of financial position. When the book values of tangible fixed assets exceed the recoverable amounts, the difference (impairment) is expensed through profit and loss.

No residual value is calculated for all tangible fixed assets.

Upon sale of tangible fixed assets, any difference between the proceeds and their carrying value is recognized as profit or loss through the operating results. Repairs and maintenances are recorded in the relevant period's expenses.

2.9 Intangible fixed assets

The Company considers that the useful value of intangible fixed assets it holds is not unlimited.

Intangible assets are initially recognized at acquisition cost.

Subsequent to initial recognition:

(a) intangible assets with limited economic useful life are measured at acquisition cost less amortisation and impairment losses, where impairment losses are considered to be permanent. Depreciation of intangible assets on the basis of a contractually determined period of use is made during that period. For items with no contractually defined period of use, depreciation is carried out over their estimated useful economic life.

Other intangible assets of the company involve:

Research expenditure on the development of new software programs

(a) Research expenditure on the development of new software programs are depreciated at a rate of 15%. Their acquisition value amounts to EUR 15,417,359 and at the end of the year they were depreciated by EUR 8,293,602.

Software

(b) Software acquisition expenditure that are depreciated at a rate of 20% per annum. Their acquisition value amounts to EUR 1,366,205 and at the end of the year they were depreciated by EUR 1,269,470.

Program Licenses

(c) Program licenses which are depreciated at a rate of 20% per annum. Their acquisition value was EUR 71,553 and at the end of the year they were depreciated by EUR 71,553.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand deposits.

2.11 Share capital

The share capital concerns the common shares of the company and is included in total equity. Direct costs for the issuance of shares are charged in reduction of the proceeds of the issue from the share premium account.

2.12 Leases

As a Lessee: Leasing fixed assets according to which, all risks and benefits related to the ownership of an asset, are transferred to the Group, irrespective of whether the ownership title of the said asset is transferred in the end or not. Such leasing is capitalised upon the start of the lease at their lower value between the fair value of the fixed asset or the current value of the minimum number of rents. Each lease payment is apportioned between the reduction of the liability and the finance charge so that a fixed interest rate on the remaining financial liability is achieved. The respective lease liabilities, net of finance charges, are included in liabilities. The part of the finance charge relating to finance leases is recognized in the income statement over the lease. Fixed assets acquired through finance leases are depreciated over the shorter of their useful life and the lease term.

Leasing agreements where the lessor transfers the right of use of an asset for an agreed period, without however transferring the risks and rewards of ownership of such fixed asset, are classified as operating leases. The payments made for operating leases (net of any incentives offered by the lessor) are recognized in the income statement proportionally over the period of lease.

As a lessor: When fixed assets are rented through finance leases, the current value of the lease payments is recorded as receivable. The difference between the gross amount of the receivable and the current value of the receivable is recorded as deferred financial income. The income from the lease is recorded in the results of the financial year of the leasing applying the method of net investment, which represents a fixed periodical return.

Fields leased through operating leases are included in tangible fixed assets of the statement of financial position. They are depreciated during their expected useful life on a basis consistent with similar tangible assets. The income from the lease payments (not including any incentives offered to the lessees) is recorded by applying using the straight-line method throughout the duration of the lease.

2.13 Income Tax & Deferred Tax

Tax expense is the aggregate amount included in the determination of the net profit or loss for the period and relates to the current and deferred tax under the applicable tax legislation.

Current tax is the amount of payable income tax imputed on the taxable profit for the period. Taxable profit differs from the net book value as shown in the statement of comprehensive income, as they are exclusive of any taxable or tax-exempt income or expenses in other years, and are also exclusive of assets which are never taxed or are tax-exempt. Tax shall be calculated in accordance with the applicable tax rates established until the date of the statement of financial position or their average, in the case of long-term tax liabilities, and the applicable tax rates shall be changed by law.

Deferred tax is the amount of income tax to be paid or which is refundable in future periods and pertains to taxable or deductible temporary differences. Temporary differences are differences between the book value of an asset or liability in the statement of financial position and its tax base. Tax receivables and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (except for a business combination) of assets and liabilities from transactions that do not affect taxable or book profits.

Deferred tax liabilities relate to taxable temporary differences and deferred tax claims relate to deductible temporary differences, transferable unused tax losses and transferable unused credit taxes.

The balance of deferred tax receivables shall be audited at each date of the statement of financial position or interim financial statements and shall be reduced by the amount which is no longer likely to be recovered due to inadequate taxable profits.

Deferred tax liabilities and receivables are valued at tax rates expected to be applied in the period in which the claim or liability is settled, taking into account the tax rates established or substantially established until the date of the statement of financial position.

Deferred tax is posted in the income statement, except for that tax that pertains to transactions posted directly in equity. In this case it is correspondingly posted directly in equity.

Deferred tax receivables and liabilities are offset when the Company has a legitimate right to offset the amounts entered and also intends to either repay/settle the net balance or collect the claim and pay the liability at the same time.

2.14 Liabilities for staff benefits due to retirement

Post-employment benefits include lump sum compensation for retirement, pensions and other benefits paid to employees upon the expiry of their employment as consideration for their service. The liabilities of the Company for retirement provisions refer both to defined contribution programs and defined benefit programs. The accrued cost of the defined contribution schemes is recorded as an expense in the period concerned.

(a) Defined contribution plan

The defined contribution plans refer to the payment of contributions to Insurance Bodies, and as a result there is no legal obligation for the Company in case that the Body fails to pay the provision to the insured person. The obligation of the employer is limited to the payment of employer contributions to the Bodies. The contribution payable by the Company to a defined contribution plan is recognised as a liability after deducting the contribution paid, while accrued contributions are recognised as an expense in the statements of the fiscal year.

(b) Defined benefit plan

In accordance with Law 2112/20 and Law 4093/2012, the Company pays to each employee compensation in case of retirement or dismissal from employment. The amount of compensation is related to the longevity of the employment and the salary of the employee at the time of dismissal or retirement. The entitlement to participate in these programs is usually based on the employee's years of service until retirement. The obligation recognised in the statement of financial position for defined benefit plans represents the present value of the obligation to pay the defined benefit less the fair value of the assets of the project (reserve from the payments to the insurance company) and the changes arising from any actuarial profit or loss and the past service cost. The commitment of the defined benefit is calculated annually by an independent actuary, using the projected unit credit method. For discounting the use of 2019, the selected interest rate follows the trend of iBoxx AA Corporate Overall 10+ EUR indices, which is considered as complying with the principles of IAS 19, i.e. is based on bonds corresponding in terms of currency and estimated term to the benefits to employees, as appropriate for long-term provisions. A defined benefit plan sets specific liabilities for payable benefits depending on various factors such as the age, the years of service and remuneration. The estimates concerning the period are included in the relevant personnel cost in the profit and loss statement and consist of the current and past cost of service, the relevant financial cost, any actuarial profit or loss, as well as any additional burdens. Regarding the non-recognised actuarial gains or losses, the revised IAS 19 is followed, which introduces a series of amendments in the accounting of defined benefit plans, including:

- the recognition of actuarial profits/losses in other comprehensive income and final exemption thereof from the income statement;
- the non-recognition of the expected returns of investments in profit and loss and the recognition of the relevant interest over the net liability/(receivables) of the benefit calculated using the discount interest method used for the measurement of the defined benefit liability;
- the recognition of past service cost in profit and loss earlier than the dates of the project or when the relevant restructuring or the termination benefit is recognised;
- other changes include new notifications, such as the quantitative sensitivity analysis.

2.15 Provisions

Forecasts are formed when:

- There is a current obligation (legal or inferred) as a result of a past event;
- It is likely that an outflow of resources will be required to settle the liability,
- The amount required can be reliably assessed.

Provisions are reviewed at the end of each fiscal year and adjusted to reflect best possible estimates.

Provisions are calculated at the present value of the expenses that, on the basis of management's best estimate, are required to meet this obligation at the date of the statement of financial position. The discount rate used to define the present value reflects the current market estimates of the time value of money, and any increases concerning said liability.

2.16 Revenue and expense recognition

Revenue from the provision of services: Revenue from the provision of services is recognised in the period during which the services are rendered, based on the stage of completion of the service in relation to the overall services provided.

Revenue from sales of goods: Revenue is measured at the fair value of the price collected or will be collected and represents the amounts receivable for goods sold, provided under the normal course of operation of the Company, net of discount, VAT and other sales related taxes. The Company recognizes in profit or loss for the fiscal year the sales of the goods at the time when the benefits and risks associated with the ownership of these goods are transferred to the customer.

Interest income: Revenue from interest is accounted for based on the accrual principle.

Income from dividends: Dividends or any revenue from participation in the equity of other entities are listed as income when approved by the competent body responsible for their distribution. Rights are listed as income under the relevant contract terms.

Expenses: Expenses are recognized on an accrual basis. Payments realized for operating leases are carried over to the income statement as expenses over the time of use of the leased element. Interest expenses are recognised on an accrual basis.

2.17 Financial instruments

i) Initial recognition

A financial asset or a financial liability is recognized in the statement of financial position of the Company when it arises or when the Company becomes part of the contractual terms of the instrument.

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The Company initially values the financial assets at their fair value. Trade receivables (which do not contain a significant asset) are valued at the transaction value.

The classification of financial assets at initial recognition is based on the contractual cash flows of the financial assets and the business model within which the financial asset is held.

ii) Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in the following categories:

(a) Financial assets valued at fair value through profit or loss

Financial assets valued at fair value through profit or loss include financial assets held for commercial purposes, financial assets identified at initial recognition at fair value through profit or loss, or financial assets that must be valued at fair value. Financial assets are classified as held for trading if acquired for the purpose of sale or repurchase in the near future. Derivatives including incorporated derivatives shall also be classified as held for trading unless designated as effective hedging instruments. Cash flow financial assets other than capital and interest payments are classified and valued at fair value through profit or loss, regardless of business model.

(b) Financial assets at amortized cost

The Company assessed the financial assets at amortized cost if both of the following conditions are met: 1) The financial asset is retained for holding financial assets for the collection of contractual cash flows and 2) the contractual clauses of the financial asset generate cash flows on specific dates that constitute only capital payments and interest on the balance of the initial capital. Financial assets at amortized cost are subject to impairment. Profit and loss is recognized in the profit or loss statement when the asset is recognized, modified or impaired.

(c) Financial assets classified at fair value through comprehensive income

Upon initial recognition, the Company may choose to irrevocably classify its equity investments as equity securities determined at fair value through comprehensive income when they meet the definition of equity and are not held for trading. The classification is determined by financial instrument. Profit and loss on these financial assets are never recycled into the profit and loss statement. Equity securities determined at fair value through profit or loss are not subject to impairment. The Company has classified investments in subsidiaries and associates as financial instruments at fair value through comprehensive income.

iii) Re-recognition

A financial asset is mainly de-recognized when:

• The cash flow rights from the asset have expired, or

• The Company has transferred its rights to receive cash flows from the asset or has undertaken the obligation to pay in full the received cash flows without significant delay to a third party under an agreement and either (a) has effectively transferred all the risks and benefits of the asset or (b) has not transferred or held substantially all the risks and estimates of the asset, but has transferred the control of the asset.

iv) Impairment

The Company recognizes a provision for impairment against expected credit losses for all financial assets that are not measured at fair value through profit or loss. Expected credit losses are based on the difference between all contractual cash flows payable under the contract and all cash flows that the Company expects to collect. For customer receivables and contractual assets, the Company apply the simplified approach for the calculation of expected credit losses. Therefore, at each reporting date, the loss provision for a financial instrument is measured at an amount equal to the expected credit losses over a lifetime without monitoring changes in credit risk.

v) Offsetting of financial receivables and liabilities

Financial receivables and liabilities are offset and the net amount is presented in the Statement of Financial position only where the Company holds the legal right to do so and intends to offset them on a clear basis between them or to retrieve the financial asset and offset the liability at the same time. The statutory right should not depend on future events and should be capable of being executed in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.18 Determination of fair value

The fair value of financial assets not traded on active markets shall be determined using technical valuation and assumptions based on market data at the end of the reporting period.

2.19 State grants

2.18.1 Asset-related grants

Asset-related grants are State grants offered on the condition that the company entitled to them must buy, or build long-term assets.

State grants are registered where there is reasonable assurance that:

a) The undertaking will comply with the conditions governing them.

b) The grants will be collected.

Asset-related State grants are presented as a revenue for subsequent years and are systematically recorded in revenue during the useful life of the asset.

2.18.2. Result-related grants

Result-related State grants are recorded in a systematic and rational manner in the revenue of the periods which these grants involve along with the respective costs.

2.20 Subsidiaries and associates

The subsidiaries are the companies in which the Company participates in more than 50% of their share capital. They are the businesses over which the Company can exercise a significant influence but which do not satisfy the conditions to be designated either as subsidiaries or as participation in a joint venture. Investments in subsidiaries and associates are initially recognized at the cost representing the fair value of the transaction price. On 31/12/2019, according to IFRS 9, the Company's investments in subsidiaries and associates are classified in the category "Financial assets classified at fair value through comprehensive income".

2.21 Distribution of dividends

The distribution of dividends to the shareholders of the Company is recorded as a liability in the financial statements when distribution is approved by the General Meeting of Shareholders.

3. Significant accounting judgments, assessments and assumptions

The preparation of the financial statements in accordance with IFRS requires the Management to make significant assumptions, estimates and judgments that affect the published information regarding assets and liabilities, as well as contingent receivables and liabilities as at the date the financial statements were prepared and the published amounts of income and expenses during the reporting period. The actual results may differ from the estimated ones.

Estimates and judgments are constantly re-evaluated and are based on both past experience as well as on other factors, including the expectations of future events, which are considered reasonable based on the given circumstances.

The Management's assessments and judgments are constantly reviewed and are based on historical data and expectations for future events that are considered reasonable under the current circumstances.

Specifically, amounts that are included or affect the financial statements and the relevant disclosures should be assessed, requiring assumptions to be made by the Management regarding the values or conditions that cannot be known with certainty at the time of preparation of the financial statements. A "critical accounting estimate" is one that combines relevance in the presentation of the financial statements of the company and its results and requires more difficult, subjective or complex judgments to be made by the Company's Management, and often there is a need for estimates regarding the impact of events that are considered as endogenously uncertain. The Company evaluates such judgments on a continuous basis, based on historical data and experience, expert advice, trends and methods that are considered reasonable in relation to the circumstances, as well as forecasts on how these may change in the future.

Recognition of expenses for the development of software programs

The recognition of expenses, attributed to the development of software programs in the Company, as intangible assets, in the financial statements is realized only when it is probable that the future financial benefits that will arise from the intangible assets will flow to the Company. In estimating the future financial benefits, the Company takes into account the technical possibility to complete the intangible asset in order to make it available for sale or use, the existence of a market for the product that produces the intangible asset or whether to use the intangible asset internally and the ability to reliably measure the costs that will be attributed to the intangible asset during its development.

Provisions for impairment of receivables

With regard to the unsecured trade receivables, the Company applies the simplified approach of IFRS 9 and calculates the expected credit losses throughout the life of the receivables. For this purpose it uses a table of provisions of credit loss based on the maturity of the balances which used the historical data on credit losses, adjusted for future factors in relation to debtors and the economic environment. Doubtful claims are evaluated one by one to calculate the relevant provision. The amount of the provision is recognized in the statement of comprehensive income.

Contingent receivables and liabilities

The Company may be involved in litigation and claims during the normal course of its operation. The Management is of the opinion that any settlements reached will not significantly affect the financial position of the Company as it is presented on December 31, 2019. However, identifying contingent liabilities related to litigation and claims is a complex process, requiring judgments about the outcome and application of laws and regulations. A change in crises or implementation may result in an increase or decrease in the company's contingent liabilities in the future. The Management estimates that sufficient provisions have been made to address any liabilities related to litigation.

Income tax

In order to determine the Company's income tax liability, a judgment needs to be made. During the normal course of business, various transactions and calculations take place the exact calculation of the tax of which is uncertain. If the final taxes assessed after the tax audits are different from the amounts initially reported, such differences will affect the income tax and the provisions for deferred taxes in the financial year in which the tax differences were determined.

4. Financial risk management

4.1 Financial risk factors

The Company is exposed to various financial risks, such as market risk (currency and interest rate risk, etc.), credit risk and liquidity risk. Financial risks are associated with the following financial instruments: accounts receivable, cash and cash equivalents, accounts payable and other liabilities and debt liabilities.

Risk management is monitored by the financial management and is formed within the framework of directives, guidelines and rules approved by the Board of Directors concerning interest rate risk, credit risk, as well as short-term investment of cash.

(a) Market risk

Market risk is related to the business sectors where the Company operates. The Company operates, as it is known, in a highly competitive and highly demanding international environment, which is changing rapidly, and has been trying, over the last years systematically and based on a specific development plan, to strengthen its extroversion with stable and safe steps, not in a single direction, but in the geographical areas of strategic interest, with emphasis on cutting-edge technologies and the continuous technological upgrade of the products and solutions it provides, while at the same time developing new activities and promoting its entry into new markets, in order to further enhance its competitiveness, given in fact that the domestic market presents highly negative prospects, due to the ongoing recession.

Its specialized know-how, its many years of experience and presence in the field, its organization and active involvement of all its managers, its wide recognition in combination with the design, development and marketing of new products, but also the continuous improvement and upgrading the existing ones, placing emphasis on the quality and immediate satisfaction of the demand and the changing needs of the final customers, as well as the creation of strong infrastructures and the penetration in new markets, help the Company to remain competitive, despite the inherent problems faced by the industry, which have become particularly acute in the context of the economic crisis.

The limited and controlled financial exposure of the Company and its significant qualitative and product differentiation, combined with the continuous development and upgrading of its products, are its main weapons to minimize the negative effects of the unprecedented economic crisis, however, it is expected that in the current period revenue and overall results will inevitably be affected, due to the intensity and duration of the phenomenon and the general situation of suffocation and lack of liquidity in the market, resulting in a large part of the broad customer base targeted by the Company to suspend their investment projects and postpone their modernization projects.

(i) Foreign exchange risk

Currency risks arise from transactions made in foreign currencies. The Company carries out commercial operations with foreign companies, and as a consequence, is substantially exposed to foreign exchange risk, although most of its transactions are in Euro (€).

In particular, the foreign exchange risk arises occasionally, in particular when consultants' fees arise, as well as project costs incurred in foreign currencies. The Company controls and assesses periodically, separately but also jointly, its exposure to foreign exchange risk and will use derivative financial instruments if required to limit such risk.

The analysis of the financial assets and liabilities of the Company by currency converted into Euros on 31/12/2019 and 31/12/2018 is as follows:

	31/12/2019	31/12/2018
Financial receivables in foreign currency	834,767	337,283
Financial liabilities in foreign currency	-81,031	-227,065
Total	**753,736**	**110,218**

The table below shows the sensitivity of the result of the year as well as of equity in case the rate of +/- 10% changes in relation to the financial assets, financial liabilities and the exchange rate of EURO

	+10%	**-10%**	**+10%**	**-10%**
	31/12/2019		**31/12/2018**	
	GBP		**GBP**	
Effect on pre-tax profit and loss	88,591	**(88,591)**	12,321	**(12,321)**
Effect on equity	83,809	**(83,809)**	12,321	**(12,321)**

ii) Cash flow risk and risk arising from fair value change due to a change in interest rates

The Company's exposure to risk from interest rate fluctuations results from loans at floating rates. The Company is exposed to interest rate fluctuations seen on the market, which affect its financial position and cash flows.

The cost of debt may increase as a result of these changes thus creating losses, or it can decrease on the occurrence of unexpected events. It should be noted that the fluctuation in interest rates in recent years has been caused primarily by the increase in spreads due to the lack of liquidity in the Greek banking market and the estimated risk of Greek companies, and, to a lesser extent, by the increase in base interest rates (e.g. Euribor).

As regards long-term borrowings, the Management systematically and constantly monitors interest rate fluctuations and assesses the need to take relevant positions to hedge risks, when and if necessary. The Company constantly monitors rate trends. Decisions on loan terms as well as the relation between variable and fixed interest rate are considered separately on a case by case basis.

The changes in interest rates will have the following effect on the long-term borrowing of the Company.

31/12/2018

	+0.5%	**-0.5%**
Effect on equity	40,029	(40,029)
Effect on profit and loss	(40,029)	40,029

31/12/2019

	+0.5%	**-0.5%**
Effect on equity	2,250	(2,250)
Effect on profit and loss	(2,250)	2,250

(b) Credit risk

Credit risk is the possible non-timely repayment to the Company of the existing and contingent liabilities of its counterparties and consists mainly of commercial and other receivables, as well as cash and cash equivalents.

Trade receivables come from a large customer base. Because of the prevailing conditions in the market, extremely strict control is exercised over new contracts and the procedures for monitoring progress of works, invoices and receipts. A large part of its trade receivables is insured against credit risk by obtaining letters of guarantee for the execution of contracts from banking institutions.

Cash and cash equivalents also involve potential credit risk. In such cases, the risk may arise from counterparty failure to fulfill their obligations towards the Company. In order to deal with this credit risk, the Company, in the framework of the policies approved by the Boards of Directors, cooperates with financial institutions of high investment credit rating and continuously evaluates and sets limits on the degree of exposure to each individual financial institution.

Furthermore, a large part of its receivables relate either to claims from the Greek State or to claims that correspond to liabilities to the Greek State. In the Management's view, appropriate provisions are recognized for losses arising from impairment of receivables due to specific credit risks.

The maturity of financial assets as of 31 December 2019 and 2018 for the Company is as follows:

	31/12/2019	**31/12/2018**
Not overdue and not impaired	2,203,583	2,875,925
Overdue and not impaired:		
< 3 months	1,577,230	2,287,147
3 - 6 months	675,391	823,869
6 months - 1 year	775,557	1,311,937
Over 1 year	3,907,773	874,433
	6,935,951	**5,297,386**
Overdue and impaired:		
Less: Provisions for impairment	(1,252,833)	(1,041,510)
	(1,252,833)	**(1,041,510)**
Total net trade receivables	**7,886,701**	**7,131,801**

(c) Liquidity risk

The Company manages its liquidity needs by carefully monitoring its long term financial obligations, as well as day-to-day payments. Liquidity needs are monitored in different time periods, daily and weekly, as well as by 30-day rotation. Long-term liquidity needs for the next 6 months and the next year are established on a monthly basis.

	01/01 - 31/12/2019			
	Within 1 year	**1-5 years**	**Over 5 years**	**Total**
Suppliers and other payables	6,958,258			**6,958,258**
Financial liabilities from leases	178,789	403,922	52,476	**635,187**
Loans	4,824,393	2,609,946		**7,434,339**
Other liabilities	3,778,562		16,854	**3,795,416**
Total liquidity risk	**15,740,002**	**3,013,868**	**69,330**	**18,823,199**

	01/01 - 31/12/2018			
	Within 1 year	**1-5 years**	**Over 5 years**	**Total**
Suppliers and other payables	5,522,341			**5,522,341**
Financial liabilities from leases				**0**
Loans	7,824,884	222,688		**8,047,572**
Other liabilities	4,335,280		39,687	**4,374,967**
Total liquidity risk	**17,682,505**	**222,688**	**39,687**	**17,944,880**

4.2 Risk of technological developments

Technological developments have a major impact on the competitiveness of IT companies. Companies operating in the IT sector must be constantly updated of possible changes in existing technology and make the necessary investments to ensure a high level of technology.

In addition, the feasibility of the consolidated research expenditure for the development of new software achieved should be regularly reviewed.

Based on the above and for the greatest possible reduction of the risk of technological developments, the Company:

- develops products on highly efficient and internationally recognized platforms;
- provides continuous training to its personnel on technological issues, in cooperation with internationally recognized bodies specialized in high-tech industries;
- offers innovative applications that are appropriate to the needs and requirements of the market;
- renews and enriches its staff.

For the above reasons this risk is not assessed as particularly significant during the given time period.

4.3 Cash management

The company's objectives with regard to capital management are as follows:
- to ensure its capability to continue to operate as a going-concern; and
- to ensure a satisfactory return to shareholders.

The Company monitors its capital on the basis of the amount of equity plus subordinated loans, less cash and cash equivalents, as these are shown in the Statement of Financial Position.

Equity and comprehensive funds used as well as the leverage rates for 2019 and 2018 are analyzed in the following table:

	31/12/2019	**31/12/2018**
Total loans	8,069,526	8,047,572
Less: Cash and cash equivalents	1,706,411	384,476
Net borrowing	**6,363,115**	**7,663,096**
Total equity	**6,405,088**	**3,016,822**

Leverage factor	**99.34%**	**254.01%**

5. Tangible fixed assets

	Building installations on third party properties	Machinery	Passenger cars	Furniture and other equipment	Financial Leases	Total
Acquisition value						
Start balance as at 01/01/2018	**479,343**	**93,322**	**21,680**	**2,247,783**	**281,158**	**3,123,286**
Additions	11,315			143,568	6	154,889
Balance as at 31/12/2018	**490,658**	**93,322**	**21,680**	**2,391,351**	**281,164**	**3,278,175**
Accumulated depreciation						
Start balance as at 01/01/2018	**362,744**	**90,276**	**11,611**	**1,888,254**	**115,784**	**2,468,669**
Depreciation	30,575	2,419	2,168	154,004	42,437	231,603
Balance as at 31/12/2018	**393,319**	**92,695**	**13,779**	**2,042,258**	**158,221**	**2,700,272**
Non-depreciable value on 31/12/2018	**97,339**	**627**	**7,901**	**349,093**	**122,943**	**577,903**
Acquisition value						
Start balance on 01/01/2019	**490,658**	**93,322**	**21,680**	**2,391,351**	**281,164**	**3,278,175**
Adjustment from the first-time application of IFRS 16					(281,164)	(281,164)
Additions	60,509	-	-	355,409		415,918
Balance as at 31/12/2019	**551,167**	**93,322**	**21,680**	**2,746,760**	**-**	**3,412,929**
Accumulated depreciation						
Start balance on 01/01/2019	**393,319**	**92,695**	**13,779**	**2,042,258**	**122,943**	2,664,994
Adjustment from the first-time application of IFRS 16					(122,943)	(122,943)
Write-offs - Sales						-
Depreciation	30,674	626	2,168	163,052		196,519
Balance as at 31/12/2019	**423,993**	**93,321**	**15,947**	**2,205,310**	**-**	**2,738,570**
Non-depreciable value on 31/12/2019	**127,174**	**-**	**5,733**	**541,450**	**-**	**674,359**

Financial leases for the year 2018 were reclassified due to the application of IFRS 16 in the item "Rights of use" based on note 2.5.

6. Intangible assets

	Software development costs	Computer software programs	Licenses	Total
Acquisition value				
Start balance as at 01/01/2018	**13,447,639**	**1,228,154**	**71,553**	**14,747,346**
Additions	1,069,236	50,272	-	1,119,508
Balance as at 31/12/2018	**14,516,875**	**1,278,426**	**71,553**	**15,866,854**
Accumulated depreciation				
Start balance as at 01/01/2018	**4,401,409**	**1,120,089**	**71,553**	**5,593,051**
Depreciation	1,971,893	89,597	-	2,061,490
Balance as at 31/12/2018	**6,373,302**	**1,209,686**	**71,553**	**7,654,541**
Non-depreciable value on 31/12/2018	**8,143,573**	**68,740**	**-**	**8,212,313**
Acquisition value				
Start balance on 01/01/2019	**14,516,875**	**1,278,426**	**71,553**	**15,866,854**
Additions	900,484	87,779	-	988,263
Balance as at 31/12/2019	**15,417,359**	**1,366,205**	**71,553**	**16,855,117**
Accumulated depreciation				
Start balance on 01/01/2019	**6,373,302**	**1,209,686**	**71,553**	**7,654,541**
Depreciation	1,920,300	59,784	-	1,980,084
Balance as at 31/12/2019	**8,293,602**	**1,269,470**	**71,553**	**9,634,625**
Non-depreciable value on 31/12/2019	**7,123,757**	**96,735**	**-**	**7,220,492**

Additions for the year relating to new Qualco SA software

7. Investments in subsidiaries and associates

On 31.12.2019, investments in subsidiaries are analyzed as follows:

Investments in subsidiaries	**31/12/2019**	**31/12/2018**
Shares not listed on the domestic Stock Exchange Qquant	194,000	194,000
Shares not listed on the foreign Stock Exchange QUALCO UK	114	114
Shares not listed on the foreign Stock Exchange QUALCO SAS	100,000	100,000
Shares not listed on the foreign Stock Exchange QUALCO Cyprus	1,000	1,000
	295,114	**295,114**

		% of participation	
Name	**Headquarters**	**31/12/2019**	**31/12/2018**
Qquant Master Servicer AEDAP	Greece	100%	100%
Qualco (UK) Limited	United Kingdom	90%	90%
Qualco Cyprus Ltd	Cyprus	100%	100%
Qualco SAS	France	1%	1%

On 31.12.2019, investments in associates are analyzed as follows:

Investments in associates	**31/12/2019**	**31/12/2018**
Shares not listed on the Domestic Stock Exchange Incubator	-	31,908
Shares not listed on the domestic Stock Exchange PQH Single Special Liquidation S.A.	8,000	8,000
	8,000	**39,908**

During the current fiscal year, the Company proceeded to a complete impairment of the participation in the related Incubator due to the liquidation of the company.

		% of participation	
Name	**Headquarters**	**31/12/2019**	**31/12/2018**
Incubator	Greece	50.00%	50.00%
PQH Single Special Liquidation S.A.	Greece	33.33%	33.33%

8. Deferred taxation

Below are the main deferred tax liabilities and assets recognized by the Company and their changes during the current and previous reporting period.

	31/12/2019	**31/12/2018**
Deferred tax claims		
Tangible fixed assets	69,239	72,124
Other intangible assets	185,087	236,.945
Liabilities for personnel retirement benefits	204,822	140,726
Current tax receivables	-	200,332
Tax losses of previous years	-	771,288
Total deferred tax receivables	**459,148**	**1,421,415**
Deferred tax liabilities		
Other current liabilities	(151,569)	(157,884)
Total deferred tax liabilities	**(151,569)**	**(157,884)**

	Tangible fixed assets	**Other intangible assets**	**Other current liabilities**	**Liabilities for personnel retirement benefits**	**Tax losses**	**Qualco S.A.**
Start balance as at 01/01/2018	75,431	148,470	(183,145)	163,402	943,428	**1,147,586**
(Charge) / Credit to profit and loss	(3,307)	88,475	25,261	-	9,799	120,228
(Charge)/Credit to other comprehensive income	-	-	-	(22,675)	-	(22,675)
(Charge)/Credit in equity	-	-	-	-	18,413	18,413
Balance as at 31/12/2018	**72,124**	**236,.945**	**(157,884)**	**140,727**	**971,640**	**1,263,552**
Start balance on 01/01/2019	**72,124**	**236,.945**	**(157,884)**	**140,727**	**971,640**	**1,263,552**
(Charge) / Credit to profit and loss	(2,885)	(51,858)	6,315	138,276	(971,640)	(881,792)
(Charge)/Credit to other comprehensive income				(74,181)		(74,181)
Balance as at 31/12/2019	**69,239**	**185,087**	**(151,569)**	**204,822**	**-**	**307,579**

9. Other long-term receivables

	31/12/2019	31/12/2018
Rent Guarantees	82,573	64,366
Committed Deposits	865,122	-
Total	**947,695**	**64,366**

The Company's committed deposits concern the contract dated 14/8/2018 with Ethniki Factors

10. Trade and other receivables

	31/12/2019	31/12/2018
Customers	**9,139,534**	8,173,310
Less: Provisions for doubtful customers	(1,252,833)	(1,041,510)
Final trade receivables	**7,886,701**	**7,131,800**
Customer Advances		-
Domestic Customers assigned through Factoring	2,070,524	2,013,744
Checks receivable	25,000	25,000
Total	**9,982,225**	**9,170,544**

Specifically, the item "Domestic customers assigned through factoring" includes receivables from EIB Factor amounting to € 2,070,524.

The change in the provision for doubtful receivables is broken down as follows:

	31/12/2019
Provision for impairment	**(1,041,510)**
Provisions during the year	
Write-off of receivables during the year	
Balance as at 31/12/2018	**(1,041,510)**
Provisions during the year	(211,323)
Write-off of receivables during the year	
Balance as at 31/12/2019	**(1,252,833)**

Analysis of seniority of trade commercial customer balances:

	31/12/2019	31/12/2018
Not overdue and not impaired	2,203,583	2,875,925
Overdue and not impaired:		
< 3 months	1,577,230	2,287,147
3 - 6 months	675,391	823,869
6 months - 1 year	775,557	1,311,937
Over 1 year	3,907,773	874,433
	6,935,951	**5,297,386**
Overdue and impaired:		
Less: Provisions for impairment	(1,252,833)	(1,041,510)
	(1,252,833)	**(1,041,510)**
Total net trade receivables	**7,886,701**	**7,131,801**

11. Current tax receivables

	31/12/2019	31/12/2018
Advance income tax	-	120,351
Withholding income tax	11,118	7,519
Total	**11,118**	**127,870**

12. Accrued income

The Company recognises income when this can be reliably measured and it is probable that the economic benefits of the transaction will flow to the Company. Income comprises the fair value of the sale of goods and services, net of value-added tax, discounts and rebates.

Accrued income is analyzed as follows:

	31/12/2019	31/12/2018
Accrued income	4,156,972	4,223,922
Total	**4,156,972**	**4,223,922**

Accrued income for the year relates to services provided to customers in 2019, which will be invoiced in 2020 in accordance with the relevant contracts.

13. Other financial receivables

	31/12/2019	31/12/2018
Claims against BoD members and related parties	4,261,610	3,308,207
Total	**4,261,610**	**3,308,207**

The claims against BoD members on 31/12/2019 amount to € 2,084,843 (2018: € 1,166,562).

14. Other receivables

	31/12/2019	31/12/2018
Advances to staff	77,428	-
Debt balances of suppliers	203,469	169,856
Other third parties - Accounts payable	23,021	21,279
Expenses of subsequent fiscal years	177,973	152,879
Value added tax offset to the next fiscal year	44,756	119,735
Committed deposits	694,400	-
Total	**1,221,047**	**463,749**

The Company's committed deposits concern the contract with ABC Factors dated 1/3/2016 that were released in January 2020.

The Company's next year expenses, amounting to € 177,973 (2018: € 152,879), relate to the expenses of law firms and other consulting companies related to the Company's investment movements, which will be completed in 2020 (were completed in 2019 respectively).

15. Cash and cash equivalents

	31/12/2019	31/12/2018
Cash in hand	624	1,569
Sight deposits	1,705,787	382,907
Total	**1,706,411**	**384,476**

16. Share capital and reserves

On 31/12/2019, the total of the issued ordinary shares of the Company amounts to € 849,213 and is divided into 28,934 ordinary shares, with a nominal value of EUR 29.35 each and a share premium of € 6,390,150.

	Number of shares	Nominal value	Share capital	Premium reserves	Total
Balance as at 1 January 2018	26,291	29.35	771,641	**467,776**	1,239,417
Share capital increase	2,643	29.35	77,572	5,922,373	5,999,945
Balance as at 31 December 2018	**28,934**		**849,213**	**6,390,149**	**7,239,362**
Balance as at 1 January 2019	28,934	29.35	849,213	6,390,149	7,239,362
Share capital increase					-
Balance as at 31 December 2019	**28,934**		**849,213**	**6,390,149**	**7,239,362**

The share capital has been paid in full.

The following table analyzes the Company's Reserve Funds:

Other inventories	**31/12/2019**	**31/12/2018**
Ordinary reserve	159,120	159,120
Other inventories	2,662,222	2,427,318
	2,821,342	**2,586,438**

Other reserves are analyzed as follows:

INTEREG III Program	28,000	28,000
NSRF Manufacturing Program	125,202	125,202
Development Law 3299	957,808	957,808
Reassessment of staff benefit payables	296,239	61,334
ICT4GROWTH	1,310,213	1,310,213
Capital increase costs	-55,240	-55,240
Total	**2,662,222**	**2,427,317**

Ordinary Reserve

According to Greek corporate law, companies are required to transfer 5% of their profit after tax to the ordinary reserve until their ordinary reserve is equal to 1/3 of the share capital. This reserve may not be distributed, but can be used to offset losses.

17. Bank lending

	31/12/2019	31/12/2018
Long-term borrowing		
Syndicated Bond Loans	-	200,000
Bond loan	2,609,946	-
Loans from the parent company	-	
Finance leases	-	22,688
Total long-term loans	**2,609,946**	**222,688**
Short-term borrowing		
Finance leases	-	33,708
Bank lending	4,778,275	7,749,421
Credit cards	46,118	41,755
Total short-term loans	**4,824,393**	**7,824,884**
Total	**7,434,339**	**8,047,572**

On 6/11/2019, the Company proceeded to refinance its loan of € 3,000,000 with an interest rate of 4% plus Euribor. The repayment of the loan will take place by 31/10/2023 with the payment of seven half-yearly debt service installments. On 31 December 2019, the Company was not in compliance with specific financial indicators that had been set by the loan agreement and received consent from the cooperating banking institution for non-compliance with these indicators for the 2019 fiscal year.

The liabilities from financial leases are shown in the Statement of Financial Position of the Company under note 2.5.

The maturity of loan liabilities is broken down as follows:

Loan liabilities	**31/12/2019**	**31/12/2018**
Up to 1 year	4,824,393	7,824,884
Between 1 year and 5 years	2,609,946	222,688
Over 5 years	-	-
	7,434,339	**8,047,572**

The actual rates at which the results were charged are as follows

	31/12/2019
	€
Syndicated Bond Loans	6.5%
Bond loan	-

	31/12/2018
	€
Syndicated Bond Loans	-
Bond loan	4.0%

The effect of the interest rate change is shown below:

31/12/2018

	+0.5%	**-0.5%**
Effect on equity	40,029	(40,029)
Effect on profit and loss	(40,029)	40,029

31/12/2019

	+0.5%	**-0.5%**
Effect on equity	2,250	(2,250)
Effect on profit and loss	(2,250)	2,250

The analysis of cash flows from financing activities is presented below:

	Long-term loans	**Short-term Loan liabilities**	**Totals**
	3,303,960	**4,364,304**	**7,668,264**
Cash flows from financing activities			
Loans taken out		3,044,620	3,044,620
Loans paid		(2,725,376)	(2,725,376)
Interest paid	-	(479,082)	(479,082)
Non-cash changes			
Change due to discount			-
Accrued			-
Offsets	(3,081,272)	3,022,093	(59,179)
Other changes			-
Financial expenses	-	598,325	598,325
31/12/2018	**222,688**	**7,824,884**	**8,047,572**

	Long-term loans	Short-term Loan liabilities	Totals
31/12/2018	**222,688**	**7,824,884**	**8,047,572**
Cash flows from financing activities			
Loans taken out	2,700,000	4,300,000	7,000,000
Loans paid	(200,000)	(7,318,446)	(7,518,446)
Interest paid	(25,963)	(370,667)	(396,630)
Non-cash changes			
Change due to discount			-
Accrued			-
Offsets	(17,425)	(136,988)	(154,413)
Other changes	(90,054)	(55,132)	(145,187)
Financial expenses	20,700	580,744	601,444
31/12/2019	**2,609,946**	**4,824,393**	**7,434,339**

18. Provisions for staff indemnity due to exit from employment

The amounts posted in the Statement of Financial Position are as follows:

The change in the present value of the obligation for the defined benefit plans is as follows:	31/12/2019	31/12/2018
Defined benefits liability	416,725	562,906
	416,725	**562,906**

The following amounts are recognised in the Income Statement:	**31/12/2019**	**31/12/2018**
Current employment costs	153,464	161,878
Interest costs	8,781	6,761
Past service cost	-	(65,012)
Cost (result) of settlements	660	48,086
Cost of indemnities paid within the year	-	-
Total costs posted in the Income Statement	**162,905**	**151,713**

The amounts posted in other total income of the Statement of Other Comprehensive Income are:	**31/12/2019**	**31/12/2018**
Actuarial (gains)/losses from changes in financial assumptions	(65,400)	27,198
Actuarial gains/(losses) from the acquisition of experience	24,621	46,827
Other changes recognized in the Statement of Other Comprehensive Income	349,865	7,754
Total income/(expenses) recognised in other comprehensive income	**309,086**	**81,779**

The change in the present value of the obligation for the defined benefit plans is as follows:	**31/12/2019**	**31/12/2018**
Defined benefits liability as at 1st January	562,906	563,453
Benefits paid	-	(70,481)
Total costs posted in the Income Statement	162,905	151,713
Total income/(expenses) recognised in other comprehensive income	(309,086)	(81,779)
Defined benefits liability as at 31st December	**416,726**	**562,906**

Changes to the Present Value of the Defined Liability:

	31/12/2019	**31/12/2018**
Defined benefits liability as at 1st January	562,906	563,453
Current employment costs	153,464	161,878
Interest costs	8,781	6,761
Benefits paid	-	(70,481)
Cost (result) of settlements	660	48,086
Other changes recognized in the Statement of Other Comprehensive Income	(349,865)	(7,754)
Past service cost	-	(65,012)
Actuarial (gains)/losses from changes in financial assumptions	65,400	(27,198)
Actuarial gains/(losses) from the acquisition of experience	(24,621)	(46,827)
Defined benefits liability as at 31st December	**416,726**	**562,906**

The main actuarial assumptions used for accounting purposes for the Company's figures are the following:

The significant actuarial assumptions used for the valuation are as follows:		
Discount rate as at 31 December	0.78%	1.56%
Future salary increases	2%	2%
Average remaining working life	25.58	27.1
Average financial term	22.20	24.4

Sensitivity analysis of changes in the main assumptions for pension benefits are:

The effect of changes on significant actuarial assumptions is:

	Discount rate + 0.5%	**Discount rate - 0.5%**
Increase/(decrease) in the defined benefit liability	(43,232)	48,808

	Future salary increases + 0.5%	**Future salary reductions - 0.5%**
Increase/(decrease) in the defined benefit liability	47,918	(42,943)

19. Other long-term liabilities

	31/12/2019	31/12/2018
State grants	16,854	39,687
Total	**16,854**	**39,687**

20. Suppliers and other payables

	31/12/2019	31/12/2018
Creditors	6,240,958	4,874,613
Advances to suppliers	-	240
Checks payable	717,299	647,488
Total	**6,958,258**	**5,522,341**

21. Other long-term liabilities

	31/12/2019	31/12/2018
State grants	16,854	39,687
Total	**16,854**	**39,687**

22. Other current financial liabilities

	31/12/2019	31/12/2018
Salaries and wages	-	245,340
Other liabilities	37,186	37,186
Total	**37,186**	**282,527**

23. Other tax liabilities

	31/12/2019	31/12/2018
Payroll taxes - duties	320,903	306,542
Third parties' taxes - duties	263,574	316,555
Other taxes - duties	12,110	4,796
Tax arrangements	3,674,367	2,827,847
Taxes - Duties of previous years	1,691	1,617,037
Total	**4,272,645**	**5,072,778**
Current tax liabilities	3,646,533	4,029,478
Long-term tax liabilities	626,112	1,043,300
	4,272,645	**5,072,778**

24. Deferred income

Deferred income	31/12/2019	31/12/2018
Deferred income	1,198,926	1,251,992
Total	**1,198,926**	**1,251,992**

Deferred income relates to invoiced support services, which will accrue in the next fiscal year.

25. Other liabilities

	31/12/2019	31/12/2018
Staff fees due	18,792	18,792
Accrued expenses	3,315,416	1,437,371
Insurance Bodies	444,353	371,607
Debt arrangements with Insurance Bodies	-	2,507,510
Total	**3,778,562**	**4,335,280**

26. Current tax liabilities

	31/12/2019	31/12/2018
Income tax clearance account - annual income tax return	324,943	-
Total	**324,943**	**-**

27. Income tax

	01/01 - 31/12/2019	01/01 - 31/12/2018
Current tax expense	(324,943)	
Deferred income tax	(881,772)	97,533
Tax expense of previous years		(925,016)
Total	**(1,206,715)**	**(827,483)**
Profit before Tax	4,360,075	(2,284,349)
Tax rate	24%	29%
Expected Tax Expense	**(1,046,418)**	**662,461**
Effect of tax rate changes	(79,533)	(158,288)
Impact of differences in tax rates of foreign subsidiaries		
Other expenses not recognized for discount	(354,453)	(364,258)
Use of year losses for which no deferred tax arrears were recognized.	144,612	(205,402)
Tax impact of deduction of research and development costs	129,078	163,019
Tax attributable to untaxed reserves		
Other		
Tax differences of previous years		(925,016)
Total tax	**(1,206,714)**	**(827,484)**

The Company's tax returns for the financial year 2010 have not been audited by the tax authorities.

For the fiscal years 2011 to 2018, the Company has been subject to the tax audit by the Chartered Auditors Accountants provided for in Article 65Aa of Law 4174/2013. Within 2018, a regular tax audit order for the years 2014-2016 was notified. The audit was completed during the fiscal year 2018 and differences in income tax amounting to a total of € 925,016 were imposed, which were recognized in income tax for the year. The company has not received a Tax Compliance Report for 2018.

For the fiscal year 2019, the tax audit conducted by the Chartered Auditors' Accountants for obtaining a Tax Compliance Report is in progress. The Management is not expecting significant tax liabilities upon completion of the tax audit other than those recorded and presented in the financial statements.

28. Turnover

	01/01 - 31/12/2019	**01/01 - 31/12/2018**
Sales of products	13,206,928	482,562
Provision of technology services	6,341,343	9,255,877
Provision of portfolio management services (Energy Sector)	19,102,966	12,764,969
Total	**38,651,238**	**22,503,408**

29. Operating Expenses by category

	01/01 - 31/12/2019			
	Cost of Sales	**Administrative Expenses**	**Distribution costs**	**Total**
Payroll and other benefits to employees	7,865,735	3,591,517	1,115,781	**12,573,033**
Taxes	-	9,644	-	**9,644**
Other Expenses	490,362	821,367	13,441	**1,325,170**
Depreciation	2,208,670	191,338	-	**2,400,008**
Professional fees and legal fees	936,983	1,006,926	49,292	**1,993,201**
Outsourcing	12,453,861	19,325	185,500	**12,658,686**
Facilities costs	-	306,182	-	**306,182**
Advertising & promotion costs	29,839	412,009	194,376	**636,224**
Travel expenses	298,204	669,255	108,311	**1,075,770**
Provisions	-	-	-	**-**
Inventories used	332,824	-	-	**332,824**
Total	**24,616,478**	**7,027,564**	**1,666,701**	**33,310,743**

The amount recognized in the Statement of Comprehensive Income due to defined pension plans amounts to € 513 thousand for the period 01/01 - 31/12/2019. The above amounts are included in the item "Payroll and other benefits to employees".

	01/01 - 31/12/2018			
	Cost of Sales	**Administrative expenses**	**Distribution costs**	**Total**
Payroll and other benefits to employees	6,854,663	2,516,506	879,331	**10,250,500**
Taxes	8,417	59,209	2,558	**70,184**
Other expenses	835,199	325,968	43,548	**1,204,715**
Depreciation	2,179,333	28,412	13,794	**2,221,539**
Professional fees and legal fees	842,120	1,472,848	80,997	**2,395,965**
Outsourcing	5,855,830	16,233	189,159	**6,061,222**
Facilities costs	404,548	95,561	44,980	**545,089**
Advertising & promotion costs	54,175	115,245	207,845	**377,265**

Travel expenses	164,976	449,378	78,781	**693,135**
Inventories used	385,222	-	-	**385,222**
Total	**17,584,483**	**5,079,360**	**1,540,993**	**24,204,836**

30. Other Income/Expenses and Other Profit/Losses

	01/01 - 31/12/2019	**01/01 - 31/12/2018**
Various operating expenses		
Credit currency translation differences	8,648	2,935
Extraordinary and non-operating revenue	-	142,907
Revenue from previous years	-	30,268
Profit from the sale of assets	-	-
Other income	243,126	997,416
Rents	79,500	67,150
Fixed investment grants	56,446	61,682
Total	**387,721**	**1,302,358**
Various operating expenses		
Fines and surcharges	704,629	719,475
Fines and surcharges from previous years	9,895	625,460
Extraordinary and non-operating expenses	-	50
Debit currency translation differences	15,096	3,080
Other expenses of previous years	42,327	21,885
Total	**771,947**	**1,369,950**

Other Revenue refers to revenue from the provision of support services within the Qualco Holdco Group.

Fines and surcharges of previous years in fiscal year 2018 mainly concern fines and surcharges from the 2014-2016 fiscal audit.

31. Financial Income and Expenses

	01/01 - 31/12/2019	**01/01 - 31/12/2018**
Financial income		
Interest income	331	1,218
Other	153,615	-
	153,946	**1,218**
Financial expenses		
Expenses and interest on bank loans	465,209	445,619
Interest on bond loans	-	
Commissions paid for letters of guarantee and other related bank charges	94,643	59,214
Interest and rental costs	158,379	93,492
	718,231	**598,325**
Net financial expenses	**564,285**	**597,107**

32. Benefits to employees

	01/01 - 31/12/2019	01/01 - 31/12/2018
Salaries, wages, and allowances	10,615,654	8,265,822
Social security expenses	1,789,754	1,788,645
Redundancy payments	153,464	155,313
Other benefits to employees	14,161	40,722
Total	**12,573,033**	**10,250,502**

In 2019 the Company employed an average of 223 people while in 2018 it employed an average of 182 people.

33. Transactions with related parties

	Trade liabilities		Financial liabilities	
Liabilities to related parties	**2019**	**2018**	**2019**	**2018**
Qualco Holdco	477,201	240,378	32	-
Qualco UK	90,906	84,557	-	-
Qquant	60,000	168,806	-	-
Other related parties	-	-	98,776	-
Total	**628,107**	**493,741**	**98,808**	**-**

	Trade receivables		Financial receivables	
Receivables from related parties	**2019**	**2018**	**2019**	**2018**
Qualco Holdco	720,664	775,875	-	-
Qualco UK	587,174	742,793	787,823	787,823
Qualco FR	190,523	124,403	-	63,500
Qualco Cyprus	245,770	201,653	1,374,555	1,270,486
Qquant	3,381,498	1,838,282	14,421	19,868
PQH	25,462	587,313	-	-
Other related parties	-	-	2,236,679	1,166,562
Total	**5,151,091**	**4,270,319**	**4,413,478**	**3,308,239**

Purchases from / Sales to related parties	**Sales of goods and services**		**Purchases of goods and services**	
	2019	**2018**	**2019**	**2018**
Qualco Holdco	19,480	775,875	440,458	216,364
Qualco UK	436,882	453,551	43,742	36,953
Qualco FR	125,424	125,016		-
Qualco Cyprus	219,475	25,523		-
Qquant	1,725,323	1,577,368	60,000	-
PQH	4,150,666	3,070,679		-
Other related parties	-	-	881,368	-
Total	**6,677,250**	**6,028,012**	**1,425,568**	**253,317**

Remuneration of members of the Board of Directors and Managing Executives	**2019**	**2018**
Salaries and other benefits to employees	1,620,451	847,407
Total	**1,620,451**	**847,407**

34. Contingent receivables and liabilities

On 31/12/2019, the Company's valid letters of guarantee totalled € 2,336,158.

35. Events after the date of preparation of the statement of financial position

In April 2020, the Qualco Group reached an agreement with the institutional investor Amely SLarl, who already owns 20% of its share capital, to increase its capital shareholding by 20%. The completion of the procedures and the increase of the share capital is expected to take place within the first quarter of 2021. The Management of the Group welcomes this move by the institutional investor and considers that this development will significantly enhance the Group's ability to claim large projects of international scope, while stimulating its liquidity.

Within the first five months of 2020, the relationship with PPC, after the contract of EUR 15 million had ended, continued as part of the contractually agreed extension of EUR 4,5 million, which was awarded at the beginning of May 2020.

The consequences of the COVID 19 pandemic have been fully addressed to date, by applying teleworking intensively for all employees in the company from mid-March 2020, using the fully developed technological systems in which the company is constantly investing since its establishment. Employee profitability has not decreased, and in some functions there is an increase in profitability. Any impact on the future course of the company will result from the change in the overall global economic developments due to COVID 19. Our estimates so far are that there will be a lag in revenue for 2020 in relation to the budget that the company had prepared for the year 2020, but due to the increase of NPLs in Greece due to COVID 19, there will be further opportunities in the sector in which the company operates in the coming years.

Following a Management's decision, the company will move its offices to a new building at 66, Kifissias Avenue, Maroussi, which will be its new headquarters. The same building will house the subsidiaries of Greece. This will lead to better coordination at organizational level and economies of scale.

Maroussi, Attica, 28 August 2020

The Chairman of the Board	The CEO	For the Accounting Office
Tsakalotos Orestis	Georgantzis Miltiadis	Computax SA
ID Card No AB 287794	ID Card No AB 570411	ID Card No 094306420, License No. 85
		GEORGANOPOULOU GEORGIA