



2020

Annual Report

1. Basic information on the company

1.1 Business model

Quipu GmbH (“Quipu”) was established in 2004 and is an IT consultancy and software development company based in Frankfurt, Germany, providing support services for banks and other financial institutions. Quipu specialises in the development and implementation of a full range of software for financial institutions covering the needs of full-fledged commercial banks especially focused on SME lending, including support for treasury operations, electronic banking, customer relationship management, data warehousing and data analytics as well as front and back office activities. Moreover, Quipu also provides Third Party Processor (TPP) services, supporting a wide range of card products within the VISA, MasterCard and UPI payment systems. The TPP services include a personalisation centre for credit and debit cards. Finally, Quipu also maintains a data centre in Frankfurt from where it provides data hosting and software as services for its clients. While the company’s main clients are ProCredit Holding AG & Co. KGaA (hereinafter “ProCredit Holding”) and its subsidiaries, the majority of which are banks, Quipu also serves customers outside of the ProCredit group, especially in Africa, Central America and Central Asia.

The company is headquartered in Frankfurt am Main. Quipu also has regional offices in Central and South America (a subsidiary in San Salvador, El Salvador and a branch in Quito, Ecuador), Africa (a branch in Accra, Ghana) and Southeast and Eastern Europe (subsidiaries in Skopje, Macedonia, Kiev, Ukraine and branches in Moscow, Russia and Bucharest, Romania) in order to ensure optimal support to its clients. In addition, a subsidiary in Pristina, Kosovo offers personalisation services for the bank cards and credit cards issued by the banks.

Quipu became a wholly owned subsidiary of ProCredit Holding in January 2011.

In addition to its primary activities, Quipu is very active in providing training and consulting services to its clients, primarily in the area of technical business development support, but also in other areas of information and communication technology, including the increasingly important aspects of risk management, information security and data protection.

1.2 Development

Quipu currently develops its products with a strong focus on the development goals of the ProCredit banks. At the core of the Quipu Banking Software Suite package are the two modules CustomWare.NET and BankWare. CustomWare.NET is a tool meant to support the daily banking activities in the branch offices and collect or process the data for all business transactions, the resulting posting transactions are recorded centrally in BankWare and made available to the head office for further processing. Both systems serve as data source for InfoWare, an extension module covering the business intelligence functions but also allowing data standardisation and central group reporting. The development of the BankWare.NET application, the new accounting software to support IFRS accounting and reporting, the requirements for improved productivity, efficiency, reduced maintenance costs, high security and scalability is currently rolled out in the ProCredit banks. Daily treasury transactions and complete chain information resulting from all treasury or financing transactions of each ProCredit bank are implemented by the additional DealWare software module. The CRM (Customer Relationship Management) module is customised for the group based on the Microsoft Dynamics® framework and is primarily a tool to help business departments of the banks to manage their relatively complex business clients in an organised and systematic way. Bank customers can access their account and carry out transactions in our e-banking and new mobile banking application, which was rolled out to almost all customers. Finally, Quipu has developed a simple and adaptable document flow and archiving application for files attached in CustomWare.NET.

Depending on the country, different features of the software are required, each taking into account the technical infrastructure, local requirements and the bank's business development history. The focal points of the development work to be carried out on the individual products are determined by the Management of ProCredit Holding in consultation with the Group IT committee and defined in detail in the annual Group IT Strategy. This document also defines the priority or order in which new software and upgrades are implemented across the Group's banks. In addition, IT working groups chaired by a board member of one of the ProCredit banks or a process owner of ProCredit Holding are dedicated to a key application or key services and set development priorities and monitor development progress and the implementation plans. The Group IT committee monitors the progress and sets priorities for each IT working group on a quarterly basis.

The research and development costs in the past financial year totalled EUR 1,460k (2019: EUR 1,719k) and can be broken down as follows: CustomWare EUR 170k (2019: EUR 160k), DealWare EUR 232k (2019: EUR 287k), InfoWare EUR 82k (2019: EUR 112k), BankWare EUR 104k (2019: EUR 290k), e-Banking/CRM EUR 705k (2019: EUR 690k), BankWare.NET EUR 37k (2019: EUR 54k) and Mobile Banking Application EUR 131k (2019: EUR 123k).

2. Report on the Financial Position of the Group

2.1 Course of business

2.1.1 Overall business environment

In 2020, the global economy experienced a slump due to the COVID-19 pandemic, registering a decrease of 4.36% compared to 2019. Global supply chains were significantly curtailed, and consumer sentiment stagnated at a low level for much of the year. In addition, manufacturing and service sectors were impacted by widespread travel restrictions and lockdown measures.

Despite the overall economic decline, during 2020 we continued to implement our business strategy in a disciplined manner, without loss of productivity. All business areas were constantly contributing to the company development since the demand for Quipu's services has grown significantly due to the adaptations needed to face the COVID-19 pandemic.

We have focused significant resources to step up to the challenges of providing ProCredit Group the tools necessary to continue its business uninterrupted during 2020. The central point was represented by the implementation of the direct banking strategy, particularly of digitalisation of non-financial transactions.

Another key focus in digitalisation in 2020 was the group-wide roll out of Microsoft 365, including SharePoint online and Teams. With all information and communication now online and cloud-based, data needed for integration with other processes is available to push further automation and efficiency.

For 2021, the IMF forecasts global economic growth of 5.2%. This assumption is based in part on a broad containment of the pandemic, with a timely distribution of vaccines playing an important role. Nonetheless, the pandemic remains a major factor of uncertainty for economic forecasts. We expect economic growth for the countries of West, Eastern and South-eastern Europe in which we operate as an IT services provider, where the vaccine rollout will advance more rapidly, than in Africa and South America.

2.1.2 Implementation of new product versions

The focus in 2020—in line with the overall strategic objectives of the Group—was on further supporting the direct banking strategy, with attention to the digitalization of non-financial transactions (e.g. signing contracts, obtaining certificates, apply for a product), emphasising on remote onboarding video identification technology, implementation of qualified digital signature solutions and improvements for the Mobile Banking Application.

Particular attention was concentrated also in enhancing the use and security of the electronic transaction and communication channels with business and retail clients, particularly through the mobile banking application and the electronic banking application. The direct banking web application was deployed in all banks and servers as a link with potential clients of the bank, offering an overview of the range of services for private individuals and the possibility of applying online for the opening of a current account. In addition, remote video identification was implemented at three group banks (ProCredit Banks Ecuador, Serbia and Romania) while as qualified digital signatures were successfully carried out in ProCredit Bank Romania

Authorisation rights management and online applications as new functionalities will be developed on *Customer Portal* – a new platform that will serve as an extension to the current e-Banking platform. This platform will become the main channel for communication between the bank and the clients, covering non-transactional functionalities. The development and roll out of a self-service module for generating different kinds of certificates and receipts is planned for 2021.

In 2020, the Quipu software was continuously updated and supplemented by new functions in numerous banks, in order to follow market developments and to satisfy local regulatory requirements with regard to accounting, taxes, reporting or data security. At the onset of the COVID-19 pandemic in Q1 2020, the focus of the banks, Quipu's CustomWare.NET and InfoWare teams, and of Group Credit Risk was re-directed to provide the necessary system changes required to monitor the performance of the loan portfolio. The impact of moratoria issued because of the pandemic and the respective treatment of loans was also properly reflected in the core banking system.

One area of focus continued to be the further development of the Quipu Banking Suite in order to comply with the operational and financial reporting requirements (IFRS 9) and the development related to SWIFT GPI, allowing customers to track their payment orders to the beneficiary and adding transparency by disclosing money transfer charges. A particular emphasis was placed on further strengthening loan risk management, portfolio management and loan processing activities but also on developing a system solution for data quality checks (*Data Quality Management Tool*) which has started to be rolled out in Q1 2021.

In 2020, significant resources and effort went into the migration from from a 3rd party core banking system to our platform (*CustomWare.NET*) at ProCredit Bank Serbia. The project is expected to be completed in Q3 of 2021. Further developments and adjustments are being made to the software during the migration process. The significant delay compared to the original schedule is due to resource restrictions in the bank, meaning that counterparts were not available for this project.

The strategic key project in the area of accounting is new accounting software (*BankWare.NET*) meant to replace *BankWare*, aiming at improving the integration with the other systems of the Quipu Banking Suite; the application enables automated and detailed accounting according to IFRS and, in parallel, according to local regulations, provide cost accounting functionalities and create the basis for comprehensive financial reporting.

BankWare.NET was successfully implemented as a pilot project with ProCredit Bank Macedonia in 2018 and the implementation with the ProCredit banks in Moldova, Kosovo and Georgia started in 2019 and is scheduled to go live mid-2021. The aim is to continue the implementation process in all banks in order to adapt the developed functionalities to a real-world accounting environment, to verify that the concept meets all the requirements of the financial sector as in general and to identify areas where further fine-tuning or new development is needed.

Following the successful implementation of *DealWare* in all banks of the Group (with the exception of ProCredit Bank Bulgaria) and the full automation of accounting processes in 2018, the main objective in 2020 was to improve the reporting cycle, the accounting process and the classification of payments as well as the quality and completeness of the data. In addition, integration projects were initiated with several banks, including ProCredit Banks Albania, Bosnia, Georgia, Kosovo, North Macedonia, and Ukraine.

Quipu continued to focus efforts in developing its software as a service (SaaS) banking solution *QWare*, which serves as a comprehensive technical solution for financial institutions operating in developing countries, regardless of market differences, local regulations and specific needs of their clients.

In 2020, Quipu expanded their client base to third-party clients, also in the software development area. A new contract was concluded for *QWare* with Adeheyeman in Ghana. Credit Financiera, the buyers of ProCredit Bank Colombia, decided to further use Quipu services for their lending activities and have chosen Quipu to be their third-party processor also in 2020. A migration away from Quipu applications and services has been done end of Q1 2021.

2.1.3 Processing Centre

11 banks within the Group and 15 banks outside the Group are currently connected to the processing centre. To leverage the group's proprietary processing centre, the processing centre's business development team continues to seek third-party clients as well as to serve group bank needs. With regard to new customers, the project with ProCredit Bank Bulgaria, which started with delay at the end of 2018 due to resource planning and the procurement of third-party software, continues to be the main focus. In January 2020, the Greek branch of ProCredit Bank Bulgaria went live, while the bank analyses to switch its card processing to Quipu in 2021.

In 2020, all the strategic targets planned for the year were achieved, despite the challenges stemming from the global COVID-19 pandemic.

The implementation of NFC payment using biometric authentication and the integration of alternative payment systems such as Apple Pay, Samsung Pay, Garmin Pay and FitBit pay continued to be a strategic goal in 2020. Two new banks began offering Apple Pay services with MasterCard (ProCredit Bank Serbia and Georgia) and the first NFC wallet implementation within the group (Kosovo) took place. Also, the push provisioning feature, which allows the onboarding of cards into the Apple wallet has been successfully developed and deployed (ProCredit Bank Ukraine).

To facilitate the new payment instruments and channels mentioned above, the processing centre has been certified to support the token service standard with both VISA and MasterCard.

The year saw also the first live implementation of an EMV 3DS SCA (Strong Cardholder Authentication) solution in ProCredit Bank Romania, where clients can authenticate themselves through the MobilSign solution (Kobil) instead of using a one-time password. This in accordance with the PSD2 regulation for banks operating in the EU.

Our customer portfolio continued to grow, incorporating now also Banco Hipotecario and Bancovi in El Salvador.

The processing centre is regularly audited according to PCI DSS1 on behalf of VISA and MasterCard. Since August 2010, the processing centre has been certified by the German management systems certification body (Deutsche Gesellschaft zur Zertifizierung von Managementsystemen, DQS) according to the ISO 20000 standard with regard to the service management of the processing centre. Since 2013 the processing centre has additionally been certified according to ISO 9001. In 2017, the processing centre obtained the ISO 27001 certification for its Information Security Management Systems.

¹Payment Card Industry Data Security Standard

2.1.4 Quipu Cloud Services

In 2015, the group launched a programme to gradually centralise the IT infrastructure once it became evident that increasingly more synergy effects and economies of scale can be achieved at IT infrastructure level. The centralisation of the technical infrastructure at a hosted location in Frankfurt also made it possible to consolidate operational processes and associated human resources.

Centralising IT operations by consolidating components maximizes the performance/cost ratio and accelerates product adoption and innovation by enabling the speedy and successful repetition of implementations from one bank to another. Accordingly, services such as identity management, real-time communication, SIEM solutions, general information security solutions, data protection and control are offered by Quipu by utilizing a shared services model.

Since end of 2016, ProCredit Albania, Romania and Germany as well as ProCredit Holding and ProCredit Academy are fully centralised and connected to the Group Active Directory domain and the central data centre. In addition, ProCredit Ecuador was fully centralised in 2017.

A centralisation project was launched in 2018 with ProCredit Bank Serbia in close alignment with the implementation project for the core banking system, as well as with Ukraine, where the bank's former data centre is nearing the end of its useful life. These projects are due to be completed mid-2021. In 2019, shared services were implemented with Moldova, North Macedonia and Kosovo, and in February 2020, Kosovo subsequently went live with fully centralised IT Services. Despite the pandemic, the projects for the centralisation of the Line of Business infrastructure and IT operations for Moldova, North Macedonia, Ukraine and Serbia made significant advancements in 2020 and go-live dates for the first two have been set for Q2 2021y. Initially scheduled for 2020, due to the shift in the agenda to address the COVID-19 pandemic, ProCredit Banks Bosnia and Herzegovina and Georgia will implement shared services in 2021 and Line of Business in 2022, while plans for Bulgaria are still pending.

The above go hand in hand with the centralisation of IT operations, traditionally carried out by the bank's IT departments, which will be integrated into the Group's global IT operations. After the pilot project to integrate the staff of the German IT department was completed, Quipu continued in 2019 with the integration of the staff and responsibilities (including first level support) of the IT departments of Ecuador, Albania and Kosovo with Moldova, North Macedonia, Serbia and Ukraine planned for 2021.

In addition, Office 365 services will be further rolled out across the Group in 2021 to promote a state-of-the-art and secure approach to mobility and remote working.

To ensure the quality and security of global IT operations, Quipu has obtained ISO 20000 certification for IT Service Management, ISO 9001 for Quality Management and ISO 27001 for Information Security Management.

2.1.5 Staff development

The growth of the company's business is reflected in the development of staffing levels as well. When it was founded, Quipu took over 27 employees from IPC. By the end of 2019, this figure had grown to 207. The number of employees increased to 220 in 2020. In addition, numerous fee-for-service agreements were concluded with freelancers in the regional offices. At the end of 2020, Quipu had a total of 267 employees and freelancers (previous year: 256).

In the current financial year, we intend to increase the number of employees by 9.0%, primarily in the areas of IT centralisation and software development, where support is needed for the upcoming projects and implementations.

2.2 Position

2.2.1 Earnings position

Sales revenues increased significantly in 2020 over the previous year. However, the management's original estimates were not reached as the increase was lower than originally forecast in the business plan. The main reasons for this discrepancy were: the postponement of the migration project in Serbia, delays in the implementation projects for major upgrades and rollouts and delays in the centralisation projects in Ukraine, Serbia, Moldova and Kosovo. Another major factor was that Equity Bank Kongo migrated unexpectedly to its in-house core banking system, terminating many of the agreements for Quipu applications.

Quipu continues to work on the centralisation of the IT infrastructure, data and services of the ProCredit Group. For this purpose, a significant number of investments in both hardware and software were made also in 2020, driving an increase in maintenance, support and annual subscriptions costs. Amortisation costs were only partially affected in 2020, as most of the new equipment was put into production towards the end of the year. The operating result for 2020 was therefore lower than originally planned.

The following financial performance indicators are used internally for management purposes:

- *Sales*
- *Annual earnings after tax*
- *Capitalisation ratio*

As is shown by the following table, the operating result achieved in the 2020 financial year represents a continuation of the company's positive financial development in terms of sales but also a positive trend in terms of annual result:

<i>Year</i>	<i>Sales in EUR</i>	<i>Annual earnings after tax, in EUR</i>
2016	19,842,373	107,829
2017	22,330,176	149,111
2018	23,489,260	-570,060
2019	27,307,998	-282,382
2020	32,528,253	402,551

Sales in 2020 increased significantly by 19.1% or EUR 5,220k, with this percentage being higher compared to the previous year: 16.3%. Consequently, the increase in sales expected according to last year's management report was only achieved in part. This was mainly due to delays in several implementation projects, but also in centralisation projects. For the current financial year, we expect a further increase in sales by 2.3% to EUR 33,275k.

As in the past financial year, a smaller portion of sales, EUR 1,960k or 6.0% (2019: EUR 2,724k) was invoiced in USD. The lower amount invoiced in USD as compared to 2019 is because Equity Bank Kongo terminated the agreements for certain Quipu applications. Being one of the biggest clients invoiced in USD, the impact is visible.

In 2020, we registered a higher growth rate in sales from customers in Eastern and South-eastern Europe and a minor increase in Middle and South America:

in EUR	2020	2019
Sales Germany	4,843,107	4,733,553
Sales Eastern Europe	9,233,720	7,373,760
Sales South Eastern Europe	11,068,591	8,425,567
Sales Africa	1,876,844	2,075,974
Sales Middle and South America	5,505,991	4,699,144
Total Sales	32,528,253	27,307,998

The pricing offered to our customers remained constant throughout 2020 but the number of projects decreased in regions that were heavily affected by the pandemic crisis, causing a decrease in sales. We managed to enrich the product range during 2020, despite significant efforts being redirected towards digitalisation and development projects due to COVID-19. *Customer Portal* and *Data Quality Management Tool* were added to the product portfolio, but sales are being expected starting 2021 onward.

Overall, operating expenses increased by 10.2%, which is significantly below the estimation made in last year's management report. The main influencing factor was the increase in material and administrative expenses by 8.5% or EUR 1,168k over the previous year. An increase in the amount of EUR 1,393k or 12.1% was recorded in personnel expenses. The amount includes employer's contributions to the BVV pension insurance scheme, introduced in 2011, amounting to EUR 72k (2019: EUR 67k). Amortisation expenses continued to increase compared to previous years and increased by EUR 279k or 12.4% (2019: 4.0%). This was due to investments required to be made for the new ProCredit Central Data Centres project. Other expense items increased in line with expectations. For the current financial year, Quipu projects a 20.5% increase in personnel expenses from EUR 12,937k to EUR 15,586k.

The profit for the year after tax amounting to EUR 402,551 (2019: - EUR 282,382) is transferred in accordance with the profit and loss transfer agreement concluded with ProCredit Holding.

2.2.2 Financial position

Subscribed capital remained unchanged at EUR 1,000k.

The credit line granted by Frankfurter Sparkasse in the amount of EUR 250k was not utilised during the financial year.

2019, Quipu agreed on a new financing structure with ProCredit Bank Deutschland and ProCredit Holding meant to cover the permanent financing requirements for the ProCredit Central Data Centre due to planned additional investments. ProCredit Holding granted Quipu a loan with deferred repayment in the amount of EUR 10,000k, which was fully utilised in 2019. The outstanding loan with ProCredit Germany was partially repaid and the remaining amount was converted into a senior debt with repayment. The repayment term for this loan was further prolonged so that the outstanding loan amount at the end of 2020 was EUR 17,000k. Additionally, the credit line agreement with the bank for EUR 1,000k remained valid in 2020.

The company's liquidity position was at all times appropriate to meet its payment obligations.

2.2.3 Asset position

The value of the *fixed assets* increased significantly to EUR 10,483k, translating into a capitalisation ratio of 50.4%, which is below the value forecasted in last year's management report. The new investments in the ProCredit Central Data Centre were necessary to assure the proper infrastructure for migrating additional ProCredit Banks.

The company's receivables and other assets recognised as *current assets* minorly decreased to EUR 4,505k (2019: EUR 4,865k). The decrease is due mostly to withholding tax receivables from the Ecuadorian authorities, which were partially settled during 2020. The balance sheet item "Cash in hand, central bank and bank balances, cheques" decreased significantly to EUR 648k (2019: EUR 1,986k).

The net asset, financial and income positions were in order at all times during the year under review.

In terms of business performance, the planned implementations of new product versions in the banks were mostly implemented as planned, with minor exceptions for new rollouts of DealWare and BankWare.NET. The projects agreed with the banks were recognized as work in progress at the end of 2020.

The workflows in the processing centre were further improved as a result of the ongoing recertification against various standards and continued to run smoothly, also in the past financial year.

The increase in headcount was significantly lower than estimated in the previous year's report: 4.3% or 11 FTE (2019: 21.3%). This increase was necessary to bring in the required number of staff for cloud services.

Overall, the position of the company can be assessed as positive.

3. Report on Expected Developments, Opportunities and Risks

3.1 Report on expected developments

For the 2021 financial year, the Management expects a more conservative growth in sales, generated by the planned implementation and centralisation projects. Even though the costs are expected to grow at a smaller percentage than in previous years, the overall annual result is expected to be a negative one. In 2021, Quipu is aiming for a minor increase by only 2.3%, whereas according to the business plan, operating costs² are projected to grow by 10.6%. For 2021, the Management expects a loss of -EUR 672k.

We expect the capitalisation ratio to remain stable after the new investments in the ProCredit Central Data Centre have been made.

2018, Quipu changed the way implementation fees are billed to customers by switching from a fixed fee to a time and material (T&M) based approach. The first year of application of this approach has produced very positive results, which underline the benefits of this billing model for both Quipu and its customers: transparency, flexibility and the ability to adapt requirements, change direction, replace functions and involve users. This approach and the related processes were further optimised in 2020.

In the current year, the implementation of the front office application *Customware.NET*, the treasury application *DealWare*, the *mobile banking* application in the banks will continue. The company expects this to continue generating high demand for Quipu's services. Additionally, new solutions will be rolled out: Data Quality Management Tool, Customer Portal, MobilSign solution (Kobil) and NFC wallet.

As a result of the consolidation of the software infrastructure within the ProCredit Group, additional affiliated companies will make use of the company's software products from 2021. The consistent assessment of services in demand, in particular for the on-site implementation of new software

² The operating costs correspond to the total of all expense items in the income statement

versions with banks as well as the implementation of local adjustments to standard products, opens up additional sales potentials for the Company.

The development of QWare, Quipu's software designed as a service (SaaS) banking solution will remain in focus in 2021. Its functionalities of loans, savings and accounting can be used regardless of the market or regulations on the country where the customers are operating. It is designed to be a standard, cloud based, "plug and play" software which requires small efforts by customers for its customization, implementation, and post implementation adjustments. The product will be implemented for the first time with a third-party client in 2021.

In order to promote the Group's direct banking strategy, Quipu will further be involved in the implementation of remote video identification and qualified digital signatures in the banks. The implementation with ProCredit Albania, Ukraine and Kosovo is planned for 2021. Depending on the regulatory environment, other banks may also be considered for this year.

The document flow and electronic archiving application for files attached to the core banking *CustomWare.NET* was no longer implemented in the banks in 2020, because the business expectations of the banks shifted towards the digitalisation of processes, in order to allow clients to reach them in a fast and easier manner without having to visit the branches, with main catalyst being the COVID-19 pandemic. Therefore, the focus in 2021 will further be on digital onboarding through video identification processes with implementations planned in Kosovo, Georgia and Serbia and the further rollout of the lending process ProCredit bank Bosnia and Herzegovina.

We expect additional sales in the processing centre from the implementation of NFC payments using biometric authentication, but also from alternative payment systems. In 2021, the global pandemic landscape will continue to accelerate the adoption of contactless and cashless methods of paying both in stores and online. Following this trend, the priority in 2021 will be centred on launching three new services: instant issuing of digital cards, remote PIN setting and tap on phone.

Another focus will be on the deployment of mobile wallet, fraud monitoring services and the dynamic 3DS authentication for all banks of the Group. Furthermore, the company expects a better utilisation of the existing processing centre's infrastructure by banks in- and outside the ProCredit Group and aims to further optimise the central administration of the 24/7 terminal network. ProCredit Bank Bulgaria signed the contract with the processing centre in 2018 and the project has started the conversion, initially for their branch in Greece (Q4 2019), with PCB Bulgaria following in the next few years.

The digital ecosystem strategy initiated in 2020 will be pushed further with the launch of the abovementioned innovative services, in addition to the continued rollout of the already existing digital services addressing the three key areas of issuance, acceptance and security/authentication.

The biggest challenge in the area of software development is the implementation of the *BankWare.NET* software across the ProCredit Group. Current on-going implementation projects in Georgia, Kosovo, Serbia and Moldova are expected to go live in 2021. In addition to the continuous development of existing software products, the focus is on developing our mobile application functionalities to boost its attractiveness to private clients and roll-out the new version updates to all banks, the implementation of the new CRM versions, the further expansion of the e-banking application and the continued support of ProCredit Holding in introducing uniform Group IT infrastructure standards in all ProCredit banks.

Given the sustainably favourable forecast for the ProCredit group for the current financial year, demand for the services of Quipu as a strategic software partner can be expected to remain stable.

3.2. Risk report

Due to the company's connection to the ProCredit group, its business risks are closely linked to the development of the group. ProCredit Holding, the ProCredit Banks and Quipu are jointly involved in the definition and implementation of the IT strategy on a group basis. At the same time, the integration of Quipu within the ProCredit group also leads to substantial planning reliability.

At present Quipu is exposed to the following types of risks:

- Foreign currency risks
- Default risks
- Liquidity risks
- Market price risks
- Operational risks
- Sales risks

The following section explains the risks from which opportunities may arise. These opportunities are discussed in the relevant section.

Quipu uses an *IT Risk Management System* for the processing centre. Quipu applies the ProCredit Holding's *Group Risk Policy*.

3.2.1 Foreign currency risk

Foreign currency risks result from the need to purchase US dollars every month, at a total volume of about USD 2 million per year, which are used to cover the ongoing monthly operating costs of the Quipu offices in Latin America and Africa. Up to now, no active risk management for open currency positions in the form of hedging has been considered necessary. To limit foreign currency risks, a new pricing model was introduced in 2014 which offers the banks a choice of being invoiced in USD or in EUR for the annual fees due for the use of the software. Furthermore, new contracts with clients in the African market have been negotiated and signed directly in USD.

This created an opportunity insofar as Quipu did not acquire limited additional US currency in 2020. This is expected to continue in 2021. At the same time, it reduces the foreign currency risk incurred by the ProCredit banks that switched to USD invoicing, as they will have to buy lower volumes of euros in order to settle their Quipu invoices.

Therefore, the occurrence of this risk is assessed to have low impact on the financial situation.

3.2.2 Default risk

Default risks in connection with the invoices issued for services rendered are very transparent and can be ruled out almost entirely, since the bulk of the company's clients come from within the ProCredit group. A moderate risk is still present given that Quipu continues to expand its client portfolio with external banks. Nonetheless, the amount of unpaid invoices to external clients amounted only to EUR 394k or 1.26% of the total income in 2020, thus representing a low risk.

The occurrence of this risk is assessed as having a high impact on the financial position.

3.2.3 Liquidity risk

The **Liquidity risk** is managed through contracts for the performance of project-related work designed to ensure that sufficient liquidity will be available in the form of interim payment instalments received when items of work are completed or at certain predefined intervals. Sales generated from the processing centre and cloud services are invoiced monthly for the previous month. This allows for reliable planning and ensures a regular flow of liquidity.

The switch to the new pricing system allowed to structure the contracts in such a way that the annual lease payments for the software are to be paid in advance at the beginning of the year, unless the bank explicitly requests a different method of payment due to statutory regulations.

The Company agreed on a credit line in the total amount of EUR 1,250k with its two principal banks, Frankfurter Sparkasse and ProCredit Bank Deutschland, to bridge short-term liquidity bottlenecks during 2020.

The occurrence of this risk is assessed to have low impact on the financial situation.

3.2.4 Market price risks

Price risk is minimised by means of flexible contracts. The prices specified in the contracts for the use of the software were set on the principle that, based on the current business planning assumptions, the prices can remain unchanged for the next year. In addition, the Company can adjust the existing usage and maintenance agreements annually in response to potential cost increases.

This now makes it possible to plan for software development in the medium term, as the prospective income can already be calculated today. The occurrence of this risk is assessed to have low impact on the financial situation.

3.2.5 Operational risks

The **operational risk** of the processing centre was reduced by the ongoing ISO and PCI DSS certifications. The other areas are continuing with the documentation of their procedures and with standardising processes.

The move to a professional data centre further reduced the exposure of the IT infrastructure to operational risks. The ProCredit Central Data Centre project will require special attention on procedures and standardised processes in order to avoid operational risks. The company obtained ISO 27001, 20000 and 9001 for both QPC and Cloud Services.

The occurrence of this risk is assessed to have low impact on the financial situation.

3.2.6 Sales risks

Income from implementation services decreased in 2020 to EUR 2,329k (2019: EUR 2,577k). The delay in the implementation of CustomWare.NET in Serbia was a major trigger of this decrease. In the current year, a 16.7% increase to approximately EUR 2,718k is planned, including projects originally scheduled to be completed in 2020. This increase is explained by the fact that major upgrade implementations will be launched with almost all banks by 2021. Also, the possible risk that in the future the number of group banks may be reduced and that therefore planned revenues will not be forthcoming cannot be ruled out entirely.

The expansion of the services offered offers the benefit that Quipu's services will be much more transparent on the customer side in the future, since implementation projects will be documented in detail.

The occurrence of this risk is assessed as having a high impact on the financial position. In summary, however, it can be said that the introduction of the pricing model in 2014 and the associated contractual arrangements have further reduced the risks for the Company.

Despite the enormous disruption of day-to-day operations in the organisation worldwide as a result of the novel coronavirus, Quipu remains fully operational and plans to remain in a mixed working environment with all its staff. It continues to fulfil prior commitments for all ongoing projects and support customers' needs, especially in areas where the operating environment is facing new challenges.

Quipu has already demonstrated its commitment and flexibility in dealing with the COVID 19 pandemic by developing new ways of working to remain fully operational and without impact on performance, ensuring a rapid response to key projects and supporting core banking systems to respond to new developments and maintain the quality and security of operations.


The Management assesses the outlook for the further development of the company's business as very positive. When ProCredit Holding acquired Quipu, its role as the strategic IT partner of the ProCredit group was underscored and strengthened. This creates a high degree of planning reliability for Quipu, which will continue in the years to come.

Frankfurt am Main, 31 March 2021
Quipu GmbH
Management

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Andrei Georgescu



Quipu GmbH – 2020 Annual Financial Statements

**Registered office: Königsberger Str. 1, 60487 Frankfurt am Main
HRB 90104, Regional Court of Frankfurt am Main**

consisting of the balance sheet, income statement and the Notes

BALANCE SHEET of Quipu GmbH, Frankfurt am Main, as of 31 December 2020

in EUR	(Note)	31.12.2020	31.12.2019
A. Fixed assets			
I. Intangible assets			
1. Licences, commercial and intellectual property rights and similar rights acquired for a consideration	(3)	1,788,821.00	1,351,906.00
2. Advance payments intangible assets		113,937.07	122,854.77
II. Property, plant and equipment			
1. Other equipment, furniture and fixtures	(4)	5,290,272.00	4,485,832.00
2. Advance payments for property, plant and equipment		2,599,653.36	1,649,495.44
III. Financial assets			
1. Shares in affiliated companies	(5)	107,549.48	107,549.48
2. Loans to affiliated companies (of which, with a remaining term of more than one year: EUR 100,000.00; previous year: EUR 282,564.34)		582,564.34	781,440.89
		10,482,797.25	8,499,078.58
B. Current assets			
I. Inventories			
1. Work in progress	(6)	117,350.00	1,226,108.73
II. Receivables and other assets			
1. Trade accounts receivable (of which, with a remaining term of more than one year: 0.00; previous year: EUR 0.00)	(7)	1,564,315.39	1,004,522.47
2. Receivables from affiliated companies (of which, with a remaining term of more than one year: 0.00; previous year: EUR 0.00)	(8)	390,197.19	623,996.31
3. Other assets (of which, with a remaining term of more than one year: EUR 50,960.20; previous year: EUR 69,328.14)	(9)	2,432,650.45	2,010,503.44
		4,504,513.03	4,865,130.95
III. Cash in hand, balances at German central bank, balances at banks and cheques	(10)	647,569.96	1,986,323.23
C. Prepaid expenses and deferred charges	(11)	5,147,290.87	3,731,437.40
Total assets		20,782,171.11	19,081,970.16
A. Equity			
I. Subscribed capital	(12)	1,000,000.00	1,000,000.00
II. Revenue reserves			
1. Other revenue reserves		-	-
III. Net income for the year	(13)	-	-
		1,000,000.00	1,000,000.00
B. Accruals			
1. Accruals for taxes		20,000.00	18,000.00
2. Other accruals	(14)	885,732.98	508,194.90
		905,732.98	526,194.90
C. Liabilities			
1. Liabilities to banks (of which, with a remaining term of up to one year: EUR 5,000,000.00; Previous year EUR 5,000,000.00)	(15)	10,027,751.70	10,000,000.00
2. Trade accounts payable (of which, with a remaining term of up to one year: EUR 532,799.80; previous year: EUR 311,457.96)	(16)	532,799.80	311,457.96
3. Liabilities to affiliated companies (of which, with a remaining term of up to one year: EUR 572,588.85; previous year: EUR 117,993.37) (of which, with a remaining term of more than 5 years: EUR 7,000,000.00; previous year: EUR 7,000,000.00)	(17)	7,572,588.85	7,117,993.37
4. Other liabilities (of which, for taxes EUR 106,428.30; previous year: EUR 104,570.82) (of which, for social security: EUR 21,669.48; previous year: EUR 20,953.11)	(18)	128,297.78	126,323.93
		18,261,438.13	17,555,775.26
D. Deferred income	(19)	615,000.00	-
Total equity and liabilities		20,782,171.11	19,081,970.16

INCOME STATEMENT of Quipu GmbH, Frankfurt am Main, as of 31 December 2020

in EUR	(Note)	1. Jan - 31. Dec 2020	1. Jan - 31. Dec 2019
1. Sales revenue	(20)	32,528,253.41	27,307,997.97
2. Increase or decrease of work in progress		-1,108,758.73	359,050.94
3. Other operating income <i>(of which, from currency translation: EUR 82,666.95; previous year: EUR 136,451.29)</i>	(21)	122,710.92	178,680.97
4. Cost of materials			
a) Cost of raw materials, supplies and purchased goods	(22)	15,833.43	54,968.99
b) Cost of purchased services	(23)	3,634,254.39	3,423,857.69
5. Personnel expenses:	(24)		
a) Wages and salaries		10,569,090.41	9,288,057.86
b) Social insurance contributions and expenses for retirement pensions <i>(of which, for retirement pensions: EUR 71,692.36; previous year: EUR 66,908.32)</i>		2,367,603.32	2,256,105.92
6. Amortisation of intangible assets and depreciation of property, plant and equipment	(25)	2,539,299.07	2,260,087.89
a) Amortisation of intangible assets and depreciation of property, plant and equipment			
7. Other operating expenses <i>(of which, from currency translation: EUR 186,473.49; previous year: EUR 74,966.55)</i>	(26)	11,269,383.62	10,272,911.38
8. Income from equity holdings <i>(of which, from affiliated companies: EUR 0.00; previous year: EUR 0.00)</i>		0.00	0.00
9. Other interest and similar income <i>(of which, from affiliated companies: EUR 20,523.59; previous year: EUR 15,029.21)</i>	(27)	21,123.99	15,636.55
10. Depreciation of financial assets <i>(of which unplanned depreciation: EUR 0.00; previous year: EUR 0.00)</i>		0.00	0.00
11. Interest and similar expenses <i>(of which, from affiliated companies: EUR 101,732.74; previous year: EUR 17,114.31)</i>	(28)	286,887.30	278,291.56
12. Taxes on income and profit	(29)	455,058.67	276,160.47
13. Result after taxes		425,919.38	-249,075.33
14. Other taxes		23,368.84	33,307.08
15. Net income for the year before transfer of profit		402,550.54	-282,382.41
16. Profit (loss) transferred on the basis of a profit transfer agreement		-402,550.54	282,382.41
17. Net income for the year		0.00	0.00

Quipu GmbH, Frankfurt am Main, as at 31 December 2020

Notes for the 2020 Financial Year

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I. BASIC ACCOUNTING INFORMATION

1) Group affiliation

Quipu GmbH, a medium-sized incorporated company, is a company affiliated with ProCredit Holding AG & Co. KGaA Frankfurt am Main (ProCredit Holding) and is included in its consolidated financial statements. ProCredit Holding prepares the IFRS consolidated financial statements for the largest group of companies, which are published in the German Official Federal Gazette in accordance with the provisions of sec. 315e (1) HGB (German Commercial Code). ProCredit Holding is registered with the Regional Court of Frankfurt under HRB 91858.

The profit and loss transfer agreement with ProCredit Holding was changed to a control and profit/loss transfer agreement on 21 July 2011. As a result, the entire profit/loss of the year is transferred to ProCredit Holding. The control and profit/loss transfer agreement forms the prerequisite for the VAT and income tax affiliation with ProCredit Holding.

2) Information concerning the accounting, valuation and disclosure methods

The annual financial statements of Quipu GmbH, Frankfurt am Main, (Quipu GmbH) for the 2020 financial year are prepared in accordance with the provisions of the German Commercial Code and the Limited Liability Companies Ac.

Intangible and tangible assets are recognised at acquisition or production costs and reduced by regular amortisation/depreciation to the extent that they are subject to wear and tear. Regular depreciation is applied on a straight-line basis over the expected useful life of the assets. The regular depreciation period for individual software is five years.

Financial assets are entered at acquisition cost. If, on the balance sheet date, a reduction in value is expected to be permanent, extraordinary write-downs are applied to the corresponding assets. Such write-downs are reversed, if the reasons for them cease to apply.

Inventory consists of work in progress. Contractually agreed performance that had not been billed by the balance sheet date was measured on the basis of completed person days times the daily rate.

Receivables and other assets are entered at acquisition cost in compliance with the lower of cost or market value principle.

Cash reserves and receivables from credit institutions are entered at the nominal amounts.

Prepaid expenses consist of expenditures before the balance sheet date that represent expenses for a certain period after this date. Deferred income shows revenues from income generated after the balance sheet date.

The equity capital is entered at the nominal value.

Provisions take into account all legal or factual obligations to third parties identifiable at the balance sheet date which are uncertain in terms of their amount according to prudent business judgement. Provisions are entered at the amount payable that will be required based on a reasonable business assessment (sec. 253 (1) HGB)). In the financial year, the provisions have a term of less than one year and are not discounted (sec. 253 (2) HGB).

Liabilities are entered at the amount to be paid.

The option to enter software development costs on the assets side pursuant to sec. 248 (2) HGB is not utilised.

The income statement is prepared according to the total cost method (sec. 275 (2) HGB).

All amounts are shown in euros. In the balance sheet for Quipu GmbH, currency items are measured at the average rate of exchange at the end of the reporting period (sec. 256a HGB). The exchange rate on 31 December 2020 was EUR 1 / USD 1.2271. Income and expenses from the conversion of these currency items are added to other operating income / other operating expenses. Expenses and income in foreign currency are converted at the transaction rate.

II. INFORMATION REGARDING THE BALANCE SHEET

A. FIXED ASSETS

3) Intangible assets

Intangible assets consist mainly of software licenses that have been purchased. A detailed overview of the development of intangible assets is shown in the asset schedule (Annex 1 to the Notes).

Advance payments include partial payments for software development projects that had not been completed by the balance sheet date, as well as payments for not-yet-used software licenses for the data centre in Kiev (Ukraine), which is under construction.

4) Tangible assets

Tangible assets are comprised of technical equipment and servers, office furniture and equipment, company vehicles and tenant installations. Regarding the development of tangible assets, we refer to the asset schedule (Annex 1 to the Notes).

Advance payments include investments in IT hardware for the data centre in Kiev (Ukraine), which is under construction.

5) Financial assets

The table below shows shares held by Quipu GmbH in affiliated companies and loans granted to affiliated companies

Name of subsidiary	Address	Subscribed capital incl. capital reserve (EUR)	Revenue reserves and other reserves (EUR)	Profit (Loss) for the year (EUR)	Loans to to affiliated companies (EUR)
		31.12.2020	31.12.2020	2020	31.12.2020
Quipu Shpk, Prishtina, Kosovo	Rexhep Mala 16 Prishtina, Kosovo	5,000.00	198,167.00	104,107.00	182,564.34
Quipu S.A., San Salvador, El Salvador	Avenida La Revolución No. 178 Colonia San Benito, San Salvador, El Salvador.	92,927.80	80,980.54	-15,810.37	0.00
Quipu Dooel, Skopje, Mazedonien	Uj. Chedomir Minderovikj No. 31 Sjopje, Mazedonien	5,041.06	102,894.11	38,869.77	100,000.00
Limited Liability Company "Quipu GmbH" Kiev, Ukraine	Holosivskyi district, Krasylivska Str. 5 03040 Kiev, Ukraine	4,580.62	10,252.58	-111,301.76	300,000.00

Quipu Shpk, Prishtina (Kosovo), is involved in the personalisation of bank cards for the Eastern European, Latin American and African markets. The company in El Salvador provides services for ProCredit Bank in Ecuador and for external clients in Central and South America. Quipu Dooel, Skopje (Macedonia) is responsible for providing services to ProCredit banks in the European region. On 7 October 2019, the limited liability company "Quipu GmbH", Kiev (Ukraine) was established for the

purpose of setting up and operating a data centre in Kiev. Start-up has been delayed due to the COVID-19 pandemic and is now planned for mid-2021.

in EUR Subsidiary	Equity exposure as of 01.01.2020	Additions in 2020	Disposals in 2020	Net book value			
				as of 31.12.2020	Share in %	as of 31.12.2019	Share in %
Quipu Shpk, Prishtina, Kosovo	5,000.00	0.00	0.00	5,000.00	100.0%	5,000.00	100.0%
Quipu S.A., San Salvador, El Salvador	92,927.80	0.00	0.00	92,927.80	99.4%	92,927.80	99.4%
Quipu Dooel, Skopje, Mazedonien	5,041.06	0.00	0.00	5,041.06	100.0%	5,041.06	100.0%
Limited Liability Company "Quipu GmbH" Kiev, Ukraine	4,580.62	0.00	0.00	4,580.62	100.0%	4,580.62	100.0%
Total	107,549.48	0.00	0.00	107,549.48		107,549.48	

B. CURRENT ASSETS

6) Work in progress

Work in progress is comprised of already rendered but not yet calculated services for on-going projects, which are only calculated after completion as per the contract.

7) Trade receivables

Of the outstanding trade receivables, EUR 1,163,151.68 were not due, and EUR 401,163.71 were due on the balance sheet date. Of the outstanding receivables, EUR 192,570.53 were received by the time the balance sheet was prepared.

8) Receivables from affiliated companies

These consist of receivables from subsidiaries and shareholders.

Receivables from shareholders consist of VAT receivables from the VAT group relationships (EUR 90,180.78; previous year: EUR 191,393.40) as well as IT services and passed-on charges for hardware and software (EUR 85,016.45; previous year: EUR 298,475.15) vis-a-vis ProCredit Holding.

Receivables from subsidiaries (EUR 214,999.96); previous year: EUR 134,127.76) mainly consist of passed-on charges for hardware and software support, accrued interest on loans and an advance payment for services in January 2021.

9) Other assets

in EUR	31 Dec. 2020	31 Dec. 2019
Tax refunds due	2,330,238.72	1,873,648.02
Deposits	50,960.20	69,328.14
Other	51,451.53	67,527.28
Total	2,432,650.45	2,010,503.44

Tax refund claims mainly consist of receivables from tax authorities in Romania (EUR 759,894.47) for VAT, and in Ecuador (EUR 1,570,015.42) for withholding taxes.

10) Cash in bank

in EUR	31.12.2020	31.12.2019
Inland banks	412,896.48	1,792,594.80
Foreign banks	231,122.90	185,074.50
Cash	3,550.58	8,653.93
Total	647,569.96	1,986,323.23

C. DEFFERALS AND ACCRUALS**11) Prepaid expenses and deferred charges**

in EUR	31 Dec. 2020	31 Dec. 2019
Rent	92,589.80	111,486.54
Insurance	39,825.67	22,088.67
Consulting services	0.00	150,141.60
Maintenance	1,560,980.85	1,005,344.92
Subscription fees	3,411,049.16	2,420,727.67
Other	42,845.39	21,648.00
Total	5,147,290.87	3,731,437.40

A. EQUITY**12) Subscribed capital**

As at 31 December 2020, the subscribed capital was held by ProCredit Holding (100%).

13) Net income of the year

On the basis of the control and profit-loss transfer agreement concluded on 21 July 2011, the profit in the amount of EUR 402,550.54 is transferred to ProCredit Holding (previous year: loss of EUR 282,382.41 was compensated by ProCredit Holding).

B. Accruals**14) Other accruals**

in EUR	31 Dec. 2020	31 Dec. 2019
Accruals for holiday	490,137.00	177,272.40
Rental expenses and decommissioning commitments	78,719.10	93,602.50
Other invoices	188,000.00	123,000.00
Outstanding invoices freelancers	39,836.88	27,010.00
Employers' liability insurance contributions, charge for not employing disabled persons and international health insurance	48,040.00	47,310.00
Annual financial statements	41,000.00	40,000.00
Total	885,732.98	508,194.90

C. LIABILITIES**15) Liabilities to banks**

in EUR	31.12.2020	31.12.2019
- less than one year	5,027,151.70	5,000,000.00
- between 1-5 years	5,000,000.00	5,000,000.00
- more than 5 years	0.00	0.00
	10,027,151.70	10,000,000.00

Liabilities to banks consist of liabilities to ProCredit Bank AG, Frankfurt am Main.

16) Trade payables

This item includes EUR 6,845.53 in trade payables to affiliated companies of the ProCredit Group (previous year: EUR 2,438.16).

17) Liabilities to affiliated companies

This item includes liabilities related to invoices for services rendered by Quipu DOEEL in Macedonia, as well as liabilities to shareholders.

Liabilities to shareholders consist of a long-term loan of EUR 7,000,000.00, the 2020 profit to be transferred in the amount of EUR 402,550.54, as well as interest on loans and guarantee fees of ProCredit Holding in the amount of EUR 26,301.59 (previous year: EUR 19,503.19).

18) Other liabilities

Liabilities from taxes in the amount of EUR 106,428.30 consisted solely of the liability from wage and church taxes as at 31 December 2020 (previous year: EUR 104,570.82).

Liabilities related to social security amounted to EUR 21,669.48 (previous year: EUR 20,953.11).

19) Deferred income

This item includes income of EUR 615,000.00 from ProCredit Holding AG for services that must be rendered by Quipu GmbH after the balance sheet date.

III. NOTES TO THE INCOME STATEMENT

20) Sales revenues

The majority of sales revenues is generated from the provision of IT services to the ProCredit Group. The IT services comprise the provision of the banking software for ProCredit banks, and the resale of IT hardware and software.

in EUR	2020	2019
Sales revenue from the ProCredit Group	28,375,712.60	23,015,009.56
Sales revenue from third parties	4,152,540.81	4,292,988.41
Total sales revenue	32,528,253.41	27,307,997.97

in EUR	2020	2019
Sales revenue Germany	4,843,107.48	4,733,553.49
Sales revenue East Europe	9,233,720.34	7,373,760.02
Sales revenue Southeast Europe	11,068,590.90	8,425,566.82
Sales revenue Africa	1,876,843.52	2,075,973.68
Sales revenue Central and South America	5,505,991.17	4,699,143.96
Total sales revenue	32,528,253.41	27,307,997.97

21) Other operating income

in EUR	2020	2019
Income from charges passed on	5,666.52	2,163.39
Income from reversal of accruals	3,427.49	1,395.00
Income from currency translation	82,666.95	136,451.29
Income from insurance compensation	56.03	0.00
Other	30,893.93	38,671.29
	122,710.92	178,680.97

Income from currency translation relates exclusively to realised income.

22) Raw materials and consumables, and purchased goods

The item raw materials and consumables, and purchased goods mainly consists of expenses for purchased hardware, most of which was directly resold to the ProCredit Group.

23) Expenses for purchased services

Expenses for purchased services consist of payments for services to independent professionals and for services purchased from subsidiaries.

24) Personnel expenses

During the 2020 financial year, Quipu GmbH has on average 216 employees (2019: 203), including 65 female and 151 male employees. As at 31 December 2020, the total number of employees at Quipu GmbH is 220 (2019: 207), including 62 female and 158 male employees.

As at 31 December 2020, Quipu GmbH had three officers and 217 salaried employees.

25) Amortisation and write-downs of intangible fixed assets and tangible assets

A detailed overview of the write-downs can be found in the asset schedule (Annex 1 to the Notes).

26) Other operating expenses

in EUR	2020	2019
Operating lease expenses	1,752,808.22	1,803,433.11
License and maintenance, exp. for software and hardware	5,665,441.05	4,046,102.16
Travel expenses	257,981.24	1,287,979.69
Services provided by foreign subsidiaries (Latin America, Macedonia, Kosovo)	1,001,295.11	768,012.59
Legal and advisory expenses	429,030.03	435,351.71
Charges to be passed on for services received	304,966.56	232,411.88
Communication	653,523.19	458,165.77
Other personnel expenses	387,808.85	495,116.39
Expenses from currency translation	186,473.49	74,966.55
Other administrative expenses	216,154.81	172,021.82
Entertainment and hospitality expenses	104,909.11	213,333.94
IT materials	70,505.28	76,385.62
Accounting expenses	139,036.15	154,056.13
Insurance	64,075.48	53,588.02
Disposal of fixed assets	17,184.00	1,986.00
Lost receivables and bad dept provision	18,191.05	0.00
Total	11,269,383.62	10,272,911.38

Expenses from currency translation relate exclusively to realised expenses.

27) Other interest and similar income

The total amount of EUR 21,123.99 includes EUR 20,800.94 in interest income from loans to affiliated companies.

28) Interest and similar expenses

The total amount of EUR 286,887.30 includes EUR 101,732.74 in interest expenses for loans approved by the parent company, as well as EUR 185,007.94 for loans approved by credit institutions.

29) Income taxes

Income taxes include foreign withholding taxes that are related to the result of the Regional Office in Kiev (Ukraine) (EUR 55,093.70; previous year: EUR 71,565.59), revenues generated in the Congo (EUR 143,080.09; previous year: EUR 204,269.35), as well as income taxes for the Regional Office in Accra (Ghana) (EUR 298.40; previous year: EUR 325.53). Revenues with PCB Ecuador are subject

to withholding taxes, which are refunded by the Ecuadorian tax authority on request based on the double taxation treaty. The refund assessment for 2017 revealed that the withholding taxes for revenues with licenses are not refunded fully. The correction of the tax receivables for 2017 and 2018 (EUR 256,586.48), which were set too high, led to increased tax expenses in the reporting year.

IV. ADDITIONAL INFORMATION

30) Other financial obligations

Quipu GmbH has total obligations of EUR 2,563,152.94, including EUR 981,588.13 to affiliated companies.

They consist of rental (EUR 1,079,555.12) and leasing contracts (EUR 77,023.32) that were concluded at conditions that are consistent with market standards, as well as interest obligations from loan agreements with ProCredit Bank (EUR 424,986.37) and ProCredit Holding (EUR 981,588.13) that are also consistent with market standards.

31) Total auditor fee

The total auditing fees for the 2020 financial year amount to EUR 30,000.00 (previous year: EUR 29,000.00). The company did not utilise any other auditor services.

32) Subsequent events report

Events of particular importance did not occur after the closing date.

33) Management

During the reporting period, Ms. Daniela Enache, Bucharest/Romania (Graduate in Business Administration), Mr. Mikhail Gumanovskiy, Moscow/Russia (IT Engineer) and Mr. Andrei Georgescu, Frankfurt am Main, (Graduate in Business Administration) acted as the managing directors of the company.

Information regarding the total receipts of management is omitted in accordance with sec. 286 HGB.

The company is represented by each managing director together with another managing director or together with an authorized signatory.

Frankfurt am Main, 31 March 2021

Quipu GmbH
The Management Board

Daniela Enache

Andrei Georgescu

Michael Gumanovsky



Annex 1: Statement of fixed assets

Quipu GmbH

Statement of fixed assets as of 31 December 2020

in EUR	Acquisition cost					Accumulated depreciation					Net book values	
	As at: 01.01.2020	Additions	Disposals	Reclassifications	Attributions	As at: 31.12.2020	As at: 01.01.2020	Additions	Disposals	As at: 31.12.2020	As at: 31.12.2020	As at: 31.12.2019
I. Intangible assets												
1. Licences, commercial and intellectual property rights and similar rights acquired for a consideration	3,764,346.71	1,083,981.10	59,833.30	18,633.36	0.00	4,807,127.87	2,412,440.71	665,692.46	59,826.30	3,018,306.87	1,788,821.00	1,351,906.00
2. Advance payments for intangible assets	122,854.77	9,715.66	0.00	-18,633.36	0.00	113,937.07	0.00	0.00	0.00	0.00	113,937.07	122,854.77
	3,887,201.48	1,093,696.76	59,833.30	0.00	0.00	4,921,064.94	2,412,440.71	665,692.46	59,826.30	3,018,306.87	1,902,758.07	1,474,760.77
II. Property, plant and equipment												
1. Other equipment, furniture and fixtures	12,648,298.11	1,736,409.75	2,224,684.57	958,813.86	0.00	13,118,837.15	8,162,466.11	1,873,606.61	2,207,507.57	7,828,565.15	5,290,272.00	4,485,832.00
2. Advance payments for property, plant and equipment	1,649,495.44	1,908,971.78	0.00	-958,813.86	0.00	2,599,653.36	0.00	0.00	0.00	0.00	2,599,653.36	1,649,495.44
	14,297,793.55	3,645,381.53	2,224,684.57	0.00	0.00	15,718,490.51	8,162,466.11	1,873,606.61	2,207,507.57	7,828,565.15	7,889,925.36	6,135,327.44
III. Financial assets												
1. Shares in affiliated companies	107,549.48	0.00	0.00	0.00	0.00	107,549.48	0.00	0.00	0.00	0.00	107,549.48	107,549.48
2. Loans to affiliated companies	781,440.89	0.00	198,876.55	0.00	0.00	582,564.34	0.00	0.00	0.00	0.00	582,564.34	781,440.89
	888,990.37	0.00	198,876.55	0.00	0.00	690,113.82	0.00	0.00	0.00	0.00	690,113.82	888,990.37
Total fixed assets	19,073,985.40	4,739,078.29	2,483,394.42	0.00	0.00	21,329,669.27	10,574,906.82	2,539,299.07	2,267,333.87	10,846,872.02	10,482,797.25	8,499,078.58