



2021

Annual Report

1. Basic information on the company

1.1 Business model

Quipu GmbH (“Quipu”) was established in 2004 and is a software development and IT solutions integrator 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 small and medium enterprises 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 private cloud 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”), Frankfurt am main 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 (CW.Net) and BankWare. CustomWare.NET is a tool meant to support the daily banking activities with the customers and collect or process the data for all business transactions, the resulting posting accounting transactions are recorded in BankWare and made available for further processing and analysis. 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 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 1,424k (2020: EUR 1,460k) and can be broken down as follows: CustomWare EUR 134k (2020: EUR 170k), DealWare EUR 142k (2020: EUR 232k), InfoWare EUR 82k (2020: EUR 82k), BankWare EUR 99k (2020: EUR 104k), e-Banking/CRM EUR 816k (2020: EUR 705k), BankWare.NET EUR 40k (2020: EUR 37k) and Mobile Banking Application EUR 109k (2020: EUR 131k).

2. Report on the Financial Position of the Group

2.1 Course of business

2.1.1 Overall business environment

The global recovery expected for 2021 was delayed amid continued COVID-19 flare-ups, diminished policy support, and lingering supply bottlenecks. The outlook was clouded by various downside risks, including new virus variants, unanchored inflation expectations, and financial stress.

Throughout this continuous economic decline, during 2021 we continued to implement our business strategy according to plan, without loss of productivity. We have focused significant resources to step up to the challenges of providing ProCredit Group the tools necessary to continue its business uninterrupted during 2021.

All business areas were constantly contributing to the company development since the demand for Quipu's services has grown significantly, in particular we have focused significant resources in the implementation of the direct banking strategy, particularly of digitalisation of non-financial transactions, including implementation of remote onboarding video identification technology; digital signature solutions and improvements to m-Banking application.

Another key focus in 2021 was the further deployment of solutions to facilitate the back-office digitalisation and automation of processes in the group but also the consolidation of IT infrastructure and strengthening the security of IT processes.

The Russian military invasion of Ukraine in February 2022 will bring additional uncertainties into the prospects of the financial year 2022, both for Quipu directly, as our operations in Ukraine will most likely be directly impacted by the war but also macroeconomically, as the global economy will be significantly negatively impacted. Due to the dynamic overall situation in Ukraine, the full impact of these events on our company cannot be precisely estimated at the present time. At the moment, our primary focus is on our employees in Ukraine and their families. We have supported those who wanted to leave the country in crossing the border to safer locations while at the same time trying to provide those staying with needed support. Proving an immense strength, our colleagues are engaged in daily tasks even under the most challenging circumstances, managing to keep the local business afloat and complete the projects they have been assigned to. Thanks to their courage and dedication, our local operations have been minorly affected until the date of this report.

Quipu's focus is also to support the bank in Ukraine in remaining operational. We have secured the IT services essential for the banking business on servers in our German private cloud while card payments are processed by us outside Ukrainian territory. Additionally, we support the bank's employees, who are located inside and outside of Ukraine, in being able to work uninterrupted by assuring permanent access to the bank's systems.

For 2022, the IMF initially forecasted that the global growth was expected to reach a moderate 4.4%. However, in the light of the events that are taking place in Ukraine, this prognosis is most likely to be revised in negative. Russia and Ukraine are major commodities producers, and disruptions have caused global prices to soar, especially for oil and natural gas. Food costs have jumped, with wheat, for which Ukraine and Russia make up 30 percent of global exports, reaching a record. Elevated inflation is expected to persist for a longer period of time than initially estimated, with ongoing supply chain disruptions and high energy prices derived by the dependency on Russian gas and oil.

Considering all aspects mentioned above, 2022 is expected to be a challenging year.

2.1.2 Implementation of new product versions

The focus in 2021—in line with the overall strategic objectives of the Group—was still on further supporting the direct banking strategy, with attention to the digitalization of non-financial transactions,

emphasising on remote on-boarding 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 serves 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 four group banks (ProCredit Banks Ecuador, Serbia, Kosovo and Romania) while as qualified digital signatures were successfully carried out in ProCredit Bank Romania. During 2022, remote identification for client onboarding and e-signature technology will be implemented at ProCredit bank Albania, Ukraine and North Macedonia. Quipu will also support the extension of the remote onboarding service to legal entities, starting with a pilot project at ProCredit Romania.

A wide range of services was developed and partially rolled out over the course of 2021 to enable the Mobile Banking application to deliver on the business goals: digital onboarding, a digital wallet, transfers by phone number, inbox and outbox functionality, remote PIN change, business card support, instant card issuing, push notifications. For 2022 further developments of a new mobile app for electric charging stations and the development of ProGreen accounts in the Mobile Banking app are planned.

As one of the most important channels for serving bank' clients digitally, the electronic banking application is currently equipped with all main transactional functionalities. In the last two years, intensified upgrades of e-banking applications in all Quipu platform banks resulted in an increase in the average number of functionalities per bank. During 2021 upgrades at ProCredit banks Kosovo, Ecuador, and Germany were made and upgrade projects for ProCredit bank Bosnia and Herzegovina, North Macedonia and Moldova were started. The main strategic focus in the upcoming period will be user experience enhancement and further optimisation of the existing functionalities

Authorisation rights management and online applications as new functionalities were 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 2022.

In 2021, 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. The main focus with regard to the development of CW.NET was the capability to easily integrate with third-party tools and providers. To support this trend, the further extension of REST API is planned. This development will be used in integrations with new extensions of digital channels aimed at the digital onboarding of customers, which will make it possible for customers to obtain non-financial transaction related services and exchange electronic documents with the banks, as well as sign documents with qualified electronic digital signatures.

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 implementing a system solution for data quality checks (*Data Quality Management Tool*) which has been rolled out in 2021.

The CW.NET implementation project at Procredit Bank Serbia has been a major area of focus over the last few years and will continue to be so throughout 2022. The migration, which we hoped to complete in 2021, is expected to be completed in Q3 2022, and Quipu and the Bank have allocated more resources to the project and prioritised it. Further developments and adjustments are being made to the software during the migration. 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 a 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 in ProCredit Bank North Macedonia and Kosovo while the implementation is further ongoing with the ProCredit banks in Moldova, Germany, Serbia and Georgia. 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.

DealWare, including full automation of accounting processes, has successfully been implemented in all banks of the Group (with the exception of ProCredit Bank Bulgaria). During 2021 the objective to implement TMS across all these banks was achieved. Projects related to workflow improvements, integrated treasury payments as well as integrated treasury bookings are ongoing at several banks.

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.

1.3 Processing Centre

11 banks within the Group and 16 institutions 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 group 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 2022.

During 2021, in line with global trends, a significant increase in the use of cashless payments was noticeable, both in-store and online. Additionally, notwithstanding the challenges associated with the global COVID-19 pandemic, all strategic targets planned for the year were achieved and a total of more than 100 projects were successfully accomplished.

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 2021. Two banks started to provide new Digital Payment schemes. ProCredit bank Ecuador launched payments through wearables such as Fitbit Pay, Garmin Pay, and Apple Pay with MasterCard while ProCredit bank Macedonia implemented their own NFC wallet service, also with MasterCard. In 2021, the new Remote PIN Setting service was rolled out, allowing the card PIN to be changed via the mobile application instantly and at any time. These banks Procredit bank Ukraine, Albania and Romania were live by end of 2021, while the full adoption to all banks is expected during 2022.

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 EMV 3DS SCA (Strong Cardholder Authentication) solution, where clients can authenticate themselves through the MobilSign solution (Kobil) instead of using a one-time password, was successfully implemented in ProCredit Bank Kosovo, Germany, Ecuador, Greece, North Macedonia, Romania and Ukraine. This in accordance with the PSD2 regulation for banks operating in the EU.

Our customer portfolio continued to grow, incorporating now also our first external client in Ecuador, Card Service, to which we currently offer 3D Secure services.

The processing centre is regularly audited according to PCI DSS 1 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.

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 am Main 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.

As of end of 2021, ProCredit Bank Albania, Kosovo, Romania, Moldova, North Macedonia, Ecuador, Ukraine 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.

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 was nearing the end of its useful life. The projects for the centralisation of the Line of Business infrastructure and IT operations for Moldova, North Macedonia and Ukraine were successfully completed during 2021. In Q4 2021 PCB Georgia also implemented Shared Services. The implementation of Shared Services at PCB Bosnia and Herzegovina has stalled due to additional regulatory requirements and are now scheduled to finish in 2022, along with the full centralisation and migration of the core banking suite at PCB Serbia. The centralisation of the Line of Business infrastructure and IT operations at PCB Bosnia and Herzegovina and Georgia are set to be completed in 2023.

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 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 and Serbia followed by Ukraine in 2021.

¹Payment Card Industry Data Security Standard

In addition, Office 365 services will be further rolled out across the Group in 2022 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. By the end of 2021, the number of employees reached 223 (previous year: 220). In addition, numerous fee-for-service agreements were concluded with freelancers in the regional offices. At the end of 2021, Quipu had a total of 277 employees and freelancers (previous year: 267).

In the current financial year, we intend to increase the number of employees by 14.1%, 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 2021 over the previous year. The management's original estimates were surpassed as the increase was higher than originally forecasted in the business plan.

Quipu continues to work on the centralisation of the IT infrastructure, data and services of the ProCredit Group. For this purpose, a number of investments in both hardware and software were made also in 2021, driving an increase in maintenance, support and annual subscriptions costs. Amortisation costs were only partially affected in 2021, as investments in new equipment were limited, far below initial plans for the year.

Due to higher sales revenue but also lower operating costs, the operating result for 2021 was higher than originally planned.

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

- *Sales*
- *Annual result before profit/loss transfer*
- *Capitalisation ratio (the ratio of fixed assets to total assets)*

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 result before profit/loss transfer, in EUR</i>
2017	22,330,176	149,111
2018	23,489,260	-570,060
2019	27,307,998	-282,382
2020	32,528,253	402,551
2021	34,990,450	853,928

Sales in 2021 increased by 7.6% or EUR 2,462k, however this percentage is lower compared to the previous year (19.1%). The increase in sales expected according to last year's management report was achieved and moreover, was surpassed. The trigger of higher sales revenue can be traced back

to the increased income from Processing Centre services (higher number of card transactions) and Quipu Cloud Services (completed projects in Ukraine, North Macedonia and Moldova but also change in the invoicing method from estimated to consumption based). For the current financial year, we expect a further increase in sales by 7.2% to EUR 37,499k.

As in the past financial year, a smaller portion of sales, EUR 2,030k or 5.8% (2020: EUR 1,960k) was invoiced in USD. The stagnation is explicable by the fact that no new clients that are invoiced in USD were added to our portfolio.

In 2021, we registered a higher growth rate in sales from customers in Eastern, South-eastern Europe and Africa and a decrease in Germany and Middle and South America:

in EUR	2021	2020
Sales Germany	4.434.861	4.843.107
Sales Eastern Europe	10.139.235	9.233.720
Sales South Eastern Europe	12.788.938	11.068.591
Sales Africa	2.270.004	1.876.844
Sales Middle and South America	5.357.413	5.505.991
Total Sales	34.990.450	32.528.253

The pricing offered to our customers remained constant throughout 2021 but the number of projects decreased in regions that were heavily affected by the pandemic crisis, causing a decrease in sales. We managed to consolidate our product range during 2021, despite significant efforts being redirected towards digitalisation and development projects due to COVID-19 Pandemic. *Customer Portal* and *Data Quality Management Tool* were completed and sold to some clients already in 2021, with the rest of the banks expected to be added starting 2022 onward.

Overall, operating expenses increased by 7.9%, however this value 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 10.7% or EUR 1,594k over the previous year. An increase in the amount of EUR 649k or 5.0% was recorded in personnel expenses. The amount includes employer's contributions to the BVV pension insurance scheme, introduced in 2011, amounting to EUR 68k (2020: EUR 72k). Amortisation expenses continued to increase compared to previous years and increased by EUR 227k or 8.2% (2020: 12.4%). 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 11.4% increase in personnel expenses from EUR 15,027k to EUR 16,742k.

The result for the year before profit/loss transfer amounting to EUR 853,928 (2020: -EUR 402,551) 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 2021 was EUR 17,000k. Additionally, the credit line agreement with the bank for EUR 1,000k remained valid in 2021.

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* as of December 31, 2021, decreased to EUR 9,375k, translating into a capitalisation ratio of 37.6% in comparison to total balance amount, which is below the value forecasted in last year's management report. The investments in the ProCredit Central Data Centre were limited in 2021 while at the same time the assets purchased in 2016 reached end of life, thus explaining the decrease.

The company's receivables and other assets recognised as *current assets* increased to EUR 4,955k (2020: EUR 4,505k). The increase is due mostly to an increase in trade accounts receivables. The balance sheet item "Cash in hand, central bank and bank balances, cheques" increased significantly to EUR 4,321k as of December 31, 2021 (2020: EUR 648k).

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, BankWare.NET and Customer Portal. The projects agreed with the banks were recognized as work in progress at the end of 2021.

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 below the estimation of the previous year's report: 3.9% or 10 FTE (2020: 4.3%). The difference is primarily linked to the transfer of staff to the new subsidiary in Kiev.

Overall, we assess the position of the company as positive.

3. Report on Expected Developments, Opportunities and Risks

3.1 Report on expected developments

For the 2022 financial year, the Management expects a further growth in sales, generated by the planned implementation and centralisation projects. At the same time the costs are expected to grow at a higher percentage than in previous years, bringing the overall annual result to a negative one. In 2022, Quipu is aiming for a similar increase as in 2021, by 7.2%, whereas according to the business plan, operating costs² are projected to grow by 14.6%. For 2022, the Management expects a loss of -EUR 430k.

We expect the capitalisation ratio to increase minorly because significant new investments in the ProCredit Central Data Centre are planned for 2022.

Quipu is billing implementation fees of software upgrades and other related projects on a time and material (T&M) based approach. This method has brought advantages for both Quipu and its customers: transparency, flexibility and the ability to adapt requirements, change direction, replace functions and involve users. Following the positive results that this methodology has brought, Quipu

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

is planning to broaden the applicability also in the areas of Cloud Services and Processing centre in 2022.

In the current year, the implementation of the front office application *Customware.NET*, the treasury application *DealWare*, the accounting application *BankWare.NET*, 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 further rolled out to remaining banks: 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 2022. The consistent assessment of services in demand, in particular for the on-site implementation of new software versions with banks as well as the implementation of local adjustments to standard products, opens up additional sales potentials for Quipu.

The development of QWare, Quipu's software designed as a service (SaaS) banking solution will further remain in focus in 2022. 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 has been implemented for the first time with a third-party client in 2021, with go live date expected for Q1 2022.

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. During 2022, remote identification for client onboarding and e-signature technology will be implemented at ProCredit Banks Albania, Ukraine and North Macedonia. Additionally the remote onboarding service to legal entities is planned, starting with a pilot project at ProCredit Bank Romania. Depending on the regulatory environment, the two remaining banks ProCredit Moldova and Bosnia and Herzegovina 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.

During 2022 the global pandemic landscape is expected to foster further adoption of contactless and cashless ways of payment, both in-store and online. In line with this trend, the priority for 2022 will be centred on two fronts: enhancing the payment acceptance network to facilitate more payments to be transacted through our clients and enhancing the issuance of cards digitally, to facilitate the growth and usage of the card portfolio.

Furthermore, Quipu 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, Serbia and Moldova are expected to go live in 2022. 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.

In 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 and opportunities.

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, 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, the current pricing model 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 2021. This is expected to continue in 2022. 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. For 2022, we identify a default risk arising from the military conflict in Ukraine

In order to keep the country's economy stable, the National Bank of Ukraine introduced a moratorium on cross-border foreign currency payments in March 2022. This measure hindered the ability of ProCredit Bank Ukraine to pay external suppliers and therefore impacted our cash flow on a short term. The ban was lifted in a short period of time and the bank was able to make the payments. During this period, we managed to cover the temporary delay in payments from the annual lease payments received in advance beginning of the year, therefore we did not encounter any liquidity risk. With no end of this conflict in sight, similar measures are expected to be repeated in 2022 and therefore the default risk generated can't be ruled out completely.

A risk is still present given that Quipu continues to expand its client portfolio with external banks and therefore additional risks outside of the ProCredit Group are present. Nonetheless, the number of unpaid invoices to external clients amounted only to EUR 781k or 2.23% of the total income as of December 31, 2021, 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 2021.

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.

Additional operational risks might arise because of the conflict in Ukraine. Given the direct threat to the city of Kiev, our local data centre was also under risk. In order to ensure permanent bank operability, the data of ProCredit Bank Ukraine was successfully migrated to our data centre in Frankfurt. This was possible because the National Bank of Ukraine granted permission to banks to export data outside of Ukrainian territory. Therefore, with this migration, the risks related to possible data loss, were mitigated.

However, Quipu identifies an additional risk if the data centre was to be affected directly by military operations, as the hardware insurance does not cover cases force majeure. At the moment of drafting this report, this risk is considered to be low, with Russian troops withdrawing from Kiev and its vicinities but given that the conflict is far from over, the risk can't be ruled out completely and must be considered planning further.

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

3.2.6 Sales risks

Income from implementation services remained stable in 2021 amounting to EUR 2,339k (2020: EUR 2,329k). The delay in the implementation of CustomWare.NET in ProCredit Bank Serbia was a major trigger of this stagnation. In the current year, a 28.5% increase to approximately EUR 3,006k is planned, including projects originally scheduled to be completed in 2021. This increase is explained by the fact that major upgrade implementations will be launched with almost all banks by 2022. 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 portfolio 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.

We identify a particular sales risk that could be generated by the war in Ukraine, as the implementation services revenue generated by our Kiev office represents 20% of the total amount projected for 2022. However, our Kiev staff retains a very high degree of availability and is almost fully operational and efforts to identify possibilities for backing-up key staff with colleagues from other offices have been undertaken.

A significant sales risk event would exist if insolvency proceedings were initiated against the ProCredit Bank Ukraine by the Ukrainian supervisory authority or if the bank is declared insolvent or overindebted. Such an event would mean extraordinary termination of all contracts between Quipu and the Bank so consequently the impact would be very high, as ProCredit bank Ukraine is one of our biggest clients in terms of sales. At the time of drafting these reports, these risks are rated as low.

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. Therefore, possible new waves of the pandemic are not expected to disrupt our operations in this sense.

Despite the global situation, Quipu remains fully operational and plans to remain in a hybrid working environment with all its staff. We continue to fulfil prior commitments for all ongoing projects and support customers' needs, especially in areas where the operating environment is facing new challenges.

The Management assesses the outlook for the further development of the company's business as positive, with certain reservations given the ongoing war in Ukraine and the possible expansion of this military conflict beyond the scenarios available at the moment of drafting this report. 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.

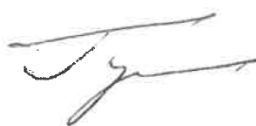
Frankfurt am Main, 26. July 2022

Quipu GmbH
Management Board

Daniela Enache



Mikhail Gumanovskiy



Andrei Georgescu



Quipu GmbH – 2021 Annual Financial Statements

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

consisting of Balance Sheet, Income Statement and Notes

BALANCE SHEET of Quipu GmbH, Frankfurt am Main, as of 31 December 2021

in EUR	(Note)	31.12.2021	31.12.2020
A. Fixed assets			
I. Intangible assets			
1. Licences, commercial and intellectual property rights and similar rights	(3)	1,844,136.00	1,788,821.00
2. Licences, commercial and intellectual property rights		40,950.00	113,937.07
II. Property, plant and equipment			
1. Other equipment, furniture and fixtures	(4)	7,016,090.00	5,290,272.00
2. Advance payments equipments		-	2,599,653.36
III. Financial assets			
1. Shares in subsidiaries	(5)	107,549.48	107,549.48
1. Loans to subsidiaries (of which, with a remaining term of more than one year: EUR 366,667.00)		366,667.00	582,564.34
B. Current assets			
I. Inventories			
1. Work in progress	(6)	87,878.00	117,350.00
II. Receivables and other assets			
1. Trade accounts receivable (of which, with a remaining term of more than one year: 0.00)	(7)	2,565,150.80	1,564,315.39
2. Receivables from affiliated companies (of which, with a remaining term of more than one year: 0.00)	(8)	569,729.39	390,197.19
4. Other assets (of which, with a remaining term of more than one year: EUR 53,464.58; previous year: EUR 50,960.20)	(9)	1,731,950.35	2,432,650.45
		4,954,708.54	4,504,513.03
III. Cash in hand, balances at German central bank, balances at banks and cheques	(10)	4,320,941.58	647,569.96
C. Prepaid expenses and deferred charges			
	(11)	6,262,137.70	5,147,290.87
Total assets		24,913,180.30	20,782,171.11
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		5,000.00	20,000.00
2. Other accruals	(14)	771,783.37	885,732.98
		776,783.37	905,732.98
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)	10,000,000.00	10,027,751.70
2. Trade accounts payable			
(of which, with a remaining term of up to one year: EUR 4,265,237.20; previous year: EUR 532,799.80)	(16)	4,265,237.20	532,799.80
3. Liabilities to affiliated companies			
(of which, with a remaining term of up to one year: EUR 1,117,698.53; previous year: EUR 572,588.85)	(17)	8,117,698.53	7,572,588.85
(of which, with a remaining term of more than 5 years: EUR 7,000,000.00; previous year: EUR 7,000,000.00)			
4. Other liabilities			
(of which, for taxes EUR 110,734.49; previous year: EUR 106,428.30)	(18)	138,461.20	128,297.78
(of which, for social security: EUR 26,502.82; previous year: EUR 21,669.48)			
		22,521,396.93	18,261,438.13
D. Deferred income			
	(19)	615,000.00	615,000.00
Total equity and liabilities		24,913,180.30	20,782,171.11

INCOME STATEMENT of Quipu GmbH, Frankfurt am Main, as of 31 December 2021

in EUR	(Note)	1. Jan - 31. Dec 2021	1. Jan - 31. Dec 2020
1. Sales revenue	(20)	34,990,449.69	32,528,253.41
2. Increase or decrease of inventory		-29,472.00	-1,108,758.73
3. Other operating income <i>(of which, from currency translation; EUR 172,797.68; previous year: EUR 82,966.95)</i>	(21)	238,675.35	122,710.92
4. Material expenses			
a) Cost of raw materials, production inputs and goods	(22)	33,926.38	15,833.43
b) Cost of purchased services	(23)	3,980,052.17	3,634,254.39
5. Personnel expenses:	(24)		
a) Wages and salaries		11,046,838.08	10,569,090.41
b) Social insurance contributions and expenses for retirement pensions <i>(of which, for retirement pensions: EUR 67,647.12; previous year: EUR 71,692.36)</i>		2,538,975.04	2,367,603.32
6. Depreciation on intangible and tangible fixed assets	(25)	2,766,339.30	2,539,299.07
7. Other operating expenses <i>(of which, from currency translation: EUR 76,932.77; previous year: EUR 186,473.49)</i>	(26)	12,449,846.37	11,269,383.62
8. Other interest and similar income <i>(of which, from affiliated companies: EUR 11,949.44; previous year: EUR 20,523.59)</i>	(27)	12,567.77	21,123.99
9. Other interest and similar expenses <i>(of which, from affiliated companies: EUR 101,454.79; previous year: EUR 101,732.74)</i>	(28)	293,099.11	286,887.30
10. Taxes on income and profit	(29)	910,770.03	455,058.67
11. Profit (loss) on ordinary business operations		1,192,374.33	425,919.38
12. Other taxes		338,446.16	23,368.84
13. Net income for the year before transfer of profit		853,928.17	402,550.54
14. Profit transferred on the basis of a profit transfer agreement		-853,928.17	-402,550.54
15. Profit for the year		0.00	0.00

Quipu GmbH, Frankfurt am Main, as of 31 December 2021**Notes to the 2021 Financial Year****Explanations regarding the 2021 annual financial statements**

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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 included in their consolidated financial statements. ProCredit Holding prepares consolidated financial statements according to the financial reporting requirements (IFRS) for both the largest and the smallest circle of companies, in accordance with the provisions of section 315e (1) of the German Commercial Code (HGB). The financial statements are published in the German Federal Gazette (Bundesanzeiger). ProCredit Holding is registered with the Regional Court of Frankfurt am Main under HRB 91858. Quipu GmbH is registered with the Regional Court of Frankfurt am Main under HRB 90104.

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) Accounting, measurement and disclosure methods

The annual financial statements of Quipu GmbH (Quipu GmbH), Frankfurt am Main, for the 2021 financial year are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Limited Liability Companies Act (GmbHG).

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:

Intangible fixed assets	5 years
Office and operating equipment	3–25 years

Low-value assets with individual acquisition costs of up to EUR 800 are written off in full in the year of their addition and reported as disposals.

Financial assets are recognised 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. If the respective reasons cease to apply, financial assets are written up to no more than their purchase costs.

Inventory consists of work in progress. Contractually agreed performance not been invoiced 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-in-hand and bank balances are recognized at nominal amounts.

Prepaid expenses consist of expenditures before the balance sheet date that represent expenses for a specific period after the balance sheet date. The deferred income item represents income from revenues after the balance sheet date.

Equity is recognized at nominal value.

The provisions take into account all statutory or factual obligations to third parties identifiable as of the balance sheet date, which are uncertain in terms of their exact amount(s). The recognized amount

is determined based on the prudence principle. Provisions are entered at their expected settlement amount(s) as determined in accordance with the commercial prudence principle (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 stated at their settlement amount(s).

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

Due to the exercise of the option provided by sec. 274 (1) HGB, deferred tax assets are not recognized as assets.

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 valued at the average rate of exchange at the end of the reporting period (sec. 256a HGB). The exchange rate on 31 December 2021 was EUR 1/USD 1.1326. Income and expenses from the conversion of these currency items are recognised under "Other operating income/other operating expenses". Expenses and income in foreign currency are converted at the transaction rate.

II. NOTES TO THE BALANCE SHEET

A. FIXED ASSETS

3) Intangible assets

Intangible assets consist mainly of purchased software licenses. The assets schedule provides a detailed overview of the development of intangible assets (Annex to the Notes).

The advance payments made include partial payments for software development projects not yet completed as of the balance sheet date.

4) Tangible assets

Tangible assets are comprised of technical equipment and servers, office furniture and equipment, company vehicles and tenant installations. Please see the assets schedule regarding the development of tangible assets (Annex to the Notes).

5) Financial assets

The table below shows shares held by Quipu GmbH in 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)
		31.12.2021	31.12.2021	2021	31.12.2021
Quipu Shpk, Prishtina, Kosovo	Rexhep Mala 16 Prishtina, Kosovo	5,000.00	198,167.00	261,962.00	0.00
Quipu S.A., San Salvador, El Salvador	Avenida La Revolución No. 178 Colonia San Benito, San Salvador, El Salvador.	92,927.80	65,780.55	45,304.64	0.00
Quipu Doel, Skopje, Mazedonien	Uj. Chedomir Minderovikj No. 31 Sjopje, Mazedonien	5,041.06	136,133.54	40,347.88	66,667.00
Limited Liability Company "Quipu GmbH" Kiev, Ukraine	Holosivskyi district, Krasylivska Str. 5 03040 Kiev, Ukraine	4,580.62	-97,911.61	92,885.95	300,000.00

Quipu Shpk, Prishtina (Kosovo), operates in the field of 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 as well as external clients in Central and South America. Quipu Dooel in Skopje (Macedonia) is responsible for providing services for ProCredit banks in the European region. The limited liability company "Quipu GmbH" in Kiev (Ukraine) was established on 7 October 2019 for the purpose of setting up and operating a data centre in Kiev. It became operational in mid-2021 after a COVID-19-related delay.

in EUR	Equity exposure as of 01.01.2021	Additions in 2021	Disposals in 2021	Net book value			
				as of 31.12.2021	Share in %	as of 31.12.2020	Share in %
Subsidiary							
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, North Macedonia	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 relates to work already performed but not yet invoiced for projects in progress, which, in accordance with the contractual agreement, will only be invoiced upon completion.

7) Trade receivables

The total trade receivables amount to EUR 2,565,150.80, of which EUR 1,780,134.40 refer to trade receivables from affiliated companies. As of the balance sheet date, EUR 1,385,922.78 were not yet due and EUR 1,179,228.02 were due.

8) Receivables from affiliated companies

These consist of receivables from subsidiaries and the shareholder.

Receivables from the shareholder consist of VAT receivables in connection with the consolidated financial statements (fiscal unity) (EUR 334,817.43; previous year: EUR 90,180.78) as well as receivables for IT services (EUR 194,516.11; previous year: EUR 85,016.45) from ProCredit Holding.

Receivables from subsidiaries (EUR 40,395.85; previous year: EUR 214,999.96) consist mainly of cost transfers for hardware and software, as well as accumulated interest on loans.

9) Other assets

in EUR	31 Dec. 2021	31 Dec. 2020
Tax refunds due	1,634,564.71	2,330,238.72
Deposits	53,464.58	50,960.20
Other	43,921.06	51,451.53
Total	1,731,950.35	2,432,650.45

Tax receivables mainly consist of receivables from tax authorities in Romania (EUR 530,147.29) for VAT, and in Ecuador (EUR 1,104,057.29) for withholding taxes.

10) Cash-in-hand and bank balances

in EUR	31.12.2021	31.12.2020
Inland banks	4,160,251.38	412,896.48
Foreign banks	154,646.83	231,122.90
Cash	6,043.37	3,550.58
Total	4,320,941.58	647,569.96

C. DEFFERALS AND ACCRUALS

11) Prepaid expenses and other current assets

in EUR	31 Dec. 2021	31 Dec. 2020
Rent	115,114.40	92,589.80
Insurance	42,155.86	39,825.67
Consulting services	57,875.00	0.00
Maintenance	1,182,469.82	1,560,980.85
Subscription fees	4,810,331.13	3,411,049.16
Other	54,191.49	42,845.39
Total	6,262,137.70	5,147,290.87

A. EQUITY

12) Subscribed capital

As of 31/12/2021, the subscribed capital was held by ProCredit Holding (100%).

13) Profit/loss of the year

On the basis of a control and profit/loss transfer agreement concluded on 21 July 2011, the profit of the year in the amount of EUR 853,928.17 (previous year: EUR 402,550.54) is transferred to ProCredit Holding.

B. PROVISIONS**14) Other provisions**

in EUR	31 Dec. 2021	31 Dec. 2020
Accruals for holiday	491,213.34	490,137.00
Rental expenses and decommissioning commitments	47,835.70	78,719.10
Other invoices	99,000.00	188,000.00
Outstanding invoices freelancers	26,685.52	39,836.88
Employers' liability insurance contributions, charge for not employing disabled persons and international health insurance	55,048.81	48,040.00
Annual financial statements	52,000.00	41,000.00
Total	771,783.37	885,732.98

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

in EUR	31.12.2021	31.12.2020
- less than one year	5,000,000.00	5,027,751.70
- between 1-5 years	5,000,000.00	5,000,000.00
- more than 5 years	0.00	0.00
	10,000,000.00	10,027,751.70

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

16) Trade liabilities

This item includes EUR 1,029.05 in trade liabilities to affiliated companies of the ProCredit Group (previous year: EUR 6,845.53).

17) Liabilities to affiliated companies

This item includes liabilities in connection with invoices for services provided by Quipu DOOEL in Northern Macedonia, Quipu Sh.p.k. in Kosovo and LLC "Quipu GmbH" in Kiev in the amount of EUR 237,477.04 (previous year: EUR 143,736,72) as well as liabilities to the shareholder.

The liabilities to the shareholder represent a long-term loan of EUR 7,000,000.00, the transferable net profit of 2021 in the amount of EUR 853,928.17 and interest on the loan and guarantee fees of ProCredit Holding in the amount of EUR 26,293.32 (previous year: EUR 26,301.59).

18) Other liabilities

Liabilities from taxes in the amount of EUR 110,734.49 consisted solely of liabilities from wage and church taxes as of 31 December 2021 (previous year: EUR 106,428.30).

Liabilities related to social security amounted to EUR 26,502.82 (previous year: EUR 21,669.48).

19) Deferred income

This item includes income from ProCredit Holding AG in the amount of EUR 615,000.00 for services to be provided 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	2021	2020
Sales revenue from the ProCredit Group	30,586,631.55	28,375,712.60
Sales revenue from third parties	4,403,818.14	4,152,540.81
Total sales revenue	34,990,449.69	32,528,253.41

in EUR	2021	2020
Sales revenue Germany	4,434,860.55	4,843,107.48
Sales revenue East Europe	10,139,234.60	9,233,720.34
Sales revenue Southeast Europe	12,788,937.59	11,068,590.90
Sales revenue Africa	2,270,004.37	1,876,843.52
Sales revenue Central and South America	5,357,412.58	5,505,991.17
Total sales revenue	34,990,449.69	32,528,253.41

21) Other operating income

in EUR	2021	2020
Income from charges passed on	19,541.69	0.00
Income from reversal of accruals	2,003.77	3,427.49
Income from currency translation	172,797.68	82,666.95
Income from insurance compensation	0.00	56.03
Other	44,332.21	36,560.45
	238,675.35	122,710.92

Income from currency translation relates exclusively to realised income.

22) Expenses for raw materials, consumables, and supplies as well as purchased goods

The raw materials, consumables, and supplies as well as purchased goods item mainly consists of expenses for purchased hardware, most of which was resold directly 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 2021 financial year, Quipu GmbH had an average of 222 employees (2020: 216), 66 female and 156 male. As of 31 December 2021, the total number of employees of Quipu GmbH was 223 (2020: 220), 66 female and 157 male.

As of 31/12/2021, Quipu GmbH had three officers and 221 salaried employees.

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

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

26) Other operating expenses

in EUR	2021	2020
Operating lease expenses	1,671,180.09	1,752,808.22
License and maintenance, exp. for software and hardware	7,267,606.70	5,665,441.05
Travel expenses	105,959.49	257,981.24
Services provided by foreign subsidiaries (Latin America, Macedonia)	1,095,211.26	953,423.99
Legal and advisory expenses	216,626.02	476,901.15
Charges to be passed on for services received	298,565.06	304,966.56
Communication	620,184.25	653,523.19
Other personnel expenses	504,972.55	387,808.85
Expenses from currency translation	76,932.77	186,473.49
Other administrative expenses	231,544.71	216,154.81
Entertainment and hospitality expenses	69,796.43	104,909.11
IT materials	65,761.41	70,505.28
Accounting expenses	143,755.12	139,036.15
Insurance	54,356.79	64,075.48
Disposal of fixed assets	906.00	17,184.00
Lost receivables	26,487.72	18,191.05
Total	12,449,846.37	11,269,383.62

Expenses from currency translation relate exclusively to realised expenses.

27) Other interest and similar income

Of the total amount of EUR 12,567.77, EUR 11,949.44 relate to interest income from loans granted to affiliated companies.

28) Interest and similar expenses

Of the total amount of EUR 293,099.11, EUR 101,454.79 relate to interest expenses for loans granted by the parent company and EUR 185,018.87 to loans from banks.

29) Income taxes

Income taxes include foreign withholding tax incurred on the profit of the regional office in Kiev, Ukraine (EUR 5,000.00; previous year: EUR 55,093.70), on sales generated in the Congo (EUR 203,791.05; previous year: EUR 143,080.09) as well as income tax for the regional office in Accra, Ghana (EUR 287.30; previous year: EUR 298.40). Sales to PCB Ecuador are subject to withholding

tax, which is refunded by the Ecuadorian tax authorities upon request as a result of the double taxation agreement. Refund notices for 2017 and 2018 revealed that withholding tax on sales generated with licenses and related services is not refunded in full. The adjustment of the previous, overestimated tax receivables for 2018–2021 resulted in increased tax expenses in the reporting period (EUR 701,691.68).

IV. ADDITIONAL INFORMATION

30) Other financial obligations

Quipu GmbH has total liabilities in the amount of EUR 2,877,225.85, of which EUR 868,032.57 are liabilities to affiliated companies.

These liabilities are in connection with rental contracts (EUR 1,622,275.22) and leasing agreements (EUR 56,930.28) concluded at arm's length and interest obligations from loan agreements concluded at arm's length with ProCredit Bank (EUR 329,987.78) and ProCredit Holding (EUR 868,032.57).

31) Total auditing fees

The total auditing fees for the 2021 financial year amount to EUR 25,000.00 (prior year: EUR 30,000.00) The company did not make use of any additional services of the auditing firm.

32) Supplementary report

On 24 February 2022, the Russian military launched a full-scale invasion against Ukraine. An end to the conflict is currently not in sight. As part of the ProCredit group, Quipu GmbH is represented in Kiev by a regional office and subsidiary, LLC "Quipu GmbH", as well as a data centre. Throughout the ProCredit group, the best possible support is provided to the affected employees and their families in the form of accommodation, meals, care, transport and financial assistance.

Despite the adverse circumstances, the staff in Ukraine is fully committed and all current support activities as well as project work are being carried out. Local operations are only minimally affected by the armed conflict.

Nevertheless, there is a relevant risk to sales, as, according to the plan, the regional office in Kiev should generate 20% of Quipu GmbH's total sales in 2022. JSC ProCredit Bank (ProCredit Bank Ukraine) in Kiev, Ukraine is among their key customers. A default by ProCredit Bank Ukraine due to insolvency or expropriation would lead to the extraordinary termination of all agreements between Quipu GmbH and the bank, and thus to a loss of sales. However, this risk is currently considered to be relatively low.

Another ban by the National Bank of Ukraine on payments to foreign countries could lead to a short-term liquidity bottleneck, if current service invoices would not be allowed to be paid by Ukrainian business partners. However, this could be balanced by existing loan commitments.

The data centre in Kiev, which was only commissioned in the middle of the reporting period, was fully operational on the reporting date. Thanks to a general permission by the National Bank of Ukraine, all data could be outsourced to the data centre of Quipu GmbH in Frankfurt am Main. At no time was ProCredit Bank Ukraine subject to any data traffic restrictions. In the event of a damage to or destruction of the data centre in Kiev, however, a total write-off is to be expected, as the insurance will not cover damages resulting from acts of war.

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.

The total remuneration of the management was EUR 327,466.13 for the reporting period.

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

Frankfurt am Main, 26 July 2022

Quipu GmbH
Management Board

Daniela Enache



Mikhail Gumanovskiy



Andrei Georgescu



Annex: Assets schedule

Quipu GmbH

Statement of fixed assets as of December 31st, 2021

in EUR	Acquisition cost						Accumulated depreciation				Net book values	
	As of: 01.01.2021	Additions	Disposals/ Write-downs	Reclassifications	Attributions	As of: 31.12.2021	As of: 01.01.2021	Additions	Disposals/ Write-downs	As of: 31.12.2021	As of: 31.12.2021	As of: 31.12.2019
I. Intangible assets												
1. Licences, commercial and intellectual property rights and similar rights	4,807,127.87	669,706.09	0.00	72,987.07	0.00	5,549,821.03	3,018,306.87	687,378.16	0.00	3,705,685.03	1,844,136.00	1,788,821.00
2. Advance payments intangible assets	113,937.07	0.00	0.00	-72,987.07	0.00	40,950.00	0.00	0.00	0.00	0.00	40,950.00	113,937.07
	4,921,064.94	669,706.09	0.00	0.00	0.00	5,590,771.03	3,018,306.87	687,378.16	0.00	3,705,685.03	1,885,086.00	1,902,758.07
II. Property, plant and equipment												
1. Other equipment, furniture and fixtures	13,118,837.15	1,206,031.78	133,994.17	2,599,653.36	0.00	16,790,528.12	7,828,565.15	2,078,961.14	133,088.17	9,774,438.12	7,016,090.00	5,290,272.00
2. Advance payments for property, plant and equipment	2,599,653.36	0.00	0.00	-2,599,653.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,599,653.36
	15,718,490.51	1,206,031.78	133,994.17	0.00	0.00	16,790,528.12	7,828,565.15	2,078,961.14	133,088.17	9,774,438.12	7,016,090.00	7,889,925.36
III. Financial assets												
1. Shares in subsidiaries	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 subsidiaries	582,564.34	0.00	215,897.34	0.00	0.00	366,667.00	0.00	0.00	0.00	0.00	366,667.00	582,564.34
	690,113.82	0.00	215,897.34	0.00	0.00	474,216.48	0.00	0.00	0.00	0.00	474,216.48	690,113.82
Total fixed assets	21,329,669.27	1,875,737.87	349,891.51	0.00	0.00	22,855,515.63	10,846,872.02	2,766,339.30	133,088.17	13,480,123.15	9,375,392.48	10,482,797.25