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2019

# Annual Report

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# 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 (subsidiaries in San Salvador, El Salvador and Quito, Ecuador), Africa (Accra, Ghana) and Southeast and Eastern Europe (Skopje, Macedonia, Kiev, Ukraine, 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. While CustomWare.NET is a decentralised tool 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. 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 were completed and tested in 2016. The initial implementation went live in the first quarter of 2018. 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, while the InfoWare extension module covers the business intelligence functions. 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 Client Advisers (BCAs) 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. The application will be rolled out to a wider market in 2019 and is expected to include all customers by the end of 2020. 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, some 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 1,719k (2018: EUR 1,755k) and can be broken down as follows: CustomWare EUR 160k (2018: EUR 224k), DealWare EUR 287k (2018: EUR 395k), InfoWare EUR 112k (2018: EUR 106k), BankWare EUR 290k (2018: EUR 284k), e-Banking/CRM EUR 690k (2018: EUR 645k), BankWare.NET EUR 54k (2018: EUR 37k) and Mobile Banking Application EUR 123k (2018: EUR 101k).

## 2. Report on the Financial Position of the Group

### 2.1 Course of business

#### 2.1.1 Overall business environment

Due to the global spread of COVID 19, the macroeconomic development for 2020 cannot be assessed in detail at this time. Since the beginning of 2020, the increasingly unstable economic environment has led to considerable losses in financial markets. Global supply chains are significantly restricted and the consumer climate is increasingly deteriorating. In addition, manufacturing and service sectors are increasingly affected by far-reaching travel restrictions and curfews. Taking into account the current spread of the pandemic, the global GDP growth rate is expected to decline significantly in 2020.

In principle, we expect higher growth rates for the countries of Eastern and Southeastern Europe in which we operate as an IT services provider of the ProCredit Group than in the West of Europe. This assessment is based on the assumption that the geopolitical situation in the region will remain stable, especially with regard to the conflict in Ukraine. In Ecuador, on the other hand, the oil price, which has come under pressure since March 2020, could lead to another decline in economic output.

In principle, we expect opportunities in the increasingly uncertain macroeconomic environment for continuing to position ourselves as a strong, reliable partner of the ProCredit banks, and to develop further.

#### 2.1.2 Implementation of new product versions

The focus in 2019—in line with the overall strategic objectives of the Group—was on supporting the direct banking strategy for retail clients, taking into account the digitisation of financial transactions via electronic transaction channels but also the further digitisation of non-monetary transactions currently processed in the front offices, the improvement of loan risk management, the consolidation of the IT infrastructure, the safeguarding of IT processes and the consolidation of Quipu technology within the Group.

A key focus in 2019 was on 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, two main technologies were introduced in the banks in 2019: Remote video recognition and qualified digital signatures. Quipu was involved in two pilot projects in 2019 (with the ProCredit Bank in Georgia and in Bulgaria), based on which it was decided to support the implementation of these technologies in other banks.

In 2019, 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. In 2019, significant resources and effort went into the migration from our old core banking system *CustomWare* to our new platform (*CustomWare.NET*) at ProCredit Bank Serbia. The project is expected to be completed in the second quarter of 2020. The delay compared to the original schedule is due to resource restrictions in the bank, meaning that no contact person was available for this project. 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 standardisation of reporting across the EU. A particular focus was placed on further strengthening loan risk management, portfolio management

and loan processing activities, in particular asset quality indicators, risk classification, loan loss provisions and procedures for the valuation of collateral.

The strategic key project in the area of accounting is the development of the new accounting software (BankWare.NET) to replace BankWare, aiming at improving the integration with the other systems of the Quipu Banking Suite; the new application will enable 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 the 4th quarter of 2018 and the implementation with the ProCredit banks in Moldova, Kosovo and Georgia started in 2019 and is scheduled to go live in the 2nd quarter of 2020. 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 2019 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 Serbia, Romania, Bosnia and Germany.

In 2019, Quipu continued focusing on expanding their client base to third-party clients, also in the software development area. Credit Financiera, the buyers of ProCredit Bank Colombia, decided to use additional Quipu services for their lending activities and have chosen Quipu to be their third-party processor in 2019 and 2020. A new third-party client for the settlement of card transactions was acquired in 2019: Banco Hipotecario (El Salvador).

### **2.1.3 Processing Centre**

12 banks within the Group and 13 banks outside the Group are currently connected to the processing centre. In order 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 2019 the Greek branch of PCB Bulgaria was successfully connected, while the bank plans to switch its card processing to Quipu in 2020.

The implementation of NFC payment using biometric authentication and the integration of alternative payment systems such as Apple Pay, Samsung Pay and Alipay were a strategic goal in 2019, along with the strong customer authentication (2-factor authentication) requirements for payments collected by PSD2. To facilitate the new payment instruments and channels mentioned above, the processing centre needs to be certified to support the token service standard with both VISA and MasterCard.

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.

## 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.

By the end of 2016, ProCredit Colombia<sup>2</sup>, Albania, Romania and Germany as well as ProCredit Holding and ProCredit Academy were also fully centralised and connected to the Group Active Directory domain and the central data centre. In addition, ProCredit Ecuador was fully centralised in 2017.

In addition, a centralisation project was launched in 2018 with PCB Serbia in close alignment with the implementation project for the core banking system, as well as with PCB Ukraine, where the bank's former data centre is nearing the end of its useful life. These projects are due to be completed in 2020. In 2019, shared services were implemented with PCB Moldova, Macedonia and Kosovo, and in 2020, the infrastructure and IT operations will be centralised. The banks due for centralisation in 2020 are those in Macedonia, Serbia and Ukraine, leaving Bosnia, Georgia and Bulgaria for 2021. This goes 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, Moldova, Romania, Kosovo and Macedonia. It is also planned to start integrating the staff for Serbia and Ukraine in 2020.

In addition, Office 365 services will be gradually rolled out across the Group in 2020 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.

## 2.1.4 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 2018, this figure had grown to 178. The number of employees increased to 207 in 2019. In addition, numerous fee-for-service agreements were concluded with freelancers in the regional offices. At the end of 2019, Quipu had a total of 256 employees and freelancers (previous year: 211).

In the current financial year, we intend to increase the number of employees by 5.1%, primarily in the areas of IT infrastructure centralisation and direct and electronic banking channels, where support is needed for the upcoming projects and implementations.

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<sup>2</sup> The operating costs correspond to the total of all expense items in the income statement

## 2.2 Position

### 2.2.1 Earnings position

Sales revenues increased significantly in 2019 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.

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 2019, driving an increase in maintenance, support and annual subscriptions costs. Amortisation costs were only partially affected in 2019, as most of the new equipment was purchased towards the end of the year. The operating result for 2019 was therefore lower than originally planned.

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

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

The previously used financial performance indicators of "return on equity" and "equity ratio" are no longer used as of the 2019 financial year. Taking into account the business activities of Quipu, the management no longer considers them to be significant parameters for the analysis of business activities.

As is shown by the following table, the operating result achieved in the 2019 financial year represents a continuation of the company's positive financial development in terms of sales:

<i>Year</i>	<i>Sales in EUR</i>	<i>Annual earnings after tax, in EUR</i>
2015	16,962,458	161,398
2016	19,842,373	107,829
2017	22,330,176	149,111
2018	23,489,260	-570,060
2019	27,307,998	-282,382

Sales in 2019 increased significantly by 16.3% or EUR 3,819k (2018) compared to the previous year: 5.2 %). As a result, 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 significant increase in sales by 22.1% to EUR 33,345k.

As in the past financial year, a smaller portion of sales, EUR 2,724k or 10.0% (2018: EUR 2,411k) was invoiced in USD. The slightly higher amount invoiced in USD as compared to 2018 is due to the fact that newly acquired customers were invoiced in USD.

Overall, operating expenses increased by 16.4%, 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 16.7% or EUR 1,965k over the previous year. An increase in the amount of EUR 1,807k or 18.6% was recorded in personnel expenses. The amount includes employer's contributions to the BVV pension insurance scheme, introduced in 2011, amounting to EUR 67k (2018: EUR 62k). Amortisation expenses continued to increase compared to previous years and increased by EUR 86k or 4.0% (2018): 14.3%). 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 15.7% increase in personnel expenses from EUR 11,544k to EUR 13,354k.

The annual net loss in the amount of -EUR 282,382 (2018: -EUR 570.060) is assumed by ProCredit Holding in accordance with the profit and loss transfer agreement 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.

Quipu agreed on a new financing structure with ProCredit Bank Deutschland and ProCredit Holding in 2019 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 Q4 2019. The outstanding loan with ProCredit Germany was partially repaid and the remaining amount was converted into a senior debt with repayment. The outstanding loan amount at the end of 2019 was therefore EUR 17,000k. Additionally, the credit line agreement with the bank for EUR 1,000k remained valid in 2019.

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* remained relatively stable with EUR 8,499k (2018: EUR 6,503k). The figures translate into a capitalisation ratio of 44.5% (2018: 44.4%).

The company's receivables and other assets recognised as *current assets* increased significantly to EUR 4,865k (2018: EUR 4,005k). The increase is due mostly to outstanding VAT receivables in Quipu Bucharest but also to withholding tax receivables from the Ecuadorian authorities. The balance sheet item "Cash in hand, central bank and bank balances, cheques" increased significantly to EUR 1,986k (2018: EUR 1,327k).

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 mobile banking. The projects agreed with the banks were recognized as work in progress at the end of 2019.

The work flows 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 higher than estimated in the previous year's report: 21.3% or 45 FTE (2018: -6.0%). This increase was necessary to bring in the required number of staff for cloud services.

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



### 3. Report on Expected Developments, Opportunities and Risks

#### 3.1 Report on expected developments

For the 2020 financial year, the Management again expects growth in sales from the planned implementation and centralisation projects, while the costs are expected to grow at a smaller percentage than in previous years, leading to an increase in the profit for the year. In 2020, Quipu is aiming for a substantial increase by 22.1%, whereas according to the business plan, operating costs<sup>3</sup> are projected to grow by only 15.1%. For 2020, we expect an operating profit before profit transfer of EUR 1,303k).

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

The effects of the novel COVID-19 are considered to be the biggest source of uncertainty in our planning for 2020. A potential long-term spread of the virus and the associated negative economic repercussions can only be considered to a limited extent in Quipu's forecast.

Effective January 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 2019.

In the current year, the implementation of the front office application *Customware.NET*, the treasury application *DealWare*, the *CRM* application, but also the new developed *mobile banking* application in the banks will continue. The company expects this to continue generating high demand for Quipu's services. In addition, and 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 2020. 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 the Company. For the purpose of targeting new clients outside the group, Quipu has developed *QWare*, a software designed as a services (SaaS) banking solution to serve as a comprehensive technical solution for financial institutions operating in developing countries, regardless of market differences, local regulations and specific needs of their clients. The product will be implemented for the first time with a third-party client in 2020.

In order to promote the Group's direct banking strategy, Quipu will be involved in the implementation of two main new technologies in all banks: Remote video recognition and qualified digital signatures. The Implementation with ProCredit Bank Ecuador, Serbia and Romania is planned for the first half of 2020. Depending on the regulatory environment, other banks may also be considered for this year.

Quipu has developed a simple and adaptable document flow and electronic archiving application for files attached to the core banking *CustomWare.NET*. It is currently being used by four ProCredit banks: Georgia, Ukraine, Albania and Kosovo. The plan is to implement the solution to support the lending processes with ProCredit Moldova, and with the bank in Ecuador. The platform serves as the main platform for channelling online and physical account opening applications from retail clients.

We expect additional sales in the processing centre from the implementation of NFC payments using biometric authentication, but also from alternative payment systems. Another focus will be on compliance with the PSD2 requirements, the introduction of fraud monitoring services and the

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<sup>3</sup> The operating costs correspond to the total of all expense items in the income statement

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 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 2020.

The biggest challenge in the area of software development is the implementation of the *BankWare.NET* software across the ProCredit Group. The pilot project in Macedonia was completed in Q4 2018. In addition, implementation projects were started for Georgia, Kosovo, Serbia and Moldova in 2019. In addition to the continuous development of existing software products, the focus is on the introduction of the mobile banking application in all ProCredit banks, the implementation of the new CRM versions, the 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. 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. Starting from the 2014 financial year, the company applies ProCredit Holding's *Group Risk Policy* to Quipu.

### 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 3 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 only had to acquire limited additional US currency for its own use in 2019. This is expected to continue in 2020. 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 332k or 1.22% of the total income in 2019, 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 2019.

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 new 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 increased significantly in 2019 to EUR 2,577k (2018: EUR 2,090k). In the current year, a -23.9% decrease to approximately EUR 2,079 is planned, including projects originally scheduled to be completed in 2019. This decrease is explained by the fact that major upgrade implementations will be launched with almost all banks by 2020. 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 new 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 rapid spread 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, 08 April 2020  
Quipu GmbH  
Management

Daniela Enache



Mikhail Gumanovskiy



Andrei Georgescu



# **Quipu GmbH – 2019 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 2019**

in EUR	(Note)	31.12.2019	31.12.2018
<b>A. Fixed assets</b>			
I. Intangible assets			
1. Licences, commercial and intellectual property rights and similar rights	(3)	1,552,640.56	1,185,247.08
2. Licences, commercial and intellectual property rights		122,854.77	-
II. Property, plant and equipment			
1. Other equipment, furniture and fixtures	(4)	4,485,832.00	4,231,151.00
2. Advance payments equipments		1,649,495.44	-
III. Financial assets			
1. Shares in subsidiaries	(5)	107,549.48	102,968.86
1. Loans to subsidiaries		781,440.89	616,538.89
		8,499,078.58	6,503,299.31
<b>B. Current assets</b>			
I. Inventories			
1. Work in progress	(6)	1,226,108.73	867,057.79
II. Receivables and other assets			
1. Trade accounts receivable (of which, with a remaining term of more than one year: 0.00)	(7)	1,004,522.47	781,144.22
2. Receivables from affiliated companies (of which, with a remaining term of more than one year: 0.00)	(8)	623,996.31	753,913.26
4. Other assets (of which, with a remaining term of more than one year: EUR 69,328.14; previous year: EUR 38,211.90)	(9)	2,010,503.44	1,602,883.89
		4,865,130.95	4,004,999.16
III. Cash in hand, balances at German central bank, balances at banks and cheques	(10)	1,986,323.23	1,326,632.60
<b>C. Prepaid expenses and deferred charges</b>			
	(11)	3,731,437.40	3,004,318.16
<b>Total assets</b>		<b>19,081,970.16</b>	<b>14,839,249.23</b>
<b>A. Equity</b>			
I. Subscribed capital	(12)	1,000,000.00	1,000,000.00
II. Revenue reserves			
1. Other revenue reserves	(13)	-	-
III. Net income for the year	(14)	-	-
		1,000,000.00	1,000,000.00
<b>B. Accruals</b>			
1. Accruals for taxes		18,000.00	15,000.00
2. Other accruals	(15)	508,194.90	551,804.09
		526,194.90	566,804.09
<b>C. Liabilities</b>			
1. Liabilities to banks (of which, with a remaining term of up to one year: 0,00; Previous year 0,00)	(16)	10,000,000.00	11,506,408.75
2. Trade accounts payable (of which, with a remaining term of up to one year: EUR 373,312.96; previous year: EUR 980,498.41)	(17)	311,457.96	373,312.96
3. Liabilities to affiliated companies (of which, with a remaining term of up to one year: EUR 1,252,329.65; previous year: EUR 316,644.87)	(18)	7,117,993.37	1,252,329.65
4. Other liabilities (of which, for taxes EUR 92,995.25; previous year: EUR 86,500.51) (of which, for social security: EUR 19,636.91; previous year: EUR 16,671.45)	(19)	126,323.93	113,753.78
		17,555,775.26	13,245,805.14
<b>D. Deferred income</b>			
		-	26,640.00
<b>Total equity and liabilities</b>		<b>19,081,970.16</b>	<b>14,839,249.23</b>

**INCOME STATEMENT of Quipu GmbH, Frankfurt am Main, as of 31 December 2019**

in EUR	(Note)	1. Jan - 31. Dec 2019	1. Jan - 31. Dec 2018
1. Sales revenue	(20)	27,307,997.97	23,489,260.00
2. Increase or decrease of inventory		359,050.94	-79,921.41
3. Other operating income	(21)	178,680.97	155,053.72
<i>(of which, from currency translation; EUR 136,451.29; previous year: EUR 117,535.83)</i>			
4. Material expenses			
a) Cost of raw materials, production inputs and goods	(22)	54,968.99	19,305.97
b) Cost of purchased services	(23)	3,423,857.69	3,088,199.59
5. Personnel expenses:	(24)		
a) Wages and salaries		9,288,057.86	7,934,957.13
b) Social insurance contributions and expenses for retirement pensions		2,256,105.92	1,802,399.35
<i>(of which, for retirement pensions: EUR 66,908.32; previous year: EUR 62,202.29)</i>			
6. Depreciation on intangible and tangible fixed assets	(25)	2,260,087.89	2,173,688.44
7. Other operating expenses	(26)	10,272,911.38	8,679,046.23
<i>(of which, from currency translation: EUR 74,966.55; previous year: EUR 92,369.46)</i>			
8. Income from equity holdings		0.00	108,210.67
<i>(of which, from affiliated companies: EUR 0.00; previous year: EUR 108,210.67)</i>			
9. Other interest and similar income		15,636.55	18,019.23
<i>(of which, from affiliated companies: EUR 15,029.21; previous year: EUR 17,568.18)</i>			
10. Depreciation of financial assets		0.00	80,593.74
<i>(of which unplanned depreciation: EUR 0.00; previous year: EUR 80,593.74)</i>			
11. Other interest and similar expenses		278,291.56	205,366.27
<i>(of which, from affiliated companies: EUR 278,291.56; previous year: EUR 205,320.26)</i>			
12. Taxes on income and profit	(27)	276,160.47	246,987.43
<b>13. Profit (loss) on ordinary business operations</b>		<b>-249,075.33</b>	<b>-539,921.94</b>
<b>14. Other taxes</b>		<b>33,307.08</b>	<b>30,138.01</b>
<b>15. Net income for the year before transfer of profit</b>		<b>-282,382.41</b>	<b>-570,059.95</b>
<b>16. Profit transferred on the basis of a profit transfer agreement</b>		<b>282,382.41</b>	<b>570,059.95</b>
<b>17. Profit for the year</b>		<b>0.00</b>	<b>0.00</b>

## Quipu GmbH, Frankfurt am Main, as at 31/12/2019

### Notes to the 2019 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 Included in the consolidated financial statements. ProCredit Holding prepares the consolidated financial statements for the largest and smallest circle of consolidation; they are published in the German Federal Gazette. 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 method**

The annual financial statements of Quipu GmbH, Frankfurt am Main, (Quipu GmbH) for the 2019 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 reason 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. For the services of the Processing Centre and of the Platform Services, which are calculated in retrospect at the end of a month, an estimate is determined based on the budget forecast.

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

The cash reserves are recognised in their nominal amounts.

Prepaid expenses consist of expenditures before the balance sheet date that represent expenses for a certain period after this date.

The equity capital was 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 of the amount payable that will be required based on a reasonable business assessment (sec. 253 (1) German Commercial Code (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 2019 was EUR 1 / USD 1.1234. Income and expenses from the conversion of these currency items are added under other operating income / other operating expenses. Expenses and income in foreign currency are converted at the transaction rate.

Quipu GmbH utilises the size-dependent exemption from sec. 293 HGB and does not prepare consolidated financial statements.

## 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).

#### 4) Tangible assets

The continuation of the centralisation project with the ProCredit Group (ProCredit Global Data Centre) once again led to increased investments in fixed assets in 2019. 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).

#### 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)
		31/12/2019	31/12/2019	2019	31/12/2019
Quipu Shpk, Prishtina, Kosovo	Rexhep Mala 16 Prishtina, Kosovo	5,000.00	18,014.82	48,866.99	381,440.89
Quipu S.A., San Salvador, El Salvador	Avenida La Revolución No. 178 Colonia San Benito, San Salvador, El Salvador.	92,927.80	78,572.74	4,400.76	0.00
Quipu Doeel, Skopje, Mazedonien	Uj. Chedomir Minderovikj No. 31 Sjopje, Mazedonien	5,041.06	67,007.20	31,910.64	100,000.00
Limited Liability Company "Quipu GmbH" Kiev, Ukraine	Holosiiivskiy district, Krasylivska Str. 5 03040 Kiev, Ukraine	4,580.62	0.00	11,134.55	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 banks in Central and South America. Quipu Doeel, Skopje (Macedonia), is responsible for providing ProCredit bank services in the European region. The limited liability company "Quipu GmbH", Kiev, Ukraine was established on 7 October 2019 to set up and operate a data centre in Kiev.

in EUR Subsidiary	Equity exposure as of 01.01.2019	Acquisitions in 2019	Disposals in 2019	Net book value			
				as of 31.12.2019	Share in %	as of 31.12.2018	Share in %
Quipu Shpk, Prishtina, <b>Kosovo</b>	5,000.00	0.00	0.00	5,000.00	100.0%	5,000.00	100.0%
Quipu S.A., San Salvador, <b>El Salvador</b>	92,927.80	0.00	0.00	92,927.80	99.4%	92,927.80	99.4%
Quipu Dooel, Skopje, <b>Mazedonien</b>	5,041.06	0.00	0.00	5,041.06	100.0%	5,041.06	100.0%
Limited Liability Company "Quipu GmbH" Kiev, <b>Ukraine</b>	0.00	4,580.62	0.00	4,580.62	100.0%	0.00	100.0%
<b>Total</b>	<b>102,968.86</b>	<b>4,580.62</b>	<b>0.00</b>	<b>107,549.48</b>		<b>102,968.86</b>	

## B. CURRENT ASSETS

### 6) Work in progress

Services provided by the Processing Centre as well as Platform Services are always calculated at the beginning of the following month. This resulted in an amount of EUR 825,592 for work in progress for December 2019. The remaining amounts relate to 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 235,384.55 were not due, and EUR 769,137.92 were due on the balance sheet date. Of the outstanding receivables, EUR 588,673.80 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 consolidated value added tax group (EUR 191,393.40; previous year: EUR 117,059.10), as well as the receivable arising from the assumption of the loss in 2019 and passed-on charges for hardware (EUR 298,475.15; previous year EUR 570,059.79) from ProCredit Holding.

Receivables from subsidiaries (EUR 134,127.76); previous year: EUR 66,794.21) are mainly passed-on charges for hardware and software, accrued interest on loans and an advance payment for services in January 2020.

### 9) Other assets

in EUR	31 Dec. 2019	31 Dec. 2018
Tax refunds due	1,873,648.01	1,514,157.91
Deposits	69,328.14	38,211.90
Other	67,527.29	50,514.08
<b>Total</b>	<b>2,010,503.44</b>	<b>1,602,883.89</b>

Tax reclaims mainly consist of receivables from tax authorities in Romania (EUR 646,333.62) for VAT, and Ecuador (EUR 1,227,312.00) for withholding taxes.

## 10) Cash in bank

in EUR	31/12/2019	31/12/2018
Frankfurter Sparkasse AG, Frankfurt	228,743.01	363,322.58
Ausländische Banken	185,074.50	187,941.49
ProCredit Bank AG, Frankfurt	1,563,851.79	764,517.15
Cash boxes	8,653.93	10,851.38
<b>Total</b>	<b>1,986,323.23</b>	<b>1,326,632.60</b>

## C. DEFFERALS AND ACCRUALS

### 11) Prepaid expenses and other current assets

in EUR	31 Dec. 2019	31 Dec. 2018
Rent	111,486.54	103,267.04
Insurance	22,088.67	30,706.83
Consulting services	150,141.60	139,005.08
Maintenance	1,005,344.92	1,605,126.30
Subscription fees	2,420,727.67	1,082,678.43
Other	21,648.00	43,534.48
<b>Total</b>	<b>3,731,437.40</b>	<b>3,004,318.16</b>

## A. SHAREHOLDERS' EQUITY

### 12) Subscribed capital

As at 31/12/2019, the subscribed capital was held by ProCredit Holding (100%).

### 13) Other profit reserves

In accordance with the shareholders' resolution of 18 December 2018, the other profit reserves from retained net income of the year prior to the conclusion of the control and profit and loss transfer agreement for the periods 2008–2010 (EUR 1,190,763.60) were distributed on 29 March 2019.

### 14) Profit of the year

On the basis of the control and profit-loss transfer agreement concluded on 21 July 2011, the loss in the amount of EUR 282,382.41 (previous year: loss of EUR 570,059.79) is assumed by ProCredit Holding.

## B. PROVISIONS

### 15) Other provisions

in EUR	31 Dec. 2019	31 Dec. 2018
Accruals for holiday	177,272.40	199,809.32
Rental expenses and decommissioning commitments	93,602.50	108,485.90
Other invoices	123,000.00	155,967.87
Outstanding invoices freelancers	27,010.00	18,921.00
Employers' liability insurance contributions, charge for not employing disabled persons and international health insurance	47,310.00	43,620.00
Annual financial statements	40,000.00	25,000.00
	<b>508,194.90</b>	<b>551,804.09</b>

## C. LIABILITIES

### 16) Liabilities to banks

in EUR	31/12/2019	31/12/2018
- less than one year	5,000,000.00	11,500,000.00
- between 1-5 years	5,000,000.00	6,408.75
- more than 5 years	0.00	0.00
	<b>10,000,000.00</b>	<b>11,506,408.75</b>

Liabilities to banks are due to ProCredit Bank AG, Frankfurt am Main (previous year EUR 11,500,000.00 to ProCredit Bank AG, EUR 6,408.75 to Frankfurter Sparkasse).

### 17) Trade payables

This item includes EUR 2,438.16 in trade payables to affiliated companies of the ProCredit Group (previous year: EUR 44,079.34).

### 18) Liabilities to affiliated companies

This item includes liabilities in connection with invoices for services rendered by Quipu S.A. in El Salvador and Quipu DOEEL in Macedonia, the outstanding share capital of the Limited Liability Company "Quipu GmbH" and liabilities to shareholders.

Liabilities to shareholders are a long-term loan of EUR 7,000,000 and interest on loans as well as guarantee fees of ProCredit Holding in the amount of EUR 19,503.19 (previous year: EUR 1,190,763.60 from dividend payments).

### 19) Other liabilities

Liabilities from taxes in the amount of EUR 104,570.82 consisted solely of the liability from wage and church taxes as at 31 December 2019 (previous year: EUR 92,995.25).

Liabilities related to social security amounted to EUR 20,953.11 (previous year: EUR 19,636.91).

### 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	2019	2018
Sales revenue from the ProCredit Group	23,015,009.56	20,005,192.89
Sales revenue from third parties	4,292,988.41	3,484,067.11
<b>Total sales revenue</b>	<b>27,307,997.97</b>	<b>23,489,260.00</b>

in EUR	2019	2018
Sales revenue Germany	4,733,553.49	3,874,896.83
Sales revenue East Europe	7,373,760.02	6,189,483.19
Sales revenue Southeast Europe	8,425,566.82	7,220,460.18
Sales revenue Africa	2,075,973.68	2,079,018.96
Sales revenue Central and South America	4,699,143.96	4,125,400.84
<b>Total sales revenue</b>	<b>27,307,997.97</b>	<b>23,489,260.00</b>

#### 21) Other operating income

in EUR	2019	2018
Income from charges passed on	5,848.70	6,704.72
Income from reversal of accruals	1,395.00	0.00
Income from other reporting periods	0.00	17,555.41
Income from currency translation	136,451.29	117,535.83
Income from insurance compensation	0.00	521.52
Other	34,985.98	12,736.24
	<b>178,680.97</b>	<b>155,053.72</b>

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 2019 financial year, Quipu GmbH had on average 203 employees (2018: 172). As at 31 December 2019, the total number of employees at Quipu GmbH was 207 (2018: 178).

As at 31/12/2019, Quipu GmbH had three officers and 204 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	2019	2018
Operating lease expenses	1,803,433.11	1,587,067.11
License and maintenance, exp. for software and hardware	4,046,102.16	3,194,727.26
Travel expenses	1,287,979.69	1,077,003.44
Services provided by foreign subsidiaries (Latin America, Macedonia)	768,012.59	839,601.07
Legal and advisory expenses	435,351.71	380,520.70
Charges to be passed on for services received	232,411.88	148,439.53
Communication	458,165.77	349,706.82
Other personnel expenses	495,116.39	363,023.59
Expenses from currency translation	74,966.55	92,369.46
Other administrative expenses	172,021.82	188,975.45
Entertainment and hospitality expenses	213,333.94	203,680.94
IT materials	76,385.62	60,431.44
Accounting expenses	154,056.13	109,408.55
Insurance	53,588.02	50,885.80
Disposal of fixed assets	1,986.00	749.00
Lost receivables	0.00	32,456.07
<b>Total</b>	<b>10,272,911.38</b>	<b>8,679,046.23</b>

Legal and consulting costs consist of consulting services of ProCredit Holding AG & Co. KGaA (EUR 55,476.22; previous year: EUR 60,461.32), expenses for the company's audit (EUR 29,000.00; previous year: EUR 20,689.00) and other legal and consulting costs (EUR 414,680.41; previous year: EUR 359,831.70). Expenses from currency translation relate exclusively to realised expenses.

## 27) Income taxes

Taxes on income include foreign withholding taxes, which relate to the result of the Regional Office in Kiev (Ukraine) (EUR 71,565.59; previous year EUR 67,318.44), sales revenues generated in the Congo (EUR 204,269.35; previous year EUR 179,311.29) and income taxes for the Regional Office in Accra (Ghana) (EUR 325.53; previous year EUR 357.70).

## IV. ADDITIONAL INFORMATION

### 28) Other financial obligations

Quipu GmbH has assumed obligations of EUR 1,106,581.64 from rental contracts that were concluded at arm's length conditions.

Interest liabilities of EUR 520,233.71 to ProCredit Bank and EUR 1,095,421.64 to ProCredit Holding exist under loan agreements concluded at arm's length.

### 29) Total auditor fee

The total auditing fees for the 2019 financial year amount to EUR 29,000.00. The company did not utilise any other auditor services.

### 30) Supplementary report

The worldwide spread of COVID-19 has the potential to significantly reduce economic growth. Depending on the development of the companies of the ProCredit Group, this may have a negative impact on the annual result. Given the current uncertainty, it is not possible to quantify the financial impact.

### 31) Management

By resolution of the shareholders' meeting on 27 June 2019 with addendum dated 9 July 2019, Dr. Gian Marco Felice, Frankfurt am Main, resigned as managing director of Quipu GmbH and the sole power of attorney of Mr. Andrei Georgescu, Frankfurt am Main, expired.

At the same time, Ms. Daniela Enache, Bucharest/Romania, Mr. Mikhail Gumanovskiy, Moscow/Russia and Mr. Andrei Georgescu, Frankfurt am Main, were appointed as Managing Directors.

The remuneration of the managers was not disclosed in accordance with sec. 285 (9a) of the German Commercial Code (HGB), as the reference would be obvious (sec. 286 (4) HGB).

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

Frankfurt am Main, 08 April 2020

Quipu GmbH  
The Management Board

Daniela Enache



Mikhail Gumanovskiy



Andrei Georgescu





# Annex 1: Asset Schedule

## Quipu GmbH

Statement of fixed assets as of December 31st, 2019

in EUR	Acquisition cost						Accumulated depreciation					Net book values	
	As of: 01/01/2019	Additions	Disposals/ Write-downs	Reclassifications	Attributions	As of: 31/12/2019	As of: 01/01/2019	Additions	Disposals/ Write-downs	Reclassifications	As of: 31/12/2019	As of: 31/12/2019	As of: 31/12/2018
<b>I. Intangible assets</b>													
1. Licences, commercial and intellectual property rights and similar rights	3,392,454.95	371,891.76	0.00	0.00	0.00	3,764,346.71	1,839,814.39	572,626.32	0.00	0.00	2,412,440.71	1,351,906.00	1,552,640.56
2. Advance payments intangible assets	0.00	122,854.77	0.00	0.00	0.00	122,854.77	0.00	0.00	0.00	0.00	0.00	122,854.77	0.00
	3,392,454.95	494,746.53	0.00	0.00	0.00	3,887,201.48	1,839,814.39	572,626.32	0.00	0.00	2,412,440.71	1,474,760.77	1,552,640.56
<b>II. Property, plant and equipment</b>													
1. Other equipment, furniture and fixtures	10,771,027.58	1,944,128.57	66,858.04	0.00	0.00	12,648,298.11	6,539,876.58	1,687,461.57	64,872.04	0.00	8,162,466.11	4,485,832.00	4,231,151.00
2. Advance payments for property, plant and equipment	0.00	1,649,495.44	0.00	0.00	0.00	1,649,495.44	0.00	0.00	0.00	0.00	0.00	1,649,495.44	0.00
	10,771,027.58	3,593,624.01	66,858.04	0.00	0.00	14,297,793.55	6,539,876.58	1,687,461.57	64,872.04	0.00	8,162,466.11	6,135,327.44	4,231,151.00
<b>III. Financial assets</b>													
1. Shares in subsidiaries	102,968.86	4,580.62	0.00	0.00	0.00	107,549.48	0.00	0.00	0.00	0.00	0.00	107,549.48	102,968.86
2. Loans to subsidiaries	616,538.89	328,473.80	163,571.80	0.00	0.00	781,440.89	0.00	0.00	0.00	0.00	0.00	781,440.89	616,538.89
	719,507.75	333,054.42	163,571.80	0.00	0.00	888,990.37	0.00	0.00	0.00	0.00	0.00	888,990.37	719,507.75
<b>Total fixed assets</b>	<b>14,882,990.28</b>	<b>4,421,424.96</b>	<b>230,429.84</b>	<b>0.00</b>	<b>0.00</b>	<b>19,073,985.40</b>	<b>8,379,690.97</b>	<b>2,260,087.89</b>	<b>64,872.04</b>	<b>0.00</b>	<b>10,574,906.82</b>	<b>8,499,078.58</b>	<b>6,503,299.31</b>