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2022

# 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 a software development and IT solutions integrator company based in Frankfurt, Germany, providing support services and made-to-fit solutions 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.

Quipu supports its clients to design and develop or to select the IT (Information Technology) solutions most effective for their business model and to deploy these solutions in an efficient and effective manner. Quipu provides support services for the IT solutions deployed by combining security, reliability, and a cost-effective approach with a coherent and integrated user experience and it provides guidance to the banks to be able to extensively make use of their IT solutions and services by deploying self-service and automation capabilities. Quipu aims at fully SaaS (Software as a Service) third party solutions or host them on our Platform, the hybrid cloud, built through the Centralization Program over the past eight years.

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), Africa (a branch in Accra, Ghana) and Southeast and Eastern Europe (subsidiaries in Skopje, North Macedonia, Kyiv, 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 is a wholly owned subsidiary of ProCredit Holding.

### **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 improved 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 it 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 the e-banking and mobile banking application, which was rolled out to almost all customers.

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 1,582k (2021: EUR 1,424k) and can be broken down as follows: CustomWare.NET EUR 114k (2021: EUR 134k), DealWare EUR 96k (2021: EUR 142k), InfoWare EUR 140k (2021: EUR 82k), BankWare EUR 151k (2021: EUR 99k), e-Banking/CRM EUR 879k (2021: EUR 816k), BankWare.NET EUR 65k (2021: EUR 40k) and Mobile Banking Application EUR 138k (2021: EUR 109k).

## **2. Report on the Financial Position**

### **2.1 Course of business**

#### **2.1.1 Overall business environment**

In 2022, many parts of the world moved away from months of lockdowns and started transitioning to a new post-pandemic normality. However, in the first months of the year, the world was hit by another setback, an energy crisis of unprecedented depth and complexity. Europe was at the centre of this crisis, but it had major implications for markets, policies, and economies worldwide. The Russian military invasion of Ukraine in February 2022 added supplemental complexities and disbalance.

After successfully managing the impact of the difficult period of the COVID-19 pandemic, Quipu's business operations faced additional challenges in 2022. The souring inflation rates impacted Quipu's annual expenses significantly. The conflict in Ukraine had an influence on Quipu's operations, directly but also on a macro economical level, in direct connection to the global geopolitical and economic instability.

From the very first moments of the invasion, Quipu's primary focus was on its employees in Ukraine and their families. Quipu has 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, Quipu team members were 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, Quipu's local operations have been minorly affected during 2022.

Throughout 2022, one of Quipu's primary focus was to support the bank in Ukraine in remaining operational. Quipu has secured the IT services essential for the banking business on servers in its German private cloud while card payments were processed by the company outside Ukrainian territory. Additionally, Quipu supported the bank's employees, located inside and outside of Ukraine, in being able to work uninterrupted by assuring permanent access to the bank's systems. Quipu supported the bank with their Business Continuity Plan, under the threat of blackouts generated by bombing of the infrastructure of the country.

Despite these adverse circumstances, Quipu continued to implement its business strategy according to the Group IT Strategy, without loss of productivity. All the strategic targets planned for the year were met and the majority of the planned projects were successfully accomplished.

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 identification technologies; digital signature solutions and improvements to the front-line applications for clients and implementation of the new credit risk analysis in CRM.

Another key focus in 2022 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.

For 2022, the IMF registered a moderate global growth of 3.4%. The baseline forecast is for growth to fall to 2.8 percent in 2023, before settling at 3.0 percent in 2024. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023. Russia and Ukraine are major commodities producers, and disruptions have caused global prices to soar, especially for energy, 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, Quipu is reserved on the financial outcome of 2023 .

### **2.1.2 Implementation of new product versions**

The focus in 2022—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 identification technologies, implementation of qualified digital signature solutions and improvements for the front-line applications for clients.

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 was thoroughly tested with a plan to introduce in 2023 at ProCredit banks Albania and Ukraine, while ProCredit North Macedonia decided to postpone the implementation taking into account the local legislative background and market demand. Quipu also extended the remote onboarding service to legal entities, implemented at ProCredit Bank Romania in 2022. A prerequisite for implementation is the existence of a legal framework from the regulators allowing the remote identification of clients as well as the use of digital signatures.

At the same time, Quipu intends to continue developing functionalities for the mobile application to boost its attractiveness to private clients. A wide range of services was developed and partially rolled out over the course of 2022 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, biometric identification to facilitate performing transactions via the app. Where major payment providers are not present (Apple Pay and Google Pay), it is be particularly important to integrate an issuer wallet solution into the app to give our clients the possibility to perform digital payments at POS terminals and eventually at ATMs. The pilot was rolled out at ProCredit Bank Kosovo in 2020 and went live in 2021 at ProCredit Bank North Macedonia; it was implemented at ProCredit Bank Bosnia and Herzegovina in 2022

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 three 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 2022 upgrades at ProCredit banks North Macedonia, Bosnia and Herzegovina, Romania, Germany, Kosovo, Ecuador, and Albania. were made and upgrade projects for ProCredit bank Moldova and Ukraine were started. The main strategic focus in the upcoming period will be user experience enhancement and further optimisation of the existing functionalities.

In 2022, the Quipu software was continuously updated and supplemented by new functions in numerous banks, to adapt to market developments and to satisfy local regulatory requirements regarding accounting, taxes, reporting or data security. The main focus for the development of CW.NET was the continuation of the architectural revision of the application and refactoring. More and more the capability to easily integrate with the third-party tools and providers is playing an

increasingly significant role. 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.

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 2023. Migration was planned for Q3 2022, but due to the major resource constraints caused by the war in Ukraine and dependency integrating the regulatory reporting system from third party providers, which started later than initially planned, work on the project implementation will continue in 2023 with finalisation expected in 2024.

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 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 2022, projects related to workflow improvements, integrated treasury payments as well as integrated treasury bookings were completed at several banks.

### **1.3 Processing Centre**

11 banks within the Group and 18 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.

During 2022, in line with the global trends, there was a significant increase in the adoption of cashless forms of payments for both in-store and online channels. Additionally, despite the challenges connected to the war in Ukraine, all the strategic targets planned for the year were met 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 2022. Three new banks started to provide new Digital Payment schemes, ProCredit Bank Moldova, Greece, and Bosnia and Herzegovina. Only one bank, ProCredit Albania, remains in need of a digital payment solution, but this task is already on their agenda for 2023. By end of 2023, the plan is for all ProCredit banks to offer at least one digital payment solution to their customers. Additionally, in 2022 the first digitally issued instant card was launched with ProCredit Bank Ukraine, allowing clients to request and receive a card on their mobile banking app in almost real time. Thanks to the digital payment option on the mobile app, clients can now make immediate payments with their phones.

In 2021, the Remote PIN Setting service was started to be rolled out, allowing the card PIN to be changed via the mobile application instantly and at any time. 2022 saw further deployment of this

service, with ProCredit North Macedonia going live and other three banks implementing the service, ProCredit Bank Moldova, Ecuador, and Greece.

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 is in accordance with the PSD2 regulation for banks operating in the EU.

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 am Main also made it possible to consolidate operational processes and associated human resources.

In the meantime, we have widened the scope of the project beyond just the centralisation of hardware, data, and software into our hybrid public-private cloud environment to achieve the full centralisation of all IT operations of the ProCredit Group. The additional scope implies significant restructuring and a shift of IT personnel from the banks to Quipu.

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 2022, 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.

The extended scope, together with the need to redirect our attention and resources towards managing the impact of the COVID-19 pandemic and the war in Ukraine has shifted focus and resources towards managing the impact and has pushed the end of the centralisation programme to 2025.

The implementation of Shared Services at ProCredit Bank Bosnia and Herzegovina has stalled due to additional regulatory requirements and are now scheduled to finish in 2023. The centralisation of the Line of Business infrastructure and IT operations at Pro Credit Bank Bosnia and Herzegovina and Georgia are set to be completed in 2025. The centralisation of IT at ProCredit Bank Serbia and the migration of the core banking suite is expected to be completed in 2024.

By end of 2022, Quipu integrated the staff and responsibilities (including first level support) of the IT departments of Ecuador, Albania and Kosovo, together with Moldova, North Macedonia, Serbia and Ukraine.

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**

In November 2022, the local branch in Quito, Ecuador was closed. Additionally, the staff from the representative office in Kyiv, Ukraine was transferred to the local subsidiary.

As a consequence, by the end of 2022, the number of employees dropped to 147 (previous year: 223). In addition to active employees, numerous fee-for-service agreements were concluded with freelancers in the regional offices. At the end of 2022, Quipu had a total of 207 employees and freelancers (previous year: 277).



In the current financial year, we intend to increase the number of employees by 14.0%, primarily in the areas of IT centralisation and software development, where support is needed for the upcoming projects and implementations.

## 2.2 Position

### 2.2.1 Earnings position

Sales revenues increased significantly in 2022 over the previous year. The management's original estimates were surpassed as the increase was slightly 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 2022, driving an increase in maintenance, support and annual subscriptions costs. Amortisation costs were only partially affected in 2022, 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 2022 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>
2018	23,489,260	-570,060
2019	27,307,998	-282,382
2020	32,528,253	402,551
2021	34,990,450	853,928
2022	37.819.326	44,901

Sales in 2022 increased by 8.1% or EUR 2,829k, a slight increase compared to the previous year (7.6%). 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 (change in the invoicing method from estimated to consumption based and new services offered). For the current financial year, we expect a further increase in sales by 11.6% to EUR 42,223k.

As in the past financial year, a smaller portion of sales, EUR 2,465k or 6.5% (2021: EUR 2,030k) was invoiced in USD. The increase is explicable by the fact that new clients that are invoiced in USD were added to our portfolio.

In 2022, we registered a higher growth rate in sales from customers in all regions:

in EUR	2022	2021
Sales revenue Germany	4,989,633.64	4,434,860.55
Sales revenue East Europe	11,383,661.38	10,139,234.60
Sales revenue Southeast Europe	13,394,625.48	12,788,937.59
Sales revenue Africa	2,555,040.61	2,270,004.37
Sales revenue Central and South America	5,496,365.75	5,357,412.58
<b>Total sales revenue</b>	<b>37,819,326.86</b>	<b>34,990,449.69</b>

The pricing offered to our customers remained constant throughout 2022 but the number of projects decreased in Ukraine, heavily affected by the war, causing a decrease in sales. We managed to consolidate our product range during 2022, despite significant efforts being redirected towards digitalisation and development projects but also to helping ProCredit Bank Ukraine remain operational. *Data Quality Management Tool* was completed and rolled out to all banks in 2022.

Overall, operating expenses increased by 8.1%, 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 22.1% or EUR 3,634k over the previous year. An increase in the amount of EUR 1,371k or 10.1% was recorded in personnel expenses. The amount includes employer's contributions to the BVV pension insurance scheme, introduced in 2011, amounting to EUR 77k (2021: EUR 68k). Amortisation expenses continued to increase by EUR 123k or 4.4% (2021: 8.2%). This was mainly driven by investments in the ProCredit Central Data Centre project. Other expense items increased in line with expectations. For the current financial year, Quipu projects a 9.1% increase in personnel expenses from EUR 14,957k to EUR 16,324k.

The result for the year before profit/loss transfer amounting to EUR 44,901 (2021: EUR 853,928) 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. The outstanding loan with ProCredit Germany was partially repaid and the remaining amount was converted into a senior debt with repayment. ProCredit Holding granted Quipu a loan with deferred repayment in the amount of EUR 7,000k, which was fully repaid in 2022. In 2022, Quipu concluded an additional loan agreement in the amount of EUR 7,000k with ProCredit Bank Germany. The outstanding loan amount at the end of 2022 was EUR 17,000k. Additionally, the credit line agreement with the bank for EUR 1,000k remained valid in 2022.

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, 2022, decreased to EUR 7,476k, translating into a capitalisation ratio of 35.5% 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 lower than in previous years while at the same time the assets purchased in 2017 reached end of life, thus explaining the decrease.

The company's receivables and other assets recognised as *current assets* increased to EUR 4,799k (2021: EUR 4,955k). The increase is due mostly to an increase in trade accounts receivables. The balance sheet item "Cash in hand and bank balances, cheques" decreased significantly to EUR 2,149k as of December 31, 2022 (2021: EUR 4,321k).

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 2022.

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 decrease in headcount was below the estimation of the previous year's report: -25.3% or 70 FTE (2021: 3.9%). The difference is primarily linked to the transfer of staff to the new subsidiary in Kyiv and the closing of the Quito Branch.

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 2023 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 breakeven one. In 2023, Quipu is aiming for a higher increase in sales as in 2022, by 11.6%, whereas according to the business plan, operating costs<sup>2</sup> are projected to grow by 18.0%. For 2022, the Management expects a neutral year result.

We expect the capitalisation ratio to increase minorly because significant new investments in the ProCredit Central Data Centre are planned for 2023.

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 has broadened the applicability also in the areas of Cloud Services and Processing centre in 2023.

In the current year, the implementation of upgrades of the front office application *CustomWare.NET*, the treasury application *DealWare*, the accounting application BankWare.NET, the *mobile banking and e-banking* applications 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: 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 2023. 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.

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

In order to promote the Group's direct banking strategy, Quipu will further be involved in the implementation of remote identification technologies and qualified digital signatures in the banks. During 2023, remote identification for client onboarding and e-signature technology have been implemented at ProCredit Banks Albania and Ukraine. Only two banks will be left without the legal preconditions in place for implementation: ProCredit Bank Moldova and Bosnia and Herzegovina, but it is expected that they will also be onboarded during the next years. Additionally, the remote onboarding service to legal entities was piloted at ProCredit Bank Romania in 2022 and additional banks are expected to use the service from 2023 on.

At the same time, further efforts continue to be centred towards developing functionalities for the mobile application. In 2023, the focus will be on rolling out previously developed features providing clients with easy-to-use digital payment solutions and new developments aimed at enhancing the capability of the banks to provide remote services including, but not limited to, remote identification, instant card issuing, push notifications and overdraft activation. We will continue working on this solution with an aim of further implementations during 2023.

The e-banking strategy for 2023 prioritises two objectives: to enhance the dynamic for upgrade projects at banks using the Quipu e-Banking platform and to dedicate resources for new development projects that will expand the number of functionalities on the platform. Implementations of upgrade projects are planned for ProCredit Bank Albania, North Macedonia, Kosovo, Ecuador, Romania, and Germany

During 2022, following the global trend of the industry, there was an important increase in the adoption of cashless forms of payments for both in-store and online channels in the ProCredit group. In line with this trend, the priority for 2023 will be centred on three fronts: increase the number of cards issued and their use, increase the security of card-based transactions, continue to expand the payment acceptance network to facilitate more payments to be transacted through our clients.

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.

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 ProCredit Bank Georgia, Serbia and Moldova are expected to go live in 2023.

On the Cloud Services area, the plan for 2023 is to gradually roll out new components of the shared services infrastructure to the banks with the aim of maximising synergies and achieving economies of scale for IT services that have a very low degree of variance across the banks in the group. Such services include identity management services, real-time communication services and information security solutions.

The implementation of shared services at ProCredit Bank Bosnia and Herzegovina has stalled due to additional regulatory requirements and later due to the shift of focus and resources towards managing the fallout generated by the Russian invasion of Ukraine. This implementation is scheduled to finish in 2023, followed by the full centralisation and migration of the core banking suite at ProCredit Bank Serbia in 2024. The centralisation of the Line of Business infrastructure and IT operations at ProCredit Bank Bosnia and Herzegovina and ProCredit Bank Georgia are set to be completed by 2025.

Starting 2021 the DevOps methodology was gradually implemented to all centralized banks. The aim was to push the limits of automation in the areas of Release and Standard Change management to

increase the quality and speed of the delivery processes. In parallel, fully automated pipelines for Release and Standard Change management were developed and piloted in the context of CustomWare.NET in ProCredit Bank Kosovo. In 2023 these will be rolled out to all institutions and extended to cover all Quipu developed applications.

In the current financial year, demand for the services of Quipu as a strategic software partner is expected to grow.

## 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 2022. This is expected to continue in 2023. 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 2023, we continue to 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 2023 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 1,370k or 3.3% of the total income as of December 31, 2022, 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 existing pricing system allows 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 2022.

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 Kyiv in the first months of the conflict, our office and local data centre was also under risk. During 2022 there was no direct incident affecting Quipu's assets. 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 data loss were mitigated.

However, Quipu identifies an additional risk if the data centre was to be affected directly by military operations, as hardware insurance is no longer offered in Ukraine. In order to reduce this risk, in 2023 the plans are to reduce the footprint of the data centre and sell the hardware that is no longer being utilized, since almost all data was migrated to Frankfurt data centre.

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

### **3.2.6 Sales risks**

Income from implementation services decreased in 2022 to EUR 1,574k (2021: EUR 2,339k). The delay in the implementation of CustomWare.NET in ProCredit Bank Serbia was a major trigger of this decrease as was the conflict in Ukraine. In the current year, a 7.4% increase to approximately EUR 1,700k is planned, including projects originally scheduled to be completed in 2022. This increase is explained by the fact that major upgrade implementations will be launched with almost all banks by 2023. 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 continue to identify a particular sales risk that could be generated by the war in Ukraine, as the implementation services revenue generated by our Kyiv office represents 13.5% of the total amount projected for 2023. However, our Kyiv staff retains an extremely high degree of availability and it is fully operational. Measures for business continuity and backing-up key staff with colleagues from other offices have been undertaken during 2022.

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 remarkably 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. However, at the time of drafting these reports, the risks of possible new lockdowns are rated as low.

Despite the global situation, Quipu remains fully operational and plans to remain in a hybrid working environment with all its staff. We continue to 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, 28.07.2023

Quipu GmbH  
Management

Daniela Enache



Petru Jucovshi



Andrei Georgescu



Diamant Ibrahim





**QUIPU GmbH**

**Annual Financial Statements as of 31 December 2022**

**Königsberger Str. 1**

**60487 Frankfurt am Main**

**HR Frankfurt am Main Section B No. 90104**

**Tax ID 47 241 42045**

## Balance Sheet

BALANCE SHEET of Quipu GmbH, Frankfurt am Main, as of 31 December 2022

in EUR	(Note)	31.12.2022	31.12.2021
<b>A. Fixed assets</b>			
I. Intangible assets			
1. Licences, commercial and intellectual property rights and similar rights	(3)	1,329,733.00	1,844,136.00
2. Licences, commercial and intellectual property rights		40,950.00	40,950.00
II. Property, plant and equipment			
1. Other equipment, furniture and fixtures	(4)	5,499,153.00	7,016,090.00
2. Advance payments equipments		-	-
III. Financial assets			
1. Shares in subsidiaries	(5)	107,549.48	107,549.48
2. Loans to subsidiaries		498,131.00	366,667.00
3. Securities held as fixed assets		239.62	-
		<b>7,475,756.10</b>	<b>9,375,392.48</b>
<b>B. Current assets</b>			
I. Inventories			
1. Work in progress	(6)	148,748.00	87,878.00
II. Receivables and other assets			
1. Trade accounts receivable (of which, with a remaining term of more than one year: 0.00)	(7)	3,009,953.52	2,565,150.80
2. Receivables from affiliated companies (of which, with a remaining term of more than one year: 0.00)	(8)	485,166.19	569,729.39
4. Other assets (of which, with a remaining term of more than one year: EUR 53,590.22; previous year: EUR 53,464.58)	(9)	1,303,658.72	1,731,950.35
III. Cash in hand, balances at German central bank, balances at banks and cheques	(10)	2,149,499.17	4,320,941.58
		<b>7,097,025.60</b>	<b>9,275,650.12</b>
<b>C. Prepaid expenses and deferred charges</b>			
	(11)	6,470,988.04	6,262,137.70
<b>Total assets</b>		<b>21,043,769.74</b>	<b>24,913,180.30</b>
<b>A. Equity</b>			
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>B. Accruals</b>			
1. Accruals for taxes		-	5,000.00
2. Other accruals	(14)	872,634.51	771,783.37
		<b>872,634.51</b>	<b>776,783.37</b>
<b>C. Liabilities</b>			
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)	17,000,000.00	10,000,000.00
2. Trade accounts payable			
(of which, with a remaining term of up to one year: EUR 1,011,222.04; previous year: EUR 4,265,237.20)	(16)	1,011,222.04	4,265,237.20
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)	363,282.45	8,117,698.53
(of which, with a remaining term of more than 5 years: EUR 363,282.45; previous year: EUR 1,117,698.53)			
4. Other liabilities			
(of which, for taxes EUR 134,888,65; previous year: EUR 110,734.49)	(18)	166,086.23	138,461.20
(of which, for social security: EUR 31,197.58; previous year: EUR 26,502.82)			
		18,540,590.72	22,521,396.93
<b>D. Deferred income</b>			
	(19)	630,544.51	615,000.00
<b>Total equity and liabilities</b>		<b>21,043,769.74</b>	<b>24,913,180.30</b>

## Income Statement

### INCOME STATEMENT of Quipu GmbH, Frankfurt am Main, as of 31 December 2022

in EUR	(Note)	1. Jan - 31. Dec 2022	1. Jan - 31. Dec 2021
1. Sales revenue	(20)	37,819,326.86	34,990,449.69
2. Increase or decrease of inventory		60,870.00	-29,472.00
3. Other operating income <i>(of which, from currency translation; EUR 431,667.86; previous year: EUR 172,797.68)</i>	(21)	509,302.71	238,675.35
4. Material expenses			
a) Cost of raw materials, production inputs and goods	(22)	34,277.01	33,926.38
b) Cost of purchased services	(23)	4,389,775.71	3,980,052.17
5. Personnel expenses:	(24)		
a) Wages and salaries		12,282,744.60	11,046,838.08
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>		2,674,388.01	2,538,975.04
6. Depreciation on intangible and tangible fixed assets	(25)	2,889,033.21	2,766,339.30
7. Other operating expenses <i>(of which, from currency translation: EUR 297,772.47; previous year: EUR 76,932.77)</i>	(26)	15,674,170.81	12,449,846.37
<b>Intermediary result</b>		<b>445,110.22</b>	<b>2,383,675.70</b>
8. Income from participations <i>(of which, from affiliated companies: EUR 350,000.00; previous year: EUR 0)</i>	(27)	350,000.00	0.00
9. Other interest and similar income <i>(of which, from affiliated companies: EUR 13,396.84; previous year: EUR 11,949.44)</i>	(27)	13,554.74	12,567.77
<b>Income from financing activities</b>		<b>363,554.74</b>	<b>12,567.77</b>
10. Other interest and similar expenses <i>(of which, from affiliated companies: EUR 60,039.00; previous year: EUR 101,454.79)</i>	(28)	373,649.05	293,099.11
<b>Expenses from financing activities</b>		<b>373,649.05</b>	<b>293,099.11</b>
11. Taxes on income and profit	(29)	1,654.50	5,287.30
<b>12. Profit (loss) on ordinary business operations</b>		<b>433,361.41</b>	<b>2,097,857.06</b>
<b>13. Other taxes</b>	(30)	<b>388,459.53</b>	<b>1,243,928.89</b>
<b>14. Net income for the year before transfer of profit</b>		<b>44,901.88</b>	<b>853,928.17</b>
<b>15. Profit transferred on the basis of a profit transfer agreement</b>		<b>-44,901.88</b>	<b>-853,928.17</b>
<b>16. Profit for the year</b>		<b>0.00</b>	<b>0.00</b>

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## **A. 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 consolidated financial statements are published in the company register (section 325 (1) HGB). 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 2022 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 yet 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 measured at the average rate of exchange at the end of the reporting period (sec. 256a HGB). The exchange rate on 31 December 2022 was EUR 1/USD 1.0666. 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.

## **B. NOTES TO THE BALANCE SHEET**

### **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 the 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)
		31.12.2022	31.12.2022	2022	31.12.2022
Quipu Shpk, Prishtina, Kosovo	Rexhep Mala 16 Prishtina, Kosovo	5,000.00	110,129.00	329,481.00	131,464.00
Quipu S.A., San Salvador, El Salvador	Avenida La Revolución No. 178 Colonia San Benito, San Salvador, El Salvador.	92,927.80	125,005.44	10,853.49	0.00
Quipu Dooel, Skopje, Mazedonien	Uj. Chedomir Minderovikj No. 31 Sjopje, Mazedonien	5,041.06	176,435.50	53,175.03	66,667.00
Limited Liability Company "Quipu GmbH" Kiev, Ukraine	Holosivskyi district, Krasylivska Str. 5 03040 Kiev, Ukraine	4,580.62	-4,200.89	-264,743.33	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. At the end of 2022, the Quipu GmbH employees in the Kiev regional office were transferred to the LLC "Quipu GmbH" and with it the responsibility for services and IT services for ProCredit banks in Eastern Europe.

### Shares in subsidiaries

Subsidiary	Equity exposure as of 01.01.2022	Additions in 2022	Disposals in 2022	Net book value			
				as of		Share in %	
				31.12.2022	31.12.2021	31.12.2022	31.12.2021
Quipu Shpk, Prishtina, Kosovo	5,000.00	0.00	0.00	5,000.00	5,000.00	100.0%	100.0%
Quipu S.A., San Salvador, El Salvador	92,927.80	0.00	0.00	92,927.80	92,927.80	99.4%	99.4%
Quipu Dooel, Skopje, North Macedonia	5,041.06	0.00	0.00	5,041.06	5,041.06	100.0%	100.0%
Limited Liability Company "Quipu GmbH" Kiev, Ukraine	4,580.62	0.00	0.00	4,580.62	4,580.62	100.0%	100.0%
<b>Total</b>	<b>107,549.48</b>	<b>0.00</b>	<b>0.00</b>	<b>107,549.48</b>	<b>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 3,009,953.52, of which EUR 1,679,333.92 refer to trade receivables from affiliated companies. As of the balance sheet date, EUR 1,870,984.87 were not yet due and EUR 1,138,968.65 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 155,932.17; prior year: EUR 334,817.43) as well as receivables for IT services (EUR 103,712.38; prior year: EUR 194,516.11) from ProCredit Holding.

Receivables from subsidiaries (EUR 225,521.64); prior year: EUR 40,395.85) consist mainly of lease invoices and accrued interest on loans.

## 9. Other assets

in EUR	31 Dec. 2022	31 Dec. 2021
Tax refunds due	1,200,228.27	1,634,564.71
Deposits	53,590.22	53,464.58
Other	49,840.23	43,921.06
<b>Total</b>	<b>1,303,658.72</b>	<b>1,731,950.35</b>

Tax receivables mainly consist of receivables from tax authorities in Romania (EUR 532,329.32) for VAT, and in Ecuador (EUR 667,515.15) for withholding taxes.

## 10. Cash-in-hand and bank balances

in EUR	31.12.2022	31.12.2021
Inland banks	1,963,156.87	4,160,251.38
Foreign banks	178,463.88	154,646.83
Cash	7,878.42	6,043.37
<b>Total</b>	<b>2,149,499.17</b>	<b>4,320,941.58</b>

## DEFFERALS AND ACCRUALS

### 11. Prepaid expenses and other current assets

in EUR	31 Dec. 2022	31 Dec. 2021
Rent	102,000.36	115,114.40
Insurance	46,057.01	42,155.86
Consulting services	17,936.00	57,875.00
Maintenance	1,413,719.94	1,182,469.82
Subscription fees	4,799,712.25	4,810,331.13
Other	91,562.48	54,191.49
<b>Total</b>	<b>6,470,988.04</b>	<b>6,262,137.70</b>

## EQUITY

### 12. Subscribed capital

As of 31 December 2022, 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 44,901.88 (prior year: EUR 853,928.17) is transferred to ProCredit Holding.

## PROVISIONS

### 14. Other provisions

in EUR	31 Dec. 2022	31 Dec. 2021
Accruals for holiday	406,734.21	491,213.34
Rental expenses and decommissioning commitments	30,952.30	47,835.70
Other invoices	129,500.00	99,000.00
Outstanding invoices freelancers	107,008.00	26,685.52
Employers' liability insurance contributions, charge for not employing disabled persons and international health insurance	32,440.00	55,048.81
Staff expenses/Severance payments	115,000.00	0.00
Annual financial statements	51,000.00	52,000.00
<b>Total</b>	<b>872,634.51</b>	<b>771,783.37</b>

## LIABILITIES

### 15. Liabilities to banks

in EUR	31.12.2022	31.12.2021
- less than one year	12,000,000.00	5,000,000.00
- between 1-5 years	5,000,000.00	5,000,000.00
	<b>17,000,000.00</b>	<b>10,000,000.00</b>

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

### 16. Trade liabilities

This item includes EUR 794.35 in trade liabilities to affiliated companies of the ProCredit Group (prior year: EUR 1,029.05).

### 17. Liabilities to affiliated companies

This item includes liabilities in connection with invoices for services provided by Quipu DOEEL in Northern Macedonia, Quipu Sh.p.k. in Kosovo and LLC "Quipu GmbH" in Kiev in the amount of EUR 308,168.97 (prior year: EUR 237.477,04) and liabilities to the shareholder EUR 55,113.48 (prior year EUR 880,221.49).

The liabilities to the shareholder are the net profit for 2022 to be transferred in the amount of EUR 44,901.88 as well as guarantee fees of EUR 4,096.64 and charges for costs of ProCredit Holding in the amount of EUR 6,114.96.

## 18. Other liabilities

Liabilities from taxes in the amount of EUR 134,888.65 consisted solely of liabilities from wage and church taxes as of 31 December 2022 (prior year: EUR 110,734.49).

Liabilities related to social security amounted to EUR 31,197.58 (Prior year: EUR 26,502.82).

## 19. Deferred income

This item includes income from ProCredit Holding AG in the amount of EUR 594,000.00 and EUR 36,544.51 from PCB Ecuador for services to be provided by Quipu GmbH after the balance sheet date.

## C. 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, software maintenance, and the resale of IT hardware and software.

in EUR	2022	2021
Sales revenue from the ProCredit Group	32,677,045.78	30,586,631.55
Sales revenue from third parties	5,142,281.08	4,403,818.14
<b>Total sales revenue</b>	<b>37,819,326.86</b>	<b>34,990,449.69</b>

in EUR	2022	2021
Sales revenue Germany	4,989,633.64	4,434,860.55
Sales revenue East Europe	11,383,661.38	10,139,234.60
Sales revenue Southeast Europe	13,394,625.48	12,788,937.59
Sales revenue Africa	2,555,040.61	2,270,004.37
Sales revenue Central and South America	5,496,365.75	5,357,412.58
<b>Total sales revenue</b>	<b>37,819,326.86</b>	<b>34,990,449.69</b>

### 21. Other operating income

in EUR	2022	2021
Extraordinary income	6,436.24	0.00
Income from reversals of Tax provisions	0.00	19,541.69
Income from reversal of accruals	20,447.75	2,003.77
Income from currency translation	431,667.86	172,797.68
Income from insurance compensation	365.00	0.00
Other	50,385.86	44,332.21
	<b>509,302.71</b>	<b>238,675.35</b>

Income from currency translation relates exclusively to realised income.

## 22. Cost of raw materials, consumables and supplies, and of purchased merchandise

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 2022 financial year, Quipu GmbH had an average of 222 employees (2021: 222), 68 women and 154 men. As of December 31,

the total number of employees of Quipu GmbH was 207 (2021: 223), 67 women and 140 men.

As of 31 December 2022, Quipu GmbH had two managing directors and 205 salaried employees.

## 25. Amortisation and write-downs of intangible fixed assets and tangible assets

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

## 26. Other operating expenses

in EUR	2022	2021
License and maintenance, exp. for software and hardware	8,638,932.46	7,267,606.70
Operating lease expenses	1,780,680.75	1,671,180.09
Services provided by foreign subsidiaries (Latin America, Macedonia)	1,682,042.05	1,095,211.26
Communication	616,526.86	620,184.25
Travel expenses	610,646.10	105,959.49
Other personnel expenses	593,641.94	504,972.55
Legal and advisory expenses	508,226.29	216,626.02
Expenses from currency translation	297,772.47	76,932.77
Charges to be passed on for services received	272,796.27	298,565.06
Other administrative expenses	258,787.86	231,544.71
Accounting expenses	145,714.68	143,755.12
Entertainment and hospitality expenses	112,018.37	69,796.43
IT materials	77,569.48	65,761.41
Insurance	75,405.99	54,356.79
Disposal of fixed assets	2,429.00	906.00
Lost receivables	980.24	26,487.72
<b>Total</b>	<b>15,674,170.81</b>	<b>12,449,846.37</b>

Expenses from currency translation relate exclusively to realised expenses.

## **27. Other interest and similar income**

Of the total amount of EUR 13,554.74, EUR 13,396.84 relate to interest income from loans granted to affiliated companies.

## **28. Interest and similar expenses**

Of the total amount of EUR 373,649.05, EUR 60,039.00 relate to interest expenses for loans granted by the parent company and EUR 313,610.05 to loans from banks.

## **29. Income taxes**

Income taxes were paid for foreign income taxes for the Regional Office in Accra, Ghana (EUR 1,654.50; prior year: EUR 5,287.30).

## **30. Other taxes**

Other taxes include withholding tax on sales generated in the Congo (EUR 210,956.98; prior year: EUR 203,791.05) as well as local withholding and sales tax paid in Romania, Ghana, Ecuador and Northern Macedonia (EUR 177,132.55; prior year: EUR 338,076.16) and vehicle tax (EUR 370.00; prior year EUR 370.00).

## **D. ADDITIONAL INFORMATION**

### **31. Other financial obligations**

Quipu GmbH has total liabilities in the amount of EUR 3,198,118.56. These are composed of rental (EUR 2,619,144.96) and leasing contracts (EUR 36,837.24) as well as interest obligations from loan agreements concluded at arm's length with ProCredit Bank (EUR 542,136.36).

### **32. Total auditing fees**

The total auditing fees for the 2022 financial year amount to EUR 25,000.00 (prior year: EUR 25,000.00) The company did not make use of any additional services of the auditing firm.

### **33. Management**

During the reporting period, business administration graduate Ms. Daniela Enache, Bucharest/Romania, Managing Director of the Company, as well as IT engineer Mr. Mikhail Gumanovskiy, Moscow/Russia, and business administration graduate Andrei Georgescu, Frankfurt am Main.

The total remuneration of the management was EUR 334,245.73 for the reporting period.

The company is represented by two managing directors.

Managing Director Mr. Mikhail Gumanovskiy was relieved of his duties with effect from February 1, 2023. Mr. Petru Jucovshi, Frankfurt am Main, a graduate in information technology, was appointed Managing Director effective February 1, 2023, and Mr. Diamant Ibrahim, Frankfurt am Main, a graduate in business administration, was appointed Managing Director effective April 1, 2023.

Frankfurt am Main, 28 July 2023

QUIPU GmbH  
The Management Board

Daniela Enache



Petru Jucovshi



Andrei Georgescu



Diamant Ibrahim



in EUR	Acquisition cost				Accumulated depreciation				Net book values	
	As of: 01.01.2022	Additions	Disposals/ Write-downs	Reclassifications	As of: 31.12.2022	As of: 01.01.2022	Additions	Disposals/ Write-downs	As of: 31.12.2022	As of: 31.12.2021
<b>I. Intangible assets</b>										
1. Licences, commercial and intellectual property rights and similar rights	5,549,821.03	194,490.68	0.00	0.00	5,744,311.71	3,705,685.03	708,893.68	0.00	4,414,578.71	1,844,136.00
2. Advance payments intangible assets	40,950.00	0.00	0.00	0.00	40,950.00	0.00	0.00	0.00	40,950.00	40,950.00
<b>II. Property, plant and equipment</b>										
1. Other equipment, furniture and fixtures	16,790,528.12	602,529.53	84,626.17	63,102.00	17,371,533.48	9,774,438.12	2,180,139.53	82,197.17	11,872,380.48	7,016,090.00
2. Advance payments for property, plant and equipment	0.00	63,102.00	0.00	-63,102.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>III. Financial assets</b>										
1. Shares in subsidiaries	107,549.48	0.00	0.00	0.00	107,549.48	0.00	0.00	0.00	107,549.48	107,549.48
2. Loans to subsidiaries	366,667.00	200,000.00	68,536.00	0.00	498,131.00	0.00	0.00	0.00	498,131.00	366,667.00
	474,216.48	200,239.62	68,536.00	0.00	605,920.10	0.00	0.00	0.00	605,920.10	474,216.48
<b>Total fixed assets</b>	<b>22,855,515.63</b>	<b>1,060,361.83</b>	<b>153,162.17</b>	<b>0.00</b>	<b>23,762,715.29</b>	<b>13,480,123.15</b>	<b>2,889,033.21</b>	<b>82,197.17</b>	<b>16,286,959.19</b>	<b>9,375,392.48</b>