QUALCO INFORMATION SYSTEMS SA

Annual Report of the Board of Directors and Annual Financial Statements in accordance with the International Financial Reporting Standards for the year ended 31 December 2018

GENERAL COMMERCIAL REGISTRY NO: 002916401000

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

http://www.qualco.eu/

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(All amounts are presented in Euro, unless otherwise stated herein)

Management Report of the Board of Directors

Dear Shareholders,

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

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

1) Tsakalotos Orestis, Chairman

2) Georgantzis Miltiadis, CEO

3) Retzekas Spyridon, Member of the Board of Directors

4) Amallos Demokritos, Member of the Board of Directors

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

This report contains financial and non-financial information of the Company "Qualco SA" (hereinafter the "Company") for the fiscal year 2018.

Report of the year

The financial position of the Company and its performance during the period ended 31/12/2018 is presented in the attached statements and taking into account the prevailing conditions in Greece, it is considered satisfactory.

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

The Company's equity increased from € 916,492 in 2017 to € 3,749,365 in 2018 (an increase of € 2,832,872 or 310%). The increase is mainly due to the share capital increase made by the Company of € 5,999,946 in the current fiscal year, which exceeded the losses of the fiscal year (€ 3,111,833).

Ratios

The Management lists the following ratios

	31/12/2018	**31/12/2017**
Current Assets / Total Assets	63.44%	53.62%
Current Assets / Short-Term Liabilities	79.20%	71.81%
Equity / Total Liabilities	14.84%	3.82%
Equity / Fixed Assets	35.33%	7.94%

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

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

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

(All amounts are presented in Euro, unless otherwise stated herein)

Adjusted EBITDA

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

	Note	1/1/2018 to 31/12/2018	1/1/2017 to 31/12/2017
Operating earnings - Earnings before interest and tax (EBIT)		**(1,769,022)**	**(2,689,450)**
Depreciation	**5.6**	2,293,092	1,931,730
Earnings Before Interest, Taxes, Depreciation, Amortisation (EBITDA)		**524,070**	**(757,720)**
Fines and surcharges	**31**	719,475	413,934
Fines and surcharges from previous years	**31**	625,460	28,595
Adjusted EBITDA		**1,869,005**	**(315,190)**

Investment Strategy (Research and Development)

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

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

Within 2018, the Company capitalized staff fees totaling € 900 thousand, an expenditure related to the development of new software.

Review of significant events that took place during the fiscal year

Although domestic demand for new software projects remained weak for another year, Qualco was able to enter into significant new contracts.

The entry into the Qualco Group of the institutional investor Pacific Investment Management Company LLC, "PIMCO", through the investment fund Amely S.à.r.l. was completed in the first quarter of 2018. The entry of the institutional investor was accompanied by a corporate reorganization and capital inflow of € 10m. The corporate reorganization resulted in the newly established holding company Qualco Holding Ltd, headquartered in London, becoming the ultimate parent of the Group, after the transfer of 100% of the shares of Qualco S.A. and the contribution of new funds into it. Upon completion of the corporate restructuring, Amely S.a.r.l. participates in the Group with 20%, while the remaining 80% of the group is owned by the Cypriot Holding Company Wokalon Ltd.

Following the capital increase in Qualco Holdco Ltd, two share capital increases were made by Qualco Holding Ltd Limited in Qualco SA, dated 09/03/2018 and 16/07/2018. The total amount of contributed funds amounted to € 6.8 million, of which € 6.5 million were contributed to the first increase and € 300 thousand were contributed to the second.

The realized increases significantly strengthened the liquidity and the capital adequacy of the Company, as a result of which its ratios improved significantly and any uncertainties regarding the ongoing activity of the Company were removed, due to the negative operating cash flows and the negative working capital presented by the Company at the end of 2017.

The implementation of the full range of the PPC project, with a total amount of € 12 million, started in 2018, and its expansion from € 12 million to € 18 million was sought, based on the relevant contract. The implementation of this project significantly strengthened the figures of Qualco S.A.

Also, the 100% subsidiary of Qualco SA, QQuant Master Servicer AEDADP started operating in the management of portfolios in 2018, and was licensed from the Bank of Greece in November 2017. Already in the first half of 2018, the Company was entrusted with the management of the National Bank's "Earth" portfolio by the consortium of institutional investors Intrum & Carval and the assignment of other portfolios was sought.

As part of the reorganization of the Group, a share capital increase of € 1.7 million was made in Qualco France by Qualco Holding Ltd, making it the first 99% subsidiary of the latter, while the remaining shares are held by Qualco SA.

Risk management

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

i) Liquidity risk

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

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

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

ii) Foreign Exchange Risk

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

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

iii) Credit risk

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

(All amounts are presented in Euro, unless otherwise stated herein)

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

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

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

iv) Risk of technological developments

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

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

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

Transactions with related parties

The related parties of the Company are the following:

Parent: Qualco Holding UK

100% of Qualco SA is owned by Qualco Holding UK.

Subsidiaries:

		% holding	
Name	**Headquarters**	**31/12/2018**	**31/12/2017**
Qquant Master Servicer SA	GREECE	100%	100%
Qualco UK	UK	90%	90%
Qualco CY Ltd	CYPRUS	100%	100%
Qualco SAS	FRANCE	1%	100%

Associates:

		% holding	
Name	**Headquarters**	**31/12/2018**	**31/12/2017**
Incubator	GREECE	50.00%	50.00%
PQH	GREECE	33.33%	33.33%

(All amounts are presented in Euro, unless otherwise stated herein)

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

	Trade liabilities		Financial liabilities	
Liabilities to related parties	**2018**	**2017**	**2018**	**2017**
Qholdco	240,378	-	-	-
Qualco UK	84,557	47,765	-	-
Qquant	168,806	-	-	75,210
Other related parties	-	610,432	-	-
Total	**493,740**	**658,197**	**-**	**75,210**

	Trade receivables		Financial receivables	
Receivables from related parties	**2018**	**2017**	**2018**	**2017**
Qholdco	775,875	-	-	-
Qualco UK	742,762	431,748	787,823	787,823
Qualco FR	124,403	178,099	63,500	1,418,502
Qualco Cyprus	201,653	772	1,270,486	959,977
Qquant	1,838,282	-	19,868	-
PQH	587,313	643,081	-	-
Other related parties	-	-	1,166,562	1,689,760
Total	**4,270,319**	**1,253,700**	**3,308,239**	**4,856,062**

Purchases from / Sales to related parties	**Sales of goods and services**		**Purchases of goods and services**	
	2018	**2017**	**2018**	**2017**
Qholdco	775,875	-	216,364	
Qualco UK	453,551	181,594	36,953	80,797
Qualco FR	125,016	-	-	-
Qualco Cyprus	25,523	-	-	-
Qquant	1,577,368	2,250	-	-
PQH	3,070,679	4,236,019	-	-
Other related parties	-	-	-	627,906
Total	**6,028,012**	**4,419,863**	**253,317**	**708,703**

Remuneration of members of the Board of Directors and Managing Executives	**2018**	**2017**
Salaries and other benefits to employees	847,407	722,372
Dividends	-	134,080
Total	**847,407**	**856,452**

Environmental and labor issues

Corporate and Social Responsibility

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

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

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

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

Environmental Issues

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

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

Labor Issues

The Company employed 182 employees on 31/12/2018. With full awareness of the prevailing economic conditions, we recognize that our human resources are our most important asset and the key factor in achieving our strategic goals.

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

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

Equal opportunities

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

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

Hygiene and safety of staff

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

Society

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

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

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

Projected course and evolution

The significant amount of unfinished projects already undertaken since 2018 creates an expectation for a stronger growth in 2019 for the Company. The growth rates are also supported by the revenues from products and services sold to the ever-increasing number of large and medium-sized customers.

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

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

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

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

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

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

Events after the date of the Statement of Financial Position

Within the first half of 2019, Qualco SA has concluded important contracts, which will significantly boost the Company's figures both in 2019 and for the following years. The contract with Intrum concerns the development, configuration and implementation of the QUALCO Collections & Recoveries program in 24 countries where the customer is active in order to standardize operations, reduce costs and improve operational efficiency. A three-year project, which is a vote of confidence for the main product of the Company, QUALCO Collections & Recoveries, from Intrum, a very dynamic representative of the industry internationally. The relationship with PPC, after exhausting the possibility of extending the original contract for € 6 million, continued with an extension of € 5.5 million and a new project of € 15 million, which was awarded to the Company after a tender and whose execution will continue in 2020. For the latter project, the extension of the project to € 19.5 million will be pursued, as contractually stipulated.

On 14/02/2019, the Company received a rejection decision from the General Secretariat for Research and Technology for the tax deduction of Research and Technology Expenses under Law 4172/2013, 2016. A request for review was submitted. On 30/05/2019, the final decision was announced, which does not recognize amounts for tax deduction. As required, the company submitted an amending income tax return and paid the additional taxes and surcharges imposed. The company has been participating in programs of the General Secretariat for Research and Technology for at least ten years, without any rejection, therefore it has already started legal actions in order to claim these amounts and cancel this decision.

In August 2019, the Qualco Group received a letter of intent from the institutional investor Pacific Investment Management Company LLC, "PIMCO", which already owns 20% of its share capital, indicating its intention to retain these shares, surrendering specific rights as described in the Investment and Shareholders Agreement which led to the share capital increases in 2018. The Management of the Group welcomes this move by the institutional investor and considers that this development is the beginning of discussions to increase the participation of PIMCO in the share capital of the Group, which will significantly strengthen the Group's ability to claim large projects of international scope, while also stimulating its liquidity.

Finally, the company has been approved for refinancing of the bond loan, with a duration of 4 years and is currently preparing a loan agreement with the cooperating financial institution. This refinancing of € 3m is expected to be completed by October 2019. The repayment of the new loan will be made in 7 half-yearly installments, starting in October 2020. The consequence of this development is the significant improvement of the short-term liquidity of the company and consequently of the Group, since the existing equivalent loan has been characterized as short-term.

Exact copy of the Minutes of the BoD.

Maroussi Attica, 16 August 2019

The Chairman of the Board

Tsakalotos Orestis

AUDIT REPORT OF THE INDEPENDENT CERTIFIED AUDITOR-ACCOUNTANT

To the Shareholders of the Societe Anonyme "QUALCO INFORMATION SYSTEMS SA"

Audit Report on the Financial Statements

Opinion

We have audited the attached financial statements of the company **"QUALCO INFORMATION SYSTEMS SA"** (the Company), which consist of the statement of financial position of 31 December 2018, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the fiscal year ended on that date, as well as a summary of significant accounting principles and methods, and other explanatory notes.

In our opinion, other than the possible implications of the issue set out in the paragraph "Basis for Qualified Opinion" of our report, the attached financial statements fairly present, in all material aspects, the financial position of the Company **"QUALCO INFORMATION SYSTEMS SA"** on 31 December 2018, its financial performance and its cash flows for the year ended on this date in accordance with the International Financial Reporting Standards, as they have been adopted by the European Union.

Basis for qualified opinion

Our audit showed that in order to cover possible losses in the liquidation of the remaining assets of the account "Trade and other receivables" totaling EUR 1,041.51 thousand, we consider that the existing impairment of EUR 308.97 falls short of what we consider necessary by the amount of EUR 658.53 thousand, and thus the value of trade receivables and Equity appear increased by this amount and the results for the year appear increased by EUR 82.07 thousand.

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

Responsibilities of the management regarding the financial statements

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

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

Auditor's responsibilities in auditing the financial statements

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

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

We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, by designing and performing audit procedures that respond to those risks and we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to detect a material misstatement due to fraud is higher than that due to error, since fraud may involve collusion, forgery, deliberate omissions, false assertions or the bypassing of internal audit safeguards.

- We understand audit-related internal safeguards to design audit procedures appropriate to the circumstances, but not to express an opinion on the effectiveness of the Company’s internal audit.

- We assess the appropriateness of the accounting principles and methods used and the reasonableness of accounting estimates and respective disclosures made by the Management.

- We assess the appropriateness of the management’s use of the going concern accounting principle and the audit evidence that has been obtained to determine whether there is material uncertainty about events or circumstances that may indicate material uncertainty as to the ability of the company to continue its activity. If we conclude that there is material uncertainty, we are required to report such disclosures in the financial statements in the auditor’s report or whether these disclosures are insufficient to differentiate our opinion. Our findings are based on audit evidence obtained until the date of the auditor's report. However, future events or circumstances may result in the Company ceasing to operate as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, as well as whether the financial statements reflect the underlying transactions and events in a manner that ensures their reasonable presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) The account "Financial receivables" includes a claim against members of the Board of Directors equal to EUR 1,166,562, which falls within the prohibitive provisions of Article 23a of Cod. L. 2190/1920.

b) In our opinion the Board of Directors Management Report has been drawn up according to the current legal requirements of Article 43a of Law 2190/1920 and its contents correspond to the attached Financial Statements for the year ended 31.12.2018.

c) On the basis of the information obtained during our audit in relation to **"QUALCO INFORMATION SYSTEMS SA"** and the environment it operates in, we did not identify any material misstatements in the Directors' Report.

PKF

Athens, 21 August 2019

The Certified Auditor-Accountant

PKF EUROAUDITING SA

Certified Auditors-Accountants

124, Kifissias Avenue, 115 26 Athens

SOEL Reg. No 132

ANTONIOS A. PROKOPIDIS

SOEL Reg. No: 14511

(All amounts are presented in Euro, unless otherwise stated herein)

STATEMENT OF FINANCIAL POSITION

	Note	31/12/2018	31/12/2017
ASSETS			
Non-current assets			
Tangible fixed assets	**5**	577,904	654,617
Other intangible assets	**6**	8,212,314	9,154,295
Investments in subsidiaries and associates	**7**	335,022	335,022
Deferred tax claims	**8**	1,421,416	1,330,731
Other long-term receivables	**9**	64,366	71,004
Total non-current assets		**10,611,022**	**11,545,669**
Current assets			
Trade and other receivables	**10**	9,903,087	3,543,059
Current tax receivables	**11**	127,870	121,324
Accrued income	**12**	4,223,922	2,461,855
Financial receivables	**13**	3,308,207	4,856,063
Other receivables	**14**	344,014	817,744
Other tax receivables	**15**	119,735	665,877
Cash and cash equivalents	**16**	384,476	882,122
Total current assets		**18,411,310**	**13,348,044**
Total assets		**29,022,332**	**24,893,713**
EQUITY AND LIABILITIES			
Equity			
Share capital and share premium	**17**	7,239,363	1,239,417
Other inventories	**17**	2,525,103	2,580,343
Results carried forward		(6,015,101)	(2,903,268)
Total Equity		**3,749,365**	**916,492**
Liabilities			
Long-term liabilities			
Long-term loans	**18**	222,688	3,303,960
Deferred tax liabilities	**8**	157,884	183,145
Long-term tax liabilities	**24**	1,043,300	1,236,596
Liabilities for personnel retirement benefits	**19**	562,906	563,453
Other long-term liabilities	**20**	39,687	101,369
Total Long-term liabilities		**2,026,464**	**5,388,524**
Short-term liabilities			
Suppliers and other payables	**21**	5,522,107	3,182,421
Short-term loans	**18**	7,824,884	4,364,304
Customer advances	**22**	234	538,787
Financial liabilities	**23**	282,527	552,736
Other tax liabilities	**24**	4,029,478	5,203,365
Social Security	**25**	2,879,117	2,752,145
Deferred income	**26**	1,251,992	1,400,698
Other current liabilities	**26**	1,456,163	561,033
Current tax liabilities	**27**	-	33,207
Total Short-Term Liabilities		**23,246,502**	**18,588,697**
Total Liabilities		**25,272,967**	**23,977,221**
Total equity and liabilities		**29,022,332**	**24,893,713**

The notes on the pages 19 to 51 form an integral part of these financial statements.

(All amounts are presented in Euro, unless otherwise stated herein)

STATEMENT OF COMPREHENSIVE INCOME

	Note	1/1/2018 until 31/12/2018	1/1/2017 until 31/12/2017
Sales	**29**	22,503,407	11,452,144
Cost of goods sold	**30**	(17,584,483)	(10,256,383)
Gross profit		**4,918,924**	**1,195,761**
Administrative expenses	**30**	(5,079,361)	(3,022,947)
Selling costs	**30**	(1,540,994)	(1,455,269)
Other expenses	**31**	(1,369,950)	(637,831)
Other income	**31**	1,302,359	1,230,836
Operating profit/(loss)		**(1,769,022)**	**(2,689,450)**
Financial income	**32**	1,218	1,042
Financial expenses	**32**	(598,325)	(563,131)
Financial expenses - net		**(597,107)**	**(562,089)**
Loss before taxes		**(2,366,128)**	**(3,251,538)**
Income tax	**28**	(807,039)	58,700
Loss for the year		**(3,173,167)**	**(3,192,838)**
Other comprehensive income			
Items not subsequently reclassified in profit and loss:			
Actuarial Profit/(Loss)	**19**	81,779	77,921
Deferred tax on actuarial profit/(loss)	**28**	(20,445)	(22,597)
Other comprehensive income/(loss) for the year (net of tax)		**61,335**	**55,324**
Total comprehensive income for the year		**(3,111,833)**	**(3,137,514)**
EBITDA		**1,869,005**	**(315,190)**

The notes on the pages 19 to 51 form an integral part of these financial statements.

(All amounts are presented in Euro, unless otherwise stated herein)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Premium reserves	Other Reserves	Results carried forward	Total Equity
Balance as at 1 January 2017	**771,641**	**467,776**	**2,580,343**	**392,820**	**4,212,580**
Net profit for the year	-	-	-	(3,192,838)	(3,192,838)
Other Comprehensive Expenses for the year	-	-	-	55,324	55,324
Total comprehensive expenses for the year	**-**	**-**	**-**	**(3,137,514)**	**(3,137,514)**
Effect of first-time application	-	-	-	96,426	96,426
Allocation of profits				(255,000)	(255,000)
Balance as at 31 December 2017	**771,641**	**467,776**	**2,580,343**	**(2,903,268)**	**916,492**
Balance as at 1 January 2018	**771,641**	**467,776**	**2,580,343**	**(2,903,268)**	**916,493**
Net profit for the year	-	-	-	(3,173,167)	(3,173,167)
Other Comprehensive Income for the year	-	-	-	61,335	61,335
Total comprehensive income for the year	**-**	**-**	**-**	**(3,111,833)**	**(3,111,832)**
Share capital increase	877,594	5,922,374	-	-	6,799,968
Share capital reduction	(800,022)	-	-	-	(800,022)
Share capital increase costs	-	-	(55,240)	-	(55,240)
Balance as at 31 December 2018	**849,213**	**6,390,150**	**2,525,103**	**(6,015,101)**	**3,749,366**

The notes on the pages 19 to 51 form an integral part of these financial statements.

(All amounts are presented in Euro, unless otherwise stated herein)

STATEMENT OF CASH FLOWS

	1/1/2018 until 31/12/2018	1/1/2017 until 31/12/2017
Loss before taxes	**(2,366,128)**	**(3,251,538)**
Adjustments for:		
Depreciation of tangible fixed assets	231,602	238,294
Depreciation of Intangible Assets	2,061,490	1,693,436
Liabilities for staff benefits due to retirement	81,232	168,649
Interest income	(1,218)	-
Interest expenses	539,145	563,131
State grants	(61,682)	(752,547)
Cash Flows from operating activities prior to changes in working capital	**484,439**	**(1,340,575)**
Changes in working capital		
Reduction of inventories	-	3,671
(Increase) / Reduction of trade and other liabilities	(6,353,390)	2,350,563
(Increase)/Reduction of other receivables	(1,762,068)	2,094,157
(Reduction) of trade and other liabilities	1,569,001	(1,455,385)
(Reduction) of income of subsequent fiscal years	(148,706)	(566,126)
Increase in accrued expenses	895,131	-
Increase in social security liabilities	126,972	900,274
(Reduction)/increase of other tax liabilities	(1,752,604)	363,268
Total outflows from operating activities	**(6,941,225)**	**2,349,847**
Income tax	(51,621)	(140,500)
Net cash flows from operating activities	**(6,992,845)**	**2,209,347**
Cash flows from investment activities		
Purchases of tangible fixed assets	(154,889)	(190,436)
Purchases of intangible assets	(1,119,508)	(2,500,624)
Purchase of subsidiaries	-	(194,000)
Loans granted to related parties	(543,621)	(1,021,793)
Repayment of loans from related parties	2,091,478	-
Interest collected	1,218	-
Net cash flows from investment activities	**274,679**	**(3,906,853)**
Cash flows from financing activities		
Share capital increase	6,799,968	-
Share capital reduction	(800,022)	-
Receipts from loans taken out	3,044,620	2,000,000
Repayment of loans	(2,725,376)	(624,944)
Interest paid	(479,082)	(549,212)
Collection of State grants	380,413	-
Payment of distributed profits	-	(255,000)
Net cash flows from financing activities	**6,220,521**	**570,844**
Net reduction in cash and cash equivalents	**(497,646)**	**(1,126,662)**
Cash and cash equivalents at the beginning of the period	882,122	2,008,785
Cash and cash equivalents at the end of the fiscal year	**384,476**	**882,123**

The notes on the pages 19 to 51 form an integral part of these financial statements.

Notes on the financial statements

1. General information

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

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

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

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

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

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

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

These financial statements were approved for publication by the Company's BoD on 16 August 2019 and are subject to the approval of the Ordinary General Meeting of shareholders.

2. Summary of major accounting policies

2.1 Framework for the preparation of financial statements

The present annual corporate financial statements of QUALCO SA as at 31 December 2018, covering the period 1.1.2018 - 31.12.2018, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) that have been issued by the International Accounting Standards Board (IASB) and the relevant Interpretations issued by the Financial Reporting Interpretations Committee ("IFRIC"), which are related to the activities of the Group and are in force at the date of preparation of the Financial Statements, as adopted by the European Commission.

Basis of Preparation

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

All revised or newly issued standards and interpretations that apply to the company and are in force as at 31 December 2018 were considered in preparing the financial statements for this fiscal year, to the extent that they were applicable.

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

2.2 New standards, interpretations and modification of existing standards

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

The following amendments and interpretations of IFRS were issued by the International Accounting Standards Board (IASB) and their implementation is mandatory on or after 01/01/2018. The most significant Standards and Interpretations are the following:

<u>Standards and Interpretations mandatory for the current financial year</u>

IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities, and also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

There are no significant impacts on the financial assets and financial liabilities of the Company during the first-time application of IFRS 9.

Specifically:

Trade and other receivables
The assessment of the business model and the characteristics of the cash flows does not affect the classification and measurement of trade and other receivables of the Company, which continue to be valuated at amortised cost.

Impairment
The application of the new impairment model - expected credit loss, in the financial statements concerning the Company's trade and other receivables, does not create a significant increase in the required impairment provision for bad debts.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 was issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers, in order to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.
The Company has adopted the standard using the modified retrospective method in the previous fiscal year 2017.

IFRS 4 (Amendments) "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"

The amendments introduce two approaches. The amended standard will: (a) give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued; and (b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. Entities that defer application of IFRS 9 will continue to apply the existing Financial Instruments Standard IAS 39. It is not applied by the Company.

IFRS 2 (Amendments) "Classification and Measurement of Share-based Payment Transactions"

The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it were wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. It is not applied by the Company.

IAS 40 (Amendments) "Transfers of Investment Property"

The amendments clarify that, to transfer to or from, investment properties, a change in use must have occurred. A change in use would involve an assessment of whether a property meets the definition of investment property and supporting evidence that a change in use has occurred.

IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

The interpretation provides guidance on how to determine the date of the transaction in applying the foreign currency transactions standard - IAS 21. The Interpretation is applicable when an entity has received or paid advance consideration for contracts in a foreign currency.

Annual improvements to IFRSs (2014-2016 Cycle)

IAS 28 "Investments in associates and Joint ventures"

The amendments clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

Standards and Interpretations mandatory for subsequent periods, that have not entered into effect and have not been endorsed by the Company earlier.

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

The amendments enable companies, if a certain condition is met, to measure financial assets with prepayment features with negative compensation at amortized cost or fair value through other comprehensive income and not at fair value through profit and loss.

IFRS 16 "Leases" (applicable to annual accounting periods beginning on or after 1 January 2019)

IFRS 16 was issued in January 2016 and replaces IAS 17. The objective of the standard is to ensure that lessees and lessors provide useful information that fairly presents the essence of the lease-related transactions. IFRS 16 introduces a single model for the accounting treatment by the lessee, which requires that the lessee recognises assets and liabilities for all lease contracts with a term of over 12 months, except if the underlying asset has non-significant value. With regard to the accounting treatment by the lessor, IFRS 16 essentially incorporates the requirements of IAS 17. Therefore, the lessor continues to classify lease contracts into operating and finance leases and to apply different accounting treatment for each type of contract. The Company plans to adopt the new standard on the date it is due to apply (01/01/2019).

Operating lease categories are limited to cars and office buildings. The effect that the application of the new standard will have on the balance sheet and on the profit and loss statement during the first-time application cannot be calculated accurately at this stage and is not reflected in the present financial statements.

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

IFRS 17 was issued in May 2017 and replaces IFRS 4. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of the standard is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard addresses the comparability problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance liabilities will be accounted for current values instead of historical cost. The standard has not yet been adopted by the European Union.

IAS 28 (Amendments) "Long-term interests in associates and joint ventures" (applicable to annual accounting periods beginning on or after 1 January 2019)

The amendments clarify that an entity should account for long-term interests in an associate or joint venture to which the equity method is not applied in accordance with IFRS 9. The amendments have not yet been adopted by the European Union.

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

The Interpretation explains how to recognize and measure current and deferred tax assets and liabilities if there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Interpretation has not yet been adopted by the European Union.

IAS 19 (Amendments) "Plan amendment, curtailment or settlement" (applicable to annual accounting periods beginning on or after 1 January 2019)
The amendments require that an entity should determine current service cost after a defined plan amendment, curtailment or settlement. The amendments have not yet been adopted by the European Union.

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

The amended definition emphasizes that the production of a business is the provision of goods and services to customers, while the previous Definition focused on refunds in the form of dividends, lower costs or other financial benefits for investors and others. The amendments have not yet been adopted by the EU.

IAS 1 and IAS 8 (Amendments) "Definition of material" (effective for annual accounting periods beginning on or after 1 January 2020)

The amendments clarify the definition of material and how it should be used, supplementing the definition with instructions that have been provided so far in other parts of the IFRSs. In addition, the clarifications accompanying the definition have been improved. Lastly, the amendments ensure that the definition of "material" is consistently applied to all IFRSs. The amendments have not yet been adopted by the European Union.

Annual improvements to IFRS (2015-2017 Cycle) (applicable to annual accounting periods beginning on or after 1 January 2019)

The amendments listed below include changes to four IFRSs. The amendments have not yet been adopted by the European Union.

IFRS 3 "Business combinations"

The amendments clarify that an entity should remeasure the interest previously held in a jointly controlled operation when it acquires control of that operation.

IFRS 11 "Joint Arrangements"

The amendments clarify that an entity is not required to remeasure the interest previously held in a jointly controlled operation when it acquires joint control of that operation.

IAS 12 "Income Taxes"

The amendments specify that an entity shall equally account for all income tax consequences of dividends.

IAS 23 "Borrowing costs"

The amendments clarify that an entity should account for any borrowing costs incurred to produce an asset when such asset is ready for its intended use or sale.

2.3 Foreign currency conversion

(a) Functional and presentation currency.

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

(b) Transactions and balances

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

2.4 Tangible fixed assets

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

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

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

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

No residual value is calculated for all tangible fixed assets.

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

2.5 Intangible fixed assets

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

Intangible assets are initially recognized at acquisition cost.

Subsequent to initial recognition:

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

Other intangible assets of the company involve:

Research expenditure on the development of new software programs

(a) Research expenditure on the development of new software programs are depreciated at a rate of 15%. Their acquisition value amounts to EUR 14,516,875 and at the end of the year they were depreciated by EUR 6,373,302.

Software

(b) Software acquisition expenditure that are depreciated at a rate of 20% per annum. Their acquisition value amounts to EUR 1,278,426 and at the end of the year they were depreciated by EUR 1,209,686.

Program Licenses

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

2.6 Trade and other receivables

Trade receivables are the balances owed by customers for services rendered to them in the ordinary course of business of the Company. If the recovery of these balances is expected to take place within a year or less (or even more, if this is part of the normal business cycle), then the receivables are classified as current assets. If not, then they are classified as non-current assets.

Trade and other receivables are measured at acquisition cost, less impairment losses.

2.7 Cash and cash equivalents

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

2.8 Share capital

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

2.9 Loans and liabilities

Loan liabilities are initially recorded in the net amount of the collection reduced by their direct costs of conclusion (bank charges and bank or third party fees). In the following periods, the loan liabilities are measured at unamortized costs using the real interest rate method.

The loans are recorded in long-term liabilities, except for the part of the loans that are payable 12 months after the closing date of the Financial Statements, which is presented as a short-term liability.

2.10 Borrowing Costs

Borrowing costs are recorded in the results of the fiscal year. Borrowing costs include:

- Interest on short-term and long-term loans, interest on bank overdrafts and expenses from the present value of these liabilities.
- The depreciation of ancillary costs incurred to obtain loans depending on the duration of the loan.
- Financial charges from financial leases that are monitored in accordance with IAS 17 "Leases".

2.11 Leases

Financial Leases
Financial leases are recorded as assets and liabilities. The amount entered in the balance sheet at the beginning of the lease is equal to the fair value of the leased property, or if the fair value is lower than the financial value, it is registered with the present value of the minimum lease payments. ownership does not remain in the company, When at the end of the lease, the ownership does not remain with the company, then depreciation is distributed in the shorter period between the duration of the lease and the useful life of the asset.
The method of depreciation of leased depreciable assets, when at the end of the lease, the ownership remains with the company, is the same as the method followed for the depreciable assets belonging to the company. The registered depreciation shall be calculated in accordance with the provisions of IAS 16 "Tangible fixed assets" and IAS 38 "Intangible assets". In other words, the paragraphs concerning "Fixed Assets", "Intangible Assets" and "Impairment of the value of assets" hereof shall apply.

2.12 Income Tax & Deferred Tax

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

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

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

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

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

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

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

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

2.13 Liabilities for staff benefits due to retirement

Pension benefits include both defined contribution schemes and defined benefit schemes. The accrued cost of the defined contribution schemes is recorded as an expense in the period concerned.

The liability entered in the statement of financial position for the defined benefit schemes is the value of the commitment for the defined benefit at the closing date of the statement of financial position. To determine the liability, no relevant study is carried out by the Actuary due to the small number of staff employed by the Company and no significant effect is expected.

2.14 Provisions

Forecasts are formed when:

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

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

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

2.15 Revenue and expense recognition

Revenue: Revenue arising from the provision of services is recognized by reference to the percentage of completion, if it is probable that the economic benefits associated with the transaction will flow to the Company. Alternatively, when there is no substantial effect on the financial statements, revenue from the provision of services is measured based on the completed contract method. Revenue from interest is accounted for based on the accrual principle. Dividends or any revenue from participation in the equity of other entities are listed as income when approved by the competent body responsible for their distribution. Rights are listed as income under the relevant contract terms.

Expenses: Expenses are recognized on an accrual basis.

2.16 Financial instruments

i) Initial recognition

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

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

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

ii) Classification and subsequent measurement

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

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

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

(b) Financial assets at amortized cost

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

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

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

iii) Re-recognition

A financial asset is mainly de-recognized when:

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

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

iv) Impairment

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

v) Offsetting of financial receivables and liabilities

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

2.17 Financial instruments

The main instruments used by the Company are cash, bank deposits and short-term receivables and liabilities. Given the short-term nature of these instruments, the management of the Company believes that their fair value is essentially the same as the value shown in the accounting books of the Company. Furthermore, the Management believes that the interest rates paid in relation to the loans are equivalent to the current reasonable market interest rates and therefore the conditions for any adjustment of the value to which these liabilities are reflected are not met.

2.18 State grants

2.18.1 Asset-related grants

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

State grants are registered where there is reasonable assurance that:

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

b) The grants will be collected.

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

2.18.2. Result-related grants

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

2.19 Subsidiaries and associates

The subsidiaries are the companies in which the Company participates in more than 50% of their share capital. They are the businesses over which the Company can exercise a significant influence but which do not satisfy the conditions to be designated either as subsidiaries or as participation in a joint venture. Investments in subsidiaries and associates are initially recognized at the cost representing the fair value of the transaction price. On 31/12/2018, according to IFRS 9, the Company's investments in subsidiaries and associates are classified in the category "Financial assets classified at fair value through comprehensive income".

2.20 Distribution of dividends

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

3. Significant accounting judgments, assessments and assumptions

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

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

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

Judgments

The main judgments made by the Company's Management (except for judgments related to estimates which are presented below) and which have the most significant impact on the amounts recognized in the financial statements, are mainly related to the recoverability of receivables.

Specifically, the Management examines each year the recoverability of the items included in the accounts receivable, in combination with external information (customer credit rating databases, lawyers) in order to decide on the recoverability of the items included in the accounts receivable.

Estimates and assumptions

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

Recognition of expenses for the development of software programs

The recognition of expenses attributable to the development of software programs in the Company, as intangible assets, in the financial statements is made only when it is

likely that the future financial benefits resulting from the intangible assets will flow into the Company. In estimating the future financial benefits, the Company takes into account the technical possibility to complete the intangible asset in order to make it available for sale or use, the existence of a market for the product that produces the intangible asset or whether to use the intangible asset internally and the ability to reliably measure the costs that will be attributed to the intangible asset during its development.

Provisions for impairment of receivables

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

Contingent receivables and liabilities

The Company may be involved in litigation and claims during the normal course of its operation. The Management is of the opinion that any settlements reached will not significantly affect the financial position of the Company as it is presented on December 31, 2018. However, identifying contingent liabilities related to litigation and claims is a complex process, requiring judgments about the outcome and application of laws and regulations. A change in crises or implementation may result in an increase or decrease in the company's contingent liabilities in the future. The Management estimates that sufficient provisions have been made to address any liabilities related to litigation.

Income tax

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

4. Financial risk management

4.1 Financial risk factors

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

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

(a) Market risk

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

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

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

(i) Foreign exchange risk

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

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

(All amounts are presented in Euro, unless otherwise stated herein)

The analysis of the financial assets and liabilities of the Company by currency converted into Euros on 31/12/2018 and 31/12/2017 is as follows:

	31/12/2018	31/12/2017
Financial receivables in foreign currency	337,283	380,153
Financial liabilities in foreign currency	(227,065)	(23,401)
Total	**110,218**	**356,752**

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

	+10%	-10%	+10%	-10%
	31/12/2018		31/12/2017	
	GBP		GBP	
Effect on pre-tax profit and loss	**12,321**	**(12,321)**	**(32,432)**	**32,432**
Effect on equity	**12,321**	**(12,321)**	**(32,432)**	**32,432**

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

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

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

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

Changes in interest rates are estimated to be reasonable as compared to recent market conditions.

Interest Rate Sensitivity Analysis

		EURIBOR 3M Rates			
Balance of borrowing	8,005,817	**Current**	**0.50%**	**1%**	**1.50%**
Interest rate type	Floating	0.00	40,029	80,058	120,087
Base interest rate	EURIBOR 3M				
Minimum base interest rate	0%				

(All amounts are presented in Euro, unless otherwise stated herein)

(b) Credit risk

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

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

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

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

The balances of overdue and non-impaired trade receivables which are in arrears but have not been impaired are presented in the following table:

	31/12/2018	**31/12/2017**
< 90 days	2,287,147	184,277
91-180 days	823,869	104,206
181 - 360 days	1,311,937	39,106
> 360 days	874,193	663,109
Total	**5,297,146**	**990,698**

(c) Liquidity risk

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

4.2 Risk of technological developments

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

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

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

(All amounts are presented in Euro, unless otherwise stated herein)

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

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

4.3 Cash management

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

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

Equity and comprehensive funds used as well as the leverage rates for 2018 and 2017 are analyzed in the following table:

	31/12/2018	31/12/2017
Short-term bank borrowing	7,824,884	4,364,304
Long-term bank borrowing	222,688	3,303,959
Total loans	**8,047,572**	**7,668,263**
Less: Cash and cash equivalents	(384,476)	(882,122)
Net borrowing	**7,663,096**	**6,786,141**
Total equity	3,749,365	916,492
Comprehensive funds used	**11,412,461**	**7,702,633**
Leverage factor	**67.15%**	**88.10%**

5. Tangible fixed assets

Acquisition value	Building installations on third party properties	Machinery	Passenger cars	Furniture and other equipment	Financial leasing	Total
Start balance as at 1/1/2017	**457,363**	**94,597**	**21,680**	**2,101,234**	**165,248**	**2,840,122**
Additions	21,980	(1,275)	-	146,549	115,910	**283,164**
Balance as at 31/12/2017	**479,343**	**93,322**	**21,680**	**2,247,783**	**281,158**	**3,123,286**
Accumulated depreciation						
Start balance as at 1/1/2017	**338,169**	**87,828**	**9,443**	**1,721,955**	**72,980**	**2,230,375**
Depreciation	24,575	2,448	2,168	166,299	42,804	**238,294**
Balance as at 31/12/2017	**362,744**	**90,276**	**11,611**	**1,888,254**	**115,784**	**2,468,669**
Non-depreciable value on 31/12/2017	**116,599**	**3,046**	**10,069**	**359,529**	**165,374**	**654,617**

(All amounts are presented in Euro, unless otherwise stated herein)

Acquisition value						
Start balance as at 1/1/2018	**479,343**	**93,322**	**21,680**	**2,247,783**	**281,158**	**3,123,286**
Additions	11,315	-	-	143,568	6	**154,889**
Balance as at 31/12/2018	**490,658**	**93,322**	**21,680**	**2,391,351**	**281,164**	**3,278,175**
Accumulated depreciation						
Start balance as at 1/1/2018	**362,744**	**90,276**	**11,611**	**1,888,254**	**115,784**	**2,468,669**
Depreciation	30,575	2,419	2,168	154,004	42,437	**231,602**
Balance as at 31/12/2018	**393,319**	**92,695**	**13,779**	**2,042,258**	**158,221**	**2,700,271**
Non-depreciable value on 31/12/2018	**97,339**	**627**	**7,901**	**349,093**	**122,943**	**577,904**

The additions to furniture and other equipment amounting to € 144 thousand mainly concern the upgrading of computers and their equipment.

6. Tangible fixed assets

Acquisition value	**Software development costs**	**Computer software programs**	**Licenses**	**Total**
Start balance as at 1/1/2017	**9,892,781**	**2,282,388**	**71,553**	**12,246,722**
Additions	2,500,624	-	-	**2,500,624**
Reclassification	1,054,234	(1,054,234)	-	**-**
Balance as at 31/12/2017	**13,447,639**	**1,228,154**	**71,553**	**14,747,346**
Accumulated depreciation				
Start balance as at 1/1/2017	**1,938,628**	**1,889,434**	**71,553**	**3,899,615**
Reclassification	853,270	(853,270)	-	**-**
Depreciation	1,609,511	83,925	-	**1,693,436**
Balance as at 31/12/2017	**4,401,409**	**1,120,089**	**71,553**	**5,593,051**
Non-depreciable value on 31/12/2017	**9,046,230**	**108,065**	**-**	**9,154,295**
Acquisition value				
Start balance as at 1/1/2018	**13,447,639**	**1,228,154**	**71,553**	**14,675,793**
Additions	1,069,236	50,272	-	**1,119,509**
Balance as at 31/12/2018	**14,516,875**	**1,278,426**	**71,553**	**15,795,302**
Accumulated depreciation				
Start balance as at 1/1/2018	**4,401,409**	**1,120,089**	**71,553**	**5,521,498**
Depreciation	1,971,893	89,597	-	**2,061,490**
Balance as at 31/12/2018	**6,373,302**	**1,209,686**	**71,553**	**7,582,988**
Non-depreciable value on 31/12/2018	**8,143,574**	**68,740**	**-**	**8,212,314**

(All amounts are presented in Euro, unless otherwise stated herein)

Additions to incorporation during the year are reported in new Qualco SA software.

7. Investments in subsidiaries and associates

On 31.12.2018, investments in subsidiaries are analyzed as follows:

Investments in subsidiaries	31/12/2018	31/12/2017
Shares not listed on the domestic Stock Exchange Qquant	194,000	194,000
Shares not listed on the foreign Stock Exchange QUALCO UK	114	114
Shares not listed on the foreign Stock Exchange QUALCO FR	100,000	100,000
Shares not listed on the foreign Stock Exchange QUALCO CY	1,000	1,000
	295,114	**295,114**

		% holding	
Name	**Headquarters**	**31/12/2018**	**31/12/2017**
Qquant Master Servicer SA	GREECE	100%	100%
Qualco UK	UK	90%	90%
Qualco CY Ltd	CYPRUS	100%	100%
Qualco SAS	FRANCE	1%	100%

On 29 June 2018, as part of the reorganization of the group, Qualco Holdco Limited increased its share capital in Qualco SAS France. As a result, the shareholders of the latter are Qualco Holdco (99%) and Qualco SA (1%).

On 31.12.2018, investments in associates are analyzed as follows:

Investments in associates	31/12/2018	31/12/2017
Shares not listed on the Domestic Stock Exchange Incubator	31,908	31,908
Shares not listed on the domestic Stock Exchange PQH SA	8,000	8,000
	39,908	**39,908**

		% holding	
Name	**Headquarters**	**31/12/2018**	**31/12/2017**
Incubator	GREECE	50.00%	50.00%
PQH	GREECE	33.33%	33.33%

8. Deferred taxation

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

(All amounts are presented in Euro, unless otherwise stated herein)

Deferred tax claims	**31/12/2018**	**31/12/2017**
Tangible fixed assets	72,124	75,431
Other intangible assets	236,.945	148,470
Liabilities for personnel retirement benefits	140,726	163,402
Current tax receivables	200,332	943,428
Tax losses of previous years	771,288	-
Total	**1,421,415**	**1,330,731**
Deferred tax liabilities		
State grants	(157,884)	(183,145)
Total	**1,263,531**	**1,147,586**

	Tangible fixed assets	**Other intangible assets**	**Other current liabilities**	**Liabilities for personnel retirement benefits**	**Tax Losses**	**Total**
Balance as at 1 January 2017	**21,827**	**(45,086)**	**247,636**	**129,356**	**-**	**353,733**
Debit/(credit) through profit and loss	53,604	193,556	(430,781)	-	943,428	759,808
(Charge)/Credit through other comprehensive income	-	-	-	34,045	-	34,045
Balance as at 31 December 2017	**75,431**	**148,470**	**(183,145)**	**163,402**	**943,428**	**1,147,586**
Balance as at 1 January 2018	**75,431**	**148,470**	**(183,145)**	**163,402**	**943,428**	**1,147,586**
Debit/(credit) through profit and loss	(3,307)	88,475	25,261	-	9,799	120,208
(Charge)/Credit through other comprehensive income	-	-	-	(22,675)	-	(22,675)
Debit/(credit) through equity	-	-	-	-	18,413	18,413
Balance as at 31 December 2018	**72,124**	**236,.945**	**(157,884)**	**140,726**	**971,620**	**1,263,531**

According to article 23 of Law 4579/2018, the tax rate for the income of the tax year 2018 is 29%, while it is gradually reduced to 28% for the income of the tax year 2019, to 27% for the income of the tax year 2020, to 26% for the income of the tax year 2021 and to 25% for the income of the tax year 2022 and onwards.

9. Other long-term receivables

	31/12/2018	**31/12/2017**
Rent Guarantees	64,366	71,004
Total	**64,366**	**71,004**

(All amounts are presented in Euro, unless otherwise stated herein)

10. Trade and other receivables

	31/12/2018	31/12/2017
Customers	8,173,310	3,686,741
Less: Provisions for doubtful customers	(308,967)	(308,967)
Final trade receivables	**7,864,342**	**3,377,773**
Domestic Customers assigned through Factoring	2,013,744	140,286
Checks receivable	25,000	25,000
Total	**9,903,087**	**3,543,059**

Specifically, the item "Domestic customers assigned through factoring" includes receivables from EIB Factor amounting to € 1,335,002 and receivables from ABC Factor amounting to € 678,742.

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

Balance as at 31 December 2016	**369,200**
Writ-offs of doubtful debts for the fiscal year 2017	(60,233)
Balance as at 31 December 2017	**308,967**
Balance as at 31 December 2018	**308,967**

The maturity of these trade receivables is as follows:

	31/12/2018
Not overdue and not impaired	2,876,164
Overdue and not impaired:	
< 3 months	2,287,147
3 - 6 months	823,869
6 months - 1 year	1,311,937
Over 1 year	874,193
	5,297,146
Total net trade receivables	**8,173,310**

11. Current tax receivables

	31/12/2018	31/12/2017
Advance income tax	120,351	120,351
Withholding income tax	7,519	973
Total	**127,870**	**121,324**

12. Accrued income

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

(All amounts are presented in Euro, unless otherwise stated herein)

Accrued income is analyzed as follows:

	31/12/2018	31/12/2017
Contracts in progress as at the balance sheet date:		
Accrued income	4,223,922	2,461,855
Total	**4,223,922**	**2,461,855**

Accrued income for the year relates to services provided to customers in 2018, which will be invoiced in 2019 in accordance with the relevant contracts.

13. Financial receivables

	31/12/2018	31/12/2017
Claims against BoD members and related parties	3,308,207	4,856,063
Total	**3,308,207**	**4,856,063**

A reclassification of € 1,689,761 has been made in 2017, which has been transferred from Other Claims to Financial Claims for reasons of better presentation. The claims against BoD members on 31/12/2018 amount to € 1,166,562.

14. Other receivables

	31/12/2018	31/12/2017
Advances to staff	-	3,300
Debt balances of suppliers	169,856	130,629
Other third parties - Accounts payable	21,279	33,551
Expenses of subsequent fiscal years	152,879	269,852
Special grants	-	380,413
Total	**344,014**	**817,745**

A reclassification of the amount of € 46,624 has been made in 2017, which has been transferred for reasons of better presentation from **"26-Other Current Liabilities / Staff fees due"** to Other Receivables.

The amount of € 380,413 in 2017 relates to the remaining grant amount for the ICT4 GROWTH program in which the Company had participated in 2013 and which was disbursed in January 2018.

The Company’s next year expenses, amounting to € 152,879 (2017: € 269,852), relate to the expenses of law firms and other consulting companies related to the Company’s investment movements, which will be completed in 2019 (were completed in 2018 respectively).

15. Other tax receivables

	31/12/2018	31/12/2017
Value added tax offset to the next fiscal year	119,735	665,877
Total	**119,735**	**665,877**

(All amounts are presented in Euro, unless otherwise stated herein)

16. Cash and cash equivalents

	31/12/2018	31/12/2017
Cash in hand	1,569	2,900
Sight deposits	382,907	879,222
Total	**384,476**	**882,122**

17. Share capital and reserves

On 31 December 2018, the total number of issued ordinary shares of the Company amounts to € 849,213 and is divided into 28,934 ordinary shares with a nominal value of EUR 29.35 each, and a share premium of € 6,390,150.

Share capital	Number of shares	Nominal value	Share capital	Share premium	Total
1 January 2017	26,291	29.35	771,641	467,776	1,239,417
31 December 2017	**26,291**		**771,641**	**467,776**	**1,239,417**
1 January 2018	**26,291**	29.35	**771,641**	**467,776**	**1,239,417**
Share Capital Increase - GM Decision 08.01.2018	15,937	29.35	467,751	(467,751)	-
Share Capital Reduction - GM Decision 08.01.2018	(27,258)	29.35	(800,022)	**-**	(800,022)
Share Capital Increase - GM Decision 09.03.2018	3,743	29.35	109,857	6,390,124	6,499,982
Share Capital Increase - GM Decision 16.07.2018	10,221	29.35	299,986	-	299,986
31 December 2018	**28,934**		**849,213**	**6,390,150**	**7,239,363**

The share capital has been paid in full.

The following table analyzes the Company's Reserve Funds:

Other Reserves	31/12/2018	31/12/2017
Ordinary Reserve	159,120	159,120
Other Reserves	2,365,984	2,421,224
	2,525,104	**2,580,344**
Other reserves are analyzed as follows:		
INTEREG III Program	28,000	28,000
NSRF Manufacturing Program	125,202	125,202
Development Law 3299	957,808	957,808
ICT4GROWTH	1,310,213	1,310,213
Capital increase costs	(55,240)	-
Total	**2,365,983**	**2,421,223**

Ordinary Reserve

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

(All amounts are presented in Euro, unless otherwise stated herein)

18. Bank lending

	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Long-term borrowing		
Bank borrowing	200,000	-
Syndicated Bond Loan	-	3,001,996
Bond loans	-	250,000
Finance leases	22,688	51,994
Total long-term loans	**222,688**	**3,303,960**
Short-term borrowing		
Bank lending	7,749,421	4,244,784
Credit cards	41,755	82,122
Finance leases	33,708	37,398
Total short-term loans	**7,824,884**	**4,364,304**
Total	**8,047,572**	**7,668,264**

The future minimum payments for the financial leases in relation to the present value of the net minimum payments for the Company on 31/12/2018 and 31/12/2017 are analyzed as follows:

	31/12/2018		**31/12/2017**	
	Minimum rent payments	**Current value of minimum rent payments**	**Minimum rent payments**	**Current value of minimum rent payments**
Up to 1 year	33,708	32,637	37,398	36,273
1 to 5 years	25,879	25,224	59,586	56,395
Total minimum future payments	**59,586**	**57,861**	**96,984**	**92,668**
Less: Future financial expenses of financial liabilities	(3,191)	(3,175)	(7,592)	(7,554)
Total	**56,396**	**54,686**	**89,392**	**85,114**

Interest rate sensitivity analysis

			EURIBOR 3M		
Balance of borrowing	8,005,817	**Current**	**0.50%**	**1%**	**1.50%**
Interest rate type	Floating	0.00	40,029	80,058	120,087
Base interest rate	EURIBOR 3M				
Minimum base interest rate	0%				

The short-term bank borrowing item includes the outstanding balance of the bond loan amounting to € 3,001,965. The bond loan under the contract will expire in 2020. However, given that some of the financial indicators agreed with the Banks at the time of the loan were not fulfilled on 31 December 2018, they are presented in short-term liabilities.

Also, the company has been approved for refinancing of the bond loan, with a duration of 4 years and is currently preparing a loan agreement with the cooperating financial institution. The repayment of this loan will be made in 7 semi-annual installments with the first payment of € 300,000 in October 2020.

(All amounts are presented in Euro, unless otherwise stated herein)

Finally, the long-term debt liabilities of € 200,000 relate to the last installments payable in 2020, for the existing settlement with credit institutions totaling € 3,000,000

19. Provisions for staff indemnity due to exit from employment

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

	31/12/2018	31/12/2017
Liabilities in the Statement of Financial Position for:		
Present Value of liabilities	562,906	563,453
Total	**562,906**	**563,453**

The amounts entered in the Profit and Loss Statement are as follows:

	31/12/2018	31/12/2017
Debit/(credit) through the profit and loss statement		
Cost of current service	161,878	182,341
Net interest on net liability	6,761	6,145
Charge through the profit and loss statement	**168,639**	**188,486**
Cost of previous period	(65,012)	-
Termination cost	48,086	2,730
Total charge on the profit and loss statement	**151,713**	**191,216**

Adjustments		
Profit/(loss) on liability due to changes in assumptions	27,198	77,921
Profit/(loss) from period experience during the year	46,827	
Total profit/(loss) recognized in comprehensive income	**74,025**	**77,921**
Other adjustments recognized in comprehensive income	7,754	
Total amount recognized in comprehensive income during the year	**81,779**	**77,921**

(All amounts are presented in Euro, unless otherwise stated herein)

The changes in liabilities as presented in the Statement of Financial Position are analyzed as follows:

Change in Net Liability/(Claim) in the Statement of Financial Position	**31/12/2018**	**31/12/2017**
Net Liability/(Claim) in the statement of financial position at the beginning of the period	563,453	472,725
Benefits paid directly by the Company	(70,481)	(22,567)
Total costs posted in the income statement	151,713	191,216
Amount posted in comprehensive income	(81,779)	(77,921)
Net Liability/(Claim) in the statement of financial position at the end of the period	**562,906**	**563,453**

Changes to the Present Value of the Defined Liability:

Defined Benefit Liability at the beginning of the period	563,453	472,725
Cost of service	161,878	182,341
Interest on expenses in the Defined Benefit Liability	6,761	6,145
Benefits paid directly by the Company	(70,481)	(22,567)
Loss/(Profit) of termination/completion	48,086	2,730
Adjustment of Defined Benefit Liability (through comprehensive results)	(7,754)	
Cost of past service	(65,012)	
Actuarial (profit)/loss - financial assumptions	(27,198)	(77,921)
Actuarial (profit)/loss - demographic assumptions		
Actuarial (profit)/loss - experience	(46,827)	
Defined Benefit Liability at the end of the period	**562,906**	**563,453**

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

	31/12/2018	**31/12/2017**
Discount interest rate on 31 December 2018	1.56%	1.2%
Percentage of salary increase	2%	0-2%
Average future work duration	27.1	27.2
Duration	24.4	24.7

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

		Effect on pension benefits in fiscal year 2018	
	Change in the assumption against	**Increase in the assumption**	**Reduction in the assumption**
Discount rate	0.50%	-11.3%	12.8%
Payroll change rate	0.50%	12.7%	-11.3%

(All amounts are presented in Euro, unless otherwise stated herein)

20. Other long-term liabilities

	31/12/2018	31/12/2017
State grants	39,687	101,369
Total	**39,687**	**101,369**

21. Suppliers and other payables

	31/12/2018	31/12/2017
Suppliers	4,874,618	3,015,377
Checks payable	647,488	167,044
Total	**5,522,109**	**3,182,421**

22. Amounts due to customers under construction contracts

	31/12/2018	31/12/2017
Credit balances of customers	234	538,787
Total	**234**	**538,787**

23. Other current financial liabilities

	31/12/2018	31/12/2017
Salaries and wages	245,340	374,650
Other liabilities	37,186	178,086
Total	**282,527**	**552,736**

24. Other tax liabilities

	31/12/2018	31/12/2017
VAT	-	254,559
Payroll taxes - duties	306,542	380,966
Third parties' taxes - duties	316,555	344,711
Dividend tax	-	38,250
Other taxes - duties	4,796	7,969
Tax arrangements	1,784,547	4,068,024
Taxes - Duties of previous years	1,617,037	108,885
TAX OFFICE ARRANGEMENTS 2015	1,043,300	1,236,596
Total	**5,072,778**	**6,439,962**
Short-term tax liabilities	4,029,478	5,203,365
Long-term tax liabilities	1,043,300	1,236,596
	5,072,778	**6,439,962**

(All amounts are presented in Euro, unless otherwise stated herein)

25. Social security

	31/12/2018	31/12/2017
Insurance Bodies - Current liabilities	371,607	630,341
Debt arrangements with Insurance Bodies	2,507,510	2,121,805
Total	**2,879,117**	**2,752,145**

26. Current liabilities and deferred income

	31/12/2018	31/12/2017
Staff fees due	18,792	112,040
Accrued expenses	1,437,371	448,992
Mobile phone subsidies	16,646	-
Deferred income	1,235,347	1,400,698
Total	**2,708,156**	**1,961,731**

A reclassification of the amount of € 46,624 has been made in 2017, which has been transferred for reasons of better presentation from Other Current Liabilities / Staff fees due to "14 - Other Receivables".

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

27. Current tax liabilities

	31/12/2018	31/12/2017
Income tax clearance account - annual income tax return	-	33,207
Total	**-**	**33,207**

28. Income tax

	31/12/2018	31/12/2017
Current tax	-	-
Deferred tax	117,977	58,700
Tax audits of previous years	(925,016)	-
	(807,039)	**58,700**
Deferred tax on actuarial profit/(loss)	(20,445)	(22,597)
Total	**(827,484)**	**36,103**
Loss before taxes	(2,284,349)	(3,173,617)
Tax rate	29%	29%
Tax on the basis of the applicable tax rate	**662,461**	**920,349**
Adjustment of deferred tax - change of tax rate	(158,288)	-
Tax impact of expenses that are not taxable for purposes of taxable profit or loss	(364,258)	(282,851)
Tax impact of the use of unrecognized tax losses		
Tax impact of deduction of research and development costs	163,019	305,930
Change in unrecognized deferred tax receivables	(205,402)	(907,325)
Difference from tax audit of previous years	(925,016)	-
Tax expenses for the fiscal year	**(827,483)**	**36,103**

(All amounts are presented in Euro, unless otherwise stated herein)

According to article 23 of Law 4579/2018, the tax rate for the income of the tax year 2018 is 29%, while it is gradually reduced to 28% for the income of the tax year 2019, to 27% for the income of the tax year 2020, to 26% for the income of the tax year 2021 and to 25% for the income of the tax year 2022 and onwards.

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

For the fiscal years 2011 to 2018, the Company has been subject to the tax audit by the Chartered Auditors Accountants provided for in Article 65Aa of Law 4174/2013. The audit for 2018 is being performed, and the relevant tax certificate is anticipated to be delivered following the publication of financial statements for the year 2018. Any additional tax obligations which might arise by the completion of tax audit are estimated to have an insignificant impact on the financial statements.

It is noted that until 31/12/2018, the audits by the tax authorities for the years 2010 to 2012 have been definitively time-barred.

Within 2018, a regular tax audit order for the years 2014-2016 was notified. The audit was completed during the current fiscal year 2019 and differences in income tax amounting to a total of € 925,016 were imposed, which were recognized in income tax for the year.

29. Turnover

	31/12/2018	31/12/2017
Sale of goods	482,562	318,371
Provision of technology services	12,764,969	11,133,773
Provision of portfolio management services (Energy Sector)	9,255,877	-
Total	**22,503,407**	**11,452,144**

(All amounts are presented in Euro, unless otherwise stated herein)

30. Operating Expenses by category

	31/12/2018			
	Cost of Sales	**Administrative expenses**	**Distribution costs**	**Total**
Payroll and other benefits to employees	7,754,663	2,516,506	879,331	11,150,501
Taxes	8,417	59,209	2,558	70,184
Other expenses	835,199	325,968	43,548	1,204,715
Depreciation	2,179,333	28,412	13,794	2,221,539
Professional fees and legal fees	842,120	1,472,848	80,997	2,395,966
Outsourcing	5,855,830	16,233	189,159	6,061,223
Facilities costs	404,548	95,561	44,980	545,089
Advertising & promotion costs	54,175	115,245	207,845	377,265
Travel expenses	164,976	449,378	78,781	693,134
Inventories used	385,222	-	-	385,222
Own production	(900,000)	-	-	(900,000)
	17,584,483	**5,079,361**	**1,540,994**	**24,204,838**

	31-12-17			
	Cost of Sales	**Administrative expenses**	**Advertising costs**	**Total**
Payroll and other benefits to employees	8,169,278	1,123,116	700,120	9,992,514
Taxes	8,944	14,015	676	23,635
Other expenses	276,465	299,951	593,598	1,170,014
Depreciation	1,865,743	54,183	11,803	1,931,729
Professional fees and legal fees	1,335,238	1,421,073	83,522	2,839,833
Advertising & promotion costs	703,779	98,045	57,823	859,647
Provisions	156,969	12,564	7,727	177,260
Inventories used	239,962			239,962
	-2,499,996			-2,499,996
	10,256,382	**3,022,947**	**1,455,269**	**14,734,598**

(All amounts are presented in Euro, unless otherwise stated herein)

31. Other Income/Expenses and Other Profit/Losses

	1/1/2018 until 31/12/2018	1/1/2017 until 31/12/2017
Other income and profits		
Credit currency translation differences	2,935	60,145
Extraordinary and non-operating revenue	142,907	2,460
Revenue from previous years	30,268	25,949
Other income	997,416	6,912
Rents	67,150	2,410
Fixed investment grants	61,682	61,294
Special grants	-	1,071,666
Total	**1,302,359**	**1,230,836**
Other expenses and losses		
Fines and surcharges	719,475	413,934
Fines and surcharges from previous years	625,460	28,595
Extraordinary and non-operating expenses	50	117
Debit currency translation differences	3,080	70,463
Other expenses of previous years	21,885	124,721
Total	**1,369,950**	**637,831**

Other income has been reclassified in the amount of € 88,554 in 2017, which has been transferred from Other Expenses and Losses to Other Income and Profits for reasons of better presentation.

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

Fines and surcharges of previous years relate mainly to fines and surcharges from the 2014-2016 fiscal audit completed in the current year.

32. Financial Income and Expenses

	1/1/2018 until 31/12/2018	1/1/2017 until 31/12/2017
Financial income		
Interest income	1,218	1,042
	1,218	**1,042**
Financial expenses		
Expenses and interest on bank loans	445,619	449,053
Commissions paid for letters of guarantee and other related bank charges	59,214	49,501
Interest and expenses on Leasing	93,492	64,577
	598,325	**563,131**
Financial expenses - net	**597,107**	**562,089**

(All amounts are presented in Euro, unless otherwise stated herein)

33. Benefits to employees

	1/1/2018 until 31/12/2018	1/1/2017 until 31/12/2017
Salaries, wages, and allowances	9,165,822	7,982,937
Social security expenses	1,788,645	1,853,307
Redundancy payments	155,313	113,295
Other benefits to employees	40,722	42,975
Funds for R&D	(900,000)	(2,499,996)
Total	**10,250,501**	**7,492,518**

In 2017 the Company employed an average of 190 people while in 2018 it employed an average of 182 people.

34. Financial assets by category

31/12/2018	**Loans and receivables**	**Total**
Receivables under the Statement of Financial Position		
Trade and other receivables	9,903,087	9,903,087
Cash and cash equivalents	384,476	384,476
Total	**10,287,563**	**10,287,563**
31/12/2017		
Receivables under the Statement of Financial Position		
Other receivables	3,543,059	3,543,059
Cash and cash equivalents	882,122	882,122
Total	**4,425,181**	**4,425,181**

31/12/2018	**Liabilities at amortized cost**	**Total**
Liabilities under the Statement of Financial Position		
Loans	8,047,572	8,047,572
Suppliers and other liabilities, excluding non-financial assets	5,522,107	5,522,107
Total	**13,569,679**	**13,569,679**
31/12/2017		
Liabilities under the Statement of Financial Position		
Loans	7,668,264	7,668,264
Suppliers and other liabilities, excluding non-financial assets	3,182,421	3,182,421
Total	**10,850,685**	**10,850,685**

(All amounts are presented in Euro, unless otherwise stated herein)

35. Transactions with related parties

	Trade liabilities		Financial liabilities	
Liabilities to related parties	**2018**	**2017**	**2018**	**2017**
Qholdco	240,378	-	-	-
Qualco UK	84,557	47,765	-	-
Qquant	168,806	-	-	75,210
Other related parties	-	610,432	-	-
Total	**493,740**	**658,197**	**-**	**75,210**

	Trade receivables		Financial receivables	
Receivables from related parties	**2018**	**2017**	**2018**	**2017**
Qholdco	775,875	-	-	-
Qualco UK	742,793	431,748	787,823	787,823
Qualco FR	124,403	178,099	63,500	1,418,502
Qualco Cyprus	201,653	772	1,270,486	959,977
Qquant	1,838,282	-	19,868	-
PQH	587,313	643,081	-	-
Other related parties	-	-	1,166,562	1,689,760
Total	**4,270,319**	**1,253,700**	**3,308,239**	**4,856,062**

Purchases from / Sales to related parties	**Sales of goods and services**		**Purchases of goods and services**	
	2018	**2017**	**2018**	**2017**
Qholdco	775,875	-	216,364	
Qualco UK	453,551	181,594	36,953	80,797
Qualco FR	125,016	-	-	-
Qualco Cyprus	25,523	-	-	-
Qquant	1,577,368	2,250	-	-
PQH	3,070,679	4,236,019	-	-
Other related parties	-	-	-	627,906
Total	**6,028,012**	**4,419,863**	**253,317**	**708,703**

Remuneration of members of the Board of Directors and Managing Executives	**2018**	**2017**
Salaries and other benefits to employees	847,407	722,372
Remuneration due to termination of employment	-	-
Remuneration after termination of employment	-	-
Other long-term benefits	-	-
Dividends	-	134,080
Total	**847,407**	**856,452**

(All amounts are presented in Euro, unless otherwise stated herein)

36. Contingent receivables and liabilities

On 31/12/2018, the Company had effective letters of guarantee for a total amount of € 989,558, of which € 977,558 relates to good performance guarantees and € 12,000 to participation.

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

Within the first half of 2019, Qualco SA has concluded new contracts, which will significantly boost the Company's figures both in 2019 and for the following years. The contract with Intrum concerns the development, configuration and implementation of the QUALCO Collections & Recoveries program in 24 countries where the customer is active in order to standardize operations, reduce costs and improve operational efficiency. A three-year project, which is a vote of confidence for the main product of the Company, QUALCO Collections & Recoveries, from Intrum, a very dynamic representative of the industry internationally. The relationship with PPC, after the contractual possibility of extending the original contract for € 6 million, was extended with a new bridging contract of € 5.5 million. In July 2019, a new project amounting to € 15 million was awarded to our company, following a tender procedure by PPC. The implementation of this new project will continue in 2020. For the latter project, the extension of the project to € 19.5 million will be pursued, as contractually stipulated.

On 14/02/2019, the Company received a rejection decision from the General Secretariat for Research and Technology for the tax deduction of Research and Technology Expenses under Law 4172/2013, 2016. A request for review was submitted. On 30/05/2019, the final decision was announced, which does not recognize amounts for tax deduction. As required, the company submitted an amending income tax return and paid the additional taxes and surcharges imposed. The company has been participating in programs of the General Secretariat for Research and Technology for at least ten years, without any rejection, therefore it has already started legal actions in order to revoke this decision and be refunded those amounts.

In August 2019, the Qualco Group received a letter of intent from the institutional investor Pacific Investment Management Company LLC, "PIMCO", which already owns 20% of its share capital, indicating its intention to retain these shares, surrendering specific rights as described in the Investment and Shareholders Agreement which led to the share capital increases in 2018. The Management of the Group welcomes this move by the institutional investor and considers that this development is the beginning of discussions to increase the participation of PIMCO in the share capital of the Group, which will significantly strengthen the Group's ability to claim large projects of international scope, while also stimulating its liquidity.

Finally, the company has been approved for refinancing of the bond loan, with a duration of 4 years and is currently preparing a loan agreement with the cooperating financial institution. This refinancing of € 3m is expected to be completed by October 2019. The repayment of the new loan will be made in 7 half-yearly installments, starting in October 2020. The consequence of this development is the significant improvement of the short-term liquidity of the company and consequently of the Group, since the existing equivalent loan has been characterized as short-term.

Maroussi Attica, 16 August 2019

The Chairman of the Board	The CEO	For the Accounting Office
Tsakalotos Orestis	Georgantzis Miltiadis	Computax SA
ID Card No AB 287794	ID Card No AB 570411	

ID Card No 094306420, License No. 85

IAKOVOS GKOUMAS

CERTIFICATE

We certify that the above Financial Statements included in pages 14-52 are the ones mentioned in the audit report that we submitted to the company on 21 August 2019.

Athens, 21 August 2019
THE CERTIFIED AUDITOR- ACCOUNTANT

ANTONIOS A. PROKOPIDIS
SOEL Reg. No 14511

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