CEPAL HELLAS FINANCIAL SERVICES S.A. - SERVICING OF RECEIVABLES FROM LOANS AND CREDITS

Annual Financial Statements

for the period from 01.01.2018 to 31.12.2018

In accordance with the

International Financial Reporting Standards (IFRS)

as they have been endorsed by the European Union

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ANNUAL REPORT OF THE BOARD OF DIRECTORS

(In accordance with Law 3556/2007, Article 4)

Dear Shareholders,

Pursuant to Article 150 of Law 4548/2018 (Article 43a (3) of Codified Law 2190/1920) and the Articles of Association of CEPAL HELLAS FINANCIAL SERVICES S.A. - SERVICING OF RECEIVABLES FROM LOANS AND CREDITS, (hereinafter “the Company”), we hereby submit to the General Meeting this report regarding the activities of the fiscal year that ended on 31 December 2018.

A. GENERAL

The Company was established on 24 February 2016 and it is engaged in the servicing of receivables from loans and credits, in accordance with Article 1 par. 1.a of Law 4354/2015. On 29 November 2016, the Bank of Greece granted the Company the first license for servicing receivables in Greece pursuant to decision no. 207/29.11.2016 by the Credit and Insurance Committee (Government Gazette, Series II, 3717/30.11.2016), pursuant to law 4354/2015, as in force, and Executive Committee Act 118/19.5.2016 as in force.

B. SIGNIFICANT EVENTS IN THE COMPANY’S ACTIVITIES

I. Activities during Year 2018

Further to the receivables servicing agreement with Alpha Bank signed in 2017 the company expanded further its activities by signing several servicing agreements with other parties thus becoming the major independent servicer in the Greek market.

A significant milestone for the Company was the assignment by a major investor of a large SME portfolio that expanded the Company’s services offering beyond the servicing of consumer credit receivables.

II. Main Risks and Uncertainties for 2019

The main risks and uncertainties that the Company may face in the following period are the following:

• Credit Risk:

Credit Risk pertaining to receivables is very low due to minimal amounts outstanding, the credit quality of the underlying debtors and the ongoing contractual service nature of the obligation.

• Market Risk:

a) Foreign Exchange Risk

There is no foreign exchange risk as all transactions are in Euro.

b) Price Fluctuation Risk

There is no price fluctuation risk, since the Company has no investments or other market-based holdings.

c) Interest Rate Risk

There is no interest rate risk since the Company has no borrowings.

III. Estimates and Perspectives for 2019

The main objective of the Company is the further development of its corporate activities, as well as the expansion of its organizational infrastructure and staffing in order to be able to undertake servicing of additional loan and credit portfolios.

IV. Board of Directors

The current Board of Directors, the term of which expires on 27 April 2020, is comprised of the following:

1. Richard Terrell Langstaff, Chairman and CEO;
2. Periklis Kitrilakis, Member;
3. Plutarchos Sakellaris, Member;
4. Anastasia Martsekis, Member ; and
5. Randy Paul Shannon, Member.

Each of the following are authorized to sign on behalf and represent the company:

1. Richard Terrell Langstaff;
2. Periklis Kitrilakis; and
3. Antonios Daskalakis.

V. Events after the Balance Sheet date

No events have occurred that would have a material effect on the financial statements.

C. PRESENTATION OF FINANCIAL RESULTS

Total turnover was €17,302,550, while the result before tax was a loss of €812,055.

The After Tax Loss for the year was €814,176.

The capital structure of the Company is adequate to maintain its activities, with equity at year end of €9,346,601 and Cash and Cash Equivalents of €7,404,774.

I. Key financial indicators

The key financial indicators are as follows:

	2018	**2017**
A. Capital structure		

1. Current assets / Total assets	72%	84%
2. Equity / Total liabilities	126%	174%
3. Equity / Non-current assets	202%	386%
4. Current assets / Short-term liabilities	168%	232%
B. Performance and efficiency		
5. Operating profit (before tax) / Sales of services	-5%	-80%
6. Sales of services/ Equity	185%	40%

II. Preparation of Financial Statements

The Financial Statements of 31 December 2018 were prepared in accordance with the International Financial Reporting Standards and present the financial position and the asset structure of the company "CEPAL HELLAS FINANCIAL SERVICES S.A. - SERVICING OF RECEIVABLES FROM LOANS AND CREDITS" as currently in force and include the Statement of Comprehensive Income, the Cash Flow Statement, and the Statement of Changes in Equity for the period between 1 January 2018 and 31 December2018, with detailed notes on accounting policies, as well as the individual items.

D. ENVIRONMENTAL ISSUES

The Company, with a view to sustainable development, is committed to operate responsibly, considering economic, social and environmental operating parameters. The Company behaves responsibly in relation to matters that relate to the protection of the environment and is committed to addressing the environmental impact of its activities.

E. EMPLOYMENT ISSUES

The Company ensures the creation of appropriate structures for the effective management of human resources, since its staff is the most significant parameter of its operation. In this context, the Company actively seeks to, and where applicable has established policies to:

- Respect and defend the diversity of its employees;
- Provide its employees with development opportunities on the principles of meritocracy and non-discrimination including the implementation of a fair promotion system;
- Invest in the education and training of its employees;
- Acknowledge employee's rights, including the freedom of trade union activity and collective bargaining; and
- Ensure the health and safety of employees at work

Therefore, we respectfully request the Shareholders to:

1. Approve the Balance Sheet and the other Financial Statements for the fiscal year ending 31 December 2018; and

2. To release the Directors and the certified auditors of the Company from all liability to compensate for their actions during the fiscal year ending 31 December 2018, in accordance with local legislation and the Articles of Association of the Company.

Athens 19.08.2019

The Chairman of the Board of Directors	The Member of the Board of Directors
Richard Terrell Langstaff	Periklis Kitrilakis

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CEPAL HELLAS FINANCIAL SERVICES S.A. – SERVICING OF RECEIVABLES FROM LOANS AND CREDITS

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying stand-alone financial statements of **CEPAL HELLAS FINANCIAL SERVICES S.A. – SERVICING OF RECEIVABLES FROM LOANS AND CREDITS** (the Entity), which comprise the balance sheet as at 31 December 2018 and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying stand-alone financial statements present fairly, in all material respects, the financial position of the Entity as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union and are in accordance with the provisions of Greek Codified law 2190/1920.

Basis for Opinion

We concluded our audit in accordance with International Standards on Auditing (ISAs) as these have been incorporated into the Greek legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We have been independent of the Entity during the whole period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as incorporated into the Greek legislation and the ethical requirements in Greece relevant to the audit of the financial statements and we have fulfilled our ethical requirements in accordance with the applicable legislation and the above mentioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs, as these have been transposed into the Greek legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, as these have been transposed into the Greek legislation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Taking into consideration that Management is responsible for the preparation of the Board of Directors report, according to the provisions of paragraph 5 of article 2 (part B) of Law 4336/2015 we note the following:

a) In our opinion, the Board of Directors report has been prepared in accordance with the applicable legal requirements of article 43a of Greek Codified Law 2190/1920 and its content is consistent with the accompanying financial statements for the year ended 31/12/2018.

b) Based on the knowledge we obtained during our audit of CEPAL HELLAS FINANCIAL SERVICES S.A. – SERVICING OF RECEIVABLES FROM LOANS AND CREDITS and its environment, we have not identified any material inconsistencies in the Board of Director's Report.

Athens, August 20, 2019

The Certified Public Accountant

Eleni Christina Kranioti

Reg. No. SOEL: 54871

Deloitte Certified Public Accountants S.A.

3a Fragoklissias & Granikou Str.

151 25 Maroussi

Reg. No. SOEL: E120

Balance Sheet
as of 31 December 2018

(Amounts in EUR)	Note	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Investments in 3rd party buildings	3	947,356	
Intangible assets	3	1,095,924	564,319
Tangible fixed assets	3	867,549	303,536
Deferred tax assets	4	1,636,768	1,638,890
Other non-current assets	5	82,099	119,682
Total non-current assets		**4,629,695**	**2,626,427**
Current assets			
Prepaid expenses	6	384,776	360,649
Contract assets	6	4,102,095	2,074,245
Client receivables	7	217,640	0
Other receivables	7	54,650	413,493
Cash and cash equivalents	8	7,404,774	10,510,574
Total current assets		**12,163,936**	**13,358,960**
TOTAL ASSETS		**16,793,631**	**15,985,387**
EQUITY AND LIABILITIES			
Equity			
Share capital	9	16,095,331	16,095,331
Retained earnings	10	(6,748,730)	(5,948,877)
Equity		**9,346,601**	**10,146,454**
Non-current liabilities			
Post-employment benefits	11	216,201	82,563
Total long-term liabilities		**216,201**	**82,563**
Short-term liabilities			
Trade and other payables	12	2,395,734	948,046
Contract liabilities	13	1,921,156	1,426,672
Liabilities from other taxes and duties	14	440,967	206,695
Liabilities to insurance organizations	15	467,093	205,778
Accrued expenses	16	1,710,623	2,969,179
Deferred Income	16	295,256	0
Total short-term liabilities		**7,230,829**	**5,756,370**
Total liabilities		**7,447,030**	**5,838,933**
TOTAL EQUITY AND LIABILITIES		**16,793,631**	**15,985,387**

The attached notes (pp. 15-42) are an integral part of the Financial Statements.

Statement of Income and Other comprehensive income
for the year ended 31 December 2018

(Amounts in EUR)	Note	1.1.2018 31.12.2018	1.1.2017 31.12.2017
Turnover (sales)	17	17,302,550	6,359,631
Other operating income	17	52,760	8,323
Personnel fees and expenses	18	(10,074,532)	(3,938,975)
Other operating expenses	19	(8,088,279)	(7,517,691)
Net financial results	20	(4,554)	(3,154)
Loss before taxes		**(812,055)**	**(5,091,866)**
Income tax	4	(2,121)	964,176
Loss after taxes		**(814,176)**	**(4,127,690)**
Other comprehensive income not to be reclassified to profit or loss			
Remeasurement gains (losses) on defined benefit plans	11	14,323	0
Total gains (losses) after tax recognised directly to Equity		**14,323**	**0**
Total comprehensive income for the year		**(799,853)**	**(4,127,690)**

The attached notes (pp. 15-42) are an integral part of the Financial Statements.

Statement of Changes in Equity as of 31 December 2018

(Amounts in EUR)	Share capital	Amounts deposited by shareholders for share capital increase	Retained Earnings	Total equity
Balance as at 01.01.2017	**1,328,000**	**1,999,000**	**(1,658,746)**	**1,668,254**
Loss for the year 01.01 - 31.12.2017	0	0	(4,127,690)	(4,127,690)
Total comprehensive income for the year	**0**	**0**	**(4,127,690)**	**(4,127,690)**
Shareholders deposits	0	(1,999,000)	0	(1,999,000)
Share capital increase	14,767,331	0	0	14,767,331
Share capital increase expenses	0	0	(162,441)	(162,441)
Balance as at 31.12.2017	**16,095,331**	**0**	**(5,948,877)**	**10,146,454**
Balance as at 01.01.2018	**16,095,331**	**0**	**(5,948,877)**	**10,146,454**
Loss for the year 01.01 - 31.12.2018	0	0	(814,176)	(814,176)
Remeasurement gains (losses) on defined benefit plans	0	0	14,323	14,323
Total comprehensive income for the year	**0**	**0**	**(799,853)**	**(799,853)**
Balance as at 31.12.2018	**16,095,331**	**0**	**(6,748,730)**	**9,346,601**

The attached notes (pp. 15-42) are an integral part of the Financial Statements.

Statement of Cash Flows

(Amounts in EUR)	Note	01.01.2018 31.12.2018	01.01.2017 31.12.2017
<u>**Cash flows from operating activities**</u>			
Loss before tax		(812,055)	(5,091,866)
Plus/less adjustments for:			
Provisions for employee benefit liabilities	11	147,961	82,563
Depreciation and amortization	3	312,283	87,330
Interest charges and related expenses	20	3,561	3,083
Income from sales of assets		0	452
Operating results before changes in working capital		**(348,250)**	**(4,918,438)**
Changes in working capital			
(Increase) / decrease: receivables from clients	7	(217,640)	
(Increase) / decrease: prepaid expenses & accrued income	6	(2,051,977)	(2,141,114)
(Increase) / decrease: other receivables	7	358,843	133,721
(Increase) / decrease: other financial assets	5	37,583	(47,407)
(Increase) / decrease: advance payments		494,484	1,426,672
Increase / (decrease): suppliers and other liabilities		1,943,275	279,114
Increase / (decrease): accrued expenses - income of subsequent fiscal years		(963,300)	2,962,179
Operating results after changes in working capital		**(746,982)**	**(2,305,274)**
Debit interest and related expenses paid		(3,561)	(3,083)
Total inflows / (outflows) from operating activities (a)		**(750,543)**	**(2,308,356)**
<u>**Cash flows from investing activities**</u>			
Purchases of tangible and intangible assets	3	(2,355,257)	(597,053)
Total inflows / (outflows) from investing activities (b)		**(2,355,257)**	**(597,053)**
<u>**Cash flows from financing activities**</u>			
Payment of initial capital		0	0
Capital increases	9	0	14,767,331
Amounts deposited by shareholders for future share capital increase		0	(1,999,000)
Capital increase expenses		0	(162,441)
Total inflows / (outflows) from financing activities (c)		**0**	**12,605,890**
Net increase/(decrease) in cash and cash equivalents for the year (a)+(b)+(c)		**(3,105,800)**	**9,700,481**
Cash and cash equivalents at the beginning of the period	8	10,510,574	810,093
Cash and cash equivalents at the end of the period	8	**7,404,774**	**10,510,574**

The attached notes (pp. 15-42) are an integral part of the Financial Statements.

Notes to the Financial Statements

General information

The Company currently operates under the trade name “CEPAL HELLAS FINANCIAL SERVICES S.A. - SERVICING OF RECEIVABLES FROM LOANS AND CREDITS”, conducting business as “Cepal Hellas SA”, with its registered office in Nea Smyrni Attika, 209-211, Syngrou Avenue, 171 21. It is registered with the General Commercial Register (GEMI) with Number 138019601000 and it has the TIN 800715056. It was established on 24.02.2016 under the trade name “Aktua Hellas Financial Solutions Société Anonyme” and its term is set at 100 years.

The Company is engaged in the servicing of receivables from loans and credits in accordance with Article 1 par. 1, (a) of Law 4354/2015, as amended from time to time.

The Financial Statements of the Company are included in the consolidated Financial Statements of “CEPAL HOLDINGS SOCIETE ANONYME”, using the full consolidation method. CEPAL HOLDINGS SOCIETE ANONYME, as at 31.12.2018, held 100% of its share capital.

The Board of Directors of the Company, pursuant to its meeting minutes dated 10.06.2019, the term of which expires on 27.4.2020, consists of the following:

1. Richard Terrell Langstaff, Chairman and CEO;
2. Periklis Kitrilakis, Member;
3. Plutarchos Sakellaris, Member;
4. Anastasia Martsekis, Member; and
5. Randy Paul Shannon, Member.

The Financial Statements were approved by the Company’s Board of Directors on 19.08.2019 and are under the approval of the General Assembly of the Company’s shareholders.

Upon approval by the General Meeting of the Company’s Shareholders, the financial statements will be published to the Greek Companies Registry website and will be available at the Company’s website (www.cepal.gr).

1. Basis for preparation of the Financial Statements

1.1. General framework

These Financial Statements concern the period 01.01.2018 to 31.12.2018, hereinafter the “Financial Statements”, and have been prepared:

a) in accordance with the International Financial Reporting Standards (IFRS), as they have been endorsed by the European Union, pursuant to the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002; and

b) using the historical cost convention.

The amounts included in these Financial Statements are presented in Euro (EUR or €), unless otherwise stated in the various separate notes.

The preparation of financial statements, in accordance with IFRS, requires that certain critical accounting estimates are used along with management exercising its judgement in the process of applying its accounting policies (see note 1.3)

1.2. Going concern

The prospects of the Greek economy are positive for 2019. According to the Bank of Greece forecasts the annual growth rate of GDP is expected to accelerate further to 2.3% in 2019 and 2.2% in 2020. Economic recovery is expected to rely on exports, investment and private consumption. Moreover, economic recovery is expected to benefit from the further strengthening of economic sentiment, private sector financing, and the rise in disposable income. Household disposable income is expected to rise, as a result of the increase in employment and the gradual increase of wages. In addition, the boost of private consumption that has been recorded since 2017, is largely linked to the positive expectations, that are supported by the expansionary fiscal policy measures, embodied in the 2019 Government budget.

The forecasts regarding the prospects of the Greek economy however, also include a range of risks and challenges.

With respect to the internal developments, excessive taxation, the delay in implementing agreed structural reforms and the Government privatization program, may defer the attraction of new investment funds.

Furthermore, the Greek economy in the coming years has still to address specific challenges that were caused by the long-term economic crisis. The main challenges are: the high public debt to GDP ratio, the high unemployment rate, especially the long-term unemployment rate, the migration of high-skilled labour force, the management of the nonperforming exposures stock of the banking system, improvement in competitiveness and access of the Greek State to the international financial markets.

It is noted that, despite the successful conclusion of the economic adjustment program in August 2018, Greek Government Bonds remain below grade, and yields remain relatively high. It is worth noting however that in January 2019, the Greek State issued a new five-year bond, raising Euro 2.5 billion from the international financial markets.

The Company applied the going concern principle for the preparation of the financial statements as at 31.12.2018. For the application of this principle, the Company takes into consideration the following factors:

- its current position in the market and its ability to expand its business as the leading independent servicer;
- the developments in the Greek economy, as they will largely define the potential for positive developments in terms of the management of non-performing loans; and
- the final form of the institutional initiatives to deal with the first residence protection, the Bank of Greece and the HFSF proposals for the NPLs reduction which are expected to have a positive effect on the operations of the Company.

1.3. Estimates, decision-making criteria and significant sources of uncertainty

The Company, in the context of applying accounting policies and preparing financial statements in accordance with the International Financial Reporting Standards, makes estimates and assumptions that affect the amounts that are recognized as income, expenses, assets or liabilities. The use of estimates and assumptions is an integral part of recognizing amounts in the financial statements that mostly relate to the following:

Income taxes

The Company recognizes assets and liabilities for current and deferred tax, as well as the related expenses, based on estimates concerning amounts expected to be paid to or recovered from tax authorities in current and future periods. Estimates are affected by factors such as the practical implementation of relevant legislation, expectations of future taxable profit and the settlement of disputes that may arise with tax authorities etc. Future tax audits, changes in tax legislation and the amount of taxable profit actually realised may result in adjustment to the amount deferred tax and tax payments recognized in the financial statements of the Company.

The Company recognizes deferred tax assets to the extent that it is probable that it will have sufficient future taxable profit available, against which, tax losses carried forward can be utilized. Estimating the expected future taxable income requires the application of judgement and making assumptions about future profitability. The estimation of the future taxable profits is based on forecasts of accounting results, formulated in accordance with the business plan of the Company.

Deferred tax assets mainly related to tax losses carried forward. Tax losses can be offset against taxable profits within five years from their formation. In particular, Company's tax losses relate to the years 2016 through 2018 and are expected to be fully offset by tax profits of years until 2021.

1.4. Adoption of new and revised International Financial Reporting Standards (IFRSs)

1.4.1 New and amended IFRS Standards that are effective for the current year

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Impact of application of IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 *Revenue from Contracts with Customers* outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle is that an entity recognizes revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 issued in May 2014 and is required to be applied for annual periods beginning on or after 1 January 2018. IFRS 15 supersedes the following standards and interpretations: (a) IAS 18, (b) IAS 11, (c) IFRIC 13, (d) IFRIC 15, (e) IFRIC 18 and (f) SIC-31.

IFRS 15 is a complex Standard, introducing far more prescriptive requirements than were previously included in IFRS Standards. It requires the application of significant judgement in some areas, but in other areas, it is relatively prescriptive, allowing little room for judgement. Whereas IAS 18 provides separate revenue recognition criteria for goods and services, this distinction is removed under IFRS 15. The new Standard focuses instead on the identification of performance obligations and distinguishes between performance obligations that are satisfied 'at a point in time' and those that are satisfied 'over time', which is determined by the manner in which control of goods or services passes to the customer.

The Company adopted IFRS 15 as of 1st January 2018 (date of initial application) by using the modified retrospective method on the basis of the provisions described in IFRS 15:C3(b). Under this method, an entity may elect to reflect the aggregate effect of all modifications that occur before either 1st January 2017 or 1st January 2018 under IFRS 15 when identifying the satisfied and unsatisfied performance obligations, determining the transaction price and allocating the transaction price to satisfied and unsatisfied performance obligations for the modified contracts at transition. Additionally, an entity may elect to apply this standard only to contracts that are not completed contracts at the date of initial application. The Company adopted IFRS 15 without using the practical expedients for modified and completed contracts described above.

The Company conducted an analysis of its significant revenue streams for the purposes of identifying any changes between the previous and current accounting framework prescribed by the provisions of IFRS 15. Representative contracts that were relevant to accounting for the contracts under the new revenue standard (i.e.: performance obligations, transaction pricing etc.) including their key terms and conditions were analyzed for the purposes of the execution of the IFRS 15 impact assessment study. Details of the new requirements are analyzed in Note 2.10 under the section “Accounting policies applied”, while the impact on the Company’s financial statements is described below.

The Company is mainly engaged in the provision of services for the servicing of receivables from loans and credits. On the basis of the IFRS 15 impact assessment study conducted by the Company, it has been determined that revenue from the provision of the above mentioned services should be recognized over time. Under the previous accounting framework (IAS 18), revenue associated with the provision of services was recognized by reference to the stage of completion of the transaction at the end of the reporting period. As such, under both the previous and the current accounting framework, the timing of revenue recognition remains the same.

The underlying measurement principle of IFRS 15 with reference to variable considerations that form part of the transaction price is not significantly different from many aspects of the practice followed by the Company under IAS 18. In fact, under the previous accounting framework, any kind of variable consideration were estimated at the time of sale and the amount of revenue recognized was adjusted accordingly. In this context, the Company concluded that the adoption of IFRS 15 has no effect on the timing and the amount of revenue recognized by the Company compared to the practice followed under IAS 18.

IFRS 15 uses the terms ‘contract asset’ and ‘contract liability’ to describe what might more commonly known as ‘accrued revenue’ and ‘deferred revenue’, however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company has adopted the terminology used in IFRS 15 to describe such balances.

Apart from providing more extensive disclosures for the Company’s revenue transactions, the application of IFRS 15 has not had an impact on the financial position and / or financial performance of the Company.

- **Amendment to International Financial Reporting Standard 2 "Share-based Payment": Classification and Measurement of Share-based Payment Transactions (Regulation 2018/289/26.2.2018)**

  On 20.6.2016 the International Accounting Standards Board issued an amendment to IFRS 2 with which the following were clarified:

  - in estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions shall follow the same approach as for equity-settled share-based payments,
  - where tax law requires an entity to withhold a specified amount of tax (that constitutes a tax obligation of the employee) that relates to share-based payments and shall be remitted to the tax authority, such an arrangement shall be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature,
  - if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification.

  The above amendment had no impact on the Financial Statements of the Company.

- **Amendment to International Financial Reporting Standard 4 "Insurance Contracts": Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Regulation 2017/1988/3.11.2017)**

  On 12.9.2016 the International Accounting Standards Board issued an amendment to IFRS 4 with which It provides insurers, whose activities are predominantly connected with insurance, with a temporary exemption from application of IFRS 9 until 1.1.2021 following full adoption of IFRS 9 and until applying IFRS 17, it gives all entities with insurance contracts the option to present changes in fair value on qualifying designated financial assets in other comprehensive income instead of profit or loss.

  The above amendment does not apply to the Financial Statements of the Company.

- **International Financial Reporting Standard 9 "Financial Instruments"**

  On 24.7.2014, the International Accounting Standards Board completed the issuance of the final text of IFRS 9 "Financial Instruments", which replaced the existing IAS 39. The new standard provides for significant differentiations in the classification and measurement of financial instruments as well as in hedge accounting. An indication of the new requirements is presented below:

  Classification and measurement

  Financial instruments shall be classified, after initial recognition, at either amortised cost or at fair value. The criteria that should be considered for the initial classification of the financial assets are the following:

  i. The entity's business model for managing the financial assets. Three categories of Business Models are defined:

  - Hold to collect contractual cash flows
  - Hold to collect and sell
  - Other

and
ii. The contractual cash flow characteristics of the financial assets.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the instrument is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

If an instrument meets the above criteria but is held with the objective of both selling and collecting contractual cash flows, it shall be classified as measured at fair value through other comprehensive income.

Financial assets that are not included in any of the above two categories are mandatorily measured at fair value though profit or loss.

In addition, IFRS 9 permits, at initial recognition, equity instruments to be classified at fair value through other comprehensive income. The option precludes equity instruments held for trading. Moreover, with regards to embedded derivatives, if the hybrid contact contains a host that is within the scope of IFRS 9, the embedded derivative shall not be separated, and the accounting treatment of the hybrid contact should be based on the above requirements for the classification of the financial instruments.

With regards to the financial liabilities, the main difference is that the change in the fair value of a financial liability initially designated at fair value through profit or loss shall be recognised in profit or loss with the exception of the effect of change in the liability's credit risk which shall be recognised directly in other comprehensive income.

Impairment

Contrary to IAS 39, under which an entity recognizes only incurred credit losses, the new standard requires the recognition of expected credit losses. In particular, on initial recognition of an asset, 12-month expected credit losses are recognized. However, in case the credit risk of the issuers has increased significantly since initial recognition as well as in cases of purchased or originated credit impaired assets lifetime expected credit losses are recognized.

Hedge Accounting

The new requirements for hedge accounting are more aligned with the entity's risk management. The main changes in relation to the current requirements of IAS 39 are summarized below:

- more items become eligible for participating in a hedging relationship either as hedging instruments or as hedged items,
- the requirement for hedge effectiveness tests to be within the range of 80%-125% is removed. Hedge effectiveness test is performed progressively only and under certain circumstances a qualitative assessment is considered adequate,
- in case that a hedging relationship ceases to be effective but the objective of risk management regarding the hedging relationship remains the same, the entity shall rebalance the hedging relationship in order to satisfy the hedge effectiveness criteria.

It is noted that the new requirements for hedge accounting do not include those that relate to macro hedging, since they have not been finalized yet.

It is noted that IFRS 9 allows a company to choose, as an accounting policy, to continue to apply the requirements of IAS 39 for hedge accounting.

Except for the aforementioned modifications, the issuance of IFRS 9 has resulted in the amendment to other standards and mainly to IFRS 7 where new disclosures were added.

The application of IFRS 9 did not have any material impact to the Company's Financial Statements.

- **Amendment to International Accounting Standard 40 "Investment Property": Transfers of Investment Property (Regulation 2018/400/14.3.2018)**

  On 8.12.2016 the International Accounting Standards Board issued an amendment to IAS 40 with which it clarified that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. In addition, the examples of evidence of a change in use were expanded to include assets under construction and not only transfers of completed properties.

  The adoption of the above amendment had no impact on the Company's Financial statements.

- **Improvements to International Accounting Standards – cycle 2014-2016 (Regulation 2018/182/7.2.2018)**

  As part of the annual improvements project, the International Accounting Standards Board issued, on 8.12.2016, non- urgent but necessary amendments to IFRS 1 and IAS 28.

  The adoption of the above amendments had no impact on the Company's Financial statements.

- **IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (Regulation 2018/519/28.3.2018)**

  On 8.12.2016 the International Accounting Standards Board issued IFRIC 22. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation clarified that the date of the transaction, for the purpose of determination of exchange rate to use on initial recognition of the asset, the income or expense, is the date of initial recognition of the non-monetary asset or liability (i.e. advance consideration). Additionally, if there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

  The adoption of the above Interpretation had no impact on the Company's Financial statements.

1.4.2 New and revised IFRS Standards in issue but not yet effective

The Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. The directors do not expect that the adoption of the Standards listed below will have a material impact on the Company's financial statements in future periods, unless otherwise specified below.

- **Amendment to International Financial Reporting Standard 9 "Financial Instruments": Prepayment Features with Negative Compensation (Regulation 2018/498/22.3.2018).** Effective for annual periods beginning on or after 1.1.2019

  On 12.10.2017 the International Accounting Standards Board issued an amendment to IFRS 9 that permits some prepayable financial assets with negative compensation features, that would otherwise been measured at fair value through profit or loss, to be measured at amortised cost or at fair value through other comprehensive income. The amendment to IFRS 9 clarifies that a financial asset passes the SPPI criterion regardless of the event or circumstance that cause the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

  The Company is examining the impact from the adoption of the above amendment on its Financial Statements.

- **International Financial Reporting Standard 16 "Leases" (Regulation 2017/1986/31.10.2017)**

  Effective for annual periods beginning on or after 1.1.2019

  On 13.1.2016 the International Accounting Standards Board issued IFRS 16 "Leases" which supersedes:

  • IAS 17 "Leases"

  • IFRIC 4 "Determining whether an arrangement contains a lease"

  • SIC 15 "Operating Leases – Incentives" and

  • SIC 27 "Evaluating the substance of transactions involving the legal form of a lease".

  The new standard significantly differentiates the accounting of leases for lessees while essentially maintaining the existing requirements of IAS 17 for the lessors. In particular, under the new requirements, the classification of leases as either operating or finance is eliminated. A lessee is required to recognize, for all leases with term of more than 12 months, the right-of-use asset as well as the corresponding obligation to pay the lease payments. The above treatment is not required when the asset is of low value.

  Estimated impact from IFRS 16 Implementation

  The Company will apply the standard retrospectively with the cumulative effect of initially applying the standard recognized directly in equity as at 1.1.2019 and will not restate comparative information.

  The Company has decided to apply the practical expedient and not to reassess on initial application whether a contract is, or contains, a lease and will apply the standard to contracts that were identified as leases in accordance with IAS 17.

  Additionally, the Company will make use of the following practical expedients on transition:

  - exclude initial direct costs from the measurement of the right-of-use asset,

  - use hindsight to determine the lease term if the contract contains options to extend or terminate the lease.

In addition, the Company has elected not to apply the requirements of the standard to leases for which the lease term is less than 12 months (short term), as well to leases for which the underlying asset is of low value when new (less than 5,000 eur). Also, the Company will apply the practical expedient provided to lessees by the standard not to separate non-lease components from lease components and instead account for each lease component and any associated non-lease components as a single lease component.

The Company estimates that on 1.1.2019 right-of-use assets within the range of €2.7 million – €3 million and lease liabilities of the same amount will be recognized with no impact in Companys' equity.

- **Amendments to International Accounting Standard 19 "Employee Benefits": Plan Amendment, Curtailment or Settlement (Regulation 2019/402/13.3.2019)**

  Effective for annual periods beginning on or after 1.1.2019.

  On 7.2.2018 the International Accounting Standards Board issued an amendment to IAS 19 with which it specified how companies determine pension expenses when changes to a defined benefit pension plan occur. In case that an amendment, curtailment or settlement takes place IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments to IAS 19 require specifically a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In addition, the amendment to IAS 19 clarifies the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

  The Company is examining the impact from the adoption of the above amendment on its Financial Statements.

- **Amendment to International Accounting Standard 28 "Investments in Associates": Long-term Interests in Associates and Joint Ventures (Regulation 2019/237/8.2.2019).**

  Effective for annual periods beginning on or after 1.1.2019

  On 12.10.2017 the International Accounting Standards Board issued an amendment to IAS 28 to clarify that long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture —to which the equity method is not applied—should be accounted using IFRS 9, including its impairment requirements. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28.

  The Company is examining the impact from the adoption of the above amendment on its Financial Statements.

- **Improvements to International Accounting Standards – cycle 2015-2017 (Regulation 2019/412/14.3.2019)**

  Effective for annual periods beginning on or after 1.1.2019

  As part of the annual improvements project, the International Accounting Standards Board issued, on 12.12.2017, non-urgent but necessary amendments to various standards.

  The Company is examining the impact from the adoption of the above amendments on its Financial Statements.

- **IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments" (Regulation 2018/1595/23.10.2018)**
  Effective for annual periods beginning on or after 1.1.2019

  On 7.6.2017 the International Accounting Standards Board issued IFRIC 23. The Interpretation clarifies application of recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The Interpretation specifically clarifies the following:

- An entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty.
- The estimations for the examination by taxation authorities shall be based on the fact that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
- For the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment.
- An entity shall reassess an estimate if the facts and circumstances change or as a result of new information.

The Company is examining the impact from the adoption of the above Interpretation on its Financial Statements.

In addition, the International Accounting Standards Board has issued the following standards and amendments to standards which have not yet been adopted by the European Union and they have not been early applied by the Company.

- **Amendment to International Financial Reporting Standard 3 "Business Combinations"**
  Effective for annual periods beginning on or after 1.1.2020
  On 22.10.2018 the International Accounting Standards Board issued an amendment to IFRS 3 aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, narrow the definition of outputs, add guidance to assess whether an acquired process is substantive, introduce an optional fair value concentration test and add illustrative examples.

  The Company is examining the impact from the adoption of the above amendment on its Financial Statements.

- **Amendment to International Financial Reporting Standard 10 "Consolidated Financial Statements" and to International Accounting Standard 28 "Investments in Associates and Joint Ventures": Sale or contribution of assets between an investor and its associate or joint venture.**
  Effective date: To be determined.

On 11.9.2014 the International Accounting Standards Board issued an amendment to IFRS 10 and IAS 28 in order to clarify the accounting treatment of a transaction of sale or contribution of assets between an investor and its associate or joint venture. In particular, IFRS 10 was amended in order to be clarified that in case that as a result of a transaction with an associate or joint venture, a parent loses control of a subsidiary, which does not contain a business, as defined in IFRS 3, it shall recognise to profit or loss only the part of the gain or loss which is related to the unrelated investor's interests in that associate or joint venture. The remaining part of the gain from the transaction shall be eliminated against the carrying amount of the investment in that associate or joint venture. In addition, in case the investor retains an investment in the former subsidiary and the former subsidiary is now an associate or joint venture, it recognises the part of the gain or loss resulting from the remeasurement at fair value of the investment retained in that former subsidiary in its profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture. The remaining part of the gain is eliminated against the carrying amount of the investment retained in the former subsidiary.

In IAS 28, respectively, it was clarified that the partial recognition of the gains or losses shall be applied only when the involved assets do not constitute a business. Otherwise, the total of the gain or loss shall be recognised.

On 17.12.2015, the International Accounting Standards Board deferred the effective date for the application of the amendment that had been initially determined. The new effective date will be determined by the International Accounting Standards Board at a future date after taking into account the results of its project relating to the equity method.

- **International Financial Reporting Standard 14 "Regulatory deferral accounts"**

  Effective for annual periods beginning on or after 1.1.2016

  On 30.1.2014 the International Accounting Standards Board issued IFRS 14. The new standard, which is limited-scope, addresses the accounting treatment and the disclosures required for regulatory deferral accounts that are maintained in accordance with local legislation when an entity provides rate-regulated goods or services. The scope of this standard is limited to first-time adopters that recognized regulatory deferral accounts in their financial statements in accordance with their previous GAAP. IFRS 14 permits these entities to capitalize expenditure that non-rate-regulated entities would recognize as expense.

  It is noted that European Union has decided not to launch the endorsement of this standard and to wait for the final standard.

  The above standard does not apply to the Financial Statements of the Company.

- **International Financial Reporting Standard 17 "Insurance Contracts"**

  Effective for annual periods beginning on or after 1.1.2021

  On 18.5.2017 the International Accounting Standards Board issued IFRS 17 which replaces IFRS 4 "Insurance Contracts". In contrast to IFRS 4, the new standard introduces a consistent methodology for the measurement of insurance contracts. The key principles in IFRS 17 are the following:

  An entity:

  - identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder;

- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognise and measure;
- recognises and measures groups of insurance contracts at:

  i. a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)

  ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);
- recognises the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognises the loss immediately;
- presents separately insurance revenue, insurance service expenses and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

It is also noted that in November 2018 the International Accounting Standards Board proposed to defer the IFRS 17 effective date to 1.1.2022.

The above standard does not apply to the Financial Statements of the Company.

- **Amendments to International Accounting Standard 1 "Presentation of Financial Statements" and International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of material**

  Effective for annual periods beginning on or after 1.1.2020

  On 31.10.2018 the International Accounting Standards Board issued, as part of the Disclosure Initiative, amendments to IAS 1 and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

  The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments include examples of circumstances that may result in material information being obscured.

  The IASB has also amended the definition of material in the Conceptual Framework to align it with the revised definition of material in IAS 1 and IAS 8.

  The Company is examining the impact from the adoption of the above amendment on its Financial Statements.

2. Accounting policies applied

The principal accounting policies that have been applied in the preparation of the Financial Statements for the period from 01.01.2018 to 31.12.2018, have been consistently implemented and are the following:

2.1 Operating segments

The Company is not listed on the Athens Stock Exchange, and, therefore, has no obligation to present information per sector.

2.2 Transactions in Foreign currency and Translation of foreign operations

The items included in the Financial Statements are expressed in the currency of the primary financial environment in which the Company operates (functional currency), namely Euro. Foreign currency transactions are translated into Euro, using the exchange rates on the dates of these transactions. On the Financial Statement preparation date, the assets and liabilities amounts expressed in other currencies are translated based on the exchange rates applicable on the relevant date. The profit and loss arising from currency translation differences are recognized in the Statement of Comprehensive Income as income or expense, depending on their nature (credit or debit currency translation differences respectively).

2.3 Intangible assets

Software licenses are classified as intangible assets and are measured at acquisition cost less accumulated amortization and accumulated write offs. Amortization is calculated based on the straight-line method over the useful life of such assets, which ranges from 1 to 10 years.

2.4 Tangible assets

Tangible assets are recognized at their acquisition cost, less accumulated depreciation and any impairment losses.

Subsequent expenses related to the asset are recognized as an increase in the carrying value of tangible fixed assets or as a separate fixed asset only to the extent that the expenses increase the future financial rewards anticipated from the use of the fixed asset and their cost can be measured reliably. Repair and maintenance costs are recognized as expenses when incurred.

Depreciation of tangible fixed assets is calculated using the straight-line method over their useful life, which ranges between 3 and 10 years.

Gains and losses from the sale of property and equipment are recognized at the time of sale in the Statement of Profit or Loss and Other Comprehensive Income.

2.5 Impairment of assets

Tangible assets, intangible assets, and other non-current assets are reviewed at each balance sheet date to determine whether there is an indication of impairment and, if impaired, the carrying amount is adjusted to its recoverable amount. The recoverable amount is the higher of the fair value less cost of disposal and value in use, i.e. the present value of the expected future cash flows, arising from the ongoing use of such asset until its disposal or end of its useful life. The impairment loss is recognized when the carrying amount exceeds the recoverable amount.

The Company at each balance sheet date reviews its assets for any impairment indicators. In cases that the carrying amount is higher than the recoverable amount, impairment loss is recognized through the profit and loss account.

An impairment loss recognized in prior periods shall be reversed only if there is sufficient evidence that the impairment no longer exists or has been decreased. The reversal of impairment is recognized through the profit and loss account.

2.6 Financial instruments

A financial instrument is any contract that creates a financial asset for one business and a financial liability for another. The Company only has *non*-derivative financial instruments, comprising receivables and deposits of cash and cash equivalents (financial assets), and trade and other payables (financial liabilities). Non-derivative financial instruments are initially recognized in the Financial Statements at the reasonable value thereof, adjusted according to the direct transaction costs, when the Company becomes a contracting party in a transaction involving such instruments.

A financial asset ceases to be recognized in the Financial Statements, when the contractual rights of the Company on the cash flows of such asset expire, or when that asset is transferred to a third party, without retaining control or substantially all of the benefits and risks associated with it. Purchases and sales of financial assets executed in the ordinary course of the activities of the Company are recorded in the Financial Statements on the transaction date, i.e. on the date when the Company undertakes to purchase or sell that asset.

A financial liability ceases to be recognized in the Financial Statements, when the contractual liabilities of the Company arising from it expire or are cancelled.

2.6.1 Receivables

Receivables are measured taking their value at initial recognition (nominal value equals fair value), less any provisions for doubtful amounts. At each balance sheet date all doubtful debts are assessed for the determination of any provision needed and expense is recorded for any increase in the provision amount. Any permanently impaired amounts are written down with an equal decrease in the respective provision amount.

2.6.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, sight deposits, and short-term deposits with banks with maturity up to three months from the balance sheet date.

2.6.3 Trade and other payables

Trade and other payables include trade and other liabilities. They are recognized at their nominal amounts, which are considered to be equal to fair value, unless the effect of the time value is significant.

2.7 Income tax

Income tax includes current tax and deferred tax. Income tax is recognized through the profit and loss account. Where the tax relates to items directly recognized in equity, the tax is also recognized in equity.

Income tax includes the expected tax payable on the taxable income for the year, using tax rates applicable at the balance sheet date, and the deferred tax.

Deferred tax is calculated on the temporary differences between carrying values and the tax base of assets and liabilities according to tax rates currently applicable or expected to be applicable at the time of settlement of the liability or asset.

A deferred tax asset is only recognized to the extent that it is possible that there will be future taxable profits against which the asset can be set off. Deferred tax assets are reduced accordingly, if it is probable that the relevant tax benefit will not be realized.

2.8 Employee benefits

In accordance with applicable labour legislation, the Company must recognize a provision for staff retirement indemnity for employees who are entitled to a lump sum if they continue to work until the usual age of retirement. This indemnity is calculated on the basis of the years of service and estimated income of the employee on the date of retirement. The provision amount is determined based on an actuarial study performed each year.

Any increase or decrease in the indemnity provision for the Company, arising from the retirement indemnity actuarial study is directly recognized in other income in the period in which it occurs. The cost of previous service and the interest cost are directly recognized through the statement of comprehensive income.

2.9 Provisions

Provisions are recognized when the Company has a current obligation (legal or constructive) as the result of a past event which involves future outflows for the settlement of the obligation and the amount of the obligation may be credibly valued. Provisions are reviewed on each balance sheet date and if the obligation no longer exists, the provision is reversed. Provisions are used only for the purpose for which they were initially made. Provisions for future losses are not recognized.

2.10 Revenue Recognition

The Company recognizes revenue from the provision of services relating to the servicing of receivables from loans and credits. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a service to a customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company is acting as a principal in its revenue transactions in the sense that it controls the services before transferring those to its customers. The Company did not incur any incremental costs of obtaining contracts with its customers.

In general, the period between the Company transferring a service and the customer paying for it is one year or less. In this context, the Company elected to apply the practical expedient of IFRS 15:63 according to which it is not required to adjust the consideration for the effects of a significant financing component.

Recognition & Measurement

The Company provide to its customers services of receivables from loans and credits. For the provision of the above-mentioned services, the Company collects a fee from its customers.

The individual services are not distinct since the Company's customers cannot benefit from each individual service on its own and additionally no other relevant resources are available to its customers in order to be able by using them to service receivables from loans and credits. The aforementioned services promised to the Company's customers are not separately identifiable since they are interdependent and highly interrelated in the sense that the Company cannot fulfil its promise by transferring each of those services independently. In this context, all the services promised in the contracts with the Company's customers are accounted for as a single performance obligation.

Revenue from the above-mentioned services is recognized over time since the Company's customers simultaneously receive and consume the benefits provided by the Company's performance as the Company performs.

The normal credit term provided by the Company to its customers is 30 days.

Presentation

<u>Trade receivables</u>

A receivable depicts the Company's right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due. The Company accounts for its receivables in accordance with IFRS 9 (please refer to Note 7).

Contract assets
A contract asset depicts the Company's right to consideration in exchange for services that the Company has transferred to its customers. Whenever, the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, the Company presents the contract as a contract asset. The Company assesses its contract assets for impairment in accordance with IFRS 9.

Contract liability
A contract liability depicts the Company's obligation to transfer services to its customers for which the Company has received consideration (or an amount of consideration is due) from the customer. Whenever, a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a product or service to the customer, the Company presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

2.11 Definition of related parties

Pursuant to International Accounting Standard 24 "Related Party Disclosures", related parties in relation to the Company are:

i. The parent company, Cepal Holdings S. A. and those legal entities classified for the Company or its parent company as:
   - Subsidiaries;
   - Joint Ventures; or
   - Affiliates;

ii. The main shareholders of the parent company "Cepal Holdings S. A." are:

   - Hellas Acquisition LuxCo S. à R.L. (formerly CCP II Acquisition Luxco III S. à R. L.); and
   - Alpha Bank A.E.
   - Individuals that act as Key Management Personnel and their close family members.
     Key Management Personnel include members of the Board of Directors and the Executive Committee of the Company, their spouses and dependent 1st degree relatives (and their spouses).

The Company discloses transactions and outstanding balances with companies in which the above individuals exercise control or joint control. Specifically, the abovementioned disclosure concerns participating interests exceeding 20%.

3. Intangible and tangible fixed assets

The breakdown and functioning of the intangible and tangible fixed assets of the Company for the fiscal year are as follows:

(Amounts in EUR)	Installations in 3rd party buildings	Furniture and other equipment	Software	Total
Acquisition value 01.01.2017	**0**	**168,526**	**201,128**	**369,654**
Additions for the fiscal year	0	201,633	395,420	597,053
Write-off	0	(553)	0	(553)
Acquisition value as at 31.12.2017	**0**	**369,606**	**596,548**	**966,154**
Accumulated depreciation 01.01.2017	**0**	**6,373**	**4,698**	**11,071**
Depreciation for the fiscal year	0	59,799	27,531	87,330
Write-off	0	(101)	0	(101)
Accumulated depreciation 31.12.2017	**0**	**66,071**	**32,229**	**98,300**
Net book value 31.12.2017	**0**	**303,536**	**564,319**	**867,854**
Acquisition value as at 01.01.2018	**0**	**369,606**	**596,548**	**966,154**
Additions for the fiscal year	1,001,249	689,897	664,111	2,355,257
Acquisition value as at 31.12.2018	**1,001,249**	**1,059,503**	**1,260,659**	**3,321,411**
Accumulated depreciation 01.01.2018	**0**	**66,071**	**32,229**	**98,300**
Depreciation for the fiscal year	53,893	125,884	132,506	312,283
Accumulated depreciation 31.12.2018	**53,893**	**191,954**	**164,735**	**410,583**
Net book value 31.12.2018	**947,356**	**867,549**	**1,095,924**	**2,910,829**

There are no mortgages or pledges, or any other encumbrances on the fixed assets to secure borrowing.

4. Income Tax

Deferred income tax is recognized on temporary differences that arise between the tax base of assets and liabilities and the corresponding amounts in the Financial Statements. Pursuant to Article 23 of Law 4579/2018 (Government Gazette A 201/03-12-2018) and is in force upon its publication in the Government Gazette on 03.12.2018 (according to article 27 of the same law), the tax rate for legal entities is gradually reduced to twenty-eight percent (28%) for the income of the tax year 2019, to twenty-seven percent (27%) for the income of the tax year 2020, to twenty-six percent (26%) for income for the tax year 2021 and for twenty five per cent (25%) for income for the tax year 2022 and subsequent years.

The functioning of the deferred income tax account is broken down as follows:

(Amounts in EUR)	**Provision for staff indemnities**	**Tax losses recognized**	**Total**
Balance as at 01.01.2017	**0**	**674,713**	**674,713**
(Debit)/credit of profit and loss account	23,943	940,233	964,176
Balance as at 31.12.2017	**23,943**	**1,614,946**	**1,638,889**
Balance as at 01.01.2018	**23,943**	**1,614,946**	**1,638,889**
(Debit)/credit of profit and loss account	38,755	(40,876)	(2,121)
Balance as at 31.12.2018	**62,698**	**1,574,070**	**1,636,768**

The reconciliation of the income tax is set below :

Income tax reconciliation		
(Amounts in EUR)	**31.12.2018**	**31.12.2017**
Profit/ (Loss) before income tax	**(812,055)**	**(5,091,866)**
Income tax based on the Greek tax rate	235,496	1,476,641
Increase/decrease resulting from:		
Change in the tax rate	(167,923)	0
Previous year adjustment	1,928	0
Non-deductible expenses	(71,622)	(512,465)
Income Tax	**(2,121)**	**964,176**

The Company recognized a deferred tax asset on its tax recognized losses, which, based on the current assessments of the Management, may be set off against future taxable profits that are expected to arise during the next five years.

5. Other non-current assets

Other non-current assets of the Company are broken down as follows:

(Amounts in EUR)	**31.12.2018**	**31.12.2017**
Buildings lease fee guarantees	67,000	119,682
Vehicles lease guarantees	2,474	0
Guarantees to electric power supplier	11,600	0
Guarantees to telephony company	1,025	0
Total	**82,099**	**119,682**

6. Prepaid expenses and Contract assets

The Company's prepaid expenses are broken down as follows:

(Amounts in EUR)	31.12.2018	31.12.2017
Deferred lease fees	140	113,000
Deferred repair and maintenance expenses	0	62,000
Deferred sponsorships	20,000	20,000
Deferred subscriptions	7,590	7,106
Deferred IT support fees	104,939	897
Deferred software licenses	244,024	142,668
Deferred insurance premiums	8,084	9,593
Accrued expenses discounts	0	5,386
Total	**384,776**	**360,649**

Amounts relating to contract assets are balances due from customers that represent the portion of services that has been already delivered to customers and not yet invoiced. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the Company's customers. The significant increase in contract assets in 2018 is the result of business evolution.

The Company's contract assets is broken down as follows:

(Amounts in EUR)	31.12.2018	31.12.2017
Contract assets (related parties)	3,876,775	2,074,245
Contract assets (non-related parties)	225,320	0
Total	**4,102,095**	**2,074,245**

7. Receivables from Clients/Other receivables

Receivables from Clients are analysed as follows:

(Amounts in EUR)	31.12.2018	31.12.2017
Domestic Clients	16,586	0
Foreign Clients	201,054	0
Total	**217,640**	**0**

Other receivables are analysed as follows:

(Amounts in EUR)	31.12.2018	31.12.2017
Advance payments to suppliers	41,868	0
Other receivables	12,782	77
VAT to be set off during the following fiscal year	0	413,416
Total	**54,650**	**413,493**

8. Cash and cash equivalents

The cash and cash equivalents of the Company are broken down as follows:

(Amounts in EUR)	**31.12.2018**	**31.12.2017**
Cash in hand	534	2,445
Bank deposits	7,404,240	10,508,129
Total	**7,404,774**	**10,510,574**

The cash and cash equivalents represent zero interest deposits with Alpha Bank AE, the long-term credit rating of which was Single -B as at 31.12.2018 according to the international credit rating firm Standard and Poor's and is available upon request. On the above dates there were no overdrafts.

9. Share capital

The share capital of the Company on 31.12.2018, as formed by means of a decision by the General Meeting of the shareholders of the Company on 04.05.2017, which decided to increase the share capital by €14,767,331, to €16,095,331. Expenses amounting to €162,441 and cumulatively to €175,949 relating to increase were recognized in Equity. Share capital is comprised of 1,328,000 common registered shares with voting rights and 14,767,331 redeemable preferred shares with a nominal value of one Euro (€1) per share.

10. Retained earnings

During fiscal year 2018, the Company incurred losses amounting to €799,853, as detailed in the Statement of Comprehensive Income. Total retained earnings as of 31.12.2018 were €6,748,730.

11. Post-employment benefits

The amounts recorded in the Balance Sheet as at 31.12.2018, based on the actuarial study, have been assessed as follows:

(Amounts in EUR)	**01.01-31.12.18**	**01.01-31.12.17**
Amounts recognized in Balance Sheet		
Present value of obligations	216,201	82,563
Net Liability/(Asset) in BS	**216,201**	**82,563**
Amounts recognized in Profit and Loss		
Service cost	126,712	20,384
Net interest on the net defined benefit liability/(asset)	1,610	0

Regular P&L Charge	**128,322**	**20,384**
Recognition of past service cost	19,639	62,179
Total P&L Charge	**147,961**	**82,563**
Reconciliation of benefit obligation		
DBO at start of period	82,563	0
Service cost	126,712	20,384
Interest cost	1,610	0
Past service cost arising over last period	19,639	62,179
Actuarial (gain)/loss - financial assumptions	(5,179)	0
Actuarial (gain)/loss – experience	(9,144)	0
DBO at end of period	**216,201**	**82,563**
Remeasurements		
Liability gain/(loss) due to changes in assumptions	5,179	0
Liability experience gain/(loss) arising during the year	9,144	0
Total actuarial gain/(loss) recognised in OCI	**14,323**	**0**
Movements in Net Liability/(Asset) in BS		
Net Liability/(Asset) in BS at the beginning of the period	82,563	0
Total expense recognized in the income statement	147,961	82,563
Total amount recognized in the OCI	(14,323)	0
Net Liability/(Asset) in BS	**216,201**	**82,563**

The main actuarial assumptions used for accounting purposes are:

	2018	**2017**
Discount interest rate	2.06%	1.95%
Future salary raises	1.50%	1.50%
Inflation	1.50%	1.50%
Program duration (years)	21	20

12. Trade and other payables

Payables to suppliers and creditors on 31.12.2018 are broken down below:

(Amounts in EUR)	**31.12.2018**	**31.12.2017**
Domestic suppliers	1,175,213	722,804
Foreign suppliers	1,210,262	215,480
Salaries and wages	0	3,320
Other liabilities	10,259	6,441
Total	**2,395,734**	**948,046**

All the above payables are short-term payables, and the fair value thereof is not significantly different from their carrying value on the reporting date of the Financial Statements.

13. Contract liabilities

The customer advance payments on 31.12.2018 amounting to €1,921,156 relates to an advance payment by Alpha Bank for the provision of the services for December, while on 31.12.2017 the respective balance was €1,426,672. The outstanding balance of this caption increased in 2018 compared to the relevant balance in 2017 due to business evolution.

14. Liabilities from other taxes and duties

Liabilities from other taxes and duties on 31.12.2018 are broken down below:

(Amounts in EUR)	**31.12.18**	**31.12.17**
Value Added Tax	71,076	0
Withheld tax from business activity	0	0
Withheld tax from salaried employment	369,689	205,695
Stamp duties and contribution for the Agricultural Insurance Fund	202	0
Business tax	0	1,000
Total	**440,967**	**206,695**

15. Liabilities to insurance organizations

Liabilities to insurance organizations on 31.12.2018, amounting to €467,093 related to the December contributions to the Unified Social Security Institution (EFKA). On 31.12.2017 liabilities to insurance organizations were €205,778.

16. Accrued expenses and deferred Income

Accrued expenses for the fiscal year on 31.12.2018 are broken down as:

(Amounts in EUR)	**31.12.2018**	**31.12.2017**
Accrued fees for accounting services	5,000	5,000
Accrued fees for audit services	29,000	30,000
Accrued fees for consulting services	6,785	0
Accrued fees for legal and other services	683,164	444,497
Payroll expenses	922,030	481,635

Recharge of shareholders expenses	64,644	2,008,047
Total	**1,710,623**	**2,969,179**

The deferred income on 31.12.2018 amounting to €295,256 represents income from related entities that has been invoiced and relates to subsequent periods. At 31.12.2017, the deferred income was zero (0).

17. Sales and other operating income

(Amounts in EUR)	31.12.2018	31.12.2017
Revenue from the provision of receivables servicing (related entities)	12,316,722	4,285,386
Deferred Income (related entities)	(295,256)	0
Revenue from the provision of receivables servicing (non-related entities)	1,178,990	0
Accrued provision of services	4,102,095	2,074,245
Revenue from assignment of personnel	25,647	
Total	**17,328,197**	**6,359,631**
Revenue from assignment of space	11,848	8,320
Revenue from guarantees	11,721	0
Other Income	3,543	3
Grand Total	**17,355,310**	**6,367,954**

The Company disaggregated revenue from contracts with customers by timing of transfer of services, as management believe this best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors.

	31.12.2018			31.12.2017		
(Amounts in EUR)	Servicing of receivables	Assignment of personnel	Total	Servicing of receivables	Assignment of personnel	Total
At a point in time	0	0	0	0	0	0
Over time	17,302,550	25,647	17,328,197	6,359,631	0	6,359,631
Total Revenue	**17,302,550**	**25,647**	**17,328,197**	**6,359,631**	**0**	**6,359,631**

18. Staff costs

(Amounts in EUR)	31.12.2018	31.12.2017
Gross Salaries	7,474,067	2,683,279
Employer's contributions	1,593,203	576,786
Other employee benefits	368,513	114,712
Provision for post-employment benefits	133,638	82,563
Separation benefit	50,393	0
Accrued benefits to employees	440,395	481,635
Total	**10,074,532**	**3,938,975**

On 31.12.2018 the Company employed 281 people, whereas on 31.12.2017 the Company employed 115 people.

19. Other operating expenses

(Amounts in EUR)	31.12.2018	31.12.2017
Losses from the write-off of tangible assets	0	452
Fees for services	4,775,640	3,150,515
Electricity and other utilities	50,809	0
Telecommunications	143,246	74,015
Rents	604,904	586,879
Premiums	23,124	14,499
Transportation	382,971	102,033
Consumables	77,126	29,656
IT Maintenance expenses	716,472	551,321
Repairs & Maintenance	164,665	67,123
Tax and duties (excluding income tax)	35,352	1,833
Other expenses	792,015	371,491
Various accrued operating expenses	11,115	2,480,544
Depreciation of fixtures	179,777	59,799
Depreciation of intangible assets	132,506	27,531
Total	**8,088,279**	**7,517,691**

20. Net financing results

(Amounts in EUR)	31.12.2018	31.12.2017
Interest charges and related expenses	(3,561)	(3,083)

Foreign exchange difference expenses	(992)	(305)
Foreign exchange difference income	0	233
Total	**(4,554)**	**(3,154)**

21. Related parties transactions

Related transactions and the balances of liabilities from trading acts between the Company and related parties (as defined in IAS 24) are listed below:

a) *Revenues from the provision of services*

	01.01 - 31.12.2018			01.01 - 31.12.2017		
(Amounts in EUR)	Provision of services and rents	Accrued income	Deferred Income	Provision of services and rents	Accrued income	Deferred Income
Alpha Bank	12,316,722	3,876,775	(295,256)	4,285,386	2,074,245	0
Kaican Hellas	36,667	0	0	8,320	0	0
Cepal Holdings	829	0	0	0	0	0
Total	**12,354,217**	**3,876,775**	**(295,256)**	**4,293,706**	**2,074,245**	**0**

b) *Expenses*

	01.01 - 31.12.2018			01.01 - 31.12.2017		
(Amounts in EUR)	Bank accounts commissions	Service provision	Accrued expenses	Bank accounts commissions	Service provision	Accrued expenses
Alpha Bank	3,561	0	31,997	2,983	12,418	865,921
Centerbridge Partners	0	0	12,275	0	0	1,142,126
Kaican Hellas	0	180,780	0	0	176,794	0
Kaican Services	0	792,587	64,644	0	1,463,491	0
Total	**3,561**	**973,367**	**108,916**	**2,983**	**1,652,703**	**2,008,047**

c) *Receivables*

	31.12.2018			31.12.2017		
(Amounts in EUR)	Sight deposits	Other receivables	Contract assets	Sight deposits	Other receivables	Contract assets
Alpha Bank	7,404,240	9,089	3,876,775	10,508,129	77	2,074,245
Total	**7,404,240**	**9,089**	**3,876,775**	**10,508,129**	**77**	**2,074,245**

d) Liabilities

	01.01 - 31.12.2018			01.01 - 31.12.2017		
(Amounts in EUR)	Customer liabilities and advance payments	Deferred Income	Contract liabilities	Customer liabilities and advance payments	Deferred Income	Contract liabilities
Alpha Bank	1,921,156	295,256	0	1,426,672	0	865,921
Centerbridge Partners	1,154,400	0	0	0	0	1,142,126
Kaican Hellas	7,978	0	0	26,325	0	0
Kaican Services	55,862	0	0	206,543	0	0
Total	**3,139,396**	**295,256**	**0**	**1,659,541**	0	**2,008,047**

22. Contingent liabilities and commitments

Legal Affairs

There are no pending cases or lawsuits filed by third parties against the Company.

Tax Issues

The Company has not been audited by the tax authorities for 2016, 2017 or 2018. The Company has received a tax certificate for the years ending 2016 and 2017 by the certified auditors, while for year 2018 it is currently undergoing a tax certificate audit, and it is estimated that no material tax charges will arise.

Commitments under operating leases

The Company signed during the year a commercial lease agreement with a term of 9 years to move its main operations and the registered office. The minimum rents under the relevant contract are broken down below:

(Amounts in EUR)	31.12.2018		31.12.2017
Category	**Cars**	**Buildings**	**Buildings**
Within one year	7,980	402,000	534,393
Beyond one year and up to five years	24,605	1,608,000	1,608,000
Beyond five years		1,206,000	1,608,000
Total	**32,585**	**3,216,000**	**3,750,393**

23. Auditors’ fees

The total fees of "Deloitte Certified Public Accountants S.A.", statutory auditor of the Company is analysed below, as stated in paragraph 2 and 32, article 29, of Law 4308/2014.

(Amounts in EUR)	**2018**	**2017**
Fees for statutory audit	17,000	15,000
Fees for the issuance of tax certificate	12,000	12,000
Total	**29,000**	**27,000**

24. Events after the Balance Sheet date

There are no events, after the balance sheet date and until approval of the Financial Statements, that concern the Company and that are required to be reported pursuant to the International Financial Reporting Standards (IFRS).

Athens, 19.08.2019

The Chairman of the Board of Directors

Richard Terrell Langstaff

The Member of the Board of Directors

Periklis Kitrilakis

The Chief Financial Officer

Antonios Daskalakis

The person responsible for the preparation of the Financial Statements

Dimitrios Petkovits
Accounting Solutions S.A.