



INTRASOFT INTERNATIONAL S.A.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS
(I.F.R.S.) AS ENDORSED BY THE EUROPEAN
UNION**

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The attached annual financial statements have been approved for issue by the Board of Directors on 28 of August 2020.

**THE CHIEF EXECUTIVE
OFFICER**

**THE CHIEF FINANCIAL
OFFICER**

**THE GROUP CHIEF
ACCOUNTANT**

A.N. MANOS

ID No. AB340384/2.10.2006

E.V. TERROVITIS

ID No. AE 012763/05.02.2007

N.V. TZANOGLOU

ID No AE 578851/20.06.2007

A) Directors' Statements

The members of the Board of Directors, of INTRASOFT INTERNATIONAL SA

1. Konstantinos S. Kokkalis, Chairman
2. Klonis C. Dimitrios, Vice Chairman
3. Alexandros-Stergios Manos, Chief Executive Officer
4. Kontellis I.Christos, Member
5. Nikoletopoulos Konstantinos, Member
6. Manos George, Member
7. Pomonis Spyridon, Member
8. Terrovitis Emmanouil, Member
9. Ntokoros Spyridon, Member

In our above mentioned capacity we declare that:

As far as we know:

- a. the consolidated annual financial statements for the year 01/01/2019 to 31/12/2019 which were drawn up in accordance with applicable accounting standards, reflect in a true manner the assets and liabilities, equity and results of "**INTRASOFT INTERNATIONAL**" Group and
- b. the annual report of the Board of Directors is a true representation of the progress, the performance and the financial position of "**INTRASOFT INTERNATIONAL**" Group, including a description of the major risks and uncertainties they confront.

**THE CHIEF EXECUTIVE OFFICER
OF THE BOARD OF DIRECTORS**

A.N. MANOS

ID No. AB340384/2.10.2006

B) Message of the CEO

As I am writing these words, INTRASOFT International along with the rest of the world is dealing with an unprecedented challenge in the face of the Covid19 pandemic, affecting every single aspect of our professional and personal lives. Much of the success with which we are navigating through the pandemic is directly attributed to the right decisions we made in the past years, and our stellar performance in 2019.

The Group achieved an over 2,5 million increase in EBITDA up to EUR 14,5 million; Group revenues reached EUR 178,1 million from EUR 169,9 million. We broke all our records with Bookings exceeding 238 million securing our short- and medium-term revenue streams in the most robust way.

Our EU Institutions business continued to grow, securing a further extension in the European Parliament, new business in the European Commission's Directorate General for Taxation and Customs and the Directorate General for Home Affairs. Our strategy of expanding our business to Agencies around Europe has started paying off with major contract wins in the EU Intellectual Property Office and European Chemical Agency, among others.

Our Public sector further extended its global footprint through its product focused strategy, reaching out to a larger audience than ever before. Perseus, INTRASOFT Ermis and Proteus, among others, make up INTRASOFT's product suite catering to public administrations the world over, supported by an inhouse product development team, including analysts, developers, marketeers and salespeople. The decision we took towards investing in our products is already paying dividends.

Our Enterprise sector business continued its rally, undertaking major digital transformation projects from large and small Enterprises in Europe, Middle East and Africa. From custom software development supporting our customers' business plans, to large scale system integration projects based on the latest technologies, cloudification and cutting-edge banking solutions, our enterprise team is continuously solidifying its reputation as partner of choice in all the areas we operate in.

Our foray into the data analytics field was marked through an investment in one of the most exciting analytics start-ups in Europe and the establishment of INTRASOFT's Data Analytics Competence Center. This new technological alliance is aimed at advancing our analytics and artificial intelligence portfolio for years to come with a substantial amount of new business already booked in the first year of operation.

A reflection of 2019 could not be complete without addressing the people of INTRASOFT and their unique set of skills. We invested not only in training at an unprecedented scale and scope, but also in wellness programmes and team building activities like never before.

It is already evident that the next few years will present global challenges that companies have not faced in recent decades. Our resilience lies with our unfaltering focus on our targets and our customers, combined with our ability to use technology to advance and adapt. These traits, shared by our people across our sites, have been and will be our ongoing key to success.

Alexandros-Stergios Manos

Chief Executive Officer

C) Board of Directors' Report

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF INTRASOFT INTERNATIONAL S.A. TO THE GENERAL ASSEMBLY OF THE SHAREHOLDERS FOR THE YEAR 2019 (1st JANUARY – 31st DECEMBER 2019)

Dear Shareholders,

We have the pleasure to inform you about our Group's activities over the past financial year and to submit the Consolidated accounts as closed on 31 December 2019 for your approval.

General information

With headquarters in Luxembourg, INTRASOFT International operates through its operational branches in Greece, Romania and Jordan, subsidiaries in Belgium, Bulgaria, Cyprus, Denmark, Greece, Jordan, UAE, United Kingdom (UK), United States of America (USA), Kenya, South Africa, Zambia and offices in Moldova, Morocco, Palestine, Philippines, Saudi Arabia and Yemen.

Financial Performance

The year 2019 was an important milestone for the Group. Having enhanced its organizational and financial structures, pursued the implementation of a targeted investment plan and maintained a strong extrovert orientation, the Group achieved positive economic performance for yet another year. It built the foundation for further robust growth in the coming year.

We are optimistic about the growing impact of our strategic initiatives towards stronger financial performance of our Group and enhancement of our leadership position as a reliable partner in our industry across all areas of activity.

For the fiscal year 2019 INTRASOFT International annual revenues stood at EUR 178,1 million against EUR 169,9 million in 2018 in a very difficult financial environment, reflecting a 4,83% increase and EUR 8,2 million.

Cost of sales - as a percentage of sales - has been increased in comparison to 2018, amounting EUR 148,47 million (83,4% of revenue) against EUR 139,61 million (82,2% of revenue) in 2018 and combined with the strong revenue eventually increased the gross profit in both absolute value and percentage of revenue, amounting EUR 29,6 million (16,6% of revenue) against EUR 30,3 million in 2018 (17,8% of revenue).

Marketing & selling costs increased to EUR 9,00 million in 2019 against EUR 8,21 million in 2018. Administrative expenses reached to EUR 12,69 million in 2019 against EUR 12,09 million in 2018.

Other gains/(losses) was decreased by EUR 279,80 thousand in comparison to 2018 amounting EUR 150,60 thousand losses against EUR 129,20 thousand gains in 2018.

Group's EBITDA amounted to € 14,5 million, compared to € 12,0 million in 2018.

Earnings before interest and tax (EBIT) ended up marginally positive at EUR 7,99 million against 10,00 million in 2018.

Earnings before tax (EBT) ended at EUR 3,2 million in 2019 against EUR 5,6 million in 2018.

Net Equity has ended positive stood at EUR 16,0 million in 2019 against EUR 14,8 million in 2018.

INTRASOFT INTERNATIONAL
Consolidated Financial Statements in accordance with IFRS

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Total assets on 31.12.2019 stood at EUR 165,19 million compared to EUR 156,97 million on 31.12.2018.

Total Borrowings in 2019 stood at € 57,4 ml. increased by € 3,4 ml. compared to 2018 (€54,0 ml.)

(€mil.)	2018	2018	Diff.
Financial structure ratios			
Net Debt	42,8	30,7	+39,3%
Net debt / equity	2,7x	2,1x	+29,0%

On 31.12.2019 and following a year of great success in terms of bookings, projects backlog amount EUR 417 million, more than 2 years of consolidated revenues, an amazing figure.

INTRASOFT International added yet another year of growth to its 22-year history by gaining new customers and successfully retaining key contracts, which were re-tendered during the year.

The Key financial ratios which reflect the Group's financial position and operating profitability are presented in diagram form below:

(€mil.)			Diff.
	2019	2018	
Profitability ratios			
Revenue	178,12	169,91	4,83%
EBITDA without impact of IFRS 16	11,26	12,01	-6,24%
EBITDA	14,47	12,01	n/a
EBIT	7,99	10,00	-20,09%
Financial structure ratios			
Current assets/Total assets	0,76	0,83	-8,43%
Current assets/Short-term liabilities	1,31	1,40	-6,43%

Future Outlook

In the past four years we have embarked on a strategic transformation plan, which included bold steps towards new operational models, activities and geographical territories. With an enviable list of inhouse developed products, technological know-how and cutting-edge delivery models, we are now ready to plan our next steps which will focus on significantly growing our market share.

There is no doubt that the future trends of high technological penetration in all aspects of life, will also impact the way we see plan and envisage the next day here at INTRASOFT. The focus on technology and innovation will keep impacting everything we do, every Business Unit and every project. We already have a reputation of technology disruptor across the European Institutions, with our innovative blockchain work; we will now seek to further improve and tech-lead footprint by instilling our entrepreneurial, start-up ethos in our projects and combine it with our solid Agile delivery approach.

In the near future, we will be revealing to our stakeholders our newly articulated set of Corporate Values, which will be rolled out across the INTRASOFT Group. It has been an undertaking long in preparation, reflecting the complexity and breadth of who we are. This has been an exercise of growth, reflection and introspection at the same time, and I am proud to present the outcome to the world.

Our tremendous progress and impact over the last years would not have been possible without our employees' commitment, knowledge and deep expertise. Thus, people come first in everything we do and they are INTRASOFT's main asset. Today, INTRASOFT is an employer of choice for the younger generation developers, analysts and engineers who will have great professional opportunities to grow in our Group. In INTRASOFT we continuously invest in our employees, whose passion and energy are fueling our Group's future.

Our Group fosters a sustainable future, where our customers, partners, shareholders and the society we live and work in, will have access to the benefits and opportunities created by our products and services. Our main goal is to provide the right solutions and create exceptional customer experiences. Trust and responsibility have been cornerstones of INTRASOFT's culture, and we will continue to invest in nurturing them daily. We work closely with our partners to support them in building their own digital competence and to create opportunities from digital approaches.

Our vision is to find ways to continuously improve and lead as an example for others to follow. Over the years, INTRASOFT has set the highest standards in all areas of service delivery, client satisfaction and efficiency. In the years to come, we are once again ready to meet the challenges of an ever-evolving technological landscape by transforming our service delivery model, and through that transforming the way we work, collaborate with each other, our partners and our diverse client base. 2019 was the beginning of our fantastic Agile@Scale

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transformation journey. We promise that our next chapter will be even more exciting. We are aiming within the next two to three years to have over 70% of our business running Agile. Embracing Agile methodologies has a positive impact on our overall culture and in the long-term the way we perceive ourselves and are perceived by the market.

As we look ahead, we are extremely proud of our progress and the level of maturity we have reached. As such, we are even more optimistic about the opportunity ahead. We could not be more confident about our global recognition we have received for our efforts so far, our position and growth prospects, along with the supreme power of our innovative portfolio.

We at INTRASOFT have a very important role to play in the technology world and we promise to maintain our standards high as we continue on our growth trajectory.

Strategically, INTRASOFT International will focus in three domains:

- **EU Institutions:**
 - reinforcing its presence in the EU Institutions and Agencies
 - enhancing its offering and sales teams to expand in new technological areas (Cloud, Big Data, etc).
- **Public Sector (e-government):**
 - building Solution-focused teams in Tax, Social Security, Public Financials, Customs and Justice that will improve, or further develop the Group's portfolio in priority areas
 - focusing Sales activity in EEMEA
 - forming new synergies and enhancing existing partnerships with renowned vendors in an effort to promote a complete, top-class Solutions portfolio.
- **Enterprise Solutions:**
 - **Banking:**
 - focusing Sales activity in Eastern Africa, establishing a subsidiary in Kenya in order to better serve the needs of the local customers, as well as to build up competence in software development and new services portfolio
 - investing in R&D for our Banking products to remain in line with the most up-to-date technologies (Cloud, Big Data).
 - **Telecommunications:**
 - focusing on Telco operators in the Balkans
 - introducing partner solutions for OSS/BSS
 - investigating opportunities for investment in product development and/or acquisition of relevant startups.
 - **SAP Solutions:**
 - investing in the vertical market of integrated IT systems for Higher Education Institutions as a specialized partner of SAP solutions for Education and building on the successful go live of 2 major projects.
 - **New Activities:**
 - evaluating projects and investment in the areas of Internet of Things (IoT), Smart Energy Grid, Big Data & Analytics.

Risks and Uncertainties

Financial risk factors

INTRASOFT INTERNATIONAL S.A., being a Luxembourg multinational company, is exposed to a variety of financial risks, including market risk (the effects of changes in foreign currency exchange rates, cash flow and fair value risk from changes in interest rates and market prices), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The financial liabilities of the Group include short-term bank loans, long-term bank loans and finance lease agreements, through which the Group finances its working capital and capital expenditure needs. Moreover, the Group manages financial assets, mainly short-term bank deposits arising from operating activities.

In summary, the financial risks that arise are analyzed below.

(a) Market risk

Cash flow risk

Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rate that applies to the financial instrument. Interest rate cash flow risk is the risk that the interest cost will fluctuate over time. The Group assesses that during the current year, interest rate risk is limited since interest rates remained stable or slightly decreased in the short-term. Also, the mergers that took place in the Greek banking system provided opportunities to decrease the average interest rate.

Foreign exchange risk

The Group provides services and sells goods with contractual amounts denominated to a large extent in euro. Therefore, it is not exposed to large movements in foreign currency exchange rates against its reporting currency, the euro. The Group did not use derivative financial instruments in the years ended 31 December 2019 and 2018 in order to reduce its exposure to foreign currency exchange risk.

Fair Value risk

The carrying amounts of cash and cash equivalents, short-term receivables and short-term liabilities in the balance sheet approximate their fair values due to their short-term nature.

(b) Credit risk

The Group is not exposed to credit risk concentration, including risk of default, because of the fact that it effectively deals with various agencies of the European Union and, to a lesser extent, institutions of various European governments. As a result of this, the credit risk that the Group faces is not significant.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group through the Group Treasury has access to funding through the committed credit lines available at the Group level.

(d) Price risk

The Group has limited exposure to changes in the prices of the shares held either for trading or as available for sale financial assets.

(e) Special risk

The economic situation in Greece creates an unstable environment and reverses the trend of growth in reduction.

As part of ensuring the uninterrupted continuation of the effective operation of the Greek branch and limiting the negative impacts that could occur due to political and economic negative developments the Group 's management has taken measures such as:

- A management team of Finance Department works daily monitoring of treasury and planning of transactions, so as not to hamper the smooth operation of the Group and to limit exposure to a potential bail in. Also monitored all current letters of guarantees and punctuality settlement of liabilities.
- The project manager has been informed for the projects of the Public and Private sector to watch carefully and to inform the Management for the smooth progress of contract execution, ensuring the requirements, ensuring the necessary resources into inventory and human resources for implementation and completion of the projects, also ensuring the financial resources for payments. Also monitor the backlog of projects for which care is always covered with the necessary guarantees
- An administrative team has been established which is responsible for security of the premises of Greek branch, the safe transportation of personnel to and from Group location, also to ensure the possibility of remotely working for key personnel, as well in ensuring communication with customers and external vendors.

(f) Covid - 19

A significant risk to the economic environment is the COVID-19 coronavirus pandemic, declared by the WHO in the first quarter of 2020.

Measures taken by many countries to contain the spread of the pandemic including quarantines and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown and recession of global economy.

The global effects of this pandemic include social and economic instability in many parts of the world, including Luxembourg which has issued a state of emergency since March 15, 2020, Greece which has issued a state of emergency since March 23, 2020 and Romania, which has issued a state of emergency since March 21, 2020. On 20th April 2020 for the Luxembourg Government, on 4th May 2020 for the Greek Government, and on 15th May 2020 for Romanian

Government began the gradual lifting of the restrictive measures of the lockdown and the implementation of the governments' plans for the gradual transition to the new reality.

The Intrasoft International, its branches and the whole Intrasoft Group immediately responded to the outbreak of the pandemic and since the end of February has taken various initiatives to this end primarily focusing on ensuring the health and safety of its employees and all of its stakeholders, as well as the smooth operation of its activities and continuing to supply our markets.

These initiatives include:

- Adopting a timely and successful new remote working model (teleworking) where possible and remotely supporting information systems.
- Upgrading teleworking infrastructures.
- Drafting a Policy addressing how to prevent and manage issues arising from the Covid-19 pandemic, including detailed prevention guidelines and testing response under various scenarios, planning for and implementing procedures for handling any suspected Covid 19 cases.
- Continuously keeping employees up to date, along with ongoing health support.
- Regular disinfection in all workplaces and appropriate disposal of personal protection equipment (PPE).

The activities of Intrasoft International have not been affected due to the recent Covid-19 outbreak and its financial figures of first fourth month of 2020 are record breaking. In parallel Intrasoft International continues to comply with all regulations and its responsibilities and there is not impact at the investments of the Group and the investment plan is implemented according to the schedule. Both on 31.12.2019 and today, Intrasoft International and the Group maintain a satisfactory financial position and liquidity.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands, the high level of uncertainties arising from the inability to reliably predict the outcome and the effectiveness of the fiscal and other measures taken by governments as well as the decisions of the supervisory authorities of banking institutions to provide liquidity and support to businesses and households. Management will continue to monitor the situation closely and will assess any potential further impact on the Group's financial position and performance, including the recoverable amount of the investments in subsidiaries, in case the period of disruption becomes prolonged. It is strongly believed that the expected recession of global economy will be offset for the Intrasoft International and whole Group by the constantly growing demand for digitalization.

Also, the parent company Intracom Holdings continues to support its subsidiaries presenting excess cash liquidity against any risk.

Key accomplishments for 2019

This report contains our main achievements for 2019, that further empowered INTRASOFT's sense of trust and responsibility as an employer. Our approach of doing business consolidated our reputation as a leading European IT Solutions and Services Group and we work hard every day to maintain this trust, that remains the foundation of all our core business relationships. Throughout 2019, we have expanded our activities in various Industries at a global scale, experiencing growth and new opportunities. 2019 was a successful and fruitful year for the Group, achieving a 22,05% increase in new bookings. Moreover, we have been successfully appraised for the third time for CMMI® (Capability Maturity Model Integration) V1.3 Maturity Level 3 for our software development activities in Luxembourg, Belgium and Greece. This accreditation is solid proof of our dedication to service excellence and delivery of top-quality IT solutions and large-scale projects.

High customer satisfaction levels, long-term relationships with business partners and the ability to successfully respond to clients' changing needs have always been among INTRASOFT International's top priorities. 2019's achievements were attributed to our talented #IntrasoftPeople, whose skills, experience and innovative ideas continuously grow to meet clients' and key stakeholders' expectations and business needs. This year, we continued to value our people's well-being and we will continue to put people first as this founding principle drives our whole existence and is our major strategic competitive advantage.

Within 2019, we changed the way we work and embraced the Agile model of doing business in our organization, finding ways to be more adaptive, innovative and resilient in a fast-paced digital economy. We have started preparing a new, ambitious plan for INTRASOFT, emphasizing on Agile development methodology in order to meet and exceed our customers' expectations. We have started delivering our services by utilizing Agile software development methodologies to achieve improved customer experience, higher employee engagement and more efficient and effective delivery, leading to customer loyalty. Our Agile transformation has already started and will be accelerated over the next years.

Every day, we help our partners meet their challenges and seize opportunities in the digital era, supporting them to take full advantage of technological revolutions. We have accompanied them on a long-term journey into a sustainable, secure and meaningful future. Throughout 2019, we continued to develop innovative solutions and products aimed to expand our customer base, solutions portfolio, partnerships and reach. We continued offering high-quality services to customers within the EU Institutions, while developing and growing our existing contracts within Public and Private sector and, once again, we have been involved in numerous projects.

Below is a brief overview of our accomplishments per industry, throughout 2019.

European Institutions

At INTRASOFT, we continued providing impactful IT and communications services to European Institution clients, confirming our leading positioning in Software Development projects and growing customer trust in our capabilities, agile methodology and innovative spirit. More specifically:

- We were awarded one of the winning positions in the European Commission's DIGIT-XM contract, covering IT service provision across the European Commission and nearly 30 additional European Institutions, Bodies and Agencies.
- We were announced as the winner of a new contract by European Commission's Directorate General for Energy. We are leading a consortium of organizations specializing in the fields of survey design, dissemination, EC energy policy and policy analysis.

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- We have been selected to continue our collaboration with the Luxembourg-based Publications Office of the European Union for the provision of IT-services, focusing on administrative and financial applications.
- We have been awarded a major new contract with the European Union Intellectual Property Office (EUIPO), covering the provision of IT software development and maintenance services, demonstrating once again that INTRASOFT is the partner of choice.
- We have been awarded a new contract with the European Chemicals Agency (ECHA), covering software development and maintenance services alongside the provision of technical, operational and service desk support services.

Public Sector

In 2019, we continued our strategy towards the productisation and commercialization of our business solutions, resulting in tangible outcomes in terms of clearly positioning our products in the EMEA region.

Having said that, we further enriched the flagship products in our portfolio (ICARUS/Revenue and Collection Management, INTRASOFT ERMIS/Customs and Trader Single Window, PROTEUS/Trade & Port Facilitation, PERSEUS/Social Security & Health Insurance, COMPLIANCE (ESKORT)/Risk Management, Audit and Enforcement) with features and characteristics that add value to our existing and potential customers based on feedback received from our regions over this time. ICARUS responded to demanding market calls, INTRASOFT ERMIS reached the desired maturity stage, PROTEUS responded to procurement procedures for modernizing Customs Systems, and ESKORT resulted in several success stories with significant contracts awarded to our Group in terms of both strategic importance and revenue.

Regarding new signed contracts and successes, it's worth to mention the following:

- Through our product PERSEUS, we have been awarded the implementation of Uganda's National Social Security Fund (NSSF) new Pension Administration system, strengthening our leadership in IT for the Social Security domain.
- We announced the beginning of the pilot phase of CUSTOMS Declarations and Excise Processing System (CDEPS) of the Republic of North Macedonia, committed to our strategic mission to remain a key player in the Global Customs & Trade Facilitation Market.

Enterprise Solutions

Throughout 2019, we continued expanding our Enterprise solutions activities with successful results in all market sectors, significantly increasing our revenues. Several significant projects were implemented servicing a variety of industries:

- Collaborated with COSMOTE GROUP for numerous projects throughout 2019 in areas such as the BSS Order Management, BSS Integration & OSS Inventory (UIM), Voice Technology Transformation, on-line Retail POS in SAP S/4 Hana on site ERP implementation, Mobile Order Capture (ePOS) and Mobile Telephony Contracts
- Collaborated with Intralot delivering high-quality results in areas such as microservices, travel management solutions and mobile applications for customers and Magnum Lottery

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It is also worth mentioning that we have collaborated with MR HealthTech, a global leading technology partner in the Health Insurance industry and division of Munich Re, to support MR HealthTech's digital transformation in the field of innovative software solutions.

Our Banking department continued its promotion and delivery activities on a global scale, while continuing to provide Maintenance and Support Services for PROFITS® Core Banking System, along with the implementation of new functionalities. Further to the significant successes of INTRASOFT International in financial services in Kenya and in East African region, we have:

- Collaborated with Kenya Police Sacco Limited to supply "Profits® Sacco Core Banking System and iProfits® Internet Banking Solution". Our products have been tailored to specifically meet the demands of the SACCO financial institutions.
- Collaborated with Mwalimu National for the provision of "Profits for Saccos", a SaaS based SACCO core banking product. This development follows a number of relevant successful achievements in Kenya's Financial Services Sector.
- Collaborated with Zambia National Building Society (ZNBS) for the provision of an end-to-end Core Banking System and Multi Digital Channels enable our partner to offer efficient and reliable services to their customers.

Our New Ventures business department further pursued the applicability of Advanced Data Analytics, AI and Blockchain and continued tracking entrepreneurship activities, while staying focused in using innovation as the strategic enabler for business growth. In this context, we invested in Incelligent, a new start-up specializing in building Data-Driven, Predictive & Prescriptive Analytics solutions by exploiting the most recent advancements in Artificial Intelligence (AI), Machine Learning (ML) and Deep Learning (DL) technologies.

This year's key accomplishments also included:

- Launch of a brand-new Code of Conduct reflecting our daily operations, core values and overall corporate cultures and ethics
- Introduction of an innovative learning approach to our Performance Management
- Investment in training to boost #IntrasoftPeople's professional and personal skills, resulting to an increase of training hours.
- Implementation of several initiatives to maintain a wellness culture among our people and we improved our Health and Safety management system
- Numerous CSR actions, through which we engaged and shared our knowledge with society by supporting community-led, social inclusiveness projects and non-profit organizations
- Commitment to sustainability, as we worked towards reducing the impact of our operations, by providing services and producing digital products in a sustainable way. We achieved recognition for doing so by getting awarded with the EU Eco-Management and Audit Scheme (EMAS). We achieved a reduction in waste monitoring and energy consumption.

Luxembourg, 28th of August 2020

Alexandros-Stergios Manos
Chief Executive Officer

Independent Auditor's Report

To the Shareholders of INTRASOFT International S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of INTRASOFT International S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of INTRASOFT International S.A. and its subsidiaries (the Group), as at 31 December 2019, and their financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated into the Greek Legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries throughout 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 that are relevant to the audit of the consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the current legislation and the above-mentioned IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

This report, including the opinion, has been prepared for and only for the use of the Group's members as a body and should not be used for any other purposes. We do not, in giving this opinion, accept or assume responsibility for any other purposes or to any other person to whose knowledge this report may come to.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report and to any other information the Group has optionally incorporated, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 incorporated 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 consolidated financial statements.

As part of an audit in accordance with ISAs as incorporated into the Greek Legislation, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Athens, 31 August 2020

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E) Annual Financial Statements

In accordance with International Financial Reporting Standards as adopted by the European Union.

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Statement of financial position

	Note	31/12/2019	31/12/2018
ASSETS			
Non-current assets			
Property, plant and equipment	5	2.898.547,28	2.894.610,41
Right-of-use assets	9	8.472.696,06	0,00
Goodwill	6	13.572.454,82	13.572.454,82
Other intangible assets	7	9.439.915,38	5.919.794,91
Investment property	8	690.437,89	706.996,05
Investment in associates (accounted for using the equity method)	10	1.115.732,23	993.567,30
Finance lease receivables		53.384,74	0,00
Deferred income tax assets		134.102,40	65.580,44
Trade and other receivables	13	2.712.160,34	2.553.206,75
Financial assets at fair value through other comprehensive income	11	539.617,20	694.675,70
		39.629.048,34	27.400.886,38
Current assets			
Inventories	14	598.227,29	2.378.148,96
Trade and other receivables	13	102.685.024,04	101.551.144,46
Finance lease receivables		78.586,80	0,00
Current income tax receivables		7.603.695,70	2.336.876,32
Cash and cash equivalents	15	14.598.541,55	23.298.576,66
		125.564.075,38	129.564.746,39
Total assets		165.193.123,72	156.965.632,77
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	16	1.552.600,00	1.552.600,00
Fair value reserves	17	761.353,87	(510.322,45)
Other reserves	17	3.800.518,00	4.260.163,56
Retained earnings		8.457.685,36	8.064.299,33
		14.572.157,23	13.366.740,44
Minority interest		1.459.067,37	1.468.506,70
Total equity		16.031.224,60	14.835.247,14
LIABILITIES			
Non-current liabilities			
Borrowings	18	40.588.144,99	43.212.338,81
Lease liabilities		5.830.294,85	0,00
Retirement benefit obligations		4.581.056,30	3.919.972,15
Long-term provisions for other liabilities and charges	20	2.532.470,99	2.246.037,67
Trade and other payables	21	0,00	104.157,67
		53.531.967,13	49.482.506,30
Current Liabilities			
Trade and other payables	21	69.745.419,11	75.948.628,00
Current income tax liabilities		80.651,92	1.038.895,27
Borrowings	18	16.812.918,53	10.802.297,69
Lease liabilities		2.976.621,77	0,00
Short-term provisions for other liabilities and charges	20	6.014.320,66	4.858.058,37
		95.629.931,99	92.647.879,34
Total liabilities		149.161.899,11	142.130.385,64
Total equity and liabilities		165.193.123,72	156.965.632,77

The notes are an integral part of these financial statements.

Statement of comprehensive income

	Note	2019	2018
Continuing operations:			
Sales		178.117.168,28	169.907.018,78
Cost of sales	23	(148.472.808,32)	(139.606.315,29)
Gross profit		29.644.359,96	30.300.703,49
Selling and marketing costs	23	(8.997.899,80)	(8.210.397,58)
Administrative expenses	23	(12.687.993,24)	(12.086.509,86)
Net impairment gains/ (losses) of financial assets and contract assets	24	(432.770,14)	(441.020,37)
Other income	26	615.760,83	309.084,41
Other gains / (losses) - net	27	(150.609,31)	129.200,56
Operating profit		7.990.848,30	10.001.060,65
Finance income	28	231.988,98	234.764,07
Finance cost	28	(5.066.024,84)	(4.524.332,34)
Finance costs - net		(4.834.035,86)	(4.289.568,27)
Share of profit / (loss) of associates (after tax and minority interest)	10	1.164,93	(80.250,31)
Profit before income tax		3.157.977,37	5.631.242,07
Income tax expense	29	(2.586.324,52)	(4.194.440,53)
Profit after tax for the period from continuing operations		571.652,85	1.436.801,54
Discontinued operations:			
Profit / (loss) after tax for the period from discontinued operations		0,00	10.869,16
Profit / (loss) after tax for the year (from continuing and discontinued operations)		571.652,85	1.447.670,70
Profit / (loss) after tax attributable to:			
Equity holders of the Company		720.469,42	1.313.443,71
Minority interest		(148.816,58)	134.226,99
		571.652,85	1.447.670,70
Other comprehensive income:			
Currency translation differences		138.489,30	279.223,77
FVOCI financial assets - Fair value gains/losses		437.741,20	(413.475,62)
Actuarial gains / (losses)	17	(187.145,56)	(178.460,95)
Other		15.058,33	0,00
Other comprehensive income, net of tax:		404.143,26	(312.712,80)
Total comprehensive income for the period		975.796,11	1.134.957,90
Other comprehensive income attributable to:			
Owners of the parent		369.971,41	(358.596,86)
Minority interest		34.171,85	45.884,06
		404.143,26	(312.712,80)
Total comprehensive income attributable to:			
Owners of the parent		1.090.440,83	954.846,85
Minority interest		(114.644,73)	180.111,05
		975.796,11	1.134.957,90
Earnings /(loss) per share attributable to owners of the parent for the year (in € per share)			
Basic		11,60	21,15

The notes are an integral part of these financial statements.

Statement of changes in equity

	Note	Share capital	Other reserves	Fair value reserves	Retained earnings	Minority interest	Total equity
Balance at 1 January 2018		1.552.600,00	4.844.709,31	537.404,83	6.069.948,82	1.318.146,86	14.322.809,82
Change in accounting policies due to the adoption of IFRS 9 and IFRS 15				(903.333,26)	276.981,28		(626.351,98)
Balance at 1 January 2018 restated		1.552.600,00	4.844.709,31	(365.928,43)	6.346.930,10	1.318.146,86	13.696.457,84
FVOCI financial assets - Fair value gains/losses		0,00	0,00	(413.475,62)	0,00	0,00	(413.475,62)
Currency translation differences		0,00	0,00	269.081,60	0,00	16.132,85	279.223,77
Actuarial gain/losses		0,00	(178.460,95)	0,00	0,00	0,00	(178.460,95)
Other comprehensive income		0,00	(178.460,95)	(144.394,02)	0,00	16.132,85	(312.712,80)
Net profit / (loss)		0,00	0,00	0,00	1.313.443,71	134.226,99	1.447.670,70
Total comprehensive income for the year		0,00	(178.460,95)	(144.394,02)	1.313.443,71	150.359,84	1.134.957,90
Issue of share capital		0,00	0,00	0,00	0,00	0,00	0,00
Change in minority due to business combination		0,00	0,00	0,00	0,00	0,00	0,00
Other		0,00	0,00	0,00	(2.159,28)	0,00	(2.159,28)
Transfer from other reserves to retained earnings		0,00	32.515,20	0,00	(32.515,20)	0,00	0,00
Other movements in other reserves		0,00	(438.600,00)	0,00	438.600,00	0,00	0,00
		0,00	(406.084,80)	0,00	403.925,52	0,00	(2.159,28)
Balance at 31 December 2018		1.552.600,00	4.260.163,56	(510.322,45)	8.064.299,33	1.468.506,70	14.835.247,14

	Note	Share capital	Other reserves	Fair value reserves	Retained earnings	Minority interest	Total equity
Balance at 1 January 2019		1.552.600,00	4.260.163,56	(510.322,45)	8.064.299,33	1.468.506,70	14.835.247,14
Available-for-sale financial assets – Fair value gain / (loss)		0,00	0,00	437.741,20	0,00	0,00	437.741,20
Transfer of available-for-sale to the income statement		0,00	0,00	0,00	0,00	0,00	0,00
Currency translation differences		0,00	0,00	151.608,29	0,00	(13.118,99)	138.489,30
Actuarial gains / (losses)		0,00	(187.145,56)	0,00	0,00	0,00	(187.145,56)
Other		0,00	0,00	0,00	10.317,03	0,00	10.317,03
Other comprehensive income		0,00	(187.145,56)	589.349,49	10.317,03	(13.118,99)	399.401,97
Net profit / (Loss)		0,00	0,00	0,00	720.469,42	(148.816,58)	571.652,85
Total comprehensive income for the year		0,00	(187.145,56)	589.349,49	730.786,45	(161.935,57)	971.054,81
Transfer of FVOCI reserves to retained earnings due to disposal		0,00	0,00	677.585,59	(677.585,59)	0,00	0,00
Transfer from other reserves to retained earnings		0,00	(272.500,00)	0,00	272.423,45	0,00	(76,55)
Dividends		0,00	0,00	0,00	0,00	0,00	0,00
Issue of share capital on acquisition of subsidiary		0,00	0,00	0,00	0,00	0,00	0,00
Other		0,00	0,00	4.741,24	67.761,72	152.496,24	224.999,20
		0,00	(272.500,00)	682.326,83	340.185,17	152.496,24	1.175.008,24
Balance at 31 December 2019		1.552.600,00	3.800.518,00	761.353,87	8.457.685,36	1.459.067,37	16.031.224,59

The notes are an integral part of these financial statements.

Cash flow statement

	Note	01/01- 31/12/2019	01/01- 31/12/2018
Profit after tax for the period from continuing operations		571.652,85	1.436.801,54
Profit after tax for the period from discontinued operations		0,00	10.869,16
Adjustments for:			
Tax	29	2.586.324,52	4.194.440,53
Depreciation of property, plant & equipment	5	1.230.936,66	1.020.533,85
Depreciation of investment property	8	16.558,16	13.798,47
Amortization of intangible assets	7	2.104.667,44	980.310,76
Depreciation of right-of-use assets	8	3.125.450,06	0,00
(Profit) / loss on disposal of property, plant & equipment		174,79	6.336,31
(Profit)/loss on disposal of intangible assets		(10.827,82)	0,00
(Profit)/ loss on disposal of subsidiaries		0,00	9.089,15
Impairment charges on available-for-sale financial assets		0,00	0,00
Dividend income		0,00	0,00
Interest income	28	(231.988,98)	(234.764,07)
Interest expense	28	5.066.024,84	4.524.332,34
Exchange gains / (losses)		138.489,30	80.250,31
Share of result of associates		(1.164,93)	67.281,17
Other		32.623,25	0,00
		14.628.920,14	12.109.279,53
(Increase) / decrease in inventories	14	1.779.921,67	(1.336.050,69)
(Increase) / decrease in trade and other receivables		(1.292.833,17)	2.616.365,81
Increase / (decrease) in payables		(6.087.366,56)	(6.651.067,10)
Increase / (decrease) in provisions		1.442.695,61	(458.520,55)
Increase / (decrease) in pension & other benefits		661.084,15	364.576,15
Changes in working capital		(3.496.498,32)	(5.464.696,38)
Net cash generated from / (used in) operating activities		11.132.421,83	6.644.583,15
Cash flows from operating activities			
Interest paid		(5.066.024,84)	(4.524.332,34)
Income tax paid		(8.745.554,47)	(3.844.453,51)
Net cash from operating activities		(2.679.157,49)	(1.724.202,71)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1.356.557,78)	(1.981.278,42)
Purchase of intangible assets	7	(5.605.970,52)	(2.712.232,28)
Proceeds from sale of property, plant & equipment		135.830,59	9.344,13
Proceeds from sale of intangible assets		0,00	0,00
Purchase of available-for-sale financial assets		(11.701,00)	0,00
Acquisition of subsidiary, net of cash acquired		(156.250,00)	0,00
Proceeds from disposal of available-for-sale financial assets		604.500,70	(278.633,46)
Proceeds from disposal of subsidiaries		0,00	190.910,85
Acquisition of associates and joint ventures		(420.000,00)	(256.020,10)
Dividends received		0,00	0,00
Interest received		231.988,98	234.764,07
Loans granted		0,00	0,00
Net cash used in investing activities		(6.578.159,03)	(4.793.145,22)
Cash flows from financing activities			
Proceeds from borrowings	19	5.312.754,25	2.553.362,38
Repayments of borrowings		(1.926.327,23)	0,00
Government grants received		0,00	0,00
Principal elements of lease payments (2018: Principal element of finance lease payments)		(2.829.145,61)	0,00
Net cash used in financing activities		557.281,41	2.553.362,38
Net (decrease) / increase in cash & cash equivalents		(8.700.035,11)	(3.963.985,54)
Cash and cash equivalents at beginning of the period	15	23.298.576,66	27.279.793,00
Effects of exchange rate changes on cash and cash equivalents		0,00	(17.230,80)
Cash and cash equivalents at end of the period	15	14.598.541,55	23.298.576,65

The notes are an integral part of these financial statements.

Notes to the financial statements in accordance with International Financial Reporting Standard

1. General information

INTRASOFT INTERNATIONAL S.A. (referred to as the Parent Company or the Group), is a Luxembourg "Société Anonyme" incorporated on 2 October 1996. The accompanying consolidated financial statements present INTRASOFT INTERNATIONAL S.A and its subsidiaries (hereinafter "the Group").

The focus of the Group's activities is on the public sector market, assisting national and international governmental organisations to design and implement their policies, ICT application infrastructure and support services. The particular service lines are as follows:

- application development,
- content management and information networks,
- professional services,
- outsourcing and managed services and,
- Innovation and solutions development.

The registered office of the Parent Company is in No. 2, rue Nicolas Bové, L – 1253, Luxembourg. During the fiscal year 2000, the Parent Company set up a new wholly owned subsidiary in Belgium, which is based in Brussels. The Board of Directors on 25 August 1999, decided to establish a registered Branch Office in Athens, Greece. During 2002, the Parent Company established a 99% held subsidiary in Greece with the name of Intrasoft SA. During the 2004 financial year, the Group established a registered Branch Office in Bucharest, Romania.

During the year 2011, the Group established two fully-owned subsidiaries, one in Bulgaria under the name Intrasoft International Bulgaria Ltd and one in United Kingdom under the name Intrasoft Information Technology UK Ltd.

On 2 January 2012, the Group absorbed its Parent Company INTRACOM S.A. INFORMATION TECHNOLOGY & COMMUNICATION SERVICES with the distinctive title "INTRACOM IT SERVICES", with registered office in Paiania Attica Greece. The cross-border merger was implemented in application of the provisions of the Directive 2005/56/EC of the European Parliament and the Council of 26/10/2005.

As a result, as of 2 January 2012, date of publication in the National Gazette of Luxembourg of the resolution approving the cross-border merger, the absorbing Company "INTRASOFT INTERNATIONAL SA", substitutes without further formalities in all rights, obligations, claims and legal relationships the absorbed Company "INTRACOM IT SERVICES" which is deemed as ipso jure wound up, while its legal entity disappears without the need to be subject to liquidation, such transfer being equivalent to a full succession.

The Board of Directors on 2 March 2012, decided to establish a 100% held subsidiary in United States of America with the name of Intrasoft International USA, Inc.

During the year 2013, the Group established a 80% held subsidiary in the free zone area of "RAK" in United Arab Emirates with the name of Intrasoft Middle East FZC.

During the year 2014, the Group established a 50% held subsidiary Company with the name of Advanced Transport Telematics SA in Greece.

During the year 2015, the Group acquired a 88, 00% held subsidiary Company with the name of Intrasoft International East Africa in Kenya.

On January 12th, 2017 the Group established the VALEU Consulting S.A. the company paid the amount of 24.661,50 for the 40,10% of total capital. VALEU Consulting S.A is the result of joint efforts between INTRASOFT International and management consulting firm Planet S.A.; the company complements the current service offerings of INTRASOFT and PLANET while benefiting from INTRASOFT's leading position in the European Institutions market and PLANET's extensive consulting experience across Europe. Value's focus is on strategy, policy and implementation services related to policy-making in the EU. This includes strategic studies, impact assessments, evaluations and much more. These services will be provided to all the EU institutions and bodies across all topics

On March 30th, 2017 the Group paid the amount of 241.500,00 euros, for the acquisition of 24.150 (10% of total capital) ordinary registered shares (with a nominal value of 10 euros each) of the company under the name RURAL CONNECT BROADBAND NETWORKS SPV. RURAL CONNECT BROADBAND NETWORKS SPECIAL PURPOSE COMPANY (RC), has been established in 2014 in order to execute the Private-Public-Partnership (PPP) project, named "Development of Broadband Infrastructure in Rural "White" Areas of the Greek Territory and Services for the Exploitation-Development of the Infrastructure via PPP – Geographical Area 2" (the "Project"). The Project is funded by EU structural funds, and is executed under a "PPP process contract", signed on 29/12/2014, governed by the Greek State Laws, with the company "Information Society SA" acting as contracting authority.

On May 5th, 2017 the Group participate by 5% to the company "THESSALONIKI's CONTROLLED PARKING SYSTEM S.A." with the distinctive title "STELSTATH".

On November 22nd, 2017 the Group acquired the 100,00% held subsidiary Company with the name of INTRACOM (CYPRUS) LTD in Cyprus.

In December 2017 the Group decided to liquidate its 100% subsidiary company INTRACOM EXPORTS LTD in Cyprus.

During the year 2018, the Group established a 40% held subsidiary in Greece with the name of WEMETRIX.

During the year 2018 the Group decided to liquidate its 100% subsidiary company GLOBAL NET SOLUTIONS in Bulgaria.

In March 2018 the Group acquired the 100,00% held subsidiary Company with the name of MARDICODE PROPRIETARY LIMITED in South Africa. On March 16 the company name changed to INTRASOFT INTERNATIONAL SOUTH AFRICA (PTY) Limited. This is the latest in a growing number of subsidiaries and representations for the Group. The team of experts in the Cape Town office will focus on public sector projects, primarily in the field of taxation and revenue management solutions, which along with e-customs have become INTRASOFT's calling card across the global public sector.

During the year 2019 and more specifically on 9 April 2019 the Company paid the amount of EUR 200.000,00, for the acquisition of 178 preference shares registered shares (with a nominal value of 1 euro each) of the company under the name INCELLIGENT Private Company. INCELLIGENT is a start-up company specializing in building Data-Driven, Predictive & Prescriptive Analytics solutions by exploiting the most recent advancements in Artificial Intelligence (AI), Machine Learning (ML) and Deep Learning (DL) technologies. This new investment is a bold step forward, further enhancing our products and services with Data Analytics and Artificial Intelligence

features, providing predictive and prescriptive insights to our customers. On 24 April 2019 the Company acquired 222 preference shares registered shares (with a nominal value of 1 euro each) of the company under the name INCELLIGENT Private Company for the amount of EUR 220,000.

Furthermore, on 7 October 2019 the Company paid the amount of EUR 150.000,00 for the acquisition of 12.500 shares of the company under the name WEMETRIX SA and on 7 May 2019 the Company paid the amount of EUR 100,00 for the acquisition of 1.500 shares of the company under the name Intrasoft International Zambia Limited.

The Group's holding company Intracom S.A. Holdings, which is listed on the Athens Stock Exchange.

These financial statements have been approved for issue by the Board of Directors on 28th of August 2020 and are subject to approval by the General Meeting of the Shareholders.

2. Summary of significant accounting policies

a) Basis of Preparation

The Group's consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union (EU), and all the amounts are depicted in Euro ("EUR"), the functional currency of the Group. The financial statements have been prepared under the historical cost convention as modified by the available-for-sale financial assets, financial assets at fair value through profit or loss, which are carried at fair value. There are no IFRSs that have been applied before their respective dates of application.

The financial statements have been prepared on a going concern basis.

Particular circumstances which could adversely affect the continuation of the Group or the presentation of a true and fair view of the Group's net assets, financial position and results of operations do not exist.

The banks renewed their credit facilities, including guarantee limits, in favor of the Group, and that there is no indication that they intend to withdraw their support over the next twelve months. Furthermore, within 2019 the Group increased its loan balances to support the continuing growth and address the working capital requirements stemming from new projects and the increased backlog.

b) Regulatory Financial Statements

The accompanying financial statements have been based on the financial statements prepared in accordance with the local Commercial and Tax Law (of the respective countries), appropriately adjusted and reclassified by certain out-of-book memorandum adjustments for purposes of conformity with the IFRSs.

c) Significant accounting judgments estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates.

Judgments made by management in applying the accounting policies, other than those dealt with below, that could have a significant effect on the amounts recognised in the financial statements are:

- classifying leases as operating / finance leases and,
 - capitalization of software development costs and,
 - revenue recognition
 - going concern

The key assumptions made concerning the future and other key sources of estimation uncertainty at the balance sheet date that could have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are:

- Income taxes: The Group is subject to income taxes in 4 jurisdictions. Significant judgment is required in determining the aggregate provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.
- The Group has been applying the new IFRS 15 Standard as of 1 January 2018. The adoption of the Standard took place without revision of the comparative figures and therefore the cumulative effect from the retrospective application of the new accounting policies is presented in equity as at 1 January 2018. The impact of adopting the new policy as well as a brief description of past accounting policies is described below: IFRS 15 "Revenue from contracts with customers" The sectors in which the Group operates are presented in note 4. Until 31 December 2017, the Group uses the percentage-of-completion method in accounting for its fixed price contracts to deliver certain services. The Group uses the percentage of completion method of IAS 11 to recognise revenue from services contracts. Revenue is recognised by reference to the stage of completion of the project at the balance sheet date, based on actual amounts compared to total estimated amounts. Possible adjustments to total estimated contract costs and revenues are taken into consideration in the period in which they arise. Under IFRS 15 the Group examined the contracts and found that IFRS 15 mainly affects two types of income as follows:

(a) where the customer may be able to separately purchase a warranty for a product for a period of time at the point of sale or where the guarantee can be expressly stated in the contract. Consideration was also given to the ability of the Group to provide maintenance services, such as bug fixes for a software license, which can be considered as a guarantee and

b) the cases in which the Group sells maintenance services that are accompanied by the sale of software licenses.

Revenue related to guarantees that provide a service to the customer, in addition to ensuring that the delivered product is as defined in the contract (service type guarantees) are recognized

during the warranty period. Revenue associated with collateral guarantees does not provide additional good or service to the client (i.e. they do not constitute separate performance obligations). These guarantees will continue to be accounted for in accordance with IAS 37.

For revenue associated with the provision of maintenance services associated with the sale of software licenses, where the use of a software license is directly related to the provision of maintenance services, it has been redefined to recognize the relevant revenue in the years of service provision.

d) New standards, amendments to existing standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year

The Group applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Group.

Due to the transition methods chosen by the Group in applying this standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 Hedge Accounting establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The IASB issued amendments in IFRS 9 "Financial Instruments" allowing companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. These amendments do not affect Group's financial statements.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers 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 recognize 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.

IAS 40 “Investment property”

The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive.

These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. In December 2016 the IASB issued amendments in IAS 40 “Investment Property”, clarifying that an entity shall transfer a property to, or from, investment property when, and only when, there is 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. These amendments do not affect Group financial statements.

IFRS 16 “Leases”

IFRS 16 replaces the existing lease guidance, including IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a lease”, SIC-15 “Operating Leases – Incentives” and SIC-27 “Evaluating the Substance of Transaction involving the Legal Form of a Lease”.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on 1 January 2019. The details of the changes in accounting are disclosed below:

i) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is, or contains, a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is, or contains, a lease based on the definition of a lease, as explained in note Leases (in section “Significant accounting policies” as stated below)

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contract that were previously identified as leases. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on, or after 1 January 2019.

ii) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and reward incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes the right-of-use assets and lease liabilities for most its leases, which are recorded in the balance sheet.

The Group decided to apply the recognition exemptions to the short-term leases.

For leases classified as operating leases under IAS 17, at transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group’s incremental borrowing rate at the date of initial application.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

- Application of a single discount rate to a portfolio of leases with similar characteristics.
- Application of the exemption not to recognize the right-of-use assets and liabilities for

- leases with less than 12 months of lease term.
- Exclusion of initial direct costs from measuring the right-of-use asset at the date of initial application.
- Use of hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

iii) Impacts on financial statements

On transition to IFRS 16, the Group recognized the additional amounts of EUR 11.434.352,02 of right-of-use assets and EUR 10.202.153,32 of lease liabilities. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019 amounting to 4,12%.

The explanation of the differences between the operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application (i.e. 31 December 2018), and the lease liabilities recognized in the statement of financial position at the date of initial application disclosed is as follows:

Transition disclosures for IFRS 16

(i) Measurement of lease liabilities	
Amounts in Euro	
Operating lease commitments disclosed as at 31 December 2018	11.434.352,02
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(1.232.198,70)
Lease liability recognised as at 1 January 2019	10.202.153,32
Of which are:	
Current lease liabilities	3.111.325,81
Non-current lease liabilities	7.090.827,51
(ii) Weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019	4,12%
(iii) Impact on EBITDA	
Impact from the adoption of IFRS 16	3.212.544,03

INTRASOFT INTERNATIONAL
Consolidated Financial Statements in accordance with IFRS
31 December 2019

SOFP impact 1.1.2019

	31/12/2018 published	Impact due to IFRS 16 adoption	1.1.2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.894.610,41	0,00	2.894.610,41
Right-of-use assets	0,00	10.288.661,90	10.288.661,90
Goodwill	13.572.454,82	0,00	13.572.454,82
Other intangible assets	5.919.794,91	0,00	5.919.794,91
Investment property	706.996,05	0,00	706.996,05
Investment in associates (accounted for using the equity method)	993.567,30	0,00	993.567,30
Deferred income tax assets	65.580,44	0,00	65.580,44
Trade and other receivables	2.553.206,75	0,00	2.553.206,75
Other assets	0,00	0,00	0,00
Financial assets at fair value through other comprehensive income	694.675,70	0,00	694.675,70
	27.400.886,38	10.288.661,90	37.689.548,28
Current assets			
Inventories	2.378.148,96	0,00	2.378.148,96
Trade and other receivables	101.551.144,46	(86.508,58)	101.464.635,88
Current income tax receivables	2.336.876,32	0,00	2.336.876,32
Cash and cash equivalents	23.298.576,66	0,00	23.298.576,66
	129.564.746,39	(86.508,58)	129.478.237,81
Total assets	156.965.632,77	10.202.153,32	167.167.786,10
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	1.552.600,00	0,00	1.552.600,00
Fair value reserves	(510.322,44)	0,00	(510.322,44)
Other reserves	4.260.163,56	0,00	4.260.163,56
Retained earnings	8.064.299,33	0,00	8.064.299,33
Total equity	13.366.740,45	0,00	13.366.740,45
Minority interest *	1.468.506,70	0,00	1.468.506,70
Total equity	14.835.247,15	0,00	14.835.247,15
LIABILITIES			
Non-current liabilities			
Borrowings	43.212.338,81	0,00	43.212.338,81
Lease liabilities	0,00	7.090.827,51	7.090.827,51
Retirement benefit obligations	3.919.972,15	0,00	3.919.972,15
Long-term provisions for other liabilities and charges	2.246.037,67	0,00	2.246.037,67
Trade and other payables	104.157,67	0,00	104.157,67
	49.482.506,30	7.090.827,51	49.482.506,30
Current Liabilities			
Trade and other payables	75.948.628,00	0,00	75.948.628,00
Current income tax liabilities	1.038.895,27	0,00	1.038.895,27
Borrowings	10.802.297,69	0,00	10.802.297,69
Lease liabilities	0,00	3.111.325,81	3.111.325,81
Short-term provisions for other liabilities and charges	4.858.058,37	0,00	4.858.058,37
	92.647.879,34	3.111.325,81	95.759.205,14
Total liabilities	142.130.385,64	10.202.153,32	152.332.538,95
Total equity and liabilities	156.965.632,78	10.202.153,32	167.167.786,10

IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

This applies to annual accounting periods starting on or after 1st January 2018.

In December 2016 the IASB issued the Interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration" providing guidance on how to determine the date of the transaction when applying IAS 21 about foreign currency transactions. In this case a non-monetary asset or liability (a prepayment or deferred income) is recognised. This is subsequently derecognised when the related asset, expense or income is recognised. The exchange rate applied to recognise the advance consideration and to determine the initial measurement of the related asset, expense or income (or part of it) is the spot rate on the date on which the advance consideration is received or paid. If there is more than one advance payment or receipt, a date of transaction must be determined for each payment or receipt. The Group has no impact from adoption of the Interpretation in its financial statements.

IFRIC 23 "Uncertainty over Income Tax Treatments"

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits, as well as tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations.

If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates, consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

The Group does not expect the application of IFRIC 23 to have any significant impact on its financial statements on 31 December 2019.

Amendment to IFRS 2: "Classification and Measurement of Share-based Payment Transactions"

In June 2016, the IASB published narrow scope amendment to IFRS 2. The objective of this amendment is to clarify how to account for certain types of share-based payment transactions. More specifically, the amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligation, as well as, a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments do not affect the Group financial statements.

Amendments to IFRS 4: "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"

In September 2016, the IASB published amendments to IFRS 4. The objective of the amendments is to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming insurance contracts Standard. The amendments to existing requirements of IFRS 4 permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until 2021 (the "temporary exemption") and also permit all issuers of insurance contracts to recognize 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 (the "overlay approach"). The amendments do not affect the Group financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

(COMMISSION REGULATION (EU) No. 2018/182 of 7th February 2018, L 34/1 - 8/2/2018) IASB in its annual improvement program, published in December 2016 a Cycle of minor amendments to existing Standards. The Group will assess the impact of the new standard on its financial statements.

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The amendment applies to the annual fiscal periods beginning on or after the 1st of January 2018. The amendment deletes short-term exemptions for first-time adopters.

IAS 28 "Investments in Associates and Joint Ventures"

The amendment applies to the annual fiscal periods beginning on or after the 1st of January 2018.

The amendment clarifies that when an investment in an associate or a joint venture is held by an entity that is a venture capital organization, or a mutual fund, and similar entities apply the election to measure that investment at fair value through profit or loss in accordance to IFRS 9, this election shall be made separately for each associate or joint venture, at initial recognition.

Standards and Interpretations effective for subsequent periods

The following new standards, amendments and interpretations to existing standards are either not yet effective for financial year beginning on 1 January 2019 or are not yet endorsed by the European Union. Hence, the Group could not or has chosen not to early adopt them:

	EU Effective date
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendment to IFRS 3 Business Combinations	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	Not yet endorsed

The Group believes that the adoption of the above IFRSs would not have a material impact on its financial statements.

2.1. Consolidation

(a) Business combinations and subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operational policies by virtue of de-facto control. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Investments in subsidiaries are accounted for at cost less impairment in the Group's standalone financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(b) Joint ventures

Joint ventures or jointly controlled entities are accounted for by proportional consolidation. The Group combines its share in the joint venture on a line-by-line basis in the financial statements.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, the loss is recognised immediately.

Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group accounts for investments in joint ventures in its stand-alone financial statements at cost less impairment.

(c) Associates

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any cumulative impairments losses) identified in acquisition.

Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associates.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group accounts for investments in associates in its stand-alone financial statements at cost less impairment.

2.2. Segment reporting

The segments are determined on the basis of the internal reporting received by the Group's Management and presented in the financial statements on the same basis as that used for internal reporting purposes.

2.3. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's branches are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Euro, which is the functional measurement currency and the presentation currency of the Group.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities measured at their fair value, are reported as part of the fair value and consequently are recognised where also the fair value gain or loss.

Group Companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) Assets and liabilities for each balance sheet date are translated at the closing rate at the date of the balance sheet;
- (2) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) All resulting exchange differences are recognised through other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

2.4. Property, plant and equipment

The property, plant and equipment, is stated at historical cost less accumulated depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method by equal annual charges over the estimated useful life of the asset, as follows:

Buildings	5-12,5 years
Machinery, installations & equipment	5-10 years
Motor vehicles	5-7 years
Telecommunication equipment	3-5 years
Other equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

When the carrying amount of the asset is higher than its recoverable amount, the resulting difference (impairment loss) is recognized immediately as an expense in profit or loss.

In case of sale of property, plant and equipment, the difference between the sale proceeds and the carrying amount is recognized as profit or loss in the income statement.

An asset's cost and accumulated depreciation are written down on its disposal or retirement when no future economic benefits are expected from its continuing use.

Borrowing costs directly attributable to the construction of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

2.5. Investment property

Investment property, principally comprising land is held by the Group for long-term rental yields. Investment property is measured at cost less impairment losses. When the carrying amounts of the investment property exceed their recoverable amounts, the difference (impairment) is charged directly in profit or loss.

The land classified as investment property is not depreciated.

2.6. Leases

(a) Finance leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's

inception at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the property, plant and equipment acquired under finance leases is depreciated over the longer of the useful life of the asset or the lease term.

(b) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.7. Goodwill

Goodwill is not amortized but is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill acquired on a business combination is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash-generating units, which are related to goodwill.

If the carrying amount of the cash-generating unit, including goodwill that has been allocated, exceeds the recoverable amount of the unit, impairment is recognized. The impairment loss is recognized in profit or loss and cannot be reversed.

Gains and losses on the disposal of a cash-generating unit to which goodwill has been allocated include the carrying amount of goodwill relating to the part sold. The amount of goodwill attributable to the part sold is determined by the relative values of the part sold and the part of the cash-generating unit retained.

Goodwill on business combinations has been allocated and is monitored by the Group on the basis of the cash-generating units which have been identified according to the provisions of IAS 36 "Impairment of Assets".

2.8. Intangible assets

The caption 'intangible assets' includes:

a) Computer software: Purchased computer software is stated at historical cost less subsequent amortisation. Amortisation is calculated using the straight-line method over the useful economic lives, not exceeding a period of 3-8 years. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group (internally-generated software), are recognised as part of intangible assets. Direct costs include materials, staff costs of the software development team and an appropriate portion of relevant overheads. Internally-generated software is amortised using the straight-line method over its useful live.

b) Customer relationships: concern assets recognised on the acquisition of the customer list SAP of LAVISOFT SA in the year 2009 (amortised using the straight-line method over a period of 5 years).

2.9. Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and whenever events indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment at each balance sheet date and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised, as expense immediately, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.10. Research and Development Expenses

Research and Development expenditures are recognized as expenses when they are realized. The expenses which arise from the developing programs (related to the design and the test of new or improved products) are capitalized if it is possible to produced future economic benefit. The other development expenditures are booked as an expense in the results when they are realized. Previous years' development expenditures recognized as expenses, cannot be capitalized in the future fiscal years. The capitalized development expenses are depreciated from the beginning of the product's economic life using the straight-line method during the period of the product's future economic benefits. The Group recognizes the Research expenditures in expenses, and the Development expenditures are capitalized if it is possible to produced future economic benefit. The other development expenditures are booked as an expense in the results when they are realized.

2.11. Financial assets

Classification

The Group classifies its financial assets in the following categories. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and reviews the classification at each reporting date.

(a) Investments in subsidiaries and in associates

This category includes long-term investments in subsidiaries and associates. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operational policies by virtue of de-facto control.

Investments in associates which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control.

(b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

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

The Group has a number of investments in listed and unlisted entities, which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets.

Recognition and measurement

Investments in subsidiaries and associates are accounted at cost less accumulated impairment losses. Impairment losses and reversal of impairment losses are charged in profit or loss.

Loans and receivables are carried at cost less potential impairment losses. Impairment losses and reversal of impairment losses are charged in profit or loss.

Financial assets at fair value through other comprehensive income are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

The fair values of quoted investments are based on year-end bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. In cases where the fair value cannot be measured reliably, investments are measured at cost less impairment.

2.12. Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13. Impairment of financial assets

Financial instruments include primary financial instruments such as trade receivables and payables, financial receivables and payables and derivative financial instruments.

The portfolio of primary and derivative financial instruments is described in the relevant disclosure

in the Notes to the financial statements.

Financial instruments are classified with the first-time application of IFRS 9 in the categories "at amortized cost", "at fair value through profit or loss" or "at fair value through other comprehensive income".

Financial assets and debts, with the exception of trade receivables, are initially recognized at fair value when initially valued. Unless there is a significant financing component, trade receivables are valued at their transaction price in accordance with IFRS 15. For financial instruments measured at amortized cost or at fair value through profit or loss, the direct transaction costs are included in the carrying amount. The subsequent valuation depends on the classification of the financial assets into the following categories:

Financial assets are carried at amortized cost if they are held as part of a business model whose objective is to hold the assets and collect the contractual cash flows consisting solely of principal and interest payments. For long term assets for which the effect of compounding is significant the effective interest method is applied.

Financial assets held as part of a business model whose objective is both the collection of contractual cash flows and the sale of assets are valued at fair-value through other comprehensive income. Changes in the fair value are recorded in Other Comprehensive Income.

Financial assets that cannot be allocated to either of the two categories above are measured at fair value through profit or loss. This category applies in particular to equity instruments and derivatives.

According to the impairment model of IFRS 9, the expected losses for a 12-month period after the balance sheet date are determined for all assets. If there has been a significant increase in the risk of default since the first-time recognition or an objective indication of impairment, the expected credit losses are to be recognized over the term. In the case of trade receivables, the expected credit losses over the term must always be determined.

Subsequent measurement of financial liabilities, with the exception of derivatives, is carried out at amortized cost.

The adoption of IFRS 9 led to a change in the accounting treatment of impairment losses for financial assets as it replaced the treatment of IAS 39 for recognizing realized losses by recognizing the expected credit losses. Conventional assets and receivables from customers: The Group applies the simplified approach of IFRS 9 for the calculation of expected credit losses, according to which the provision for impairment is always measured in an amount equal to the expected credit losses over the lifetime for customer receivables and contractual assets. To determine the expected credit losses in relation to customer receivables, the Group uses a credit loss projection table based on the historical data of the Group for credit losses, adjusted for future factors in relation to the debtors and the financial environment. In particular, to determine the expected credit losses in respect of contractual assets, account shall be taken of the estimated rate of early termination of contracts, the amount of the clauses in the case of early termination and the relative rate of collectability. The provision for impairment for the Group as at 01/01/2018 was not changed.

2.14. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished and semi-finished goods, by-products and work in progress comprises design costs, raw materials, direct labour, other direct costs and related

production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses and in case of work-in-progress estimated costs to completion.

Provisions for slow-moving or obsolete inventories are formed when necessary.

2.15. Trade receivables

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished and semi-finished goods, by-products and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses and in case of work-in-progress estimated costs to completion. Provisions for slow-moving or obsolete inventories are formed when necessary.

2.16. Factoring

Trade and other receivables are reduced by the amounts that have been received in advance under factoring agreements without recourse.

2.17. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.18. Non-current assets held for sale and discontinued operations

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The basic criteria to classify a non-current asset (or disposal group) as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets and its sale must be highly probable.

For the sale to be highly probable:

- the appropriate level of management must be committed to a plan to sell the asset (or disposal group)
- an active programme to locate a buyer and complete the plan must have been initiated
- the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value
- the sale should be expected to be completed within one year from the date of classification
- the actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Immediately prior to initial classification of a non current asset (or disposal group) as held for sale, the asset (or the assets and liabilities included in the disposal group) will be measured in accordance with the applicable IFRSs.

Non-current assets (or disposal groups) that are classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell and any possible resulting impairment losses are recognised in profit or loss. Any subsequent increase in fair value will be recognised in profit or loss, but not in excess of the cumulative impairment loss which was previously recognised.

While a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale, it should not be depreciated or amortised.

2.19. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown after the reduction of the relative income tax in reduction to the product of issue. Incremental costs directly attributable to the issue of new shares for the acquisition of other entities are shown in reduction to the product of issue.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.20. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.21. Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.22. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax is computed based on the separate financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece and other tax jurisdictions in which foreign subsidiaries operate. Current income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns and additional income taxes to cover potential tax assessments which are likely to occur from tax audits by the tax authorities, using the enacted tax rates.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the

consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

2.23. Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.24. Employee benefits

(a) Pension obligations

The Group contributes to both defined benefit and defined contribution plans.

The regular contributions for defined contribution plans constitute net periodic costs for the year in which they are due and as such are included in staff costs.

The liability in respect of defined benefit pension or retirement plans is the present value of the defined benefit obligation at the balance sheet date. Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Where there is uncertainty about the number of employees who will accept an offer of termination benefits, the Group discloses information about the contingent liability.

2.25. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.26. Provisions

Provisions are recognized when:

1. There is present legal or constructive obligation as a result of past events
2. It is probable that an outflow of resources will be required to settle the obligation
3. The amount can be reliably estimated.

(a) Warranties

The Group recognizes a provision that represents the present value of the estimated liability for the repair or replacement of guaranteed products or concerning the delivery of projects / rendering of services at the balance sheet date. This provision is calculated on the basis of historical facts over repairs and replacements.

(b) Compensated absences

The claims over compensated absences are recognized as incurred. The Group recognizes the expected cost of short-term employee benefits in the form of compensated absences based on their unused entitlement at the balance sheet date.

(c) Loss-making contracts

The Group recognizes a provision with an immediate charge to profit or loss for loss-making construction contracts or long-term service contracts when the expected revenues are lower than the unavoidable expenses which are estimated to arise in order that the contract commitments are met.

2.27. Revenue recognition

a) Sales of Services - Construction contracts

The Group recognizes revenue from a contract when (or as) it fulfils an execution engagement by passing a promised asset or service to a client. An asset is transferred when (or as) the customer acquires control of that asset. The customer acquires control of a good or a service when it can direct its use and receive virtually all the remaining benefits from it. Revenue is defined as the amount that the Group expects to be entitled to in exchange for the goods or services it has transferred to a customer, except for amounts received on behalf of third parties. Variable amounts are included in the consideration and are calculated using either the "expected

value" method or the "most probable amount" method. The commitment to performance of the contract can be fulfilled either at a specific time or over time.

The fulfilment of a commitment to sell a good or provide a service takes place over a long period when:

a) the client receives and at the same time uses the benefits resulting from the execution by the Group during the execution by the Group,

(b) the execution by the Group creates or strengthens an asset the control of which belongs to the client as the asset is created or enhanced; or

(c) the Group's execution does not entail the creation of an alternative asset for the Group and the Group has an enforceable payment right over the execution that has been completed by the given date.

When the Group performs its contractual obligations by transferring goods or services to a client before the customer pays the consideration or before the payment becomes due, the Group represents the contract as a contractual asset. A conventional asset is the entity's right in exchange for goods or services which it has transferred to a customer such as when the construction services are transferred to the customer before the Group has the right to issue an invoice.

When the customer pays a consideration, or the Group retains a right to a price that is unconditional prior to performing the obligations of the service contract, then the Group represents the contract as a contractual obligation. The contractual obligation is derecognized when the contract obligations are executed, and the revenue is recorded in the statement of comprehensive income.

In the field of integrated IT solutions, revenue from customer contracts mainly concerns the following categories:

- development and implementation services of an integrated software system
- self-rendering software
- cloud services (equipment provision and implementation)
- provision of network interference services
- hardware sales
- sale of software licenses (license)

The revenue from the sale of hardware and software licenses are recognized when the asset is transferred to the customer, when the goods are delivered to and accepted by the customer.

For revenue from the sale of software licenses (licenses) that are accompanied by support services, where the use of software licenses is directly linked to the provision of support services, the recognition of the relevant revenues occurs in the years of service provision.

Revenue from provision of services is recognized over time either through the straight-line method during the period in which customers receive and at the same time reap the benefits

accruing from the provision of the service on the part of the Group or on the consideration the Group must invoice on the basis of the hours worked.

b) Interest

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate. Subsequently, interest is recognized on the impaired value.

c) Dividends

Dividends are recognized when the right to receive payment is established.

2.28. Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

2.29. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares held as treasury shares.

Diluted earnings per share is calculated by dividing the profit attributable to equity holder so the Group (after deducting interest on convertible shares, net of tax) by the weighted average number of ordinary shares outstanding during the year (adjusted for the effect of dilutive convertible shares).

2.30. Roundings

Differences between amounts presented in the financial statements and corresponding amounts in the notes result from roundings.

3. Financial risk management

3.1 Financial risk factors

INTRASOFT INTERNATIONAL Group, is exposed to a variety of financial risks, including market risk (the effects of changes in foreign currency exchange rates, cash flow and fair value risk from changes in interest rates and market prices), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group as a whole.

The financial liabilities of the Group include short-term loans, long-term loans and finance lease agreements, through which the Group finances its working capital and capital expenditure needs. Moreover, the Group manages financial assets, mainly short-term bank deposits arising from operating activities.

Derivative financial instruments are used exclusively for the hedging of interest or exchange rate risk, since according to the approved policy, speculative use is not permitted.

In summary, the financial risks that arise are analyzed below.

(a) Market risk

Foreign exchange risk

The Group provides services and sells goods with contractual amounts denominated to a large extent in euro. Therefore, it is not exposed to large movements in foreign currency exchange rates against its reporting currency, the euro. The Group did not use derivative financial instruments in the years ended 31 December 2019 and 2018 in order to reduce its exposure to foreign currency exchange risk.

Increase in EURO/USD rate by	Effect on net results 2019	Effect on net results 2018
3%	-263.093	-389.841
6%	-526.185	-779.682
9%	-789.278	-1.169.523
12%	-1.052.371	-1.559.363

Price risk

The Group has limited exposure to changes in the prices of the shares held either for trading or as available for sale financial assets.

Cash flow and fair value interest rate risk

The interest-rate risk has been partly mitigated through the conversion of a significant part of borrowings into fixed rate, while it is estimated that during the current financial year the specific risk will be limited since it is considered highly probable that interest rates will remain stable in the medium-term or that will be slightly decreased after the first semester.

The following tables present the sensitivity of the Group's net results in possible fluctuations of the interest rates for the years 2019 and 2018. The analysis takes into consideration borrowings and cash and cash equivalents of the Group as at 31st December 2019 and 2018 respectively.

Financial instruments in Euro

Increase in interest rates (base units) by	Effect on net results 2019	Effect on net results 2018
25	(107.006)	(76.790)
50	(214.013)	(153.580)
75	(321.019)	(230.370)
100	(428.025)	(307.161)

(b) Credit risk

The sales transactions of the Group are made to private companies and public-sector organisations with an appropriate credit history, with which in many cases there is a long-standing relationship.

Regarding credit risk related to cash deposits, the Group collaborates only with financial institutions of high credit rating.

The Group is not exposed to credit risk concentration, including risk of default, because it effectively deals with various agencies of the European Union and, to a lesser extent, institutions of various European governments. Because of this, the credit risk that the Group faces is not significant.

(c) Liquidity risk

Prudent liquidity management is achieved by an appropriate combination of cash and cash equivalents and approved bank facilities. Due to the dynamic nature of the underlying businesses, the Group through the Group Treasury has access to funding through the committed credit lines available at the Group level.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2019 and 31 December 2018 based on contractual undiscounted payments.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. Group's capital is considered sufficient on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less 'cash and cash equivalents. Total capital employed is calculated as 'equity attributable to Group's equity holders' as shown in the consolidated balance sheet plus net debt.

	01/01-31/12/2019	01/01-31/12/2018
Total borrowings (note 18)	57.401.063,52	54.014.636,50
Less: Cash & cash equivalents (note 15)	(14.598.541,55)	(23.298.576,66)
Net borrowings	42.802.521,97	30.716.059,84
Equity	16.031.224,60	14.835.247,14
Total Capital Employed	58.833.746,57	45.551.306,98
Gearing ratio	72,8%	67,4%

3.3 Fair value estimation

The Group provides the required disclosures relating to fair value measurement through the hierarchy into three levels.

On 31 December 2019 the Group had:

- Financial assets at fair value through other comprehensive income EUR 539.617,20 are classified in Level 3.

On 31 December 2018 the Group had:

- Financial assets at fair value through other comprehensive income out of which EUR 131.170,18 are classified in Level 1 (1.175.360 Shares of ATTIKA Bank listed in Athens Stock Exchange) and EUR 361.462,63 are classified in Level 3.

The fair value of financial instruments traded in active markets is based on quoted market rates at the balance sheet date ('Level 1').

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques and assumptions that are based on observable market data at the balance sheet date ('Level 2').

If the fair values of financial instruments that are not traded in an active market are based on valuation methods and assumptions that are not mainly based on observable market data, the instruments are classified in ('Level 3'). Investments in shares, which are not publicly traded and for which the fair value cannot be reliably estimated, are presented at cost less impairment.

3.4 Offsetting financial assets and financial liabilities

On 31 December 2019 and 2018 the Group does not have any financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

4. Segment information

Primary reporting format – business segments

At 31 December 2019, the Group is organised into one main business segments:

- Integrated information technology solutions for government and banking sector

The segment results from continuing operations for the year 2019 and 2018 respectively are as follows:

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	1/1-31/12/2019		1/1-31/12/2018
	Integrated information Technology solutions for government and banking sector	Integrated information Technology solutions (without impact of IFRS 16)	Integrated information Technology solutions for government and banking sector
Total gross segment sales	178.117.168,28	178.117.168,28	169.907.018,78
Total sales	178.117.168,28	178.117.168,28	169.907.018,78
Operating profit / Segment result	7.990.848,30	7.903.915,58	10.001.060,65
EBITDA	14.468.460,63	11.255.916,60	12.015.703,73
Finance income	231.988,98	231.988,98	234.764,07
Finance cost	(5.066.024,84)	(4.682.787,68)	(4.524.332,34)
Finance costs net (note 28)	(4.834.035,86)	(4.450.798,70)	(4.289.568,27)
Profit before income tax	3.157.977,37	3.454.281,82	5.631.242,07

Other segment items included in the income statement are as follows:

	1/1-31/12/2019	1/1-31/12/2018
	Integrated information Technology solutions for government and banking sector	Integrated information Technology solutions for government and banking sector
Depreciation of property, plant and equipment (note 5)	1.230.775,41	1.020.533,85
Amortization of intangible assets (Note 7)	2.104.667,45	980.310,76
Depreciation of right-of-use assets (Note 9)	3.125.450,06	0,00
Depreciation of investment property	16.558,16	13.798,47
Impairment of trade receivables (Note 24)	432.770,14	441.020,37

The segment assets and liabilities at 31 December 2019 and 31 December 2018 as well as the capital expenditure for each year are as follows:

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31 December 2019

	1/1-31/12/2019	1/1-31/12/2018
	Integrated information Technology solutions for government and banking sector	Integrated information Technology solutions for government and banking sector
Assets	165.193.123,72	156.965.632,78
Associates	0,00	0,00
Total assets	165.193.123,72	156.965.632,78
Liabilities	149.161.899,11	142.130.385,64
Capital expenditure	6.662.499,88	4.693.510,70

Secondary reporting format – geograical segments

The main business segments of the Group operate in three geographical areas. The home-country of the Group -which is also the main operating country-is Luxembourg.

Information per geographical area:

	Sales		Total assets		Capital expenditure	
	1/1-31/12/2019	1/1-31/12/2018	1/1-31/12/2019	1/1-31/12/2018	1/1-31/12/2019	1/1-31/12/2018
Greece	51.234.483,89	45.848.313,16	72.919.597,66	45.436.426,97	4.333.161,34	3.248.083,31
EU countries	101.498.935,21	100.852.688,98	75.114.269,60	94.428.358,33	2.282.545,41	1,289,742
Other countries	25.383.749,18	23.206.016,65	17.159.256,46	17.100.847,48	46.793,13	155.685,12
Total	178.117.168,28	169.907.018,78	165.193.123,72	156.965.632,78	6.662.499,88	4.693.510,70

Sales are allocated based on the country in which the customer is located. Assets are allocated based on their geographical location. Capital expenditure is allocated based on where the assets are located.

An analysis of the Group's revenues is as follows:

	2019	2018
Sales of goods	6.364.920,97	7.682.960,46
Sales of merchandise	2.546.985,00	4.329.876,23
Sales of services	169.205.262,31	157.894.182,09
Total	178.117.168,28	169.907.018,78

5. Property, plant and equipment

	Land	Buildings	Plant & Machinery	Tel. equipment	Motor vehicles	Furniture & fixtures	Assets Under Construction	Total
ACQUISITION COST								
Balance at 1 January 2018	0,00	2.447.632,09	5.075.445,08	839.229,60	110.422,65	3.187.253,23	0,00	11.659.982,65
Exchange differences	0,00	0,00	0,00	19.194,95	3.789,70	17.731,85	0,00	40.716,50
Additions	0,00	371.211,91	720.806,83	75.516,32	3.322,58	282.220,60	0,00	1.453.078,24
Disposals	0,00	(11.689,00)	(11.942,53)	(471,62)	(4.380,00)	0,00	0,00	(28.483,15)
Reclassifications	0,00	(65.224,92)	(3.771,16)	(20.654,32)	0,00	(91.635,00)	0,00	(181.285,40)
Balance at 31 December 2018	0,00	2.741.930,08	5.780.538,22	912.814,93	113.154,93	3.395.570,68	0,00	12.944.008,85
ACCUMULATED DEPRECIATION								
Balance at 1 January 2018	0,00	1.443.160,00	4.673.422,52	375.478,19	77.765,91	2.632.258,97	0,00	9.202.085,59
Exchange differences	0,00	0,00	0,00	15.735,96	2.276,35	9.191,11	0,00	27.203,42
Depreciation charge	0,00	203.702,16	493.514,90	122.762,28	11.487,91	189.066,60	0,00	1.020.533,85
Disposals	0,00	(5.065,23)	(10.466,78)	0,00	(3.607,01)	0,00	0,00	(19.139,02)
Reclassifications	0,00	(65.224,92)	(1.362,16)	(20.654,32)		(94.044,00)	0,00	(181.285,40)
Balance at 31 December 2018	0,00	1.576.572,01	5.155.108,48	493.322,11	87.923,16	2.736.472,68	0,00	10.049.398,44
NET BOOK VALUE at 31 December 2018	0,00	1.165.358,07	625.429,74	419.492,82	25.231,77	659.098,00	0,00	2.894.610,41

	Land	Buildings	Plant & Machinery	Tel. equipment	Motor vehicles	Furniture & fixtures	Assets Under Construction	Total
ACQUISITION COST								
Balance at 1 January 2019	0,00	2.741.930,08	5.780.538,22	912.814,93	113.154,93	3.395.570,68	0,00	12.944.008,85
Exchange differences	0,00	0,00	0,00	17.946,28	1.973,42	(92.359,57)	0,00	(72.439,87)
Additions	0,00	327.797,25	840.001,65	50.201,29	0,00	131.594,32	0,00	1.349.594,51
Disposals	0,00	0,00	(50.713,51)	(48.341,79)	(56.724,79)	(222.942,32)	0,00	(378.722,41)
Acquisition of subsidiaries	0,00	0,00	0,00	0,00	0,00	7.590,83	0,00	7.590,83
Reclassifications	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Balance at 31 December 2019	0,00	3.069.727,33	6.569.826,36	932.620,70	58.403,56	3.219.453,95	0,00	13.850.031,90
ACCUMULATED DEPRECIATION								
Balance at 1 January 2019	0,00	1.576.572,01	5.155.108,48	493.322,11	87.923,16	2.736.472,68	0,00	10.049.398,44
Exchange differences	0,00	0,00	0,00	(96.120,65)	1.450,33	8.104,78	0,00	(86.565,54)
Depreciation charge	0,00	300.157,25	595.216,37	125.358,09	6.921,32	203.122,37	0,00	1.230.775,41
Disposals	0,00	0,00	(12.606,83)	(34.106,37)	(39.994,76)	(156.183,85)	0,00	(242.891,82)
Acquisition of subsidiaries	0,00	0,00	0,00	0,00	0,00	627,56	0,00	627,56
Reclassifications	0,00	0,00	0,00	135,35	0,00	5,22	0,00	140,57
Balance at 31 December 2019	0,00	1.876.729,26	5.737.718,02	488.588,53	56.300,05	2.792.148,76	0,00	10.951.484,62
NET BOOK VALUE at 31 December 2019	0,00	1.192.998,07	832.108,34	444.032,17	2.103,51	427.305,20	0,00	2.898.547,28

There are no assets held under finance lease.

6. Goodwill

<i>Amounts in Euro</i>	
Balance at 1 January 2018	13.572.454,82
Exchange differences	0,00
Balance at 31 December 2018	13.572.454,82
Exchange differences	0,00
Balance at 31 December 2019	13.572.454,82
Net book amount at 31 December 2019	13.572.454,82

Goodwill resulted from the acquisition of the companies listed below and is allocated to cash generating units (CGUs) as follows:

<i>Amounts in Euro</i>	
Goodwill analysis	
Previous entity of INTRASOFT International before merger	11.362.824,00
INTRASOFT International Scandinavia A.S.	2.209.590,82
TOTAL	13.572.454,82

In order to assess whether there is goodwill impairment as at 31 December 2019, the Group performed the relevant impairment tests, at Group level, on cash generating units (CGUs) to which goodwill has been allocated.

The recoverable amount of goodwill from the above companies has been determined based on value-in-use calculations. The value-in-use reflects the present value of future expected cash flows of the CGU discounted at a rate that reflects the time value of money and the risks associated with the CGU. Cash flow projections reflect the business plans covering the five-year period 2020-2024 which were approved by the Group's Board of Directors. These business plans are based on financial results of 2019 whereas cash flows beyond the five-year period are extrapolated using the perpetuity growth rate as presented below.

The key assumptions used for the most significant CGUs for the period 2020 - 2024 are as follows:

	Intrasoft International SA	Intrasoft International Scandinavia
Revenue growth	1,1-1,2%	1,5-4,7%
Gross margin	8,0-8,4%	82%
EBITDA margin	5,5-5,6%	34,6%
Perpetuity growth rate	1%	1%
Discount rate	7,02%	7,22%

The key assumptions used for value-in-use calculation are based on past performance as well as on expectations of the future development of operation and are consistent with external factors.

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Based on the tests performed, the goodwill recoverable amount exceeds its carrying value and there is no impairment loss.

7. Intangible assets

	Development costs	Trademarks & licenses	Software	Internally-generated software	Customer relationship	Other	Total
ACQUISITION COST							
Balance at 1 January 2018	0,00	661.140,40	10.978.388,55	30.760.881,34	1.707.484,00	0,00	44.107.894,28
Exchange differences	0,00	0,00	4.491,48	57.864,33	0,00	0,00	62.355,81
Additions	0,00	0,00	587.099,00	2.094.153,44	0,00	0,00	2.681.252,44
Reclassifications	0,00	0,00	(462.880,59)	462.880,59	0,00	0,00	0,00
Balance at 31 December 2018	0,00	661.140,40	11.107.098,44	33.375.779,70	1.707.484,00	0,00	46.851.502,53
ACCUMULATED DEPRECIATION							
Balance at 1 January 2018	0,00	0,00	9.621.029,62	28.601.173,91	1.707.483,98	0,00	39.929.687,51
Exchange differences	0,00	0,00	1.885,92	29.490,05	0,00	0,00	31.375,97
Depreciation charge	0,00	0,00	407.682,94	562.961,20	0,00	0,00	970.644,14
Reclassifications	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Balance at 31 December 2018	0,00	0,00	10.030.598,48	29.193.625,16	1.707.483,98	0,00	40.931.707,62
NET BOOK VALUE at 31 December 2018	0,00	661.140,40	1.076.499,96	4.182.154,54	0,02	0,00	5.919.794,91

	Development costs	Trademarks & licenses	Software	Internally-generated software	Customer relationship	Other	Total
ACQUISITION COST							
Balance at 1 January 2019	0,00	661.140,40	11.107.098,44	33.375.779,70	1.707.484,00	0,00	46.851.502,53
Exchange differences	0,00	0,00	2.338,86	34.035,33	0,00	0,00	36.374,19
Additions	1.340.877,98	0,00	1.355.083,28	2.434.900,97	182.043,14	0,00	5.312.905,37
Acquisition of subsidiaries	0,00	0,00	0,00	0,00	332.100,00	0,00	332.100,00
Reclassifications	0,00	0,00	85.000,00	(85.000,00)	0,00	0,00	0,00
Balance at 31 December 2019	1.340.877,98	661.140,40	13.227.401,17	35.081.835,41	2.221.627,14	0,00	52.532.882,10
ACCUMULATED DEPRECIATION							
Balance at 1 January 2019	0,00	0,00	10.030.598,48	29.193.625,16	1.707.483,98	0,00	40.931.707,62
Exchange differences	0,00	0,00	1.389,10	16.167,70	0,00	0,00	17.556,80
Depreciation charge	0,00	0,00	948.443,92	1.090.557,97	65.665,56	0,00	2.104.667,45
Acquisition of subsidiaries	0,00	0,00	0,00	0,00	39.034,85	0,00	39.034,85
Reclassifications	0,00	0,00	621.258,30	(621.258,30)	0,00	0,00	0,00
Balance at 31 December 2019	0,00	0,00	11.601.689,79	29.679.092,53	1.812.184,39	0,00	43.092.966,72
NET BOOK VALUE at 31 December 2019	1.340.877,98	661.140,40	1.625.711,38	5.402.742,88	409.442,75	0,00	9.439.915,38

8. Investment property

<i>Amounts in Euro</i>	31/12/2019	31/12/2018
Cost		
Balance at the beginning of period	720.794,52	206.107,42
Additions	0,00	514.687,10
Balance at the end of period	720.794,52	720.794,52
Accumulated Depreciation		
Balance at the beginning of period	13.798,47	0,00
Depreciation charge	16.558,16	13.798,47
Balance at the end of period	30.356,63	13.798,47
Net book amount at the end of period	690.437,89	706.996,05

The investment property relates to:

- land rented to INTRACOM TELECOM SA. Rental income from investment properties for 2019 amounted to EUR 36.882,00 (2018: EUR 36.790,35). The operating expenses related to the land amounted to EUR 852,12 (2018: EUR 660,54). The Company estimated the fair value of its property as at 31 August 2011. Impairment losses were recorded in the 2011 year's profit or loss amounting to EUR 250.000,00.
- In January 2018 the Company proceeded to purchase a property in Bulgaria and more specifically the office No.5, with a built-up area of 433,55 sq. occupying the entire 4th floor of the "OFFICE BUILDING" built in zoned land of Sofia city. The determined Market Value of the real estate as estimated on 24th January 2018 is BGN 983.800,00 equivalent to EUR 503.000,00. No rental income from investment properties and operating expenses related to the land existing for 2019.

9. Leases

Right-of-Use Assets

The right-of-use assets were recognized at an amount equal to the lease liability and adjusted for the amount of prepaid expenses standing on the balance sheet as of that date. The respective amount equals to Euro 10.288.661,90 and was reclassified to the right-of-use asset at 1.1.2019.

The Group leases mainly offices, warehouses, equipment and vehicles. Lease agreements are usually made for specified periods but may also include extension or termination rights. Extension rights that can only be exercised by the Group are included during the lease only in cases where there is a very high certainty that the Group will exercise these rights. Respectively, the rights of

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the Group for early termination of the contract are not taken into account when the Group considers with high certainty that it does not exercise them.

Contracts that include such rights mainly concern offices and vehicles. In most cases, the Group's assessment was that the rights would not be exercised. For vehicles, the Group's assessment was based on historical data but also on the Group's established practice. For the offices, the Group also examined the strategic importance of leased premises, the importance of the improvements it has made in these premises as well as the market prices for leases of similar properties.

<u>Right-of-use assets</u>	
Balance at 1 January 2019	0,00
Impact from the adoption of IFRS 16- previously operating leases	10.288.661,90
Impact from the adoption of IFRS 16- previously finance leases	0,00
Additions	1.504.267,85
Depreciation	(3.125.450,06)
Impairment	0,00
Acquisition of subsidiaries	0,00
Termination of agreements	(46.817,26)
Transfer (to) finance lease receivables	(147.966,38)
Balance at 31 December 2019	8.472.696,06
(i) Amounts recognised relate to the following underlying assets	
Right-of-use assets	
Land	
Buildings	5.688.118,43
Plant & Machinery	0,00
Telecommunications equipment	0,00
Motor vehicles	2.686.690,36
Furniture and fixtures	97.887,26
	8.472.696,06
(ii) Amounts recognised in the statement of comprehensive Income	
<u>Depreciation charge of right-of-use assets</u>	
Buildings	(1.676.860,98)
Plant & Machinery	0,00
Telecommunications equipment	0,00
Motor vehicles	(1.418.419,02)
Furniture and fixtures	(30.170,06)

Finance lease receivables

The sublease terms related to building of Romanian Branch with client is for the major part of the economic life of underlying asset even if title is not transferred. The Group derecognized the right of use asset (to the extent that it is subject to the sub-lease) and recognized a finance lease receivable (net investment in the lease).

10. Investment in associates

The interest held in associates as at 31 December is as follows:

Entity Name	Country of incorporation	31/12/2019 Net Book Value	31/12/2019 Net Equity	31/12/2019 Profit / (Loss)	31/12/2019 Interest held (%)
ADVANCED TRANSPORT TELEMATICS SA	Greece	557.411,42	1.114.822,85	33.695,54	50,00%
STELSTATH	Greece	3.149,35	(89.017,69)	(1.157,95)	5%
RURAL CONNECT BROADBAND	Greece	127.506,79	1.179.703,67	(465.813,15)	10%
INCELLIGENT Private Company	Greece	427.664,66	463.788,19	38.323,32	20%
Total		1.115.732,23			

Entity Name	Country of incorporation	31/12/2018 Net Book Value	31/12/2018 Net Equity	31/12/2018 Profit / (Loss)	31/12/2018 Interest held (%)
ADVANCED TRANSPORT TELEMATICS SA	Greece	540.563,65	1.081.127,31	(72.652,74)	50,00%
STELSTATH	Greece	3.207,25	90.175,64	(13.015,36)	5%
RURAL CONNECT BROADBAND	Greece	174.088,10	1.657.048,55	(629.613,66)	10%
WEMETRIX SA	Greece	275.708,30	406.020,10	(42.979,90)	40%
Total		993.567,30			

During the year 2014, the Company established a 50% held subsidiary Company with the name of Advanced Transport Telematics SA in Greece.

During the year 2015, the Company proceeded to payments of EUR 26.000 of its subsidiary Advanced Transport Telematics SA which will be used to increase the share capital.

During the year 2016, the Company contributed EUR 50.000 to its subsidiary Advanced Transport Telematics SA.

On March 30th, 2017 the Company paid the amount of 241.500,00 euros, for the acquisition of 24.150 (10% of total capital) ordinary registered shares (with a nominal value of 10 euros each) of the company under the name RURAL CONNECT BROADBAND NETWORKS SPV.

On May 5th.2017 the company participate by 5% to the company "THESSALONIKI's CONTROLLED PARKING SYSTEM S.A." with the distinctive title "STELSTATH", with the amount of EUR 1.200,00.

During the year 2018, the Company established a 40% held subsidiary in Greece with the name of WEMETRIX. The Company paid the amount of 299.000,00 euros, for the acquisition of 10.000 (40% of total capital) ordinary registered shares (with a nominal value of 10 euros each).

On 7th October 2019 the Company paid the amount of EUR 150.000,00 for the acquisition of 12.500 shares of the company (20% of total capital), so acquired control of the company and transferred to subsidiaries.

During the year 2019 and more specifically on April 9th, 2019 the Company paid the amount of EUR 200.000,00, for the acquisition of 178 preference registered shares (with a nominal value of 1 euro each) of the company under the name INCELLIGENT Private Company. INCELLIGENT is a start-up company specializing in building Data-Driven, Predictive & Prescriptive Analytics solutions by exploiting the most recent advancements in Artificial Intelligence (AI), Machine Learning (ML) and Deep Learning (DL) technologies. This new investment is a bold step forward, further enhancing our products and services with Data Analytics and Artificial Intelligence features, providing predictive and prescriptive insights to our customers. On 24th April 2019 the Company acquired 222 preference registered shares (with a nominal value of 1 euro each) of the company under the name INCELLIGENT Private Company for the amount of EUR 220,000.

<i>Amounts in Euro</i>	2019	2018
Balance at the beginning of period	993.567,30	817.797,51
Acquisition of associates	0,00	299.000,00
Transfer from / (to) subsidiaries	(299.000,00)	0,00
Share of results (after tax & minority interests)	1.164,93	(123.230,21)
Additions	420.000,00	0,00
Balance at the end of period	1.115.732,23	993.567,30

11. Financial assets at fair value through other comprehensive income

Financial assets are categorized in the tables below:

<i>Amounts in Euro</i>	2018
Opening Balance 1st January 2018	0,00
Adjustment, according to IFRS 9	829.517,86
Opening Balance 1st January 2018, according to IFRS 9	829.517,86
Fair value adjustments (note 17)	(413.475,62)
Additions	293.134,82
Other	(14.501,36)
Balance at the end of period	694.675,70
Non-current portion	694.675,70
- Equity securities	
<u>Listed securities</u>	
1.175.360 Shares of Attika Bank SA	131.170,18
	131.170,18
<u>Unlisted securities</u>	
Intranet	134.537,86
Edap-Etep Kritis	10.570,86
Akropolis Park	216.353,91
Odyssey Partners S.C.A. SICAR	202.042,89
	563.505,52
	694.675,70
Financial assets at fair value through OCI are denominated in the following currency:	
Euro	694.675,70

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<i>Amounts in Euro</i>	2019
Opening Balance 1st January 2019	694.675,70
Disposals/write-offs	(604.500,70)
Fair value adjustments (note 17)	437.741,20
Additions	11.701,00
Balance at the end of period	539.617,20
Non-current portion	539.617,20
<u>Unlisted securities</u>	
Intranet	134.537,86
Edap-Etep Kritis	10.570,86
Akropolis Park	216.353,91
Odyssey Partners S.C.A. SICAR	178.154,57
	539.617,20
	539.617,20
<u>Financial assets at fair value through OCI are denominated in the following currency:</u>	
Euro	539.617,20

The Group in 2018 had chosen to classify amounts of € 624K as financial assets at fair value through other comprehensive income, the Fair value adjustments of € 413 thousand was recorded in the Group's Fair value reserves (note 15ii).

During 2019, the Group proceeded to disposal of 1.175.360 shares of the Attika Bank, at average selling price EUR 0,51431 each and total value of EUR 604.500,70 and the impact of fair value adjustment of EUR 473.330,52 was recorded in the Group's Fair value reserves.

Fair value of unlisted securities represents a Level 3 measure. Investments in unlisted shares are shown at cost less impairment.

Entity Name	Country of incorporation	31/12/2019 Cost Book Value	31/12/2019 Impaired amount	31/12/2019 Net Book Value
Intranet	Greece	270.000,00	135.462,14	134.537,86
Edap-Etep Kritis	Greece	11.738,82	1.167,96	10.570,86
Akropolis Park	Greece	313.991,38	97.637,47	216.353,91
Odyssey Partners S.C.A. SICAR	Luxembourg	202.042,89	23.888,32	178.154,57
Total		797.773,09	258.155,89	539.617,20

12. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The offset amounts are as follows:

<i>Amounts in Euro</i>	31/12/2019	31/12/2018
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	(138.742,23)	(5.113,59)
Deferred tax assets to be recovered within 12 months	4.639,83	0.00
	(134.102,40)	(5.113,59)
Deferred tax liabilities:		
Deferred tax liabilities to be settled after more than 12 months	0,00	(60.466,86)
Deferred tax liabilities to be settled within 12 months	0,00	0,00
	0,00	(60.466,86)
	(134.102,40)	(65.580,44)

The gross movement on the deferred income tax account is as follows:

<i>Amounts in Euro</i>	31/12/2018	31/12/2018
Balance at beginning of period:	(65.580,44)	(88.565,34)
Exchange differences	0,00	0,00
Charged to equity	(68.521,96)	0,00
Income statement charge	0,00	22.955,29
Balance at the end of period	(134.102,40)	(65.580,44)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Provisions – Impairment losses	Tax losses	Other	Total
Deferred tax asset				
Balance at 1 January 2018	0,00	(296.558,96)	(19.902,77)	(316.461,72)
Charged / (credited) to the income statement	0,00	311.318,53	0,00	311.318,53
Charged to equity	0,00	0,00	0,00	0,00
Exchange differences	0,00	29,61	0,00	0,00
Balance at 31 December 2018	0,00	14.789,18	(19.902,77)	(5.113,59)
Charged to equity	0,00	0,00	(128.988,82)	(128.988,82)
Exchange differences	0,00	0,00	0,00	0,00
Balance at 31 December 2019	0,00	14.789,18	148.891,59	(134.102,40)

	Accelerated tax depreciation	Accrued income	Other	Total
Deferred tax liability				
Balance at 1 January 2018	209.373,47	0,00	18.522,91	227.896,38
Charged / (credited) to the income statement	(209.373,47)	0,00	(78.989,77)	(288.363,24)
Charged to equity	0,00	0,00	0,00	0,00
Balance at 31 December 2018	0,00	0,00	(60.466,86)	(60.466,86)
Charged / (credited) to the income statement	0,00	0,00	0,00	0,00
Charged to equity	0,00	0,00	60.466,86	60.466,86
Balance at 31 December 2019	0,00	0,00	0,00	0,00

13. Trade and other receivables

<i>Amounts in Euro</i>	31/12/2019	31/12/2018
Trade receivables	47.568.757,20	51.639.867,19
Less: provision for impairment of receivables	(9.517.960,04)	(9.085.637,16)
Trade receivables - net	38.050.797,16	42.554.230,03
Receivables from related parties (note 39)	6.240.020,93	8.752.978,93
Loans to related parties	2.308.115,00	2.308.115,00
Advances to suppliers	94.467,50	109.578,32
Prepaid expenses	1.872.754,46	2.212.105,02
Accrued income	55.276.541,63	47.144.029,74
Other receivables	1.554.487,70	1.023.314,17
Total	105.397.184,38	104.104.351,21
Non-current portion	2.712.160,34	2.553.206,75
Current portion	102.685.024,04	101.551.144,46
Total	105.397.184,38	104.104.351,21

The analysis of trade receivables of the Group at the end of each year is as follows:

<i>Amounts in Euro</i>	31/12/2019	31/12/2018
Total	38.050.797,16	42.554.230,03
Not past due and not impaired at the balance sheet date	27.450.738,99	21.966.433,88

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Not impaired at the balance sheet date but past due in the following periods:		
	31/12/2019	31/12/2018
< 90 days	2.956.361,04	6.039.185,34
90-180 days	979.838,74	3.322.084,91
180-270 days	2.152.100,32	10.724.707,69
270-365 days	1.038.082,43	501.818,20
1-2 years	1.207.840,67	0,00
> 2 years	2.265.834,97	0,00
	10.600.058,16	20.587.796,14
	38.050.797,15	42.554.230,03

There is no concentration of credit risk in relation to trade receivables, since the Group has a great number of customers. The Group has developed policies to ensure that the sales agreements take place with customers with sufficient credit quality. The credit policy of the Group is determined on a case by case basis and is set out in the agreed terms in the contract signed with each customer.

The movement of provision for impairment of trade and other receivables is analysed as follows:

	Individually impaired
Balance at 1 January 2018	8.644.616,79
Additional provision for the period	505.545,89
Unused amounts reversed	(64.525,52)
Balance at 31 December 2018	9.085.637,16
Increase in loss allowance recognized in profit or loss during the period (Note 20)	566.225,46
Utilized during the period (Note 20)	(123.646,24)
Unused amounts reversed (Note 20)	(9.809,08)
Exchange differences	(447,26)
Balance at 31 December 2019	9.517.960,04

Trade and other receivables are analyzed in the following currencies:

	31/12/2019	31/12/2018
Euro (EUR)	84.115.361,50	87.425.929,70
US Dollar (USD)	15.887.323,95	15.334.424,25
Bulgarian Leva (BGN)	15.819,21	5.906,06
DKK	3.500.933,98	302.559,85
Jordan Dinar (JOD)	1.465.189,08	1.002.720,00
ZAR	5.943,69	0,00
Other	406.612,96	32.811,35
	105.397.184,38	104.104.351,21

14. Inventories

	31/12/2019	31/12/2018
Raw materials	0,00	0,00
Merchandise	808.550,31	2.536.243,08
Other	90.531,94	142.760,84
Total	899.082,25	2.679.003,92
Less: Provision for obsolete , slow-moving and damaged stock:		
Merchandise	300.854,96	300.854,96
Other	0,00	0,00
Total	300.854,96	300.854,96
	598.227,29	2.378.148,96

The movement of the provision is as follows:

	31/12/2019	31/12/2018
Analysis of provision		
Opening balance	300.854,96	300.854,96
Additional provision for the period	0,00	0,00
Provision used	(0,00)	(0,00)
Closing balance	300.854,96	300.854,96

15. Cash and cash equivalents

Cash and cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	31/12/2019	31/12/2018
Cash in bank and in hand	12.977.685,11	21.790.114,78
Cash deposit as collateral	786.441,78	1.450.043,52
Short-term bank deposits	834.414,66	58.418,36
Total	14.598.541,55	23.298.576,66

The effective interest rate on short-term time deposits for the Company fluctuating between - 0,01%~0,42% depending on the amount of the deposit and the time (2018: 0,0~0,06%).

Cash and cash equivalents are analysed in the following currencies:

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	31/12/2019	31/12/2018
Euro (EUR)	12.256.457,69	18.456.366,19
US Dollar (USD)	1.243.926,14	2.417.140,15
GBP	184.011,55	675.526,85
Romania LEI	10.915,57	1.339.328,53
DKK	20.699,71	278.215,48
Jordan Dinar (JOD)	638.769,53	0,00
Other	243.761,36	131.999,45
Total	14.598.541,55	23.298.576,66

16. Share capital

	Number of shares	Ordinary shares	Share premium	Total
Balance at 31 December 2018	62.104	62.104	0,00	1.552.600,00
Balance at 31 December 2019	62.104	62.104	0,00	1.552.600,00

On 31 December 2019 the Group's share capital amounts to €1.552.600,00 divided into 62.104 of which INTRACOM Holdings SA holds 62.103 shares with a nominal value of €25,00 each. All shares are fully paid-in up.

17. Reserves

	Statutory reserves	Special reserves	Tax free reserves	Extraordinary reserves	Reserves for actuarial gain / losses	Other reserves	Total
Balance at 1 January 2018	543.849,46	241.210,57	9.274.677,48	26.401,37	(981.997,76)	(4.259.431,81)	4.844.709,31
Transfer from retained earnings	16.342,95	0,00	0,00	0,00	0,00	16.172,25	32.515,20
Transfer to retained earnings	0,00	0,00	(438.600,00)	0,00	0,00	0,00	(438.600,00)
Actuarial gain / losses	0,00	0,00	0,00	0,00	(178.460,95)	0,00	(178.460,95)
Other	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Balance at 31 December 2018	560.192,41	241.210,57	8.836.077,48	26.401,37	(1.160.458,71)	(4.243.259,56)	4.260.163,56

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	Statutory reserves	Special reserves	Tax free reserves	Extraordinary reserves	Reserves for actuarial gain / losses	Other reserves	Total
Balance at 1 January 2019	560.192,41	241.210,57	8.836.077,48	26.401,37	(1.160.458,71)	(4.243.259,56)	4.260.163,56
Transfer from retained earnings	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Transfer to retained earnings	0,00	0,00	(272.500,00)	0,00	0,00	0,00	(272.500,00)
Actuarial gain / losses	0,00	0,00	0,00	0,00	(187.145,56)	0,00	(187.145,56)
Other	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Balance at 31 December 2019	560.192,41	241.210,57	8.563.577,48	26.401,37	(1.347.604,27)	(4.243.259,56)	3.800.518,00

(a) Statutory reserve

By Luxembourg law is required the Company to appropriate annually, to a legal reserve, an amount equal to 5% of its statutory net profit until the aggregate reserve reaches 10% of the subscribed share capital. Such a reserve is not available for distribution. The cap of 10% of the subscribed share capital (note 17) has been reached and therefore the Legal Reserve amounts 155.260,00€. Similar legislations are in force for the other companies of the Group.

(b) Special reserve

The special reserve includes amounts that were created following resolutions of the Annual General meetings, have no specific purpose and can therefore be used for any reason following approval from the Annual General meeting, as well as amounts, which were created under the provisions of Greek law. These reserves have been created from after tax profits and are therefore not subject to any additional taxation in case of their distribution or capitalisation.

(c) Tax free reserve

Tax-free reserves under special laws

This account includes reserves created from profits, which were used for the acquisition of new fixed assets employed in the production process and are therefore regarded as tax-free under special provisions of development laws in force each time. In other words, this reserve is created from profits for which no tax is calculated or paid.

Reserves created under the provisions of tax law from tax free income or from income taxed under special provisions

This reserve includes the portion of the net income carried forward every year that comes from tax-free profits and profits taxed under special provisions by using up the tax liability.

The above-mentioned reserves can be capitalised or distributed, following the approval of the Annual General Meeting, after taking into consideration the restrictions that may apply. In case of capitalisation or distribution, tax is calculated at the current tax rate.

The Group does not intend to distribute the balance of these reserves and therefore has not calculated the tax liability that would arise from the distribution.

(d) Extraordinary reserve

Extraordinary reserves include amounts of reserves formed following resolutions of Ordinary General Meetings, have no specific purpose and can therefore be used for any purpose upon relevant resolution of the Ordinary General Meeting, as well as amounts of reserves formed based on provisions of the Greek law. The above extraordinary reserves have been formed from taxed profits and are therefore not subject to any additional taxation in case of their distribution or capitalization.

(e) Other reserves

The total amount of EUR (4.243.259,56) consist of consequences of the cross-border merger.

(f) Fair value reserve

Fair value reserve is analyzed as follows:

	Available for sale financial assets	FVOCI financial assets	Currency Translation	Total
Balance at 1 January 2018	23.333,33	0,00	514.071,50	537.404,83
Change in accounting policy due to adoption of IFRS 9	(23.333,33)	(879.999,93)	0,00	(903.333,26)
Revaluation	0,00	(413.475,62)	0,00	(413.475,62)
Currency translation differences	0,00	0,00	269.081,60	269.081,60
Balance at 31 December 2018	0,00	(1.293.475,55)	783.153,10	(510.322,44)

	Available for sale financial assets	FVOCI financial assets	Currency Translation	Total
Balance at 1 January 2019	0,00	(1.293.475,55)	783.153,10	(510.322,44)
Fair value adjustments	0,00	437.741,20	0,00	437.741,20
Currency translation differences	0,00	0,00	151.608,29	151.608,29
Transfer of FOCI accumulated gains/losses to retained earnings due to disposal	0,00	677.585,59	0,00	677.585,59
Other	0,00	0,00	4.741,24	4.741,24
Balance at 31 December 2019	0,00	(178.148,77)	939.502,63	761.353,87

This reserve in 2019 includes the Currency Translation differences from the translation of foreign subsidiaries financial statements.

18. Borrowings

<i>Amounts in Euro</i>	31/12/2019	31/12/2018
Non-current borrowings		
Bank borrowings	0,00	257.029,87
Debentures	40.588.144,99	42.955.308,94
Total non-current borrowings	40.588.144,99	43.212.338,81
Current borrowings		
Bank overdrafts	869.570,16	8,76
Bank borrowings	13.517.021,13	8.816.798,42
Debentures	2.426.327,23	1.985.490,51
Total current borrowings	16.812.918,53	10.802.297,69
Total borrowings	57.401.063,52	54.014.636,50

On 25/01/2018, an agreement was signed between INTRASOFT INTERNATIONAL SA, INTRACOM HOLDINGS SA (as Guarantor) and a consortium of syndicate banks, consisting of: National Bank of Greece SA (London Branch), Alpha Bank AE (London Branch), Piraeus Bank SA (Frankfurt Branch) and Eurobank Private Bank Luxembourg SA. The purpose of the agreement was to refinance short-term debt of EUR 46.250.000 with a long-term debt which will be gradually repaid within a period of 5 years. A grid is used to determine the applicable margin of the loan based on the Group's leverage ratio. Current margin is 5,25%.

The levels of weighted average interest rate of 2019 (5.27%) are lower than those of 2018 (5.32%) due to the gradual reduction of the country risk that affects the Greek banking system. In 2019, the Company increased its loan balances to support the continuing growth and address the working capital requirements stemming from new projects and the increased backlog.

The refinancing of short-term debt will have favorable effects on the structure of the Group's balance sheet and liquidity ratios.

The Group assesses that during the current year, interest rate risk is limited since it is expected that interest rates will remain stable at the first half of 2020 while for the second half, will remain stable. Unfortunately, the results of COVID-19 that will affect the second half of 2020 are not clear yet for a safe prediction.

The Group has approved credit lines for working capital financing purposes and issuances of letters of guarantees more than EUR 65,8 million. All above lines are reviewed on an annual basis and most of them are guaranteed by INTRACOM SA Holdings.

	2019	2018
Euro (EUR)	54.211.154,33	50.186.572,71
US Dollar (USD)	3.189.909,19	3.828.063,79
Total	57.401.063,52	54.014.636,50

19. Retirement benefit obligations

The movement of the net liability as presented in the balance sheet and the basic assumptions used in the actuarial study as at 31 December 2019 and 2018 are as follows:

	2019	2018
Balance sheet obligations for:		
Pension benefits	4.581.056,30	3.919.972,15
Total	4.581.056,30	3.919.972,15
Income statement charge for (Note 22):		
Pension benefits	339.583,85	316.521,57
Total	339.583,85	316.521,57
Actuarial (gains) / losses (OCI)		
Pension benefits	(321.500,30)	(48.054,58)
Total	(321.500,30)	(48.054,58)
The amounts recognized in the Balance Sheet are as follows		
Present value of funded obligations	4.581.056,30	3.919.972,15
Present value of unfunded obligations	0,00	0,00
Liability in the Balance Sheet	4.581.056,30	3.919.972,15
The amounts recognized in the income statement are as follows		
Current service cost	279.232,59	258.629,84
Interest cost	60.351,26	57.891,73
Total included in employee benefit expense (Note 22)	339.583,85	316.521,57
Total Charge allocated as follows		
Cost of sales	339.583,85	316.521,57
Total	339.583,85	316.521,57
Movement in the liability recognized in the balance sheet		
Balance at the beginning of period	3.919.972,15	3.555.396,00
Total expense included in employee benefit expense	339.583,85	316.521,57
Balance at the end of period	4.259.556,00	3.871.917,57
Actuarial (gain) / loss from change in financial assumptions	224.948,52	61.899,50
Actuarial (gain) / loss from change in experience	96.551,78	(13.844,92)
Total	321.500,30	48.054,58
Balance at the end of period	4.581.056,30	3.919.972,15

Financial Assumptions

	31/12/2019	31/12/2018
Discount rate	1,15%	1,60%
Future salary increases	2,30%	2,30%
Future pension increases	1,50%	2,00%

Sensitivity analysis

The use of a discount rate plus 50BP will lead to an actuarial liability lower by 8% and the opposite, a discount rate minus 50BP will lead to an actuarial liability higher by 9%.

The use of a salary rate plus 50BP will lead to an actuarial liability higher by 7% and the opposite, a salary rate minus 50BP will lead to an actuarial liability lower by 7%.

	Projected Benefit Obligation	%
Discount rate plus 50BP	4.083.391	-8%
Discount rate minus 50BP	4.817.682	9%
Salary rate plus 50BP	4.751.553	7%
Salary rate minus 50BP	4.132.313	-7%

20. Provisions

Provision referring to Company are recognized if the following are met: (a) legal or implied liabilities exist because of past events, (b) there is a possibility of settlement that will require the outflow of economic benefits and (c) the amount of the liability can be measured reliably. All provisions are reviewed at each balance-sheet date and are adjusted accordingly so that they reflect the present value of expenses.

Long-term provisions are analyzed as follows:

	Loss at completion (projects)	Tax liability provision	Total
Balance at 1 January 2018	0,00	654.037,67	654.037,67
Charged/(credit) to the income statement	0,00	1.592.000,00	1.592.000,00
Utilized during the year	0,00	0,00	0,00
Balance at 31 December 2018	0,00	2.246.037,67	2.246.037,67
Charged/(credit) to the income statement	0,00	416.433,32	416.433,32
Unused amounts reversed	0,00	-130.000,00	-130.000,00
Balance at 31 December 2019	0,00	2.532.470,99	2.532.470,99

Tax liability relate to future obligations that may result from tax audits.

Short-term Provisions are analyzed as follows:

	Staff related	Project losses	Other	Tax liability provision	Total
Balance at 1 January 2018	4.216.012,54	392.031,20	200.535,18	0,00	4.808.578,92
Charged/(credit) to the income statement	4.260.597,55	338.518,42	103.331,87	0,00	4.702.447,84
Additional provisions	1.337.368,65	107.991,84	0,00	508.000,00	1.953.360,49
Unused amounts reversed	(279.273,33)	0,00	0,00	0,00	(279.273,33)
Utilized during the year	(5.334.075,57)	(788.158,27)	(204.821,71)	0,00	(6.327.055,55)
Balance at 31 December 2018	4.200.629,64	50.383,19	99.045,34	508.000,00	4.858.058,17
Charged/(credit) to the income statement	5.546.401,00	140.948,61	219.653,69	0,00	5.907.003,30
Unused amounts reversed	(719.934,58)	0,00	0,00	883.556,68	163.632,10
Utilized during the year	(4.771.516,76)	(142.856,15)	0,00	0,00	(4.914.372,91)
Balance at 31 December 2019	4.255.579,30	48.475,65	318.699,03	1.391.556,68	6.014.320,66

The staff related provisions comprise short term accrued employee benefit like provisions for leave pay, provision for untaken vacation days and provisions for bonus.

21. Trade and other payables

<i>Amounts in Euro</i>	31/12/2019	31/12/2018
Trade payables	17.797.336,53	19.588.908,00
Amounts due to related parties (Note 33)	9.723.063,88	8.198.249,51
Accrued Expenses	10.212.789,16	10.249.695,79
Social security and other taxes	7.272.918,45	7.033.513,13
Advances from customers	17.883.650,37	24.254.595,32
Deferred revenue	6.219.388,89	6.268.281,88
Other payables	636.271,83	459.542,05
Total	69.745.419,11	76.052.785,67
Non-current portion	0,00	104.157,67
Current portion	69.745.419,11	75.948.628,00
Total	69.745.419,11	76.052.785,67

Trade and other payables are denominated in the following currencies:

	31/12/2019	31/12/2018
Euro (EUR)	60.062.180,54	69.850.056,01
US Dollar (USD)	5.288.897,52	5.886.756,86
Bulgarian Leva (BGN)	10.707,26	27.730,20
Romanian (RON)	0,00	117.365,33
Jordan Dinar (JOD)	3.540.473,76	64.199,43
Danish Corona (DKK)	796.497,11	10.929,97
Other	46.662,92	95.747,87
Total	69.745.419,11	76.052.785,67

22. Lease Liabilities

Lease liabilities as to right-of-use assets of the Group are analysed as follows:

Lease liabilities	
Balance at 1 January 2019	0,00
Impact from the adoption of IFRS 16- previously operating leases	10.209.822,37
Impact from the adoption of IFRS 16- previously finance leases	0,00
Additions	1.502.396,41
Interest	383.237,17
Payments	(3.212.382,78)
Acquisition of subsidiaries	0,00
Termination of agreements	76.156,54
Balance at 31 December 2019	8.806.916,62
Current lease liabilities	2.976.621,77
Non-current lease liabilities	5.830.294,85

The finance lease liabilities payable maturities are as follows:

Amounts in Euro	31/12/2019
Not later than one month	248.051,81
Later than one month and not later than three months	496.103,63
Later than three months and not later than one year	2.232.466,33
Later than one year and not later than five years	5.072.386,04
Over five years	757.908,81
	8.806.916,62

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019 amounting to 4,12%.

There were no significant issues, repurchases and repayments of lease liabilities for the year ended 2019.

23. Expenses by nature

<i>Amounts in Euro</i>	<i>Note</i>	<i>1/1-31/12/2019</i>	<i>1/1-31/12/2018</i>
Employee benefit expense	25	88.744.857,31	79.802.764,14
Costs of inventories recognized as expense		11.453.115,34	11.627.370,55
<u>Depreciation of property, plant and equipment:</u>			
- Owned Assets	6	1.230.936,66	1.020.533,85
Depreciation of investment property	8	16.558,16	13.798,47
Amortisation of intangible assets	7	2.104.667,44	980.310,76
Depreciation of right-of-use assets	9	3.125.450,06	
Reversal of write-down of inventories		(380,20)	2,58
Impairment charge for bad and doubtful debts	13	0,00	0,00
Subcontractors		53.275.987,23	53.495.948,51
Exchange differences		10.978,41	(29.416,86)
Repair and maintenance expenditure on property, plant and equipment		4.577,82	5.414,65
<u>Operating lease rentals:</u>			
- Buildings		0,00	1.869.087,56
- Machinery		0,00	2.061.317,12
- Office equipment		0,00	96.526,94
Short-term leases		565.861,17	0,00
Leases of low-value underlying assets		56.272,33	0,00
Variable lease payments not included in lease liabilities		228.751,56	0,00
Transportation / Travel expenses		6.266.022,53	5.977.581,41
Telecommunication cost		898.495,95	858.506,23
Third party fees		935.214,87	875.001,03
Advertising		29.523,72	60.205,15
Other administrative expenses		45.729,56	153.515,44
Other Building expenses		1.166.081,43	1.034.755,20
Total		170.158.701,36	159.903.222,73

<i>Allocation of total expenses by function</i>	<i>1/1-31/12/2019</i>	<i>1/1-31/12/2018</i>
Cost of sales	148.472.808,32	139.606.315,29
Selling & marketing costs	8.997.899,80	8.210.397,58
Administrative expenses	12.687.993,24	12.086.509,86
Total	170.158.701,36	159.903.222,73

<i>Allocation of depreciation of property, plant & equipment by function</i>	<i>1/1-31/12/2019</i>	<i>1/1-31/12/2018</i>
Cost of sales	945.348,05	745.936,77
Selling & marketing costs	48.923,07	39.925,21
Administrative expenses	236.665,54	234.671,87
Total	1.230.936,66	1.020.533,85

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<i>Allocation of amortization of intangible assets by function</i>	<i>1/1-31/12/2019</i>	<i>1/1-31/12/2018</i>
Cost of sales	1.765.037,22	762.632,19
Selling & marketing costs	85.998,39	30.150,06
Administrative expenses	253.631,83	187.528,51
Total	2.104.667,44	980.310,76

<i>Allocation of employee benefit expenses by function</i>	<i>1/1-31/12/2019</i>	<i>1/1-31/12/2018</i>
Cost of sales	74.155.823,54	66.820.668,80
Selling & marketing costs	5.699.874,68	5.519.737,77
Administrative expenses	8.889.159,08	7.462.357,56
Total	88.744.857,31	79.802.764,13

<i>Allocation of exchange differences by function</i>	<i>1/1-31/12/2019</i>	<i>1/1-31/12/2018</i>
Cost of sales	41,90	1.345,54
Selling & marketing costs	0,00	0,00
Administrative expenses	10.936,51	28.071,32
Total	10.978,41	29.416,86

24. Net impairment gains/ (losses)

Due to the application of IFRS 9, the Group has had to re-approach the methodology for determining the impairment of all receivables as, based on IFRS 9, the Group now determines the impairment loss against expected credit losses. The total impact of this change through profit and loss as at 31 December 2019 was a decrease of EUR 432.770,14.

<i>Financial assets measured at amortised cost</i>	<i>1/1-31/12/2019</i>
Impairment gains/ (losses) on other financial assets	(566.225,46)
Reversal of previous impairment losses	133.455,32
Total	(432.770,14)

25. Employee benefits

	1/1-31/12/2019	1/1-31/12/2018
Number of employees	1.947	1.763
<i>Amounts in Euro</i>		
Wages and salaries	70.649.159,96	63.808.845,78
Social security costs	15.050.750,14	13.248.947,22
Other employer contributions and expenses	1.317.152,32	99.373,18
Share options granted to directors and employees	0,00	0,00
Pension costs - defined contribution plans	0,00	0,00
Pension costs - defined benefit plans	339.583,85	172.958,21
Other post-employment benefits	1.388.211,04	2.472.639,75
Total	88.744.857,31	79.802.764,14

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

<i>Amounts in Euro</i>	31/12/2019	31/12/2018
Short-term employee benefits	2.826.187,80	3.329.987,38
Long-term employee benefits	120.722,70	109.228,54
Total	2.946.910,50	3.439.215,92

26. Other operating income

Other operating incomes are analysed as follows:

<i>Amounts in Euro</i>	1/1-31/12/2019	1/1-31/12/2018
Rental income	86.395,22	52.629,57
Insurance reimbursement	4.244,19	11.119,16
Subsidies	355.851,04	201.384,77
Other exceptional income from operations	169.270,38	43.950,91
Total	615.760,83	309.084,41

27. Other gains / (losses) – net

The Other Gains / (Losses) net are analysed as follows:

<i>Amounts in Euro</i>	1/1-31/12/2019	1/1-31/12/2018
Profit on disposal of subsidiaries	0,00	(9.089,15)
Impairment charge of subsidiaries (Note 10)	0,00	0,00
Net foreign exchange gains / (losses)	109.017,09	(95.831,92)
Profit / (loss) on disposal of property, plant and equipment	(174,79)	(6.336,31)
Profit / (loss) on disposal of intangible assets	10.827,82	0,00
Previous year expenses	(295.657,41)	202.354,79
Other	25.377,98	38.103,15
Total	(150.609,31)	129.200,56

28. Finance expenses / income – net

The finance incomes and finance expenses are analysed as follows:

<i>Amounts in Euro</i>	1/1-31/12/2019	1/1-31/12/2018
Finance expenses		
Bank borrowings	(3.618.653,83)	(3.663.971,61)
Debentures	(73.672,77)	(59.163,28)
Lease liabilities	(383.237,17)	0,00
Letters of guarantee fees	(900.398,55)	(706.403,89)
Interest on prepayments of projects	(84.604,44)	(93.927,45)
Net foreign exchange gains / (losses)	(5.458,08)	(866,11)
Total Finance expenses	(5.066.024,84)	(4.524.332,34)
Finance income		
Interest income on short-term bank deposits	17.232,22	2.943,99
Interest income on loans to related parties	200.851,92	208.651,60
Other	13.904,84	23.168,48
Total Finance income	231.988,98	234.764,07
Total Finance result	(4.834.035,86)	(4.289.568,27)

29. Income tax

<i>Amounts in Euro</i>	1/1-31/12/2019	1/1-31/12/2018
Current tax	(2.586.324,52)	(4.171.485,24)
Deferred tax (note 12)	0.00	(22.955,29)
Total	(2.586.324,52)	(4.194.440,53)

The Luxembourg law on the budget for the year 2019, voted on 26 April 2019, introduce tax measures affecting corporate taxpayers. The corporate income tax rate is reduced. The current effective combined income tax rate, including the corporate income tax, municipal business tax and the contribution to the unemployment fund is decreased to 24.94% in 2019.

On 12 December 2019 the new corporate tax law in Greece was set into force, by voting of the relevant Tax Law, according to which the corporate income tax rate of legal entities for undistributed profits is set at 24% in 2019.

On 31 December 2014, the Jordanian government published Law No. 34 of 2014 ("the new tax law") which is effective 1 January 2015. The income tax for companies has change from 12% to 20%.

According to the tax laws in the respective jurisdictions of the Parent Company and its branches, the statutory income tax rates applicable to Group are as follows:

	2019	2018
Luxembourg	24,94%	26,01%
Greece	24%	29%
Romania	16%	16%
Belgium	29,58%	29,58%
Bulgaria	10%	10%
Denmark	22%	22%
Cyprus	12,5%	12,5%
United Arab Emirates	0,00%	0,00%
Jordan	20%	20%
Kenya	30%	30%

Tax laws and related regulations are subject to interpretations by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the taxpayer and a final

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assessment is issued. Pending the outcome of these future tax audits, the Group, based on previous years' tax audits and past interpretations of the tax laws, believes they have provided adequate provisions for the unaudited tax years to date.

Unaudited tax years

The parent company has not been tax audited for the financial year 2018 and 2019.

The financial years for which the Company and its subsidiaries have not been audited and, therefore, the tax liabilities for these open years have not been finalized, are presented as follow. The cumulative provision for unaudited tax years amounts to EUR 3.924.037,67 for the Group.

	Country of in cooperation	Unaudited Tax Years
Intrasoft International S.A. Luxembourg	Luxembourg	2018 - 2019
Intrasoft International Greek branch	Greece	2013 - 2019
Intrasoft International Romanian branch	Romania	n/a
Intrasoft International Jordanian branch	Jordan	2011 - 2019
Intrasoft International Scandinavia	Denmark	2007 - 2019
Intrasoft International Belgium	Belgium	2012 – 2019
Intrasoft Jordan	Jordan	2010 - 2019
Intrasoft International Middle East	UAE	n/a
Intrasoft International East Africa Ltd	Kenya	2015 – 2019
Intrasoft International Ltd	Bulgaria	2011 - 2019
Intracom Cyprus	Cyprus	2012 - 2019
VALEU Consulting SA	Belgium	2017-2019
Intrasoft Information Technology Ltd	UK	2011 – 2019
Intrasoft SA	Greece	2013 – 2019
Intrasoft International SA	Boston – USA	2014 – 2019

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The amount of tax provision liability of EUR 3.924.037,67 relates to taxes and charges imposed from the audit by the tax authorities. The amount EUR 2.754.037,67 from previous years and EUR 1.300.000 in the year 2019, both related to the unassessed years and specific tax audit by the tax authorities, as described in paragraph "Other taxes" of INTRASOFT SA – Greek branch and reversal of EUR (130,000) related to Intrasoft International Romanian branch, have been recorded at the expense of the statement of comprehensive income.

The tax on the Group's financial result before tax differs from the theoretical amount that would have arisen if using the applicable tax rate of the Group as follows:

<i>Amounts in Euro</i>	<i>1/1-31/12/2019</i>	<i>1/1-31/12/2018</i>
Profit before tax	3.157.977,37	5.631.242,07
Tax calculated at Greek tax rate applicable on profits	(757.914,57)	(1.633.060,20)
Income not subject to tax	35.392,01	159.360,24
Expenses not deductible for tax purposes	(769.247,41)	(1.143.821,47)
Effect from different tax rates	233.252,93	300.278,25
Adjustment for over provision in previous periods	130.000,00	(274,69)
Tax losses of the period	(102.048,51)	(83.887,99)
Other taxes	(889.253,10)	(1.793.034,65)
Tax Charge	(2.586.324,52)	(4.194.440,52)

Other taxes: The financial years for which the company INTRASOFT SA – Greek branch. has filed annually the Tax Returns but the profits or losses declared for tax purposes remain provisional are 2013-2019. Regarding the tax audit effected in 2018 for the year 2012 by the authorities, the Company filed on 28.6.2019 an appeal before the Three-Membered Administrative Court of Appeal of Athens against Greek State. Its hearing was held on 15.01.2020 and the ruling has yet to be issued. The Company estimates that a significant part of these charges will be cancelled. In 2019 was completed a specific tax audit by the tax authorities for the years 2012 up to 2014 concerning the Greek Branch and for the year 2011 for the company IT SERVICES resulting in significant tax charges for the Greek branch of EUR 2.456k. INTRASOFT SA Greek branch didn't record this amount to the tax liabilities because the results of the tax audit are questionable. The Company has appealed to the tax authorities and estimates that a significant part of these charges will be cancelled.

30. Cash generated from operations

<i>Amounts in Euro</i>	<i>Note</i>	<i>1/1-31/12/2019</i>	<i>1/1-31/12/2018</i>
Profit after tax for the period from continuing operations		571.652,85	1.436.801,54
Profit after tax for the period from discontinued operations		0,00	10.869,16
Adjustments for:			
Tax	29	2.586.324,52	4.194.440,53
Depreciation of property, plant & equipment	5	1.230.936,66	1.020.533,85
Depreciation of investment property	8	16.558,16	13.798,47
Depreciation of right-of-use assets	9	3.125.450,06	0,00
Amortisation of intangible assets	7	2.104.667,44	980.310,76
(Profit)/loss on disposal of available-for-sale financial assets		0,00	0,00
(Profit) / loss on disposal of property, plant & equipment		174,79	6.336,31
(Profit)/loss on disposal of intangible assets		(10.827,82)	0,00
(Profit) / loss on disposal of subsidiaries		0,00	9.089,15
Dividend income		0,00	0,00
Interest income	28	(231.988,98)	(234.764,07)
Interest expense	28	5.066.024,84	4.524.332,34
Exchange gains / (losses)		138.489,30	67.281,17
Share of result of associates		(1.164,93)	80.250,31
		14.563.087,36	12.109.279,53
Changes in working capital			
(Increase) / decrease in inventories	14	1.779.921,67	(1.336.050,69)
(Increase) / decrease in trade and other receivables		(1.292.833,17)	2.616.365,81
Increase / (decrease) in payables		(6.087.366,56)	(6.651.067,10)
Increase / (decrease) in provisions		1.442.695,61	(458.520,55)
Increase / (decrease) in pension & other benefits		661.084,15	364.576,15
Changes in working capital		(3.496.498,32)	(5.464.696,38)
Net cash generated from / (used in) operating activities		11.132.421,83	6.644.583,15

31. Commitments

As at the balance sheet date the Group has the following commitments:

<i>Operational Lease Commitments (amounts in Euro)</i>	<i>1/1-31/12/2019</i>	<i>1/1-31/12/2018</i>
Not later than 1 year	0,00	3.520.422,80
Later than 1 year and not later than 5 years	0,00	6.959.908,36
Later than 5 years	0,00	954.020,86
TOTAL	0,00	11.434.352,02

According to first application of IFRS 16 there are no comparatives figures for 2019.
Please refer to Note 9 Leases.

32. Contingencies / outstanding legal cases

The Group has contingent liabilities in respect of banks, other guarantees and other matters arising in the ordinary course of business as follows:

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<i>Amounts in Euro</i>	2019	2018
Guarantees for advance payments	12.818.841,03	8.283.096,14
Guarantees for good performance	20.598.811,23	20.260.756,46
Guarantees for participation in contests	3.621.873,97	2.820.110,58
Counter-guarantees	91.125,99	111.261,26
Other	241.148,66	170.292,64
Total	37.371.800,88	31.645.517,08

Outstanding legal cases

There are no significant outstanding legal cases.

It is not anticipated that any material liabilities will arise from the contingent liabilities.

33. Related party transactions

The following transactions are carried out with related parties:

<i>Entity</i>	Receivable	Sale of services	Income from Rent	Sales of Goods	Financial Income
Intracom Holdings SA entities					
Intracom Holdings S.A.	5.268,16	4.286,92			
Intracom technologies sarl	9.622,17		840,00		
Intrakat	3.599.238,29	953.008,24		760.416,09	
Fracasso Hellas	49,76	49,76			
Intracom Defence S.A.	121.400,31	137.453,47			
Intradevelopment S.A.	97.846,00	207,18			
Intracom Contrust-Bucharest	34.586,80				
Intrapower	489,42				
Fracasso Holdings d.o.o.	465,35				
Intracom Holdings International Ltd	5.689,38				
Intracom Operations LTD	27.361,54				
Advance Transport Telematics AE	2.435.103,30	2.291.956,61	1.879,20		200.851,92
	6.337.120,48	3.386.962,18	2.719,20	760.416,09	200.851,92
Related parties					
Intralot S.A.	2.187.298,74	5.021.868,98			
Intralot Inc. U.S.A.	84.634,51	199.639,89			
	2.271.933,25	5.221.508,87	0,00	0,00	0,00
Total	8.609.053,73	8.608.471,05	2.719,20	760.416,09	200.851,92

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<i>Entity</i>	<i>Payable</i>	<i>Purchase of services</i>	<i>Rent charge</i>	<i>Finance Expense</i>	<i>Purchase of goods</i>
Intracom Holdings SA entities					
Intracom Holdings S.A.	9.421.867,67	990.766,07	832.014,84	500.372,57	
Intrakat S.A.	55.315,56	275.343,00			
Intracom LTD Skopje		4.959,91			
Intrapower SA	72.239,08	310.006,73			282.598,05
Intratour S.A.		18.000,00			
Intacom Defense Electronics	1.230,00				
	9.550.652,31	1.599.075,71	832.014,84	500.372,57	282.598,05
Related parties					
Intralot S.A.	13.329,37	10.749,49			
Intralot Services S.A.		46.181,24			
	13.329,37	56.930,73	0,00		0,00
Total	9.563.981,68	1.656.006,44	832.014,84	500.372,57	282.598,05

Services from and to related parties, as well as sales and purchases of goods, take place on the basis of the price lists in force with non-related parties. Other related parties are mainly associates and companies in which the major shareholder of the Group holds an interest share.

Key Management compensations

During the financial year 2019 no amount was granted or reimbursed on top of the open balance due on 31.12.2018. As at 31 December 2019, this receivable amounted to EUR 65.969,27 transferred to Profit & Loss account.

34. Post balance sheet events

A significant risk to the economic environment is the COVID-19 coronavirus pandemic, declared by the WHO in the first quarter of 2020.

Measures taken by many countries to contain the spread of the pandemic including quarantines and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown and recession of global economy.

The global effects of this pandemic include social and economic instability in many parts of the world, including Luxembourg which has issued a state of emergency since March 15, 2020, Greece which has issued a state of emergency since March 23, 2020 and Romania, which has issued a state of emergency since March 21, 2020. On 20th April 2020 for the Luxembourg Government, on 4th May 2020 for the Greek Government, and on 15th May 2020 for Romanian Government began the gradual lifting of the restrictive measures of the lockdown and the implementation of the governments' plans for the gradual transition to the new reality.

The Intrasoft International, its branches and the whole Intrasoft Group immediately responded to the outbreak of the pandemic and since the end of February has taken various initiatives to this end primarily focusing on ensuring the health and safety of its employees and all of its stakeholders, as well as the smooth operation of its activities and continuing to supply our markets.

These initiatives include:

- Adopting a timely and successful new remote working model (teleworking) where possible and remotely supporting information systems.
- Upgrading teleworking infrastructures.
- Drafting a Policy addressing how to prevent and manage issues arising from the Covid-19 pandemic, including detailed prevention guidelines and testing response under various scenarios, planning for and implementing procedures for handling any suspected Covid 19 cases.
- Continuously keeping employees up to date, along with ongoing health support.
- Regular disinfection in all workplaces and appropriate disposal of personal protection equipment (PPE).

The activities of Intrasoft International have not been affected due to the recent Covid-19 outbreak and its financial figures of first fourth month of 2020 are record breaking. In parallel Intrasoft International continues to comply with all regulations and its responsibilities and there is not impact at the investments of the Company and the investment plan is implemented according to the schedule. Both on 31.12.2019 and today, Intrasoft International and the Group maintain a satisfactory financial position and liquidity.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands, the high level of uncertainties arising from the inability to reliably predict the outcome and the effectiveness of the fiscal and other measures taken by governments as well as the decisions of the supervisory authorities of banking institutions to provide liquidity and support to businesses and households. Management will continue to monitor the situation closely and will assess any potential further impact on the Group's financial position and performance, including the recoverable amount of the investments in subsidiaries, in case the period of disruption becomes prolonged. It is strongly believed that the expected recession of global economy will be offset for the Intrasoft International and whole Group by the constantly growing demand for digitalization.

Also, the parent company Intracom Holdings continues to support its subsidiaries presenting excess cash liquidity against any risk.

The Company has not experienced any other event since 31 December 2019 that could have significantly affected its financial position.

35. Subsidiaries

The companies included in the consolidated financial statements and the related direct percentage interests held are as follows on 31.12.2019:

Entity Name	Country of incorporation	Direct % interest held	Year of establishment	Indirect % interest held	Consolidation method
Intrasoft International SA	Belgium	99,99%			Full
Intrasoft SA	Greece	99,00%		1,00%	Full
Intrasoft International Bulgaria Ltd	Bulgaria	100,00%	2011		Full
Intrasoft Information Technology UK Ltd	United Kingdom	100,00%	2011		Full
Intrasoft Middle East FZC	United Arab Emirates	80,00%	2013		Full
Intrasoft Jordan L.L.C.	Jordan			80,00%	Full
Intrasoft International Scandinavia AS	Denmark	100,00%			Full
Intrasoft International USA, Inc.	USA	100,00%	2012		Full
Intrasoft International East Africa	Kenya	88,00%	2015	10%	Full
Intrasoft International Zambia	Zambia	10%	2019	90%	Full
Intracom Cyprus L.T.D.	Cyprus	100,00%			Full
WEMETRIX SA	Greece	60%	2018		Full
VALEU CONSULTING	Belgium	40,10%	2017	10%	Full
Intrasoft International South Africa	Republic of South Africa	100,00%	2018		Full

The interest held in subsidiaries as at 31 December is as follows:

Entity Name	Country of incorporation	31/12/2019 Net Book Value	31/12/2019 Net Equity	31/12/2019 Profit / (Loss)	31/12/2019 Interest held (%)
Intrasoft International SA	Belgium	4.059.738,00	3.811.392,80	429.701,60	99,99%
Intrasoft SA	Greece	90.000,00	1.814,82	(3.085,46)	99,00%
Intrasoft International Bulgaria Ltd	Bulgaria	46.016,98	49.607,10	24.714,04	100,00%
Intrasoft Information Technology UK Ltd	United Kingdom	0,00	0,00	0,00	100,00%
Intrasoft Middle East FZC	United Arab Emirates	200.277,01	6.153.191,30	(998.459,78)	80,00%
Intrasoft International Scandinavia AS	Denmark	5.002.000,00	4.766.658,38	1.017.809,92	100,00%
Intrasoft International USA, Inc.	USA	817,59	5.300,19	(46.078,50)	100,00%
Intracom Cyprus	Cyprus	23.000,00	119.958,05	32.554,91	100,00%
Intrasoft Information East Africa Ltd	Kenya	0,00	154.218,93	121.259,50	88,00%

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VALEU CONSULTING			Belgium	30.811,50	57.648,80	(7.884,62)	50,10%
Intrasoft South Africa			South Africa	0,00	1.855,26	1.426,53	100%
WEMETRIX SA			Greece	449.000,00	617.262,95	12.022,36	60%
Intrasoft Limited	International	Zambia	Zambia	100,00	(2,917.65)	(3.895,08)	10,00%
Total				9.901.761,08			

Entity Name	Country of incorporation	31/12/2018 Net Book Value	31/12/2018 Net Equity	31/12/2018 Profit / (Loss)	31/12/2018 Interest held (%)
Intrasoft International SA	Belgium	4.059.738,00	3.381.691,20	479.354,32	99,99%
Intrasoft SA	Greece	90.000,00	4.900,28	(3.401,10)	99,00%
Intrasoft International Bulgaria Ltd	Bulgaria	46.016,98	24.893,06	(2.301,82)	100,00%
Intrasoft Information Technology UK Ltd	United Kingdom	0,00	0,00	0,00	100,00%
Intrasoft Middle East FZC	United Arab Emirates	200.277,01	6.985.205,78	652.334,75	80,00%
Intrasoft International Scandinavia AS	Denmark	5.002.000,00	3.748.848,46	449.325,17	100,00%
Intrasoft International USA, Inc.	USA	817,59	50.110,78	24.005,16	100,00%
Intracom Cyprus	Cyprus	23.000,00	107.992,52	(7.052,31)	100,00%
Intrasoft Information East Africa Ltd	Kenya	0,00	25.602,85	1.743,30	88,00%
VALEU CONSULTING	Belgium	24.661,50	65.533,42	7.115,92	40,10%
Intrasoft South Africa	South Africa	0,00	1.942,07	2.064,79	100%
Total		9.446.511,08			

The movement on Investments account is as follows:

Amounts in Euro	31/12/2019	31/12/2018
Balance at the beginning of period	9,446,511.08	8.727.511,08
Acquisition of subsidiaries	0,00	0,00
Impairment Reversal	0,00	919.000,00
Additions	455.250,00	0,00
Disposals / write offs	0,00	(200.000,00)
Balance at the end of period	9.901.761,08	9,446,511.08

In 2014, the company proceeded to a disposal of EUR 314.117,86 of its subsidiary Intrasoft Jordan S.A.

During the year 2015, the Group converted part of the loan had been granted to its subsidiary Intrasoft International Scandinavia in share capital amounted EUR 520.000,00

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In the last quarter of 2015, Intrasoft International SA acquired 88 % of the company Intrasoft International East Africa. The effect on the Financial Statement of the acquisition was not significant.

In order to assess whether there is an impairment of investments in subsidiaries as at 31 December 2016, the Company performed the relevant impairment tests.

During the year 2017, the Company converted part of the loan had been granted to its subsidiary Intrasoft International Scandinavia in share capital amounted EUR 780.000,00

On January 12th the company established the VALEU Consulting S.A. the company paid the amount of 24.661,50 for the 40,10% of total capital.

On November 22nd, 2017 the Company acquired the 100,00% held subsidiary Company with the name of INTRACOM (CYPRUS) LTD in Cyprus with the amount of EUR 23.000,00.

In December 2017 the Company decided to liquidate its 100% subsidiary company INTRACOM EXPORTS LTD in Cyprus.

During the year 2018 the Company decided to liquidate its 100% subsidiary company GLOBAL NET SOLUTIONS in Bulgaria. The result of the liquidation dividend amounted to EUR 190k compared to acquisition Cost EUR 200k

In March 2018 the Company acquired the 100,00% held subsidiary Company with the name of MARDICODE PROPRIETARY LIMITED in South Africa. On March 16 the company name changed to INTRASOFT INTERNATIONAL SOUTH AFRICA (PTY) Limited. This is the latest in a growing number of subsidiaries and representations for the company. The team of experts in the Cape Town office will focus on public sector projects, primarily in the field of taxation and revenue management solutions, which along with e-customs have become INTRASOFT's calling card across the global public sector.

On 7th October 2019 the Company paid the amount of EUR 150.000,00 for the acquisition of 12.500 shares of the company under the name WEMETRIX SA, so acquired control of the company (note 10).

Furthermore, on 7th May 2019 the Company paid the amount of EUR 100,00 for the acquisition of 1.500 shares of the company under the name Intrasoft International Zambia Limited. On December 2019 the Subsidiary Intrasoft International Belgium SA paid the amount of 6.150 for the 10% of total capital of the company VALEU Consulting S.A.

In order to assess whether there is an impairment of investments in subsidiaries as at 31 December 2019, the Company performed the relevant impairment tests.

Entity Name	Country of incorporation	31/12/2019 Cost Book Value	31/12/2019 Impaired amount	31/12/2019 Net Book Value
Intrasoft Scandinavia AS	International Denmark	7.468.582,19	0,00	7.468.582,19

The Management of the Company considers that there is no need to proceed to any impairment test regarding the rest of subsidiaries and investments in subsidiaries which are shown at cost less impairment.

