

NEXT DOCS CONFIDENTIAL S.R.L.

FINANCIAL SCHEDULES

31 DECEMBER 2020

CONTENTS

PAGE

Auditors' Report	3-5
Statement of Financial Position	6
Statement of Income	7
Statement of Cash Flows	8
Statement of changes in equity	9
Notes to the financial schedules	10-25

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Independent Auditor's Report

To: the Management of NEXT DOCS CONFIDENTIAL SRL

Opinion

We have audited the accompanying special purpose financial information (further referred to as "the Financial Schedules") of NEXT DOCS CONFIDENTIAL SRL as at 31 December 2020 and for year then ended, prepared in accordance with the Note 4.1 of the Financial Schedules.

In our opinion, the Financial Schedules of NEXT DOCS CONFIDENTIAL SRL as at 31 December 2020 and for the year then ended, have been prepared, in all material respects, in accordance with the Note 4.1.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the Financial Schedules" section of our report. We are independent of the Company within the meaning of ethical requirements relevant for the audit of the Financial Schedules and have fulfilled our other ethical responsibilities under these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

A proportion of 72% from current year's sales are related to top three customers. The going concern of the Company depends on the future continuation of these transactions. Our opinion is not modified in respect of this matter.

Restriction of use and Distribution

Our auditor's report on these Financial Schedules has been prepared for the management of the Company and its auditors for internal use and consolidation purposes of the AUSTRIACARD AG group and should not be distributed to or used by any other parties.

Responsibilities of management and those charged with governance for the Financial Schedules

Management is responsible for the preparation and fair presentation of these Financial Schedules in accordance with Note 4.1, and for such internal control as management determines is necessary to enable the preparation of Financial Schedules that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Schedules, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

The Financial Schedules has been prepared solely to enable AUSTRIACARD AG Group to prepare consolidated financial statements and is not intended to follow the all the presentation and disclosures required in accordance with International Financial Reporting Standards.

Auditor's responsibilities for the audit of the Financial Schedules

The objectives of our audit are to obtain reasonable assurance about whether the Financial Schedules 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Schedules.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Schedules, 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 Company'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 accounting on a going concern basis and determine, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.** If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Schedules 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Schedules, including the disclosures, and whether the Financial Schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Grant Thornton Audit SRL

Bucharest, Romania

12 May 2021

The logo for Grant Thornton, featuring the company name in a blue, cursive script font.

NEXT DOCS CONFIDENTIAL S.R.L.
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2020
(In RON unless otherwise stated)

	Notes	31 December 2020	31 December 2019
Non-current assets			
Property, plant and equipment	6	64,374	109,115
Intangible assets	6	-	8,347
Deferred tax asset		-	205
Other investments		-	-
Total non-current assets		64,374	117,667
Current assets			
Inventories	7	12,099	10,070
Trade and other receivables	8	720,464	1,352,922
Cash and cash equivalents	9	391,618	616,687
Prepayments		2,698	8,627
Total current assets		1,126,879	1,988,305
Total assets		1,191,254	2,105,972
Shareholders' equity			
Share capital	10	550	550
Reserves	10	-	-
Retained earnings	10	396,681	441,228
Total shareholders' equity		441,778	441,778
Non-current liabilities			
Loans and borrowings	11	24,441	36,611
Deferred tax liabilities		-	-
Total non-current liabilities		36,611	36,611
Current liabilities			
Trade and other payables	12	698,571	1,451,325
Other taxes payables	13	57,883	149,854
Loans and borrowings	11	13,128	26,403
Total current liabilities		769,582	1,627,583
Total liabilities and shareholders' equity		1,191,254	2,105,972

These financial schedules have been approved for issue by the Company Directors on 12th of May 2021.

Administrator



Administrator



NEXT DOCS CONFIDENTIAL S.R.L.
 INCOME STATEMENT
 31 DECEMBER 2020
 (In RON unless otherwise stated)

Revenues	Notes	1 January – 31 December 2020	1 November – 31 December 2019
Sales	20	3,497,090	806,321
Other operating income	21	42,525	21,763
Total revenues		3,539,615	828,084
Operating expenses			
Materials and merchandise expenses	21	97,620	5,388
Personnel expenses	21	1,028,431	170,207
Depreciation and amortization	21	78,308	34,770
Other operating expenses	21	1,443,807	367,319
Total operating expenses		2,648,167	577,684
Profit from Operations		891,448	250,400
Finance income	22	81	2
Finance expenses	22	(5,307)	(1,769)
Financial result – net		(5,226)	(1,767)
Profit/(loss) before tax		886,222	248,633
Income tax expense	23	(32,770)	(11,437)
Net profit/(loss)		853,452	237,196

These financial schedules have been approved for issue by the Board of Directors on 12th of May 2021.

Administrator



Administrator



NEXT DOCS CONFIDENTIAL S.R.L.
STATEMENT OF CASH FLOWS
31 DECEMBER 2020
(In RON unless otherwise stated)

	Notes	1 January – 31 December 2020	1 November – 31 December 2019
Profit/(loss) before tax		886,222	248,634
Depreciation		78,308	34,770
Provisions:			
-Inventories		-	-
-Accounts receivable		-	-
Other adjustments		(20,883)	(6,849)
Net finance costs		5,226	1,767
Cash flows from operations		948,874	278,321
Interest paid		(42,214)	(1,350)
Inventories		(2,029)	(1,519)
Accounts receivable and prepayments		638,387	(458,197)
Accounts payable and accrued expenses		(820,531)	439,057
Net cash from/(used in) operating activities		722,486	256,312
Purchase of property, plant and equipment		-	-
Interest received		-	-
Net cash from/(used in) investing activities		(24,111)	(107)
Payments of financial leasing		(25,446)	(1,927)
Dividends paid to non-controlling interest		(310,259)	-
Dividends paid to owners of the Company		(587,740)	-
Net cash from/(used in) financing activities		(923,445)	(1,927)
Net increase/(decrease) in cash and cash equivalents		(225,070)	254,278
Cash and cash equivalents at the beginning of the period		616,687	362,409
Cash and cash equivalents at the end of the period	9	391,618	616,687

These financial schedules have been approved for issue by the Board of Directors on 12th of May 2021.

NEXT DOCS CONFIDENTIAL S.R.L.
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2020
(In RON unless otherwise stated)

	Share capital	Reserves	Retained Earnings	Total
Balance at 31 October 2019	550	-	1,145,800	1,146,350
Net profit (loss) for the year	-	-	237,197	237,197
Revaluation of land & building	-	-	-	-
Adjustments in retained profit	-	-	-	-
Dividend distribution	-	-	(941,768)	(941,768)
Balance at 31 December 2019	550		441,228	441,778
Net profit (loss) for the year	-	-	853,452	853,452
Revaluation of land & building	-	-	-	-
Adjustments in retained profit	-	-	-	-
Dividend distribution	-	-	(897,999)	(897,999)
Balance at 31 December 2020	550	-	396,681	397,231

1. GENERAL INFORMATION

Description of the business

Next Docs Confidential S.R.L.'s principal activities include integrated services for electronic archiving, document management and secure document destruction. The Company's facilities are based in Bucharest.

Next Docs Confidential S.R.L. ("the Company" or "SCF") was organized as a Limited Liability Company in Romania in 2010. As at 31 December 2020 the company employed 25 persons (22 persons @31 December 2019).

The address of the registered office of the Company is: 25 A Bucurestii Noi Bvd., building P+3, office A210, 3rd floor, 1st District, Bucharest.

2. REPORTING ENTITY

These Financial Schedules are presented by Next Docs Confidential S.R.L. At 31 October 2020, the majority interest in the company (65.45%) was acquired by Inform Lykos S.A.

3. AIM AND POLICIES OF RISK MANAGEMENT

3.1 Factors of financial risk

The Company is exposed to financial risks like market risks (changes to foreign exchange rates, interest rates and market-prices), credit risk and liquidity risk.

The general program of risk management of the Company focuses on the non-predictability of financial markets and seeks to minimize the contingent negative effect on the financial performance of the Company.

Risk management is performed by the central financial service of the Company, which operates by specific rules approved by the Board of Directors. The BOD offers guidelines for the general risk management and also general guidelines for the management of specific risks like foreign exchange rate risk, interest rate risk and credit risk.

The procedure applied is the following:

- Evaluation of risks related to the activities and operations of the Company,
- Methodology planning and selection of the appropriate actions or/and financial products for the reduction of risks and
- Execution/application, according to the approved by the management, procedure of risk management.

The financial means of the Company include mainly bank deposits, bank overdraft rights, trade receivables and creditors, dividends receivable, dividends payable and leases.

3.2 Market risk

Market risk is defined as the risk according to which fair value or the future cash flows of the financial means of the Company is expected to present deviations due to changes on market prices.

This risk regarding the Company focuses on three basic types of risks: foreign exchange rate risks, interest rate risks and sales volume risks.

3.3 Foreign exchange risk

There is no important risk according to which the fair value or the future cash flows of financial means of the Group or the Company are expected to present remarkable fluctuations due to changes of foreign exchange rates.

3.4 Interest rate risk

The Company has no loan at 31 Dec 2020.

The Company does not use derivatives.

3.5 Sensitivity analysis of interest rate risk

The Company doesn't have any borrowings and therefore the interest rate risk is not given. The Company is not exposed significantly to other kinds of price risks.

3.6 Credit risk

The exposure of the Company concerning the credit risk refers to the financial assets, which are analyzed below:

	12/31/2020	12/31/2019
Cash and cash equivalents	391,618	616,687
Customers and Other Commercial Receivables (*)	336,050	883,349
	12/31/2020	12/31/2019
Not due	282,257	817,301
Past due 1 - 30 days	24,699	55,889
Past due 31 - 90 days	10,343	6,601
Past due 91 - 120 days	7,688	3,155
Past due more than 120 days	11,062	404
	336,050	883,349

(*) There is no financial asset of the Company insured by mortgage or other type of credit insurance. For other assets like all other financial assets, the Company is not exposed to serious credit risk.

3.7 Liquidity risk

The Company manages its liquidity needs by careful observation of debts, long-term financial liabilities and also payments made daily. Liquidity needs are observed in various time zones, on a daily and weekly basis and also on a rolling period of 30 days. Long-term liquidity needs for the next 6 months and the next year are determined monthly.

3.8 Policies and procedures of capital management

The aims of the Company, concerning capital management are the following:

- To ensure the ability of the Company to continue its operations (going-concern)
- To ensure a satisfactory performance to the shareholders and
- To maintain an ideal capital allocation in order to reduce the cost of capital.

The Company in order to maintain or adjust its capital structure can change the dividend to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce its debt. According to similar practices of its business sector, the Company observes its capital based on the leverage ratio. This ratio is estimated by dividing net borrowings to the total capital. Net borrowings are estimated as «Total Borrowings» (including «short-term and long-term borrowings» as presented in the Balance Sheet) less «Cash and cash equivalents». Total capital is estimated as «Total Equity» as presented at the Balance Sheet plus Net Borrowings.

	12/31/2020	12/31/2019
Total Borrowings (banks)	37,569	63,014
Less: Cash and cash equivalents	391,618	616,687
Net Borrowings	(354,049)	(553,673)
Equity	397,231	441,778
Total Capital	43,182	(111,895)
Leverage ratio	-89.13%	-125.33%

(*) Borrowings includes only the estimated future payments for right of use assets recognized as per IFRS16.

4. BASIS OF PRESENTATION OF THE FINANCIAL SCHEDULES

4.1 Basis of preparation

These financial schedules have been prepared in accordance with accounting policy of Inform P. Lykos S.A. (Greece) group which are based on International Financial Reporting Standards ("IFRS"). The Financial Schedules has been prepared solely to enable Inform Lykos Group, part of Austriacard AG Group, to prepare consolidated financial statements and is not intended to follow the all the presentation and disclosures required in accordance with International Financial Reporting Standards.

The financial schedules have been prepared under the historical cost convention except as disclosed in the accounting policies below. The preparation of financial schedules in conformity with group accounting policy requires the use of 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 schedules and the reported amounts of revenues and expenses during the reporting period. Estimates have principally been made in respect to fair values of the impairment provision for property, plant and equipment, deferred profits taxes and the provision for impairment of receivables and of inventories. Although these estimates are based on

management's best knowledge of current events and actions, actual results may differ from these estimates.

4.2 Going concern

The accompanying Financial Schedules have been prepared based on the going concern principle, which assumes that the Company will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows.

A major Coronavirus outbreak occurred in the first quarter 2020, adversely affecting the daily routine of the personnel and its clients, and of the whole business environment in Romania, as a consequence, the Company performance. The Company performance depends on the duration of this outbreak, the effective measures taken by the personnel and the authorities in curbing the outbreak. The economic consequences and uncertainties resulting from the Coronavirus itself or from actions taken by governments and the private sector to respond to the outbreak may have an impact on the personnel of the Company and or on various financial indicators, and ultimately on the Company's going concern.

The Company's management will continue to closely monitor the developments and consequences of the epidemic, and their potential impact on the financial indicators, estimates and assumptions used in the reporting process.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

The principal accounting policies adopted in the preparation of these consolidated financial schedules are set out below:

Implications of COVID-19 on significant accounting policies and estimates

Due to the COVID-19 pandemic, which had a significant impact on economic and financial markets, the Company considered the adequacy of the accounting policies, estimates and assumptions used in 2020 and assessed the impact on its financial position, cash flows and financial performance.

5.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included within borrowings in current liabilities.

5.2 Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of sale. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market interest rate available on origination for similar borrowers.

5.3 Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or 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 costs is charged to the statement of income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

5.4 Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost is determined using the weighted average basis method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When necessary, provision is made for obsolete and slow moving inventories.

5.5 Property, plant and equipment

Items of property and equipment are measured at readjusted values cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss.

The Company policy is to capitalize the interest on borrowing costs for construction of buildings. The interest is capitalized only until completion of construction, in accordance with IAS 23.

Depreciation

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	<u>Useful lives in years</u>
Buildings	25 to 50
Plant and machinery	12 to 20
Equipment and motor vehicles	5 to 10
Computer and related equipment	5 to 6

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Company expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Operating leases

Where the Company is a lessee in a lease that is an exemption according to IFRS 16, short term or low-value assets, the total lease payments, including those on expected termination, are charged to profit or loss on a straight-line basis over the period of the lease.

Intangible assets

All of the Company's intangible assets have definite useful lives and primarily include capitalised computer software, patents, trademarks and licences.

Acquired computer software licenses, patents and trademarks are capitalised on the basis of the costs incurred to acquire and bring them to use.

Development costs that are directly associated with identifiable and unique software controlled by the Company are recorded as intangible assets if inflow of incremental economic benefits exceeding costs is probable. All other costs associated with computer software, eg its maintenance, are expensed when incurred.

Intangible assets are amortised using the straight-line method over their useful lives.

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

5.6 Borrowings

The company doesn't have any bank loan at 31 December 2020.

5.7 Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

5.8 Income tax and deferred tax

Current income taxes include short-term liabilities or receivables from the fiscal authorities that relate to taxes payable on the taxable income of the period and any additional income taxes from previous periods.

Current taxes are measured according to the tax rates and tax legislation in effect during the financial years to which they relate, based on the taxable profit for the year. All changes to the short-term tax assets or liabilities are recognized as part of tax expense in the income statement.

Deferred income tax is estimated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are valued based on the tax rates that are expected to be in effect during the period in which the asset or liability will be settled, taking into consideration the tax rates (and tax legislation) that have been put into effect or are essentially in effect up until the balance sheet date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit, against which the temporary differences can be utilized, will be available.

5.9 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

5.10 Shareholders' equity

Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than in connection with a business combination, are shown as a deduction in equity from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recognised as a share premium.

Dividends

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial schedules are authorised for issue.

5.11 Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, rebates and discounts. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering of services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed. Interest income is recognised on an effective yield basis.

5.12 Employee benefits

Pension costs and other post-retirement benefits

The Company, in the normal course of business, makes payments to the Romanian State on behalf of its employees. All employees of the Company are members of the Romanian State pension plan. All such contributions to the mandatory government pension scheme are expensed when incurred. The Company does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no obligation in respect of pensions. In addition, the Company is not obliged to provide further benefits to current and former employees.

Social costs

The Company incurs employee costs related to the provision of benefits such as health services. These amounts principally represent an implicit cost of employing production workers and, accordingly, have been charged to cost of sales.

5.13 Derivative financial instruments and hedging

The Company does not make use of any other derivative financial instruments nor does it enter into any hedging activities.

5.14 Foreign currency transactions

Foreign currency transactions during the period have been translated at the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses arising on the settlement and translation of foreign currency items have been recognised in the income statement.

6. INTANGIBLE AND TANGIBLE ASSETS

	Land & Buildings	Plant & Machinery	Fixtures and fittings	Construction in Progress	Software, Patents, Licenses	Total
Net book value at 31 October 2019	14,720	91,794	6,796	-	11,130	124,440
Adjustment/Revaluation	-	-	-	-	-	-
Additions	-	27,792	-	-	-	27,792
Transfers	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Depreciation charge	(3,680)	(27,552)	(755)	-	(2,782)	(34,769)
Impairment	-	-	-	-	-	-
Net book value at 31 December 2019	11,040	92,034	6,041	-	8,347	117,463
Net book value at 1 January 2020	11,040	92,034	6,041	-	8,347	117,463
Adjustment/Revaluation	-	-	-	-	-	-
Additions	24,111	-	-	-	-	24,111
Transfers	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Depreciation charge	(11,543)	(57,286)	(1,133)	-	(8,347)	(78,308)
Effect of movements in exchange rates	-	1,109	-	-	-	1,109
Net book value at 31 December 2020	23,608	35,858	4,909	-	0	64,375

7. INVENTORIES

	12/31/2020	12/31/2019
Merchandise	12,099	10,070
	12,099	10,070

8. TRADE AND OTHER RECEIVABLES

	12/31/2020	12/31/2019
Trade receivables	320,657	859,408
Other non-financial receivables	17,393	25,941
Other financial receivables	382,413	467,573
	720,464	1,352,922

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	12/31/2020	12/31/2019
Cash at hand	6,264	3,607
Cash in banks	385,354	613,081
	391,618	616,687

10. SHARE CAPITAL

Share capital is presented at nominal value. As of 31 December 2020 share capital amounts to RON 550 and is fully paid in.

The structure of the shareholders of the Company at 31 December 2020 is as follows:

	12/31/2020	12/31/2019
Inform Lykos S.A.	65.450%	65.450%
Sistec Business Holding S.A.	20.000%	20.000%
Vicentiu Zorzolan.	-	14.550%
AAV Next Office Lab Concept S.R.L.	14.550%	-

The ultimate parent company is Austria Card AG, a limited liability company incorporated and domiciled in Austria.

11. BORROWINGS

Short-term borrowings and long term borrowings by principal lender may be analysed as follows:

Long-term borrowings	12/31/2020	12/31/2019
Autonom Services SA (IFRS 16 impact)	24,441	36,611
	24,441	36,611
Short-term borrowings and bank overdrafts	12/31/2020	12/31/2019
Autonom Services SA (IFRS 16 impact)	13,128	26,403
	13,128	26,403

12. TRADE AND OTHER PAYABLES

	12/31/2020	12/31/2019
Accounts payables	172,941	224,459
Other payables	525,630	55,098
Contract liabilities	-	230,000
Dividends payable	-	941,768

698,571	1,451,325
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13. OTHER TAXES PAYABLE

	12/31/2020	12/31/2019
Contributions and tax related to salary	27,104	31,708
VAT payable	23,690	106,636
Current income tax liabilities	7,089	11,510
	57,883	149,854

14. SALES

	1 January – 31 December 2020	1 November – 31 December 2019
Sales of merchandise	142,672	7,482
Sales of finished products	111,873	-
Rendering of services	3,242,545	798,839
	3,497,090	806,321

15. OTHER INCOME

	1 January – 31 December 2020	1 November – 31 December 2019
Rental income from property & machinery leases	41,649	3,493
Reversal of previous year accruals	-	12,666
Other income	876	5,604
	42,525	21,763

16. PERSONNEL EXPENSES

	1 January – 31 December 2020	1 November – 31 December 2019
Wages and salaries	955,587	157,967
Social security contributions & payroll related taxes & duties	27,357	6,386
Other expenses for personnel	45,487	5,854
	1,028,431	170,207

17. OTHER OPERATING EXPENSES

	1 January – 31 December 2020	1 November – 31 December 2019
Other third party services	565,911	226,526
Electricity, Gas, Water	79,539	13,507
Maintenance, repair, overhaul	93,003	3,754
IT & communication	3,405	571
Insurance	21,709	2,773
Consumables	22,620	4,396
Transportation expenses	84,728	3,457
Rental expenses property & machinery	340,004	44,838
Other fees and duties	11,240	971
Travel expenses	146,599	47,066
Car & truck expenditure	-	16,168
Office supplies	5,835	723
Other, other operating expenses	13,694	2,570
Commissions	55,519	-
	1,443,807	367,319

18. FINANCIAL RESULT – NET

	1 January – 31 December 2020	1 November – 31 December 2019
Interest income	81	2
Interest expense	(2,334)	(1,350)
Bank Commissions	(2,773)	(419)
Loss from Foreign exchange differences (financing related)	(200)	-
Finance costs	(5,307)	(1,769)
Net finance costs recognised in profit or loss	(5,226)	(1,767)

19. INCOME TAX

Considering the size of the company (micro entity) the tax 1% from total revenues and is reconciled to tax expense as follows:

	2020	2019
Total revenues	3,539,614	1,150,984
Theoretical tax charge at effective statutory rate	35,396	11,510
Permanent differences	-	-
Tax effect on permanent differences	-	-
Temporary difference between IFRS and statutory generating deferred tax	-	(454)
Deferred income tax expense	204	(73)
Total revenues	3,539,614	1,150,984
Other non-deductible expenses	-	-
Tax effect of items, which are not deductible or assessable for taxation purposes	35,396	11,510
Incentives for early payments	-	-
Income tax	-	-
Corporate income tax	32,769	11,437
	2020	Recognition, reversals
		2019
Tax effects of deductible temporary differences		
Property, plant and equipment	-	204
Provision for impairment of revaluation previous years		-
Deferred tax asset related to provision for impairment of receivables and stock		-
Deferred tax asset for the cumulated fiscal loss		-
Total net deferred tax asset (liability)	-	204

20. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related party transactions

In the normal course of business the Company enters into transactions with its related parties. These transactions are priced predominantly at market rates. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market

for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses.

For the purposes of these financial schedules, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 31 December 2020 are detailed below.

i) Balances and transactions with related parties

At 31 December 2020, the outstanding balances with related parties were as follows:

Receivables balances:

	12/31/2020	12/31/2019
Next Docs ECM Expert S.R.L	9,565	0
	<u>9,565</u>	<u>-</u>

Payable balances - there are no balances to be disclosed.

The income and expense items with related parties for the year 2019 (November & December 2019 only) & 2020 were as follows:

Sales to related parties:

	1 January – 31 December 2020	1 November – 31 December 2019
Next Docs ECM Expert S.R.L	21,028	-
	<u>21,028</u>	<u>-</u>

Acquisitions from related parties - there are no items to be disclosed.

ii) Key management and Administration Council members' compensation

Compensation paid to key management and directors for their services in full or part time executive management positions is made up of a contractual salary and a performance bonus depending on operating results.

Additional fees, compensation and allowances may be paid to directors for their services in that capacity, and also for attending board meetings.

21. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

21.1 Taxation

The Romanian taxation system is undergoing a process of consolidation and harmonisation with the European Union legislation. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties (respectively 0.06% per day and 0.5% per month of delay). In Romania, tax periods remain open for 5 years. The Company's management considers that the tax liabilities included in these financial schedules are fairly stated.

21.2 Transfer pricing

The Romanian fiscal legislation has included regulations regarding transfer pricing between related parties since 2000. The current legislative framework defines the "arm's length" principle for transactions between related parties, as well as the methods for determining the transfer prices. Thus, it is expected that the tax authorities may initiate in depth inspections of the transfer prices, in order to ensure that the taxable profit and/or the customs value of imported goods are not misstated by the effects of transfer prices between related parties. The Company cannot assess the outcome of any such inspection.

21.3 Insurance policies

The Company holds adequate insurance policies in relation to its assets, operations, product liability, and in respect of public liability and other insurable risks.

21.4 Environmental matters

Environmental regulations are developing in Romania and the Company has not recorded any liability at 31 December 2020 for any anticipated costs, including legal and consulting fees, site studies, the design and implementation of remediation plans, related to environmental matters. Management do not consider the costs associated with environmental issues to be significant.

21.5 Legal proceedings

In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Company and which have not been accrued or disclosed in these consolidated financial schedules.

21.6 Operating environment of the Company

The Romanian economy continues to display some characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible outside Romania, restrictive currency controls, and relatively high inflation. The tax, currency and customs legislation within Romania is subject to varying interpretations, and changes, which can occur frequently.

Whilst there have been improvements in the economic trends, the future economic direction of Romania is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the government, together with tax, legal, regulatory and political developments.

22. SUBSEQUENT EVENTS

On 17 February 2021, Inform Lykos SA decided to acquire shares of Next Docs Confidential SRL resulting in a total share of 80%.

There are no other significant situations to be presented.

23. COVID 19

At the end of 2019, The Coronavirus epidemic broke out in China and spread rapidly around the world, later being recognized by the World Health Organisation as a pandemic. The virus had multiple worldwide consequences, the most significant of which being the public health crisis which is still a threat at this moment. Full effects (health and economic) have not been determined so far. In addition to affecting human health, coronavirus also has a negative impact on certain businesses and economic activities.

At the beginning of 2020, the virus spread rapidly in Europe, Romania being among the first countries affected by this pandemic. In the attempt to stop the spread of pandemics, in March 2020, the Romanian authorities implemented a series of measures to minimize human interaction. This had a negative impact on the economy, as some companies were seriously affected. Our Company followed the measures imposed by authorities, adjusted its activity, transformed service delivery from office work to work-from-home to a large extent, while trying to limit as much as possible any negative consequence to its workforce and business activities.

The Company's management analysed the impact of the coronavirus. Based on the analysis, the management of the company concluded that, as a consequence of active measures taken, the pandemic did not significantly and negatively affect the activity in 2020. The principle of business continuity is relevant in the preparation of the financial statements on 31 December 2020. The management of the company closely monitors developments and takes appropriate decisions regarding staff and clients to support the position and performance of the company