BUSINESS ACQUISITION REPORT

Item 1 Identity of Company

1.1 Name and Address of Company

Principal Technologies Inc.
2500 – 700 West Georgia Street
Vancouver BC, Canada V7Y 1B3.

1.2 Executive Officer

Frank Stronach
CFO and Corporate Secretary, Principal Technologies Inc.
+1 604-505-0091
stronach@principal-technologies.com

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

Principal Technologies Inc. (the "Company" or "Principal") completed the acquisition of an 80% interest (the "Investment") in E&E CRO Consulting GmbH ("E&E").

E&E is a global contract research organization ("CRO") based in Vienna, Austria, that specializes in tailored project management of international scale clinical studies primarily related to medical- device technologies. CRO's seek to reduce costs for companies developing new medicines, drugs and medical devices requiring various regulatory approvals. They aim to simplify entry into these various markets, and simplify development of regulated products. E&E provides tailor-made A-Z project management services related to clinical studies, primarily with a focus on medical technologies devices requiring regulatory approval in various international jurisdictions, including the European Union, the United States, Latin America and Oceania. E&E provides services to a diverse array of medical device developers, including established med-tech companies, startups, hospitals and their medical representatives (doctors / professors) and medical institutions, as they go through the stages of obtaining regulatory approval for their medical devices. E&E charges a fee for service, and typically receives either monthly retainers or payments on a monthly or quarterly basis in accordance with its invoices for services rendered.

2.2 Acquisition Date

August 4, 2021

2.3 Consideration

The Investment was structured as a share acquisition pursuant to which the Company acquired 80% of the issued and outstanding securities of E&E in accordance with the Investment Agreement dated June 11, 2021. As consideration for the Investment, the Company paid or will pay, as applicable, the shareholder of E&E:

i. aggregate upfront consideration of Euro €100,000 ($147,880) (paid); plus
ii. 1,000,000 common shares in the capital of the Company, (each, a "Common Share") if E&E earns Euro €125,000 in profit before tax from the period from April 1, 2021 to March 31, 2022; plus
iii. 250,000 common shares if E&E earns Euro €250,000 in profit before tax from the period from April 1, 2021 to March 31, 2022; plus
iv. 250,000 common shares if E&E earns Euro €500,000 in profit before tax from the period from April 1, 2022 to March 31, 2023.

The Investment constitutes the Company's qualifying transaction (the "Qualifying Transaction") pursuant to the policies of the TSX-V. The Company commenced trading as a Tier 2 Life Sciences Issuer on TSXV on August 6, 2021 under the ticker symbol "PTEC".

Further information about the Qualified Transaction can be found in the Company's filing statement dated July 21, 2021, a copy of which has been filed under the Company's profile on SEDAR at www.sedar.com.

2.4 Effect on Financial Position

Upon the closing of the Qualifying Transaction, E&E became a primary business of the Company. The Company currently has no plans or proposals for material changes in the business affairs or the affairs of E&E which may have a significant effect on the financial performance and financial position of the company.

2.5 Prior Valuations

To the knowledge of the Company, there has not been any valuation opinion within the last twelve months by the Company or E&E that was required by securities legislation or a Canadian exchange or market to support the consideration paid by the Company in connection with the Qualified Transaction.

2.6 Parties to Transaction

The Qualified Transaction was not with an informed person, associate or affiliate of the Company as defined in Section 1.1 of National Instrument 51-102 Continuous Disclosure Obligations.

2.7 Date of Report

December 2, 2021

Item 3 Financial Statements and Other Information

The following financial statements are attached to this report:

- the audited financial statements of E&E, together with the notes thereto and the auditor's report thereon, as at and for the years ended December 31, 2020, 2019, 2018, attached hereto as Schedule "A"; and
- the financial statements of E&E, together with the notes thereto, as at and for the three months ended March 31, 2021, attached hereto as Schedule "B"; and
- the pro-forma financial statements of the resulting issuer, together with the notes thereto, as at April 30, 2021, attached hereto as Schedule "C".

The Company nor E&E has not obtained the consent of the auditors to include the audit report thereon in this report.

Schedule "A"

The audited financial statements of E&E, together with the notes thereto and the auditor's report thereon, as at and for the years ended December 31, 2020, 2019, 2018

E&E CRO Consulting e.U.

Auditor's Report – Financial Statements for the Year ended 31.12.2020

E&E CRO Consulting e.U.

Auditor’s Report – Financial Statements for the Year ended 31.12.2020

Electronic copy

Moore Interaudit GmbH
Wirtschaftsprüfungsgesellschaft
A- 5020 Salzburg, Austria

FN 55663h, Commercial Court Salzburg

E&E CRO Consulting e.U.
Nobilegasse 23-25
1150 Vienna
Austria

We have completed our audit of the financial statements as of 31.12.2020 of

E&E CRO Consulting e.U., Vienna,
(referred to as "the Company")

and report on the result of our audit as follows:

1. Audit contract and performance of the engagement

The Company, represented by the Sole Proprietor Mrs. Ilse Christa Eder, concluded an audit contract with us to audit the financial statements as of 31.12.2020.

The audit is a contractual audit, which is not subject to statutory audit requirements.

The audit included assessing whether the statutory requirements and additional provisions of the Company's articles of association were adhered to concerning the preparation of the financial statements.

We conducted our audit in accordance with the legal requirements and generally accepted standards on auditing as applied in Austria. These standards require that we comply with International Standards on Auditing (ISA). An auditor conducting an audit obtains reasonable assurance about whether the financial statements are free from material misstatement. Absolute assurance is not attainable due to the inherent limitations of any accounting and internal control system and due to the sample-based test nature of an audit, there is an unavoidable risk that material misstatements in the financial statements remain undetected. Areas, which are generally covered in special engagements, were not included in our scope of work.

We performed the audit from March 2021 to April 2021 mainly at our Company's premises. The audit was substantially completed at the date of this report.

The audit partner responsible for the proper performance of the engagement is Florian Eder, Austrian Certified Public Accountant.

Our audit is based on the audit contract concluded with the Company. The "General Conditions of Contract for the Public Accounting Professions" issued by the Austrian Chamber of Auditors and Tax Advisors (refer to Appendix II) form an integral part of the audit contract. These conditions of contract do not only apply to the Company and the auditor, but also to third parties. Section 275 UGB (Austrian Company Code) applies with regard to our responsibility and liability as auditors towards the Company and towards third parties.

2. Auditor’s Report

Report on the Financial Statements

Opinion

We have audited the Financial Statements of E&E CRO Consulting e.U., Vienna, which comprise the Statement of Financial Position as of 31.12.2020, the Statement of Comprehensive Income, the Statement of Cash Flows, and the Statement of Changes in Equity for the fiscal year then ended and the accompanying Notes.

Based on our audit, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as of 31.12.2020, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporing Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor’s Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibility and liability as auditor is guided by section 275 par. 2 UGB (Austrian Company Code) (liability regulations for the audit of small and medium-sized companies) and is limited to a total of 2 million Euros towards the Company and towards third parties.

Responsibilities of the Sole Proprietor of the Company for the Financial Statements

The Sole Proprietor of the Company is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as the Sole Proprietor determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Sole Proprietor 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 the Sole Proprietor either decides to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Sole Proprietor.
- conclude on the appropriateness of the Sole Proprietor' 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 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 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Salzburg, 21.04.2021

Moore Interaudit GmbH
Wirtschaftsprüfungsgesellschaft

Mag. Florian Eder, CPA
Wirtschaftsprüfer

Moore Interaudit GmbH MOORE Wirtschaftsprüfungsgesellschaft

(Austrian chartered accountant)

E&E CRO Consulting

Financial Statements as at 31.12.2020

Statement of Financial Position (in EUR)

Assets	Note	31.12.2020	31.12.2019
Property and equipment	14	1.518,31	1.586,88
Right-of-use assets	15	4.214,38	7.375,16
Noncurrent assets		**5.732,69**	**8.962,04**
Trade receivables	17	14.622,88	6.732,84
Other receivables	17	3.304,94	8.808,99
Cash and cash equivalents	18	118.072,53	113.021,23
Current assets		**136.000,35**	**128.563,06**
Assets		**141.733,04**	**137.525,10**

Equity, Liabilities			
Committed capital		-	-
Retained earnings		117.699,24	89.669,87
Attributable to the Sole Proprietor		**117.699,24**	**89.669,87**
Equity		**117.699,24**	**89.669,87**
Lease liabilities	15	1.015,02	4.440,65
Noncurrent liabilities		**1.015,02**	**4.440,65**
Trade and other payables	19	19.593,14	40.235,86
Lease liabilities	15	3.425,64	3.178,72
Current liabilities		**23.018,78**	**43.414,58**
Liabilities		**24.033,80**	**47.855,23**
Equity and Liabilities		**141.733,04**	**137.525,10**

Statement of Comprehensive Income (in EUR)

Continuing operations	Note	2020	2019
Revenue	7	121.666,46	83.838,25
Cost of sales	8	(13.453,01)	(35.382,01)
Gross profit		**108.213,45**	**48.456,24**
Personnel expenses	10	(29.433,37)	(55.989,05)
Depreciation, amortization	14.1	(4.201,35)	(4.057,52)
Administrative expenses	11	(13.946,02)	(16.736,08)
Net foreign exchange (losses)/gains	9	(27,09)	1.414,94
Other operating (expenses)/income	9	-	7.186,62
Profit/(loss) from operating activities		**60.605,62**	**(19.724,85)**
Finance charges		(246,92)	(371,35)
Net finance costs	**12**	**(246,92)**	**(371,35)**
Profit/(loss) before taxation		**60.358,70**	**(20.096,20)**
Taxation	13	-	-
Profit/(loss) from continuing operations		**60.358,70**	**(20.096,20)**
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified to profit or loss:		-	-
Other comprehensive income for the year		-	-
Comprehensive income for the year		**60.358,70**	**(20.096,20)**

Statement of Changes in Equity (in EUR)

	Committed capital	Retained Earnings	Total
As at 01.01.2019	**-**	**148.288,71**	**148.288,71**
Loss for the year	-	(20.096,20)	(20.096,20)
Total comprehensive income	**-**	**(20.096,20)**	**(20.096,20)**
Capital drawings by the Sole Proprietor	-	(38.522,64)	(38.522,64)
Total transactions with owners	**-**	**(38.522,64)**	**(38.522,64)**
As at 31.12.2019	**-**	**89.669,87**	**89.669,87**
As at 01.01.2020	**-**	**89.669,87**	**89.669,87**
Profit for the year	-	60.358,70	60.358,70
Total comprehensive income	**-**	**60.358,70**	**60.358,70**
Capital drawings by the Sole Proprietor	-	(32.329,33)	(32.329,33)
Total transactions with owners	**-**	**(32.329,33)**	**(32.329,33)**
As at 31.12.2020	**-**	**117.699,24**	**117.699,24**

Statement of Cash Flows (in EUR)

Continuing operations	Note	2020	2019
Profit before taxation		**60.358,70**	**(20.096,20)**
Adjustments for			
Depreciation and amortization		4.201,35	4.057,52
(Profit)/loss on disposal of property and equipment	9	-	-
Finance costs – net		246,92	371,35
Foreign exchange losses/(gains) on operating activities	9	-	413,84
Changes in working capital			
Trade and other receivables		(2.385,99)	19.994,96
Trade and other payables		(20.642,72)	30.812,71
Net cash generated from operating activities		**41.778,26**	**35.554,18**
Purchases of property and equipment		(972,00)	(980,00)
Proceeds from sale of property and equipment		-	-
Net cash used in investing activities		**(972,00)**	**(980,00)**
Interest payments and principal repayments of leases	15	(3.425,63)	(3.425,63)
Withdrawals by the Sole Proprietor		(32.329,33)	(38.522,64)
Net cash used in financing activities		**(35.754,96)**	**(41.948,27)**
Net cash flows for the year		**5.051,30**	**(7.374,09)**
Cash at beginning of the year		**113.021,23**	**120.395,32**
Net cash flows for the year		5.051,30	(7.374,09)
Cash at end of the year		**118.072,53**	**113.021,23**

Notes to the Financial Statements (in EUR)

1. GENERAL INFORMATION

These financial statements are presented in Euros ("EUR"), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of E&E CRO Consulting e.U. (the "Company") for the year ended 31.12.2020.

The Company is an incorporated sole proprietorship in accordance with Austrian commercial law, which is privately held and registered with the registration number 346677w at the Austrian Commercial Register. It is both incorporated and domiciled in Vienna, Austria. The address of its registered office is Nobilegasse 23-25, A-1150 Vienna, Austria.

The Sole Proprietor is Mrs. Ilse Christa Eder.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC).

The financial statements of the Company for the year ended 31.12.2019 were the first the Company has prepared in accordance with IFRS.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies that have been applied consistently by all Company companies to all periods presented in these financial statements are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies selected for use by the Company. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in relevant notes as summarized in Note 6. Significant accounting estimates, judgments and assumptions on page 12. Use of available information and application of judgment are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

2.1. NEW STANDARDS AND AMENDMENTS EFFECTIVE ON OR AFTER 01.01.2020

The Company applied for the first-time certain standards and amendments, which are effective for periods beginning on or after 01.01.2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- **Amendments to IAS 1 and IAS 8 - Definition of Materiality**: effective for reporting periods beginning on or after 01.01.2020. The aim of the changes was to unify the definition of "**materiality**" in all standards and to clarify certain aspects of the definition. These amendments had no impact on the financial statements.
- **Reference to the Conceptual Framework- Amendments to IFRS 3**: effective for reporting periods beginning on or after 01.01.2020. The revised conceptual framework consists of a new superordinate section Status and purpose of the conceptual framework as well as eight completely contained sections. Along with the changed framework concept, references to the framework concept were adapted in various standards. These amendments had no impact on the financial statements.
- **Changes to IFRS 9, IAS 39 and IFRS 7 - Interest benchmark reform**: effective for reporting periods beginning on or after 01.01.2020. The changes relate in particular to certain simplifications relating to hedge accounting regulations and are mandatory for all hedging relationships that are affected by the reform of the reference interest rate. These amendments had no impact on the financial statements.

2.2. PUBLISHED STANDARDS AND INTERPRETATIONS THAT ARE NOT YET MANDATORY AND WHICH HAVE NOT BEEN ADOPTED EARLY

Further new and revised standards and interpretations have been adopted by the IASB that are not yet mandatory for the financial statements. These were not applied early by the Company – if application was possible – and they will all be applied from the dates on which the respective standards and interpretations become effective. Management expects that neither of the below standards will materially affect the financial statements.

- IFRS 17 Insurance Contracts: on 18.05.2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 is effective for reporting periods beginning on or after 01.01.2023, with comparative figures required. This standard is not applicable to the Company.
- Amendments to IFRS 16 Leases: these amendments provide a practical expedient that permits lessees to account for the rent concessions, that occur as a direct consequence of the COVID - 19 pandemic and meets specified conditions, as if they were not lease modifications. The amendments are applicable for annual periods commencing on or after 01.06.2020. The Company expects that there will be no material effects on the financial statements.
- Amendments to IAS 1 'Presentation of financial statements': these amendments clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The meaning of settlement of a liability is also clarified. The amendments are applicable for annual periods commencing on or after 01.01.2023. The Company expects that there will be no material effects on the financial statements.
- Amendments to IAS 16 Property, plant and equipment: these amendments require an entity to recognize the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset. The amendments are applicable for annual periods commencing on or after 01.01.2022. The Company expects that there will be no material effects on the financial statements.
- Amendments to IFRS 3 Business combinations: these amendments update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are applicable for annual periods commencing on or after 01.01.2022. The Company expects that there will be no material effects on the financial statements.
- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets: these amendments specify the costs that an entity includes when assessing whether a contract will be loss-making. The amendments are applicable for annual periods commencing on or after 01.01.2022.
- Annual Improvements to IFRS Standards 2018–2020 amend:
  IFRS 1 to simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
  IFRS 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
  IFRS 16 illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements.
  IAS 41 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in other accounting standards.
  The amendments are applicable for annual periods commencing on or after 01.01.2022.
- Changes to IFRS 9, IAS 39 and IFRS 7 - Interest benchmark reform: effective for reporting periods beginning on or after 01.01.2021. The changes relate in particular to certain simplifications relating to hedge accounting regulations and are mandatory for all hedging relationships that are affected by the reform of the reference interest rate. The Company assumes that there will be no material effects on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

3.1. FOREIGN CURRENCY TRANSLATION

The Company's financial statements are presented in EUR, which is also the Company's functional currency.

Currency translation

Foreign currency transactions are converted into the functional currency at the spot rate applying on the date of transaction. Assets and liabilities in a foreign currency are converted into the functional currency using the official middle rates applicable at each reporting date. All currency translation differences are recognized through profit or loss.

3.2. REVENUE RECOGNITION

The Company provides consulting services in relation to the clinical certification process of medical products and devices. Major sources of revenue are based on fixed per-diems and monthly retainers, which are recognized as revenues based on actual time spent or monthly periods elapsed. Sales include travel and other expenses recoverable from clients.

Expenses directly incurred and paid on behalf of clients are presented net of their respective recoveries within the Company's sales.

3.3. TAXATION

The Company is subject to Austrian income tax at the level of the sole proprietor, where taxable income from the Company's business forms part of the sole proprietor's overall tax base at incremental tax rates. Accordingly, no current or deferred income tax is recorded at the level of the Company.

3.4. PROPERTY AND EQUIPMENT

Property and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The residual values and useful lives of Property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Land is not depreciated. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

- **Machinery and equipment**: 5 to 10 years
- **Furniture and fixtures**: 1 to 10 years
- **Vehicles**: 4-8 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss and if certain conditions are met.

3.5. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The recoverable amount depends on the discount rate used within the scope of the discounted cash flow method and on the expected future cash inflows and the growth rate used for extrapolation purposes. If the future cash flows actually expected are lower than previously estimated, this may result in a significant impairment.

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- **Disclosures for significant assumptions**: Note 6. Significant accounting estimates, judgments and assumptions on page 12

3.6. FINANCIAL INSTRUMENTS

3.6.1. Recognition and derecognition of financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company only has financial assets in the categories financial assets at amortized cost.

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade receivables, other receivables and loans to related parties included under current and non-current financial assets, respectively.

Derecognition

Financial assets are derecognized when:

- The contractual rights to cash flows from the financial asset expire, or
- The asset is transferred such that contractual rights to cash flows of the assets and the risks and rewards of ownership are transferred.

On derecognition, the Company recognized the differences between carrying amount and consideration.

In factoring arrangements and guaranteed receivables, transfer may not result in derecognition, because the Company retains exposure to risks and rewards to some extent. The Company assesses it's extended involvement and recognizes a liability, such that the net of asset and liability represents the rights and obligations retained, measured based on the classification of the original asset.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- **Disclosures for significant assumptions**: Note 3.5. Impairment of non-financial assets on page 4

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

3.6.2. Classification and measurement of financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

The Company only holds financial liabilities at amortized cost.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.7. TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are financial assets stated initially at fair value which is taken to be their transaction cost and subsequently at their amortized cost less any loss allowance. Loss allowance is based on lifetime expected credit losses assess and determined at initial recognition and subsequently adjusted for any changes in expectation.

Loss allowance measurement and policy included in Note 5.3. Credit risk management on page 9. Trade receivables expected to be received in the next year are classified as current assets. If not, they are presented as non-current assets.

3.8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

3.9. SOLE PROPRIETOR'S CAPITAL

E&E CRO Consulting e.U. is organized as an incorporated sole proprietorship under Austrian law, whereby the sole proprietor assumes full and unrestricted liability for the Company's operations and liabilities. While comprising a distinct business with respect to the requirements of IFRS for reporting entities, sole proprietorships form part of the sole proprietor's personal assets and liabilities.

No dedicated amount of capital or reserves are contributed by the sole proprietor, and the net assets comprise the sole proprietor's investment of personal funds, operational profits or losses less withdrawals from the proprietorship's accumulated earnings.

3.10. LEASES

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- **Motor vehicles and other equipment**: 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.11. FAIR VALUE MEASUREMENT

The Company measures certain financial instruments at fair value on each balance sheet date. The fair values of financial instruments measured at amortized cost are listed in Note 5.5. Fair value estimation on page 11.

Fair value is the price which would be received for the sale of an asset or paid for the transfer of a liability through an orderly transaction between market participants on the measurement date. For measurement of fair value, the transaction involving the sale of the asset or the transfer of the liability is assumed to have occurred on either the

- **Principal market**: for the asset or the liability or the
- **Most advantageous market**: for the asset or the liability, if no principal market is available.

The fair value of an asset or a liability is determined according to the assumptions upon which market participants would base their pricing of this asset or liability. The market participants are thereby presumed to have acted according to their best economic interests.

Measurement of the fair value of a non-financial asset considers the ability of the market participant to realize economic benefit through maximum and optimal utilization of this asset or through its sale to another market participant who will realize its maximum and optimum utilization.

All assets and liabilities whose fair value is determined or reported in the financial statements will be classified according to the fair value hierarchy outlined below, on the basis of the input parameter for the lowest level which is significant, overall, for fair value measurement:

- **Level 1**: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2**: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3**: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

To comply with the disclosure requirements regarding fair values, the Company has specified groups of assets and liabilities according to their type, their characteristics and their risks and also the levels of the fair value hierarchy outlined above.

4. RISK REPORT

The main financial instruments used by the Company include cash and cash equivalents, bank loans and leases. The Company has various other financial assets and liabilities, such as trade receivables and trade liabilities, which arise directly from its business activities. The Company does not use any derivative financial instruments such as forward exchange transactions to hedge interest and foreign exchange risks.

5. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Capital risk

Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's financial instruments consist mainly of deposits with banks, available-for-sale investments, accounts receivable and payable, and loans to and from related parties.

5.1. MARKET RISK

5.1.1. Foreign exchange risk

The Company is exposed to foreign currency risk from its operating, investing and financing activities. Company manages the exposure and risk for investing and financing activities at the Company level including all material loans across the Company designated in foreign currencies.

It also monitors exposure and assists in the implementation of Company risk management strategies for exposure at an individual subsidiary level. The Company's policy is to cover forward all trade commitments.

The Company publishes its financial statements in EUR but has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

During the period under review, the Company generated its revenues exclusively in EUR. A majority of the company's business operations are carried out within the Eurozone.

5.1.2. Interest rate risk

As part of the process of managing the Company's fixed and floating rate borrowings mix, the interest rate characteristics of borrowings and the refinancing of existing borrowings are positioned according to movements in interest rates.

At 31.12.2020 the fixed interest rates vary from 2% to 4% (2019 2% to 4%).

At the reporting date the carrying value of fixed and variable rate borrowings was as follows:

	2020	2019
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(4.440,66)	(7.619,37)
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Total	**(4.440,66)**	**(7.619,37)**

Fixed rate interest sensitivity analysis

All fixed rate instruments are carried at amortized cost.

5.2. LIQUIDITY RISK MANAGEMENT

The Company has various commitments and obligations including significant capital expenditure and operates in some cash intensive segments and location, particularly through investment in emerging markets and revenue streams. Therefore, there is a risk that the Company may be unable to meet its short-term financial demands or obligations when due.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilized borrowing facilities are maintained. Cash intensive capital projects are managed centrally, and borrowing are secured and maintained buy the Company treasure to ensure the most appropriate facilities for the purpose and best terms.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Contractual Cash Flows			
31.12.2020	**Carrying amount**	**< 3 months**	**3 months to 1 year**	**2 years to 5 years**	**>5 years**
Lease liabilities	4.440,66	856,41	2.569,23	1.871,43	-
	4.440,66	**856,41**	**2.569,23**	**1.871,43**	**-**
31.12.2019					
Lease liabilities	7.619,37	856,41	2.569,23	5.050,14	-
	7.619,37	**856,41**	**2.569,23**	**5.050,14**	**-**

5.3. CREDIT RISK MANAGEMENT

Risk exposure, management and accounting policy

Credit risk arises on trade receivables and other receivables such as loans to related parties, cash and cash equivalents and deposits with financial institutions.

Trade receivable consist mainly of a widespread customer base. The Company companies monitor the financial position of their customers on an on-going basis. Where considered appropriate, use is made of factoring and credit guarantee insurance. The granting of credit is controlled by application and account limits.

The impairment is assessed in references to expected credit losses associated with its debt instruments carried at amortized cost. A loss allowance is calculated based on expected credit losses from day one, but the impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Trade receivables and contract assets have been determined to have the same risk profile and lifetime credit losses are calculated on the same basis.

In assessment of credit risk and expected losses, management considers a risk of default and its probability for each customers or category of customers. On an ongoing basis an increase in risk is considered through comparison of probability of default at point of assessment vs when was last estimated.

Rebuttable presumption that overdue by over 30 days is an indicator of significant increase is benchmark used by Company, with reviewing other indicators, such as

- Significant adverse events impacting the customer or significant deterioration in results, particularly free cash flow, operating cash flows, current ratio, debtors days
- Increased frequency of missed payments

Management considers it a default event to be over 90 days overdue. The policy is to write off anything deemed incollectible based on failed collection measures, where others indicators such as above or others are present.

Trade Receivables

For trade receivables, the Company has no significant concentration of credit risk. Exposure is spread over a number of counterparties and customers.

To measure the expected credit losses, management has used historic data. This data was analyzed further to create a profile by segment, region, product/ service offered and type of customer.

The risk categories are blended based on the mix of receivables and percentages applied to calculate the loss.

Management has not rebutted the presumption that receivables above 90 days overdue are considered to be in default.

Financial assets at amortized cost

Other financial assets at amortized include loans and receivables, mainly loans to related parties. Risk of default is assessed on an individual basis and expected credit losses are measured based on the historical and current data. All are considered to be low credit risk due to their strong history of payment. The expected losses are minimal and summarized below.

5.4. CAPITAL RISK MANAGEMENT

The board's policy is to maintain and develop, centrally for the entire Company, a strong a flexible capital base in order to maintain investor and creditor confidence. This is seen as important for the sustenance of future developments in the business and the maintenance of flexibility of capital management strategies.

The gearing ratios at 31.12.2020 and 31.12.2019 were as follows:

	31.12.2020	31.12.2019
Total loans and borrowings	(4.440,66)	(7.619,37)
Add: Cash and cash equivalents	118.072,53	113.021,23
Net liquidity	**113.631,87**	**105.401,86**
Total equity	**117.699,24**	**89.669,87**
Total capital	**141.733,04**	**137.525,10**

5.5. FAIR VALUE ESTIMATION

The estimated fair values have been determined using available market information and appropriate valuation methodologies as outlined below.

The fair value for non-derivative financial liabilities is determined based on the amount the Company would pay to transfer a liability in an orderly transaction between market participants at the measurement date. If a market price is available then this will be used to determine the fair value, otherwise a valuation technique is used. Generally, the Company will obtain the fair value by calculating the present value of future cash flows discounted at prevailing rates of return for financial instruments having the same terms and characteristics and credit rating.

The fair values of financial assets and financial liabilities, together with their respective carrying values as shown in the statement of financial position, are presented in the table below. All assets and liabilities except those expressly stated at are measured at fair value on a recurring basis, classified within the fair value hierarchy:

- **Level 1**: prices quoted (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3**: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

As at 31.12.2020	Level 1	Level 2	Level 3	Total	Carrying value
Lease liabilities	-	-	4.440,66	4.440,66	4.440,66
Financial liabilities not at fair value through profit or loss			**4.440,66**	**4.440,66**	**4.440,65**

As at 31.12.2019	Level 1	Level 2	Level 3	Total	Carrying value
Lease liabilities	-	-	7.619,37	7.619,37	7.619,37
Financial liabilities not at fair value through profit or loss	**-**	**-**	**7.619,37**	**7.619,37**	**7.619,37**

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily instruments listed on the US stock exchange classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely to the least extent feasible on estimates made by the Company. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs to the fair value assessment is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no transfers of financial assets and liabilities between level 1 and level 2.

6. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Certain areas of financial statements require management to make judgments and estimates in application of accounting policies and measurement of reported amounts. These are continuously monitored for any factors that would lead to a change in assumption or lead to a different decision. Any changes in estimates are accounted for prospectively.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below with reference to relevant notes containing further assessment of the nature and impact of the assumptions.

6.1. JUDGMENTS

In applying the Company's accounting policies, management made the following judgments that significantly influenced the amounts reported in the financial statements.

Determination of the term of leases with extension or termination options – the Company as a lessee

The Company determines the terms of the lease on the basis of the non-cancelable period of a lease, while taking into consideration the periods covered by an option to extend the lease if it is reasonably certain that it will exercise that option and the periods covered by an option to terminate the lease if it is reasonably certain that it will not exercise that option.

Leases – estimate of the incremental borrowing rate

The Company is not easily able to determine the underlying interest rate for the lease. It therefore uses its incremental borrowing rate in order to measure leasing liabilities. The incremental borrowing rate is the rate of interest which the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. If no observable interest rates are available (e.g. in case of subsidiaries which do not enter into financing transactions) or if the interest rate must be adjusted in order to reflect the terms of the lease (e.g. if this has not been entered into in the subsidiary's functional currency), then the incremental borrowing rate must be estimated. The Company will estimate the incremental borrowing rate by means of observable input factors (e.g. market interest rates), where these are available, and is required to make certain company-specific estimates.

6.2. ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other major sources of estimation uncertainty on the balance sheet date due to which the considerable risk exists that a significant adjustment of the carrying amounts of assets and liabilities may become necessary within the next financial year are outlined below. The Company's assumptions and estimates are based on parameters which were available at the time of preparation of the financial statements. However, these circumstances and the assumptions regarding future developments may change due to market movements and market conditions outside the Company's influence. Such changes will only be factored into the assumptions once they have occurred.

In the financial statements, significant estimates and assumptions were made in the following areas that may lead to significant changes in the next financial year:

6.2.1. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments..

6.2.2. Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

7. SALES REVENUE

Sales revenue comprises:

	2020	2019
Sale of services	133.205,18	83.838,25
Less: outlays paid on behalf of clients included in sales revenue	(11.538,72)	-
	121.666,46	**83.838,25**

8. COST OF SALES

Cost of sales comprises:

	2020	2019
Travel expenses related to on-site visits	13.453,01	35.382,01
	13.453,01	**35.382,01**

9. OTHER INCOME

Other income comprises:

	2020	2019
Insurance proceeds	-	7.186,62
Net foreign exchange gains/(losses)	(27,09)	1.414,94
	(27,09)	**8.601,56**

10. PERSONNEL EXPENSES

Personnel expenses comprise:

	2020	2019
Salaries	40.882,09	41.984,62
Social security and payroll taxes	14.118,75	14.004,43
Less: furlough subsidies (COVID-related)	(25.567,47)	-
	29.433,37	**55.989,05**

11. ADMINISTRATIVE EXPENSES

Administrative expenses comprise:

	2020	2019
Consultancy fees - recertification	1.054,00	1.554,00
Professional fees	4.640,00	2.720,00
Vehicle expenses	4.478,33	6.278,74
Promotion and advertising	1.363,74	1.344,88
Other	2.409,95	4.838,46
	13.946,02	**16.736,08**

12. NET FINANCE COSTS

Net finance costs comprise:

	2020	2019
Interest expense - lease liabilities	246,92	371,35
	246,92	**371,35**

13. TAXATION

The Company is subject to Austrian income tax at the level of the sole proprietor, where taxable income from the Company's business forms part of the sole proprietor's overall tax base at incremental tax rates. Accordingly, no current or deferred income tax is recorded at the level of the Company.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2020	2019
Profit before tax	60.358,70	(20.096,20)
Less: profit transferred to the sole proprietor for personal taxation	(60.358,70)	20.096,20
Company tax reconciliation	-	-
Effective tax rate for the year %	**0%**	**0%**

14. PROPERTY AND EQUIPMENT

Changes in property and equipment in 2018 and 2019 are shown in the following statement of changes in assets. Property and equipment comprise operating and office equipment. Property and equipment are carried at cost minus accumulated systematic straight-line depreciation.

Acquisition cost	Buildings	Equipment	Other	Total
As at 01.01.2019	**2.293,38**	**2.231,34**	**5.972,00**	**10.496,72**
Additions	-	980,00	-	980,00
Disposals	-	-	(5.972,00)	(5.972,00)
As at 31.12.2019	**2.293,38**	**3.211,34**	**-**	**5.504,72**
Additions	-	972,00	-	972,00
Disposals	-	-	-	-
As at 31.12.2020	**2.293,38**	**4.183,34**	**-**	**6.476,72**
Accumulated depreciation				
As at 01.01.2019	**(1.744,22)**	**(1.276,88)**	**(5.972,00)**	**(8.993,10)**
Additions	(249,16)	(647,58)	-	(896,74)
Disposals	-	-	5.972,00	5.972,00
As at 31.12.2019	**(1.993,38)**	**(1.924,46)**	**-**	**(3.917,84)**
Additions	(150,00)	(890,57)	-	(1.040,57)
Disposals	-	-	-	-
As at 31.12.2020	**(2.143,38)**	**(2.815,03)**	**-**	**(4.958,41)**
Net book value				
As at 01.01.2019	**549,16**	**954,46**	**-**	**1.503,62**
As at 31.12.2019	**300,00**	**1.286,88**	**-**	**1.586,88**
As at 31.12.2020	**150,00**	**1.368,31**	**-**	**1.518,31**

The Company did not pledge assets as collateral to secure financial liabilities (2019: nil).

14.1. RECONCILIATION OF DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation and amortization expense comprises:

	2020	2019
Depreciation of property and equipment	1.040,57	896,74
Amortization of right-of-use assets	3.160,78	3.160,78
	4.201,35	**4.057,52**

15. LEASES

The Company has entered into a single lease for one motor vehicle. In case of motor vehicle leases, the term is normally between 3 and 5 years. The Company did not assign or sublease any leased assets in 2019.

The following table shows the carrying amounts of the reported rights of use and the changes during the reporting period:

Right-of-use assets	Vehicles	Total
As at 01.01.2019	**10.535,94**	**10.535,94**
Additions	-	-
Amortization	(3.160,78)	(3.160,78)
As at 31.12.2019	**7.375,16**	**7.375,16**
Additions	-	-
Amortization	(3.160,78)	(3.160,78)
As at 31.12.2020	**4.214,38**	**4.214,38**

The following table shows the carrying amounts of the leasing liability and the changes during the reporting period:

	2020	2019
Leasing liability as at 01.01. of the preceding year	**7.619,37**	**10.673,65**
Additions	-	-
Accrual of interest	246,92	371,35
Payments	(3.425,63)	(3.425,63)
Leasing liability as at 31.12.	**4.440,66**	**7.619,37**

The maturity analysis for the leasing liabilities is presented in Note 5.2. Liquidity risk management on page 9.

The following amounts were recognized through profit or loss in the 2020 and 2019 reporting periods:

	2020	2019
Depreciation charge for rights of use	3.160,78	3.160,78
Interest expenses for leasing liabilities	246,92	371,35
	3.407,70	**3.532,13**

The Company does not have any future cash outflows for leases which have not yet begun.

The gross minimum lease liabilities – minimum lease payments are as follows:

	2020	2019
No later than one year	3.425,64	3.178,72
Later than one year	1.015,01	4.440,65
Later than on year but no later than five years	1.015,01	4.440,65
Later than five years	-	-

16. FINANCIAL ASSETS

16.1. AMORTIZED COST

Financial assets

		31.12.2020		31.12.2019
	Current	Non-Current	Current	Non-Current
Trade receivables	14.622,88	-	6.732,84	-
Other assets	3.304,94	-	8.808,99	-
Less: valuation allowance	-	-	-	-
	17.927,82	**-**	**15.541,83**	**-**
Total		**17.927,82**		**15.541,83**

All trade receivables are considered to be held to collect and measured at amortized cost.

Management considers that the carrying amount of trade and other receivables approximates their fair value. The allowance is calculated based on lifetime expected credit losses The Company's exposure to credit, currency and interest rate risks relating to trade and other receivables is detailed in Note 5. Financial risk management on page 8.

Interest-bearing liabilities

	31.12.2020		31.12.2019	
	Current	Non-Current	Current	Non-Current
Leasing liabilities	3.425,64	1.015,02	3.178,72	4.440,65
Total		**4.440,66**		**7.619,37**

Lease liabilities are effectively secured as the rights to the relevant asset revert to the lessor in the event of default.

There have been no breaches of these terms during the year or the comparative period.

17. TRADE AND OTHER RECEIVABLES

Trade receivables comprise:

	31.12.2020	31.12.2019
Trade receivables - current	10.509,41	135,00
Trade receivables - past due but not impaired	-	6.597,84
Less: valuation allowance	-	-
Unbilled services provided to related parties	4.113,47	-
Total	**14.622,88**	**6.732,84**

Trade receivables, including such earmarked as past due but not impaired, were collected in full by 31.12.2020. Accordingly, the Company did not incur historic write-offs of receivables. As the Company does no and therefore did not recognize impairment losses or any valuation allowance for trade and other receivables.

Other receivables comprise:

	31.12.2020	31.12.2019
Accrued other recoveries	3.074,28	7.186,62
Deposits paid	-	1.500,00
Other tax receivables	230,66	122,37
Total	**3.304,94**	**8.808,99**

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in cash flow statement comprise:

	31.12.2020	31.12.2019
Bank balances in EUR	94.921,05	75.953,36
Bank balances in CHF	23.151,48	37.067,87
	118.072,53	**113.021,23**

The Company's exposure to credit, currency and interest rate risks relating to cash and cash equivalents, together with a sensitivity analysis, is detailed in Note 5. Financial risk management on page 8.

19. TRADE LIABILITIES

Trade liabilities comprise:

	31.12.2020	31.12.2019
Trade Payables domestic	1.500,00	-
Accrued expenses payable to the Sole Proprietor	13.815,34	36.058,00
	15.315,34	**36.058,00**

Liabilities to suppliers are not subject to interest and are payable on demand or have a term of up to three months. Their carrying amounts are all equal to their respective fair value.

20. OTHER CURRENT LIABILITIES

Other current liabilities comprise:

	31.12.2020	31.12.2020
Taxes payable	90,80	330,13
Accrued leave balance	2.985,00	2.682,00
Social security payable	1.202,00	1.165,73
	4.277,80	**4.177,86**

21. RELATED PARTIES

During the year, the Company did not enter into trading transactions with related parties. The following balances were outstanding at the end of the reporting period:

	31.12.2020	31.12.2020
Amounts payable to the Sole Proprietor	13.815,34	36.058,00
Amounts owed to related parties	**13.815,34**	**36.058,00**

A company or individual is considered to be a related party of the Company if the party controls or is controlled by or is jointly controlled with the company, either directly or indirectly via one or more intermediaries, or holds an interest in the company that gives it a significant influence over the company, or if it is involved in the joint management of the company. A company or individual is considered to be a related party when the party is an associate or a person in a key management position in the company or its parent company.

22. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement of the Company shows how the Company's cash and cash equivalents changed as a result of the inflow and outflow of funds during the reporting year. Within the cash flow statement, a distinction is made between cash flows from operating activities, investing activities and financing activities. The cash flow statement is prepared using the indirect method. The funds on which the cash flow statement is based are the cash and cash equivalents, which comprise bank balances and cash in hand. Note 18. Cash and cash equivalents on page 17 provides a reconciliation of these funds with the cash and cash equivalents reported in the statement of financial position.

23. EVENTS AFTER THE END OF THE REPORTING PERIOD

Management confirms that the Covid-19/Coronavirus pandemic had no adverse impact on the Company until to date and, based on the review of recent trading data, Management does not expect a significant negative impact in the foreseeable future. The Company has calculated several downside scenarios for 2021 onwards in order to safeguard liquidity and profitability.

In April 2021, the Sole Proprietor contributed the Company's business and operations by means of an in-kind contribution into a limited liability company fully owned by the sole proprietor, effectively continuing the existing business in a different legal form. This transaction is pending and will be effective when formally recognized in the Austrian Commercial Register.

24. AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL YEAR

FTE – full time equivalent, based in:	2020	2019
Austria	1	1
	1	1

The above employee figures exclusively comprise salaried employees.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the sole proprietor for and on behalf of E&E CRO Consulting E.U. and authorized for issue on 21.04.2021.

Ilse Eder

Ilse Christa Eder
Sole Proprietor

General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

SECTION I

1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:
a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
b) examining the tax assessment notices for the tax returns mentioned under a).
c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
e) participating in appeal procedures with regard to the taxes mentioned under a).
If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2nd Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any such assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1st and 2nd Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for laesio enormis (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papiers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

SECTION II

15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSchG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSchG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSchG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSchG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSchG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.

MOORE

E&E CRO Consulting e.U.

Auditor's Report – Financial Statements for the Year ended 31.12.2019

E&E CRO Consulting e.U.

Auditor’s Report – Financial Statements for the Year ended 31.12.2019

Electronic copy

Moore Interaudit GmbH
Wirtschaftsprüfungsgesellschaft
A- 5020 Salzburg, Austria

FN 55663h, Commercial Court Salzburg

E&E CRO Consulting e.U.
Nobilegasse 23-25
1150 Vienna
Austria

We have completed our audit of the financial statements as of 31.12.2019 of

E&E CRO Consulting e.U., Vienna,
(referred to as "the Company")

and report on the result of our audit as follows:

1. Audit contract and performance of the engagement

The Company, represented by the Sole Proprietor Mrs. Ilse Christa Eder, concluded an audit contract with us to audit the financial statements as of 31.12.2019.

The audit is a contractual audit, which is not subject to statutory audit requirements.

The audit included assessing whether the statutory requirements and additional provisions of the Company's articles of association were adhered to concerning the preparation of the financial statements.

The present audit is a first-time audit.

We conducted our audit in accordance with the legal requirements and generally accepted standards on auditing as applied in Austria. These standards require that we comply with International Standards on Auditing (ISA). An auditor conducting an audit obtains reasonable assurance about whether the financial statements are free from material misstatement. Absolute assurance is not attainable due to the inherent limitations of any accounting and internal control system and due to the sample-based test nature of an audit, there is an unavoidable risk that material misstatements in the financial statements remain undetected. Areas, which are generally covered in special engagements, were not included in our scope of work.

We performed the audit from March 2021 to April 2021 mainly at our Company's premises. The audit was substantially completed at the date of this report.

The audit partner responsible for the proper performance of the engagement is Florian Eder, Austrian Certified Public Accountant.

Our audit is based on the audit contract concluded with the Company. The "General Conditions of Contract for the Public Accounting Professions" issued by the Austrian Chamber of Auditors and Tax Advisors (refer to Appendix II) form an integral part of the audit contract. These conditions of contract do not only apply to the Company and the auditor, but also to third parties. Section 275 UGB (Austrian Company Code) applies with regard to our responsibility and liability as auditors towards the Company and towards third parties.

2. Auditor's Report

Report on the Financial Statements

Opinion

We have audited the Financial Statements of E&E CRO Consulting e.U., Vienna, which comprise the Statement of Financial Position as of 31.12.2019, the Statement of Comprehensive Income, the Statement of Cash Flows, and the Statement of Changes in Equity for the fiscal year then ended and the accompanying Notes.

Based on our audit, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as of 31.12.2019, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporing Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibility and liability as auditor is guided by section 275 par. 2 UGB (Austrian Company Code) (liability regulations for the audit of small and medium-sized companies) and is limited to a total of 2 million Euros towards the Company and towards third parties.

Responsibilities of the Sole Proprietor of the Company for the Financial Statements

The Sole Proprietor of the Company is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as the Sole Proprietor determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Sole Proprietor 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 the Sole Proprietor either decides to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Sole Proprietor.
- conclude on the appropriateness of the Sole Proprietor' 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 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 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Salzburg, 21.04.2021

Moore Interaudit GmbH
Wirtschaftsprüfungsgesellschaft

Mag. Florian Eder, CPA
Wirtschaftsprüfer

(Austrian chartered accountant)

Moore Interaudit GmbH
MOORE
Wirtschaftsprüfungsgesellschaft

E&E CRO Consulting

Financial Statements as at 31.12.2019

Statement of Financial Position (in EUR)

Assets	Note	31.12.2019	31.12.2018	01.01.2018
Property and equipment	15	1.586,88	1.917,47	3.747,55
Right-of-use assets	16	7.375,16	10.535,94	-
Noncurrent assets		**8.962,04**	**12.453,41**	**3.747,55**
Trade receivables	18	6.732,84	35.312,18	32.445,04
Other receivables	18	8.808,99	224,61	155,75
Cash and cash equivalents	19	113.021,23	120.395,32	95.609,94
Current assets		**128.563,06**	**155.932,11**	**128.210,73**
Assets		**137.525,10**	**168.385,52**	**131.958,28**
Equity, Liabilities				
Committed capital		-	-	-
Retained earnings		89.669,87	148.288,71	125.032,00
Attributable to the Sole Proprietor		**89.669,87**	**148.288,71**	**125.032,00**
Equity		**89.669,87**	**148.288,71**	**125.032,00**
Lease liabilities	16	4.440,65	7.619,37	-
Noncurrent liabilities		**4.440,65**	**7.619,37**	**-**
Trade and other payables	20	40.235,86	9.423,15	6.926,28
Lease liabilities	16	3.178,72	3.054,29	-
Current liabilities		**43.414,58**	**12.477,44**	**6.926,28**
Liabilities		**47.855,23**	**20.096,81**	**6.926,28**
Equity and Liabilities		**137.525,10**	**168.385,52**	**131.958,28**

Statement of Comprehensive Income (in EUR)

Continuing operations	Note	2019	2018
Revenue	8	83.838,25	151.667,41
Cost of sales	9	(35.382,01)	(7.110,67)
Gross profit		**48.456,24**	**144.556,74**
Personnel expenses	11	(55.989,05)	(55.008,61)
Depreciation, amortization	15.1	(4.057,52)	(4.214,11)
Administrative expenses	12	(16.736,08)	(33.881,07)
Net foreign exchange gains/(losses)	10	1.414,94	1.456,62
Other operating (expenses)/income	10	7.186,62	-
Profit from operating activities		**(19.724,85)**	**52.909,57**
Finance charges		(371,35)	(314,29)
Net finance costs	**13**	**(371,35)**	**(314,29)**
Profit before taxation		**(20.096,20)**	**52.595,28**
Taxation	14	-	-
(Loss)/profit from continuing operations		**(20.096,20)**	**52.595,28**
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified to profit or loss:		-	-
Other comprehensive income for the year		-	-
Comprehensive income for the year		**(20.096,20)**	**52.595,28**

Statement of Changes in Equity (in EUR)

	Committed capital	Retained Earnings	Total
As at 01.01.2018	**-**	**125.032,00**	**125.032,00**
Profit for the year	-	52.595,28	52.595,28
Total comprehensive income	**-**	**177.627,28**	**177.627,28**
Capital drawings by the Sole Proprietor	-	(29.338,57)	(29.338,57)
Total transactions with owners	**-**	**(29.338,57)**	**(29.338,57)**
As at 31.12.2018	**-**	**148.288,71**	**148.288,71**
As at 01.01.2019	**-**	**148.288,71**	**148.288,71**
Loss for the year	-	(20.096,20)	(20.096,20)
Total comprehensive income	**-**	**(20.096,20)**	**(20.096,20)**
Capital drawings by the Sole Proprietor	-	(38.522,64)	(38.522,64)
Total transactions with owners	**-**	**(38.522,64)**	**(38.522,64)**
As at 31.12.2019	**-**	**89.669,87**	**89.669,87**

Statement of Cash Flows (in EUR)

Continuing operations	Note	2019	2018
Profit before taxation		**(20.096,20)**	**52.595,28**
Adjustments for			
Depreciation and amortization		4.057,52	4.214,11
(Profit)/loss on disposal of property, plant and equipment	10	-	-
Finance costs – net		371,35	314,29
Foreign exchange losses/(gains) on operating activities	10	413,84	(276,84)
Changes in working capital			
Trade and other receivables		19.994,96	(2.936,00)
Trade and other payables		30.812,71	2.496,87
Net cash generated from operating activities		**35.554,18**	**56.407,71**
Purchases of property and equipment		(980,00)	-
Proceeds from sale of property and equipment		-	-
Net cash used in investing activities		**(980,00)**	**-**
Interest payments and principal repayments of leases	16	(3.425,63)	(2.283,76)
Withdrawals by the Sole Proprietor		(38.522,64)	(29.338,57)
Net cash used in financing activities		**(41.948,27)**	**(31.622,33)**
Net cash flows for the year		**(7.374,09)**	**24.785,38**
Cash at beginning of the year		**120.395,32**	**95.609,94**
Net cash flows for the year		(7.374,09)	24.785,38
Cash at end of the year		**113.021,23**	**120.395,32**

Notes to the Financial Statements (in EUR)

1. GENERAL INFORMATION

These financial statements are presented in Euros (“EUR”), as that is the currency in which the majority of the Company’s transactions are denominated. They comprise the financial statements of E&E CRO Consulting e.U. (the “Company”) for the year ended 31.12.2019.

The Company is an incorporated sole proprietorship in accordance with Austrian commercial law, which is privately held and registered with the registration number 346677w at the Austrian Commercial Register. It is both incorporated and domiciled in Vienna, Austria. The address of its registered office is Nobilegasse 23-25, A-1150 Vienna, Austria.

The Sole Proprietor is Mrs. Ilse Christa Eder.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC).

The financial statements of the Company for the year ended 31.12.2019 are the first the Company has prepared in accordance with IFRS, as the Company parent company was not required to, and did not prepare financial statements previously. Refer to Note 4. First time adoption of IFRS on page 8 for information on how the Company adopted IFRS.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies that have been applied consistently by all Company companies to all periods presented in these financial statements are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies selected for use by the Company. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in relevant notes as summarized in Note 7. Significant accounting estimates, judgments and assumptions on page 12. Use of available information and application of judgment are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

2.1. NEW STANDARDS AND AMENDMENTS EFFECTIVE ON OR AFTER 01.01.2019

The Company applied for the first-time certain standards and amendments, which are effective for periods beginning on or after 01.01.2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- **IFRS 16 - Leases**: For lessees, the new standard prescribes an accounting model which waives the distinction between finance leases and operating leases. As a lessee, at its first-time application of IFRS 16 as of 31.12.2019, the Company elected to fully apply IFRS to all leasing contracts as at 01.01.2018. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).
  Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Amendments to IFRS 9 - Prepayment Features with Negative Compensation**: under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements.
- **IFRIC 23 Uncertainty over Income Tax Treatments**: This interpretation will apply for reporting years beginning on or after 01.01.2019. This has not had any significant effect on the financial statements.
- **IAS 28 Investments in Associates and Joint Ventures**: The amendments to the existing standard specify that companies are obliged to apply IFRS 9 (Financial Instruments), including its impairment rules, to long-term investments in associates and/or joint ventures which essentially represent a portion of the net investments in the associate or joint venture and are not presented according to the equity method. Hence, the application of IFRS 9 takes precedence over the application of IAS 28. These amendments had no impact on the financial statements.
- **IAS 19 – Employee Benefits**: According to the amended standard, if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. These amendments had no impact on the financial statements.
- **Improvements to the IFRS cycle 2015-2017**: on 12.12.2017, the IASB published annual improvements to the IFRS cycle 2015-2017 and amended the following standards:
  IFRS 3 Business Combinations and IFRS 11 Joint Arrangements, clarifying that when an entity obtains control of a business that includes a joint operation, it remeasures previously held interests in that business.
  The amendments of IFRS 11 clarify that when an entity obtains joint control of a business that includes a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12 Income Taxes**: Clarification of the recognition of the income tax consequences of dividends in the operating result, irrespective of how these taxes arise.
- **IAS 23 Borrowing Cost**: if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, then from this date this specific borrowing must be included in the determination of the general weighted average borrowing cost rate to fund the other qualifying assets. This thus clarifies that "**specific**" borrowing (i.e. for the purpose of obtaining a qualifying asset) will not be included in the general weighted average interest rate while the required condition for its intended final use or for its sale has not yet been achieved.
  The amendments entered into force for reporting periods beginning on or after 01.01.2019. These amendments were adopted on 14.01.2019. These amendments had no impact on the financial statements.

2.2. PUBLISHED STANDARDS AND INTERPRETATIONS THAT ARE NOT YET MANDATORY AND WHICH HAVE NOT BEEN ADOPTED EARLY

Further new and revised standards and interpretations have been adopted by the IASB that are not yet mandatory for the financial statements. These were not applied early by the Company – if application was possible – and they will all be applied from the dates on which the respective standards and interpretations become effective.

- **IFRS 17 Insurance Contracts**: on 18.05.2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 is effective for reporting periods beginning on or after 01.01.2023, with comparative figures required. This standard is not applicable to the Company.
- **Amendments to IAS 1 and IAS 8 - Definition of Materiality**: effective for reporting periods beginning on or after 01.01.2020. The aim of the changes was to unify the definition of "**materiality**" in all standards and to clarify certain aspects of the definition. The Company assumes that the changes in the definition of "**materiality**" will not have any significant effects on the financial statements

- **Reference to the Conceptual Framework- Amendments to IFRS 3**: effective for reporting periods beginning on or after 01.01.2020. The revised conceptual framework consists of a new superordinate section Status and purpose of the conceptual framework as well as eight completely contained sections. Along with the changed framework concept, references to the framework concept were adapted in various standards. The Company expects that there will be no material effects on the financial statements.
- **Changes to IFRS 9, IAS 39 and IFRS 7 - Interest benchmark reform**: effective for reporting periods beginning on or after 01.01.2021. The changes relate in particular to certain simplifications relating to hedge accounting regulations and are mandatory for all hedging relationships that are affected by the reform of the reference interest rate. The Company assumes that there will be no material effects on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

3.1. FOREIGN CURRENCY TRANSLATION

The Company's financial statements are presented in EUR, which is also the Company's functional currency.

Currency translation

Foreign currency transactions are converted into the functional currency at the spot rate applying on the date of transaction. Assets and liabilities in a foreign currency are converted into the functional currency using the official middle rates applicable at each reporting date. All currency translation differences are recognized through profit or loss.

3.2. REVENUE RECOGNITION

The Company provides consulting services in relation to the clinical certification process of medical products and devices. Major sources of revenue are based on fixed per-diems and monthly retainers, which are recognized as revenues based on actual time spent or monthly periods elapsed. Sales include travel and other expenses recoverable from clients.

Expenses directly incurred and paid on behalf of clients are presented net of their respective recoveries within the Company's sales.

3.3. TAXATION

The Company is subject to Austrian income tax at the level of the sole proprietor, where taxable income from the Company's business forms part of the sole proprietor's overall tax base at incremental tax rates. Accordingly, no current or deferred income tax is recorded at the level of the Company.

3.4. PROPERTY AND EQUIPMENT

Property and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The residual values and useful lives of Property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Land is not depreciated. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

- **Machinery and equipment**: 5 to 10 years
- **Furniture and fixtures**: 1 to 10 years
- **Vehicles**: 4-8 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss and if certain conditions are met.

3.5. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The recoverable amount depends on the discount rate used within the scope of the discounted cash flow method and on the expected future cash inflows and the growth rate used for extrapolation purposes. If the future cash flows actually expected are lower than previously estimated, this may result in a significant impairment.

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- **Disclosures for significant assumptions**: Note 7. Significant accounting estimates, judgments and assumptions on page 12

3.6. FINANCIAL INSTRUMENTS

3.6.1. Recognition and derecognition of financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company only has financial assets in the categories financial assets at amortized cost.

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade receivables, other receivables and loans to related parties included under current and non-current financial assets, respectively.

Derecognition

Financial assets are derecognized when:

- The contractual rights to cash flows from the financial asset expire, or
- The asset is transferred such that contractual rights to cash flows of the assets and the risks and rewards of ownership are transferred.

On derecognition, the Company recognized the differences between carrying amount and consideration.

In factoring arrangements and guaranteed receivables, transfer may not result in derecognition, because the Company retains exposure to risks and rewards to some extent. The Company assesses it's extended involvement and recognizes a liability, such that the net of asset and liability represents the rights and obligations retained, measured based on the classification of the original asset.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- **Disclosures for significant assumptions**: Note 3.5. Impairment of non-financial assets on page 4

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

3.6.2. Classification and measurement of financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

The Company only holds financial liabilities at amortized cost.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.7. TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are financial assets stated initially at fair value which is taken to be their transaction cost and subsequently at their amortized cost less any loss allowance. Loss allowance is based on lifetime expected credit losses assess and determined at initial recognition and subsequently adjusted for any changes in expectation.

Loss allowance measurement and policy included in Note 6.3. Credit risk management on page 10. Trade receivables expected to be received in the next year are classified as current assets. If not, they are presented as non-current assets.

3.8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

3.9. SOLE PROPRIETOR'S CAPITAL

E&E CRO Consulting e.U. is organized as an incorporated sole proprietorship under Austrian law, whereby the sole proprietor assumes full and unrestricted liability for the Company's operations and liabilities. While comprising a distinct business with respect to the requirements of IFRS for reporting entities, sole proprietorships form part of the sole proprietor's personal assets and liabilities.

No dedicated amount of capital or reserves are contributed by the sole proprietor, and the net assets comprise the sole proprietor's investment of personal funds, operational profits or losses less withdrawals from the proprietorship's accumulated earnings.

3.10. LEASES

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor vehicles and other equipment: 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.11. FAIR VALUE MEASUREMENT

The Company measures certain financial instruments at fair value on each balance sheet date. The fair values of financial instruments measured at amortized cost are listed in Note 6.5. Fair value estimation on page 11.

Fair value is the price which would be received for the sale of an asset or paid for the transfer of a liability through an orderly transaction between market participants on the measurement date. For measurement of fair value, the transaction involving the sale of the asset or the transfer of the liability is assumed to have occurred on either the

- **Principal market**: for the asset or the liability or the
- **Most advantageous market**: for the asset or the liability, if no principal market is available.

The fair value of an asset or a liability is determined according to the assumptions upon which market participants would base their pricing of this asset or liability. The market participants are thereby presumed to have acted according to their best economic interests.

Measurement of the fair value of a non-financial asset considers the ability of the market participant to realize economic benefit through maximum and optimal utilization of this asset or through its sale to another market participant who will realize its maximum and optimum utilization.

All assets and liabilities whose fair value is determined or reported in the financial statements will be classified according to the fair value hierarchy outlined below, on the basis of the input parameter for the lowest level which is significant, overall, for fair value measurement:

- **Level 1**: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2**: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3**: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

To comply with the disclosure requirements regarding fair values, the Company has specified groups of assets and liabilities according to their type, their characteristics and their risks and also the levels of the fair value hierarchy outlined above.

4. FIRST TIME ADOPTION OF IFRS

These financial statements, for the year ended 31.12.2019 are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31.12.2018, the Company prepared its financial statements in accordance with local generally accepted accounting principles in Austria (Austrian GAAP), whereby the Company was not required to, and elected not to prepare IFRS financial statements for previous years.

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at 31.12.2019, together with the comparative period data for the year ended 31.12.2018, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 01.01.2018, the Company's date of transition to IFRS. This note explains the principal exemptions applied by the Company in restating its Austrian GAAP financial statements, including the statement of financial position as at 01.01.2018 and the financial statements as of, and for, the year ended 31.12.2018.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Company has applied the following exemptions:

- **Effects of Changes in Foreign Exchange Rates** : the Company has not applied IAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- **Cumulative currency translation differences**: for all foreign operations are deemed to be zero as at 01.01.2018.

- **Leasing**: the Company assessed all contracts existing at 01.01.2018 to determine whether a contract contains a lease based upon the conditions in place as at 01.01.2018. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 October 2018. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before 01.01.2018. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognized as an expense on either a straight-line basis over the lease term or another systematic basis.
- **Estimates**: the estimates at 01.01.2018 and at 31.12.2018 are consistent with those made for the same dates in accordance with Austrian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Austrian GAAP did not require estimation.

5. RISK REPORT

The main financial instruments used by the Company include cash and cash equivalents, bank loans and leases. The Company has various other financial assets and liabilities, such as trade receivables and trade liabilities, which arise directly from its business activities. The Company does not use any derivative financial instruments such as forward exchange transactions to hedge interest and foreign exchange risks.

6. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Capital risk

Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's financial instruments consist mainly of deposits with banks, available-for-sale investments, accounts receivable and payable, and loans to and from related parties.

6.1. MARKET RISK

6.1.1. Foreign exchange risk

The Company is exposed to foreign currency risk from its operating, investing and financing activities. Company manages the exposure and risk for investing and financing activities at the Company level including all material loans across the Company designated in foreign currencies.

It also monitors exposure and assists in the implementation of Company risk management strategies for exposure at an individual subsidiary level. The Company's policy is to cover forward all trade commitments.

The Company publishes its financial statements in EUR but has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

During the period under review, the Company generated its revenues exclusively in EUR. A majority of the company's business operations are carried out within the Eurozone.

6.1.2. Interest rate risk

As part of the process of managing the Company's fixed and floating rate borrowings mix, the interest rate characteristics of borrowings and the refinancing of existing borrowings are positioned according to movements in interest rates.

At 31.12.2019 the fixed interest rates vary from 2% to 4% (2018 2% to 4%).

At the reporting date the carrying value of fixed and variable rate borrowings was as follows:

	2019	2018
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(7.619,37)	(10.673,66)
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Total	**(7.619,37)**	**(10.673,66)**

Fixed rate interest sensitivity analysis

All fixed rate instruments are carried at amortized cost.

6.2. LIQUIDITY RISK MANAGEMENT

The Company has various commitments and obligations including significant capital expenditure and operates in some cash intensive segments and location, particularly through investment in emerging markets and revenue streams. Therefore, there is a risk that the Company may be unable to meet its short-term financial demands or obligations when due.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilized borrowing facilities are maintained. Cash intensive capital projects are managed centrally, and borrowing are secured and maintained buy the Company treasure to ensure the most appropriate facilities for the purpose and best terms.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Contractual Cash Flows			
31.12.2019	Carrying amount	< 3 months	3 months to 1 year	2 years to 5 years	>5 years
Lease liabilities	7.619,37	856,41	2.569,23	5.050,14	-
	7.619,37	**856,41**	**2.569,23**	**5.050,14**	**-**
31.12.2018					
Lease liabilities	10.673,66	856,41	2.569,23	8.104,43	-
	10.673,66	**856,41**	**2.569,23**	**8.104,43**	**-**

6.3. CREDIT RISK MANAGEMENT

Risk exposure, management and accounting policy

Credit risk arises on trade receivables and other receivables such as loans to related parties, cash and cash equivalents and deposits with financial institutions.

Trade receivable consist mainly of a widespread customer base. The Company companies monitor the financial position of their customers on an on-going basis. Where considered appropriate, use is made of factoring and credit guarantee insurance. The granting of credit is controlled by application and account limits.

The impairment is assessed in references to expected credit losses associated with its debt instruments carried at amortized cost. A loss allowance is calculated based on expected credit losses from day one, but the impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Trade receivables and contract assets have been determined to have the same risk profile and lifetime credit losses are calculated on the same basis.

In assessment of credit risk and expected losses, management considers a risk of default and its probability for each customers or category of customers. On an ongoing basis an increase in risk is considered through comparison of probability of default at point of assessment vs when was last estimated.

Rebuttable presumption that overdue by over 30 days is an indicator of significant increase is benchmark used by Company, with reviewing other indicators, such as

- Significant adverse events impacting the customer or significant deterioration in results, particularly free cash flow, operating cash flows, current ratio, debtors days
- Increased frequency of missed payments

Management consider it a default event to be over 90 days overdue. The policy is to write off anything deemed incollectible based on failed collection measures, where others indicators such as above or others are present.

Trade Receivables

For trade receivables, the Company has no significant concentration of credit risk. Exposure is spread over a number of counterparties and customers.

To measure the expected credit losses, management has used historic data % of settled sales per days overdue. This data was analyzed further to create a profile by segment, region, product/ service offered and type of customer.

External financial information about customers was also used where available- such as credit ratings from reputable agencies for significant customers Macroeconomic for the region and global financial information was also used to adjust weights of certain inputs.

The risk categories are blended based on the mix of receivables and percentages applied to calculate the loss.

Management has not rebutted the presumption that receivables above 90 days overdue are considered to be in default.

Financial assets at amortized cost

Other financial assets at amortized include loans and receivables, mainly loans to related parties. Risk of default is assessed on an individual basis and expected credit losses are measured based on the historical and current data. All are considered to be low credit risk due to their strong history of payment. The expected losses are minimal and summarized below.

6.4. CAPITAL RISK MANAGEMENT

The board's policy is to maintain and develop, centrally for the entire Company, a strong a flexible capital base in order to maintain investor and creditor confidence. This is seen as important for the sustenance of future developments in the business and the maintenance of flexibility of capital management strategies.

The gearing ratios at 31.12.2019 and 31.12.2018 were as follows:

	31.12.2019	31.12.2018	01.01.2018
Total loans and borrowings	(7.619,37)	(10.673,66)	-
Add: Cash and cash equivalents	113.021,23	120.395,32	95.609,94
Net liquidity	**105.401,86**	**109.721,66**	**95.609,94**
Total equity	**89.669,87**	**148.288,71**	**125.032,00**
Total capital	**137.525,10**	**168.385,52**	**131.958,28**

6.5. FAIR VALUE ESTIMATION

The estimated fair values have been determined using available market information and appropriate valuation methodologies as outlined below.

The fair value for non-derivative financial liabilities is determined based on the amount the Company would pay to transfer a liability in an orderly transaction between market participants at the measurement date. If a market price is available then this will be used to determine the fair value, otherwise a valuation technique is used. Generally, the Company will obtain the fair value by calculating the present value of future cash flows discounted at prevailing rates of return for financial instruments having the same terms and characteristics and credit rating.

The fair values of financial assets and financial liabilities, together with their respective carrying values as shown in the statement of financial position, are presented in the table below. All assets and liabilities except those expressly states at are measured at fair value on a recurring basis, classified within the fair value hierarchy:

- **Level 1**: prices quoted (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3**: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

As at 31.12.2019	Level 1	Level 2	Level 3	Total	Carrying value
Lease liabilities	-	-	7.619,37	7.619,37	7.619,37
Financial liabilities not at fair value through profit or loss	**-**	**-**	**7.619,37**	**7.619,37**	**7.619,37**

As at 31.12.2018	Level 1	Level 2	Level 3	Total	Carrying value
Lease liabilities	-	-	10.673,66	10.673,66	10.673,66
Financial liabilities not at fair value through profit or loss	**-**	**-**	**10.673,66**	**10.673,66**	**10.673,66**

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily instruments listed on the US stock exchange classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely to the least extent feasible on estimates made by the Company. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs to the fair value assessment is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no transfers of financial assets and liabilities between level 1 and level 2.

7. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Certain areas of financial statements require management to make judgments and estimates in application of accounting policies and measurement of reported amounts. These are continuously monitored for any factors that would lead to a change in assumption or lead to a different decision. Any changes in estimates are accounted for prospectively.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below with reference to relevant notes containing further assessment of the nature and impact of the assumptions.

7.1. JUDGMENTS

In applying the Company's accounting policies, management made the following judgments that significantly influenced the amounts reported in the financial statements.

Determination of the term of leases with extension or termination options – the Company as a lessee

The Company determines the terms of the lease on the basis of the non-cancelable period of a lease, while taking into consideration the periods covered by an option to extend the lease if it is reasonably certain that it will exercise that option and the periods covered by an option to terminate the lease if it is reasonably certain that it will not exercise that option.

Leases – estimate of the incremental borrowing rate

The Company is not easily able to determine the underlying interest rate for the lease. It therefore uses its incremental borrowing rate in order to measure leasing liabilities. The incremental borrowing rate is the rate of interest which the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. If no observable interest rates are available (e.g. in case of subsidiaries which do not enter into financing transactions) or if the interest rate must be adjusted in order to reflect the terms of the lease (e.g. if this has not been entered into in the subsidiary's functional currency), then the incremental borrowing rate must be estimated. The Company will estimate the incremental borrowing rate by means of observable input factors (e.g. market interest rates), where these are available, and is required to make certain company-specific estimates.

7.2. ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other major sources of estimation uncertainty on the balance sheet date due to which the considerable risk exists that a significant adjustment of the carrying amounts of assets and liabilities may become necessary within the next financial year are outlined below. The Company's assumptions and estimates are based on parameters which were available at the time of preparation of the financial statements. However, these circumstances and the assumptions regarding future developments may change due to market movements and market conditions outside the Company's influence. Such changes will only be factored into the assumptions once they have occurred.

In the financial statements, significant estimates and assumptions were made in the following areas that may lead to significant changes in the next financial year:

7.2.1. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments..

7.2.2. Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

8. SALES REVENUE

Sales revenue comprises:

	2019	2018
Sale of services	83.838,25	151.667,41
Less: outlays paid on behalf of clients included in sales revenue	-	-
	83.838,25	**151.667,41**

9. COST OF SALES

Cost of sales revenue comprise:

	2019	2018
Travel expenses related to on-site visits	35.382,01	7.110,67
	35.382,01	**7.110,67**

10. OTHER INCOME

Other income comprises:

	2019	2018
Insurance proceeds	7.186,62	-
Net foreign exchange gains/(losses)	1.414,94	1.456,62
	8.601,56	**1.456,62**

11. PERSONNEL EXPENSES

Personnel expenses comprise:

	2019	2018
Salaries	41.984,62	42.990,02
Social security and payroll taxes	14.004,43	12.018,59
Less: furlough subsidies (COVID-related)	-	-
	55.989,05	**55.008,61**

12. ADMINISTRATIVE EXPENSES

Administrative expenses comprise:

	2019	2018
Consultancy fees - recertification	1.554,00	1.558,00
Professional fees	2.720,00	3.462,00
Vehicle expenses	6.278,74	10.165,52
Promotion and advertising	1.344,88	11.748,64
Other	4.838,46	6.946,91
	16.736,08	**33.881,07**

13. NET FINANCE COSTS

Net finance costs comprise:

	2019	2018
Interest expense - lease liabilities	371,35	314,29
	371,35	**314,29**

14. TAXATION

The Company is subject to Austrian income tax at the level of the sole proprietor, where taxable income from the Company's business forms part of the sole proprietor's overall tax base at incremental tax rates. Accordingly, no current or deferred income tax is recorded at the level of the Company.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2019	2018
(Loss)/Profit before tax	(20.096,20)	52.595,28
Add/(less): profit transferred to the sole proprietor for personal taxation	20.096,20	(52.595,28)
Company tax reconciliation	-	-
Effective tax rate for the year %	**0%**	**0%**

15. PROPERTY AND EQUIPMENT

Changes in property and equipment in 2018 and 2019 are shown in the following statement of changes in assets. Property and equipment comprise operating and office equipment. Property and equipment are carried at cost minus accumulated systematic straight-line depreciation.

Acquisition cost	Buildings	Equipment	Other	Total
As at 01.01.2018	**2.293,38**	**2.231,34**	**5.972,00**	**10.496,72**
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31.12.2018	**2.293,38**	**2.231,34**	**5.972,00**	**10.496,72**
Additions	-	980,00	-	980,00
Disposals	-	-	(5.972,00)	(5.972,00)
As at 31.12.2019	**2.293,38**	**3.211,34**	**-**	**5.504,72**
Accumulated depreciation				
As at 01.01.2018	**(1.395,87)**	**(874,30)**	**(4.479,00)**	**(6.749,17)**
Additions	(348,35)	(402,58)	(1.493,00)	(2.243,93)
Disposals	-	-	-	-
As at 31.12.2018	**(1.744,22)**	**(1.276,88)**	**(5.972,00)**	**(8.993,10)**
Additions	(249,16)	(647,58)	-	(896,74)
Disposals	-	-	5.972,00	5.972,00
As at 31.12.2019	**(1.993,38)**	**(1.924,46)**	**-**	**(3.917,84)**
Net book value				
As at 01.01.2018	**897,51**	**1.357,04**	**1.493,00**	**3.747,55**
As at 31.12.2018	**549,16**	**954,46**	**-**	**1.503,62**
As at 31.12.2019	**300,00**	**1.286,88**	**-**	**1.586,88**

The Company did not pledge assets as collateral to secure financial liabilities (2018: nil).

15.1. RECONCILIATION OF DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation and amortization expense comprises:

	2019	2018
Depreciation of property and equipment	896,74	2.106,92
Amortization of right-of-use assets	3.160,78	2.107,19
	4.057,52	**4.214,11**

16. LEASES

The Company has entered into a single lease for one motor vehicle. In case of motor vehicle leases, the term is normally between 3 and 5 years. The Company did not assign or sublease any leased assets in 2019.

The following table shows the carrying amounts of the reported rights of use and the changes during the reporting period:

Right-of-use assets	Vehicles	Total
As at 01.01.2018	**-**	**-**
Additions	12.643,13	12.643,13
Amortization	(2.107,19)	(2.107,19)
As at 31.12.2018	**10.535,94**	**10.535,94**
Additions	-	-
Amortization	(3.160,78)	(3.160,78)
As at 31.12.2019	**7.375,16**	**7.375,16**

The following table shows the carrying amounts of the leasing liability and the changes during the reporting period:

	2019	2018
Leasing liability as at 01.01. of the preceding year	**10.673,66**	**-**
Additions	-	12.643,13
Accrual of interest	371,35	314,29
Payments	(3.425,63)	(2.283,76)
Leasing liability as at 31.12.	**7.619,37**	**10.673,66**

The maturity analysis for the leasing liabilities is presented in Note 6.2. Liquidity risk management on page 10.

The following amounts were recognized through profit or loss in the 2019 and 2018 reporting periods:

	2019	2018
Depreciation charge for rights of use	3.160,78	2.107,19
Interest expenses for leasing liabilities	371,35	314,29
	3.532,13	**2.421,48**

The Company does not have any future cash outflows for leases which have not yet begun.

The gross minimum lease liabilities – minimum lease payments are as follows:

	2019	2018
No later than one year	3.178,72	3.054,29
Later than one year	4.440,65	7.619,38
Later than on year but no later than five years	4.440,65	7.619,38
Later than five years	-	-

17. FINANCIAL ASSETS

17.1. AMORTIZED COST

Financial assets

		31.12.2019		31.12.2018		01.01.2018
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Trade receivables	6.732,84	-	35.312,18	-	32.445,04	-
Other assets	8.808,99	-	224,61	-	155,75	-
Less: valuation allowance	-	-	-	-	-	-
	15.541,83	**-**	**35.536,79**	**-**	**32.600,79**	**-**
Total		**15.541,83**		**35.536,79**		**32.600,79**

All trade receivables are considered to be held to collect and measured at amortized cost.

Management considers that the carrying amount of trade and other receivables approximates their fair value. The allowance is calculated based on lifetime expected credit losses The Company's exposure to credit, currency and interest rate risks relating to trade and other receivables is detailed in Note 6. Financial risk management on page 9.

Interest-bearing liabilities

		31.12.2019		31.12.2018		01.01.2018
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Leasing liabilities	3.178,72	4.440,65	3.054,29	7.619,37	-	-
Total		**7.619,37**		**10.673,66**		**-**

Lease liabilities are effectively secured as the rights to the relevant asset revert to the lessor in the event of default.

There have been no breaches of these terms during the year or the comparative period.

18. TRADE AND OTHER RECEIVABLES

Trade receivables comprise:

	31.12.2019	31.12.2018	01.01.2018
Trade receivables - current	135,00	1.000,00	10.430,59
Trade receivables - past due but not impaired	6.597,84	9.683,89	9.683,89
Less: valuation allowance	-	-	-
Unbilled services provided to related parties	-	24.628,29	12.330,56
Total	**6.732,84**	**35.312,18**	**32.445,04**

Trade receivables, including such earmarked as past due but not impaired, were collected in full by 31.12.2020. Accordingly, the Company did not incur historic write-offs of receivables. As the Company does no and therefore did not recognize impairment losses or any valuation allowance for trade and other receivables.

Other receivables comprise:

	31.12.2019	31.12.2018	01.01.2018
Accrued other recoveries	7.186,62	-	-
Deposits paid	1.500,00	-	-
Other tax receivables	122,37	224,61	155,75
Total	**8.808,99**	**224,61**	**155,75**

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in cash flow statement comprise:

	31.12.2019	31.12.2018	01.01.2018
Bank balances in EUR	75.953,36	84.443,75	59.658,37
Bank balances in CHF	37.067,87	35.951,57	35.951,57
	113.021,23	**120.395,32**	**95.609,94**

The Company's exposure to credit, currency and interest rate risks relating to cash and cash equivalents, together with a sensitivity analysis, is detailed in Note 6. Financial risk management on page 9.

20. TRADE LIABILITIES

Trade liabilities comprise:

	31.12.2019	31.12.2018	01.01.2018
Trade Payables domestic	-	-	-
Accrued expenses payable to sole proprietor	36.058,00	4.451,00	2.722,47
	36.058,00	**4.451,00**	**2.722,47**

Liabilities to suppliers are not subject to interest and are payable on demand or have a term of up to three months. Their carrying amounts are all equal to their respective fair value.

21. OTHER CURRENT LIABILITIES

Other current liabilities comprise:

	31.12.2019	31.12.2018	01.01.2018
Taxes payable	330,13	199,62	104,15
Accrued leave balance	2.682,00	3.621,00	3.000,00
Social security payable	1.165,73	1.151,53	1.099,66
	4.177,86	**4.972,15**	**4.203,81**

22. RELATED PARTIES

During the year, the Company did not enter into trading transactions with related parties. The following balances were outstanding at the end of the reporting period:

	31.12.2019	31.12.2018	01.01.2018
Amounts payable to the Sole Proprietor	36.058,00	4.451,00	2.722,47
Amounts owed to related parties	**36.058,00**	**4.451,00**	**2.722,47**

A company or individual is considered to be a related party of the Company if the party controls or is controlled by or is jointly controlled with the company, either directly or indirectly via one or more intermediaries, or holds an interest in the company that gives it a significant influence over the company, or if it is involved in the joint management of the company. A company or individual is considered to be a related party when the party is an associate or a person in a key management position in the company or its parent company.

23. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement of the Company shows how the Company's cash and cash equivalents changed as a result of the inflow and outflow of funds during the reporting year. Within the cash flow statement, a distinction is made between cash flows from operating activities, investing activities and financing activities. The cash flow statement is prepared using the indirect method. The funds on which the cash flow statement is based are the cash and cash equivalents, which comprise bank balances and cash in hand. Note 19. Cash and cash equivalents on page 19 provides a reconciliation of these funds with the cash and cash equivalents reported in the statement of financial position.

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

Management confirms that the Covid-19/Coronavirus pandemic had no adverse impact on the Company until to date and, based on the review of recent trading data, Management does not expect a significant negative impact in the foreseeable future. The Company has calculated several downside scenarios for 2021 onwards in order to safeguard liquidity and profitability

In April 2021, the Sole Proprietor contributed the Company's business and operations by means of an in-kind contribution into a limited liability company fully owned by the sole proprietor, effectively continuing the existing business in a different legal form. This transaction is pending and will be effective when formally recognized in the Austrian Commercial Register.

25. AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL YEAR

FTE – full time equivalent, based in:	2019	2018
Austria	1	1
	1	**1**

The above employee figures exclusively comprise salaried employees.

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the sole proprietor for and on behalf of E&E CRO Consulting E.U. and authorized for issue on 21.04.2021.

Ilse Eder

Ilse Christa Eder
Sole Proprietor

General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

SECTION I

1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:
a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
b) examining the tax assessment notices for the tax returns mentioned under a).
c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
e) participating in appeal procedures with regard to the taxes mentioned under a).
If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2nd Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

9. Withdrawal and Cancellation („Termination")

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any such assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1st and 2nd Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for laesio enormis (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papiers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

SECTION II

15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSchG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSchG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSchG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSchG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSchG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.

Schedule "B"

The financial statements of E&E, together with the notes thereto, as at and for the three months ended March 31, 2021

E&E CRO Consulting

Condensed Interim Financial Statements as at 31.03.2021

Statement of Financial Position (in EUR)

Assets	Note	31.03.2021	31.12.2020
Property and equipment	10	1.257,31	1.518,31
Right-of-use assets	11	3.424,18	4.214,38
Noncurrent assets		**4.681,49**	**5.732,69**
Trade receivables	13	23.802,94	14.622,88
Other receivables	13	509,51	3.304,94
Cash and cash equivalents		56.297,15	118.072,53
Current assets		**80.609,60**	**136.000,35**
Assets		**85.291,09**	**141.733,04**

Equity, Liabilities			
Committed capital		-	-
Retained earnings		70.569,29	117.699,24
Attributable to the Sole Proprietor		**70.569,29**	**117.699,24**
Equity		**70.569,29**	**117.699,24**
Lease liabilities	11	284,52	1.015,02
Noncurrent liabilities		**284,52**	**1.015,02**
Trade and other payables	14	11.095,86	19.593,14
Lease liabilities	11	3.341,42	3.425,64
Current liabilities		**14.437,28**	**23.018,78**
Liabilities		**14.721,80**	**24.033,80**
Equity and Liabilities		**85.291,09**	**141.733,04**

Statement of Comprehensive Income (in EUR)

Continuing operations	Note	01-03/2021	01-03/2020
Revenue	7	33.016,40	23.538,57
Cost of sales	5	(4.924,00)	(5.535,81)
Gross profit		**28.092,40**	**18.002,76**
Personnel expenses	6	(7.548,80)	(13.900,21)
Depreciation, amortization	10.1	(1.051,20)	(1.051,20)
Administrative expenses	7	(4.461,88)	(2.962,68)
Net foreign exchange (losses)/gains	9	-	-
Other operating (expenses)/income	9	4.998,90	-
Profit/(loss) from operating activities		**20.029,42**	**88,67**
Finance charges		(41,69)	(73,59)
Net finance costs	**8**	**(41,69)**	**(73,59)**
Profit/(loss) before taxation		**19.987,73**	**15,08**
Taxation	9	-	-
Profit/(loss) from continuing operations		**19.987,73**	**15,08**
Other comprehensive income			
Items that will not be reclassified to profit or loss:		**-**	**-**
Items that may be reclassified to profit or loss:		**-**	**-**
Other comprehensive income for the year		**-**	**-**
Comprehensive income for the year		**19.987,73**	**15,08**

Statement of Changes in Equity (in EUR)

	Committed capital	Retained Earnings	Total
As at 01.01.2020	**-**	**89.669,87**	**89.669,87**
Profit for the period	-	15,08	15,08
Total comprehensive income	**-**	**15,08**	**15,08**
Capital drawings by the proprietor	-	(10.003,41)	(10.003,41)
Total transactions with owners	**-**	**(10.003,41)**	**(10.003,41)**
As at 31.03.2020	-	**79.681,54**	**79.681,54**
As at 01.01.2021	**-**	**117.699,24**	**117.699,24**
Profit for the period	-	19.987,73	19.987,73
Total comprehensive income	**-**	**19.987,73**	**19.987,73**
Capital drawings by the proprietor	-	(67.117,68)	(67.117,68)
Total transactions with owners	**-**	**(67.117,68)**	**(67.117,68)**
As at 31.03.2021	-	**70.569,29**	**70.569,29**

Statement of Cash Flows (in EUR)

	Note	01-03/2021	01-03/2020
Profit before taxation		**19.987,73**	**15,08**
Adjustments for			
Depreciation and amortization		1.051,20	1.051,20
(Profit)/loss on disposal of property and equipment	9	-	-
Finance costs – net			-
Foreign exchange losses/(gains) on operating activities	9		-
Changes in working capital			-
Trade and other receivables		(6.384,63)	(13.410,93)
Trade and other payables		(8.497,28)	6.250,28
Net cash generated from operating activities		**6.157,02**	**(6.094,37)**
Purchases of property and equipment		-	(972,00)
Proceeds from sale of property and equipment		-	-
Net cash used in investing activities		**-**	**(972,00)**
Interest payments and principal repayments of leases	11	(782,82)	(782,82)
Withdrawals by the Sole Proprietor		(67.117,68)	(10.003,41)
Net cash used in financing activities		**(67.932,40)**	**(10.786,23)**
Net cash flows for the year		**(61.775,38)**	**(17.852,60)**
Cash at beginning of the year		**118.072,53**	**113.021,23**
Net cash flows for the year		(61.775,38)	(17.852,60)
Cash at end of the year		**56.297,15**	**95.168,63**

Notes to the Financial Statements (in EUR)

1. GENERAL INFORMATION

These condensed interim financial statements are presented in Euros (“EUR”), as that is the currency in which the majority of the Company’s transactions are denominated. They comprise the financial statements of E&E CRO Consulting e.U. (the “Company”) for the three months ended 31.03.2021.

In accordance with IAS 34 the condensed interim financial statements have been prepared on a condensed scope and, therefore, should be read in connection with the most recent financial statements prepared as of 31.12.2020.

On 31.03.2021, the Company is an incorporated sole proprietorship in accordance with Austrian commercial law, which is privately held and registered with the registration number 346677w at the Austrian Commercial Register. It is both incorporated and domiciled in Vienna, Austria. The address of its registered office is Nobilegasse 23-25, A-1150 Vienna, Austria. The Sole Proprietor was Mrs. Ilse Christa Eder.

In April 2021, the Sole Proprietor contributed the Company’s business and operations by means of an in-kind contribution into a limited liability company fully owned by the sole proprietor, effectively continuing the existing business in a different legal form.

2. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC).

The financial statements of the Company for the year ended 31.12.2019 were the first the Company has prepared in accordance with IFRS.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies that have been applied consistently by all Company companies to all periods presented in these financial statements are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies selected for use by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31.12.2020, except for the adoption of new standards effective as of 01.01.2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Notes to the Financial Statements (in EUR)

4. SALES REVENUE

Sales revenue comprises:

	01-03/2021	01-03/2020
Sale of services	33.529,40	23.538,57
Less: outlays paid on behalf of clients included in sales revenue	(513,00)	-
	33.016,40	**23.538,57**

5. COST OF SALES

Cost of sales comprise:

	01-03/2021	01-03/2020
Travel expenses related to on-site visits	4.924,00	5.535,81
	4.924,00	**5.535,81**

6. PERSONNEL EXPENSES

Personnel expenses comprise:

	01-03/2021	01-03/2020
Salaries	10.346,21	10.220,52
Social security and payroll taxes	3.100,80	3.679,69
Less: furlough subsidies (COVID-related)	(5.898,21)	-
	7.548,80	**13.900,21**

7. ADMINISTRATIVE EXPENSES

Administrative expenses comprise:

	01-03/2021	01-03/2020
Consultancy fees - recertification	1.054,00	1.054,00
Professional fees	400,00	630,00
Vehicle expenses	751,94	767,40
Promotion and advertising	709,74	39,24
Other	1.546,20	472,04
	4.461,88	**2.962,68**

8. NET FINANCE COSTS

Net finance costs comprise:

	01-03/2021	01-03/2020
Interest expense - lease liabilities	41,69	73,59
	41,69	**73,59**

9. TAXATION

The Company is subject to Austrian income tax at the level of the sole proprietor, where taxable income from the Company's business forms part of the sole proprietor's overall tax base at incremental tax rates. Accordingly, no current or deferred income tax is recorded at the level of the Company.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	01-03/2021	01-03/2020
Profit before tax	19.987,73	15,08
Less: profit transferred to the sole proprietor for personal taxation	(19.987,73)	(15,08)
Company tax reconciliation	-	-
Effective tax rate for the year %	**0%**	**0%**

10. PROPERTY AND EQUIPMENT

Changes in property and equipment are shown in the following statement of changes in assets. Property and equipment comprise operating and office equipment. Property and equipment are carried at cost minus accumulated systematic straight-line depreciation.

Acquisition cost	Buildings	Equipment	Total
As at 01.01.2020	**2.293,38**	**3.211,34**	**5.504,72**
Additions	-	972,00	972,00
Disposals	-	-	-
As at 31.03.2020	**2.293,38**	**4.183,34**	**6.476,72**
As at 01.01.2021	**2.293,38**	**4.183,34**	**6.476,72**
Additions	-		-
Disposals	-	-	-
As at 31.03.2021	**2.293,38**	**4.183,34**	**6.476,72**
Accumulated depreciation			
As at 01.01.2020	**(1.993,38)**	**(1.924,46)**	**(3.917,84)**
Additions	(38,00)	(223,00)	(261,00)
Disposals	-	-	-
As at 31.03.2020	**(2.031,38)**	**(2.147,46)**	**(4.178,84)**
As at 01.01.2021	**(2.143,38)**	**(2.815,03)**	**(4.958,41)**
Additions	(38,00)	(223,00)	(261,00)
Disposals	-	-	-
As at 31.03.2021	**(2.181,38)**	**(3.038,03)**	**(5.219,41)**
Net book value			
As at 01.01.2020	**300,00**	**1.286,88**	**1.586,88**
As at 31.03.2020	**262,00**	**2.035,88**	**2.297,88**
As at 01.01.2021	**150,00**	**1.368,31**	**1.518,31**
As at 31.03.2021	**112,00**	**1.145,31**	**1.257,31**

The Company did not pledge assets as collateral to secure financial liabilities (2019: nil).

10.1. RECONCILIATION OF DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation and amortization expense comprises:

	01-03/2021	01-03/2020
Depreciation of property and equipment	261,00	261,00
Amortization of right-of-use assets	790,20	790,20
	1.051,20	**1.051,20**

11. LEASES

The Company has entered into a single lease for one motor vehicle. In case of motor vehicle leases, the term is normally between 3 and 5 years. The Company did not assign or sublease any leased assets in 2019.

The following table shows the carrying amounts of the reported rights of use and the changes during the reporting period:

Right-of-use assets			Vehicles	Total
As at 01.01.2020	**-**	**-**	**7.375,16**	**7.375,16**
Additions			-	-
Amortization			(790,20)	(790,20)
As at 31.03.2020	**-**	**-**	**6.584,96**	**6.584,96**
As at 01.01.2021			**4.214,38**	**4.214,38**
Additions			-	-
Amortization			(790,20)	(790,20)
As at 31.03.2021	**-**	**-**	**3.424,18**	**3.424,18**

The following table shows the carrying amounts of the leasing liability and the changes during the reporting period:

	31.03.2021	31.12.2020
Leasing liability as at 01.01.	**4.440,65**	**7.619,38**
Additions	-	-
Accrual of interest	41,70	246,92
Payments	(856,41)	(3.425,63)
Leasing liability as at 31.03./31.12.	**3.625,94**	**4.440,65**

The following amounts were recognized through profit or loss in the 2021 and 2020 reporting periods:

	01-03/2021	01-03/2020
Depreciation charge for rights of use	790,20	790,20
Interest expenses for leasing liabilities	41,70	73,59
	831,90	**863,79**

The Company does not have any future cash outflows for leases which have not yet begun.

The gross minimum lease liabilities – minimum lease payments are as follows:

	31.03.2021	31.12.2020
No later than one year	3.341,42	3.425,64
Later than one year	284,52	1.015,01
Later than on year but no later than five years	284,52	1.015,01
Later than five years	-	-

12. FINANCIAL ASSETS

12.1. AMORTIZED COST

Financial assets

		31.03.2021		31.12.2020
	Current	Non-Current	Current	Non-Current
Trade receivables	23.802,94	-	14.622,88	-
Other assets	509,51	-	3.304,94	-
Less: valuation allowance	-	-	-	-
	24.312,45	**-**	**17.927,82**	**-**
Total		**24.312,45**		**17.927,82**

All trade receivables are considered to be held to collect and measured at amortized cost.

Management considers that the carrying amount of trade and other receivables approximates their fair value. The allowance is calculated based on lifetime expected credit losses.

Interest-bearing liabilities

		31.03.2021		31.12.2020
	Current	Non-Current	Current	Non-Current
Leasing liabilities	3.341,42	284,52	3.425,64	1.015,02
Total		**3.625,94**		**4.440,66**

Lease liabilities are effectively secured as the rights to the relevant asset revert to the lessor in the event of default.

There have been no breaches of these terms during the year or the comparative period.

13. TRADE AND OTHER RECEIVABLES

Trade receivables comprise:

	31.03.2021	31.12.2020
Trade receivables - current	23.802,94	10.509,41
Trade receivables - past due but not impaired	-	-
Less: valuation allowance	-	-
Unbilled services provided to related parties	-	4.113,47
Total	**23.802,94**	**14.622,88**

Trade receivables, including such earmarked as past due but not impaired, were collected in full by 31.12.2020. Accordingly, the Company did not incur historic write-offs of receivables. As the Company does no and therefore did not recognize impairment losses or any valuation allowance for trade and other receivables.

Other receivables comprise:

	31.03.2021	31.12.2020
Accrued other recoveries	-	3.074,28
Deposits paid	-	-
Other tax receivables	509,51	230,66
Total	**509,51**	**3.304,94**

14. TRADE LIABILITIES

Trade liabilities comprise:

	31.03.2021	31.12.2020
Trade Payables domestic	-	1.500,00
Accrued expenses payable to the Sole Proprietor	1.446,71	13.815,34
	1.446,71	**15.315,34**

Liabilities to suppliers are not subject to interest and are payable on demand or have a term of up to three months. Their carrying amounts are all equal to their respective fair value.

15. OTHER CURRENT LIABILITIES

Other current liabilities comprise:

	31.03.2021	31.12.2020
Taxes payable	-	90,80
Accrued leave balance	2.985,00	2.985,00
Social security payable	(11,74)	1.202,00
	2.973,26	**4.277,80**

16. RELATED PARTIES

During the year, the Company did not enter into trading transactions with related parties. The following balances were outstanding at the end of the reporting period:

	31.03.2021	31.12.2020
Amounts payable to the Sole Proprietor	1.446,71	13.815,34
Amounts owed to related parties	**1.446,71**	**13.815,34**

A company or individual is considered to be a related party of the Company if the party controls or is controlled by or is jointly controlled with the company, either directly or indirectly via one or more intermediaries, or holds an interest in the company that gives it a significant influence over the company, or if it is involved in the joint management of the company. A company or individual is considered to be a related party when the party is an associate or a person in a key management position in the company or its parent company.

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

Management confirms that the Covid-19/Coronavirus pandemic had no adverse impact on the Company until to date and, based on the review of recent trading data, Management does not expect a significant negative impact in the foreseeable future. The Company has calculated several downside scenarios for 2021 onwards in order to safeguard liquidity and profitability.

In April 2021, the Sole Proprietor contributed the Company's business and operations by means of an in-kind contribution into a limited liability company fully owned by the sole proprietor, effectively continuing the existing business in a different legal form.

18. AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL PERIOD

FTE – full time equivalent, based in:	01-03/2021	01-03/2020
Austria	1	1
	1	**1**

The above employee figures exclusively comprise salaried employees.

19. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the sole proprietor for and on behalf of E&E CRO Consulting E.U. and authorized for issue on 25.05.2021.

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Ilse Christa Eder
Sole Proprietor

Schedule "C"

The pro-forma financial statements of the resulting issuer, together with the notes thereto, as at April 30, 2021

PRINCIPAL TECHNOLOGIES INC.
(formerly Connaught Ventures Inc.)

PRO-FORMA
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2021
(In Canadian dollars)

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER
PRINCIPAL TECHNOLOGIES INC.
(formerly Connaught Ventures Inc.)
PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
APRIL 30, 2021
(Unaudited – prepared by management)

	PRINCIPAL TECHNOLOGIES INC. As at April 30, $ 2021	E&E CRO CONSULTING GmbH As at March 31, $ 2021	PRO-FORMA ADJUSTMENTS Note		Note		PRINCIPAL TECHNOLOGIES INC. Pro-forma Consolidated As at April 30, $ 2021
ASSETS							
Current assets							
Cash	1,460,321	84,445					1,240,321
					(a)	(84,445)	
					(b)	(150,000)	
					(d)	(150,000)	
			(c)	180,000	(e)	(100,000)	
Receivables	-	36,469	(a)	(36,469)			-
	1,460,321	120,914					1,240,321
Other assets							
Equipment	-	7,022					7,022
Goodwill	-	-	(b)	142,822	(b)	156	142,978
TOTAL ASSETS	**1,460,321**	**127,936**					**1,390,321**
LIABILITIES							
Accounts payable and accrued liabilities	48,854	22,083	(a)	(22,083)			48,854
TOTAL LIABILITIES	48,854	22,083					48,854
SHAREHOLDERS' EQUITY							
Share capital	1,715,030	156	(b)	(156)	(c)	180,000	1,895,030
Reserves	40,703	-					40,703
			(a)	(105,697)			
			(d)	(150,000)			
Retained earnings (deficit)	(344,266)	105,697	(e)	(100,000)			(594,266)
TOTAL SHAREHOLDERS' EQUITY	1,411,467	105,853					1,341,467
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,460,321**	**127,936**					**1,390,321**

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER
PRINCIPAL TECHNOLOGIES INC.
(formerly Connaught Ventures Inc.)
NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
APRIL 30, 2021
(Unaudited – prepared by management)

1. BASIS OF PRESENTATION

The accompanying unaudited pro-forma consolidated statement of financial position of Principal Technologies Inc. (formerly Connaught Ventures Inc.) (the “Company”, “PTI”) has been prepared by management in accordance with International Financial Reporting Standards from information derived from the financial statements of the Company and the financial statements of E&E CRO Consulting e.U. (“E&E”), together with other information available to the Company. The unaudited pro-forma consolidated statement of financial position has been prepared for inclusion in PTI’s filing statement dated [•], 2021. The acquisition is subject to a number of conditions including, among other things, regulatory approval. In the opinion of management, the pro-forma consolidated statement of financial position includes all adjustments necessary for fair presentation of the transactions as described below.

The unaudited pro-forma consolidated statement of financial position of the Company has been compiled from and includes the unaudited interim financial statements of the Company for the nine months ended April 30, 2021 and the unaudited interim financial statements of E&E for the three months ended March 31, 2021. The unaudited pro-forma consolidated statement of financial position has been prepared as if the transactions described in Note 2 had occurred on April 30, 2021.

The unaudited pro-forma consolidated statement of financial position is not intended to reflect the financial position of the Company which would have actually resulted had the proposed transactions described in Note 2 and other pro-forma adjustments occurred as assumed. Further, this unaudited pro-forma consolidated statement of financial position is not necessarily indicative of the financial position that may be attained in the future. The unaudited pro-forma consolidated statement of financial position should be read in conjunction with the financial statements disclosed above.

2. PRO-FORMA ASSUMPTIONS

The unaudited pro-forma consolidated statement of financial position incorporates the following pro-forma assumptions:

(a) Prior to PTI acquiring E&E, E&E will distribute its working capital to shareholders of E&E;

(b) PTI will pay Euro100,000 (CDN $150,000) for the acquisition of 80% of E&E. Under IFRS 3, the Company is treating the acquisition as a business acquisition and any excess of the purchase price will be allocated to goodwill;

(c) PTI will complete a private placement and issue 1,125,000 common shares at $0.16 for gross proceeds of $180,000;

(d) PTI will pay a Euro100,000 (CDN $150,000) bonus on the closing of the transaction; and

(e) PTI will pay transaction costs estimated at $100,000 as part of the qualifying transaction.

3. TRANSLATION

Any foreign exchange transactions described above for the purposes of this pro-forma statement of financial position used an exchange rate of CAD$1.50 per Euro$1.00.

4. PRO FORMA EFFECTIVE INCOME TAX RATE

The pro forma effective income tax rate that will be applicable to the consolidated operations of the Company is 34%.

5. CAPITAL STOCK

Capital Stock as at April 30, 2021 in the unaudited pro-forma consolidated statement of financial position is comprised of the following in each financing scenario:

	Share Capital	$
Share capital and contributed surplus of PTI	16,524,000	1,715,030
Share capital and contributed surplus of E&E	156	156
Shares issued in concurrent private placement	1,125,000	180,000
WPD share capital eliminated on acquisition	(156)	(156)
	17,649,000	1,895,030