

QUALITANCE

MEMORANDUM

**DRAFTED FOR THE PURPOSE OF LISTING ON THE MULTILATERAL TRADING
SYSTEM MANAGED BY THE BUCHAREST STOCK EXCHANGE**

**THE CORPORATE BONDS
ISSUED BY QUALITANCE QBS S.A.
(„Q22E”)**

QUALITANCE QBS S.A. Joint-stock
company

Registered under no.
J40/265/2007, CUI RO20438413

Registered office:

2 Dr. Staicovici Street, Opera
Center II, 7th floor, Sector 5,
Bucharest

Project site:

2 Dr. Staicovici Street, Opera
Center II, 7th floor, Sector 5,
Bucharest

INTERMEDIARY
SSIF Tradeville S.A.

Contents

NOTE TO THE INVESTORS

SHORT PRESENTATION

DEFINITIONS

I. GENERAL INFORMATION ABOUT THE ISSUER

1. RESPONSIBLE ENTITIES

2. INFORMATION ABOUT THE ISSUER

3. DESCRIPTION OF THE ISSUER'S ACTIVITY

4. INFORMATION ON THE SHARES AND THE SHAREHOLDERS STRUCTURE

5. ADMINISTRATION AND MANAGEMENT BODIES

6. FUNCTIONING OF THE ADMINISTRATION AND MANAGEMENT BODIES

7. EMPLOYEE DETAILS. ORGANISATIONAL CHART

8. MARKET SHARE / MAIN COMPETITORS

9. BREAKDOWN OF TURNOVER PER SEGMENTS OF ACTIVITY OR LINES OF BUSINESS

10. MAIN CLIENTS / SIGNIFICANT CONTRACTS

11. THE MAIN OPERATIONAL INDICATORS

12. SHORT DESCRIPTION OF THE LATEST AVAILABLE FINANCIAL RESULTS AND
THE COMPANY'S DEGREE OF INDEBTEDNESS

13. STATEMENT ON THE FORECAST POLICY AND PRACTICE, ACCORDING TO THE
CORPORATE GOVERNANCE PRINCIPLES FOR COMPANIES ADMITTED ON THE MTS

14. STATEMENT ON THE DIVIDEND POLICY AND PRACTICE, ACCORDING TO THE
CORPORATE GOVERNANCE PRINCIPLES FOR COMPANIES LISTED ON MTS

15. DESCRIPTION OF THE BUSINESS DEVELOPMENT PLAN

16. RISK FACTORS

17. INFORMATION REGARDING THE SECURITIES THAT ARE ABOUT TO BE LISTED;
INFORMATION REGARDING SECURITIES OFFERS CARRIED OUT DURING THE
12 MONTHS PRIOR TO THE OFFER

18. PLANS RELATED TO FUTURE OPERATIONS ON THE CAPITAL MARKET

19. AUDITORS' NAMES

20. AFFILIATED COMPANIES AND PERCENTAGE OF THE HELD SHARES



Note to investors

The information within has been prepared by the Issuer or derived from other sources referenced throughout the Memorandum.

This Memorandum includes all the information required for the listing on the Multilateral Trading System managed by the Bucharest Stock Exchange of 3,000 registered, unsecured and non-convertible corporate bonds, in dematerialized form ("the Bonds"), denominated in the single European currency (EUR), issued on 16 December 2019 and maturing on 16 December 2022, with a total face value ("nominal value") of EUR 1.5 million, issued by QUALITANCE QBS S.A. (hereinafter "the Issuer" or "the Company"), based on a securities offer held under the terms of art. 16 para. (3) of Law no. 24/2017, without the drafting and publication of a prospectus.

It is recommended that investors make decisions based on their own analysis of the Issuer's situation, taking into account the advantages and the risks highlighted in this Memorandum.

The Issuer's estimates and plans presented in this Memorandum are provided in good faith and cannot be considered as commitments by the Issuer. Each subscriber of Bonds must know and comply with all the laws and regulations in force and must obtain all necessary approvals and authorizations in this regard.

No other natural or legal person, other than the Issuer, has been authorized to provide information or documents relating to the Bonds described in this Memorandum, and no other natural or legal person has been authorized to provide information, statements, assessments or documents related to the Bonds or the their listing ("admission to trading"), other than those contained in this Memorandum and in the information incorporated by reference therein. Any information or documents provided outside this Memorandum shall not be considered as authorized by the Issuer or the Intermediary of the Offer, which assumes no liability in this regard.

Each investor will have to consult its own legal, financial, fiscal or other consultants, accountants or other advisers over legal, taxation, business, financial aspects or in relation to the issues involved in subscribing, buying, keeping or transferring the bonds. The Issuer and the Intermediary do not assume any responsibility regarding these matters.

This Memorandum is drafted for the listing of the Bonds and does not refer to, nor can it be used as the basis to justify an investment in any offer subsequently launched by the Issuer.

An investment into securities involves a certain degree of risk. Please see the "Risk factors" section of the current Memorandum for the presentation of certain aspects which investors should take into consideration before making an investment into the Bonds.



The contents of this Memorandum are purely informative and are not meant, shall not be interpreted, nor seen as a legal, financial or fiscal opinion. No information contained in this Memorandum shall be interpreted as an investment recommendation or an opinion issued by the Intermediary regarding the Issuer's situation or as legal, financial or fiscal consultancy or a professional business consultancy.

After completing this Memorandum, the Issuer declares that, based on its knowledge, this Memorandum discloses all the important information regarding the Issuer and the bonds to be issued by the Issuer, the information is true and accurate under all important aspects.

Certain values included in this Memorandum were rounded. As a result, the values presented for the same category of information shown in different tables may be slightly different while the values presented as totals in certain tables may not be an arithmetic sum of the values preceding them. The intermediary assumes no responsibility for the content of this Memorandum or for other statements made or purported to be made by them or on their behalf in relation to the Issuer, the Bonds or the Offer.

The intermediary, as appropriate, declines, to the extent permitted by the applicable law, any liability, which it may have in relation to this Memorandum or such statement.

Writing conventions: Throughout this document I used the comma (",") as a separator with me and the point (".") as a decimal separator. The financial results presented in this document for the first half of 2019 are consolidated, which means that they are aggregated at group level (Qualitance QBS SA and Qualitance Australia).

The consolidated financial statements have not been audited, since the parent company does not have this legal obligation due to the fact that it does not meet the size criteria provided by the Order of the Ministry of Public Finance no. 1802/2014 for the approval of the Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements ("OMF 1802/2014") and the related Accounting Regulations.

The financial results between December 2019 and December 2022 presented in this document are estimated, consolidated, meaning that they are aggregated at group level (Qualitance QBS S.A., Qualitance US Inc. and Qualitance Australia PTY Ltd.). The financial results for 2016-2018 presented in this document are individual.



Short presentation

Name	QUALITANCE QBS S.A.
Registered office	2 Dr. Staicovici Street, Opera Center II, 7 th floor, Sector 5, Bucharest
Name of the connection with BVB	Radu Constantinescu, General Manager
E-mail	office@qualitance.com
Phone:	(+4) 037 294 47 41
Fax	(+4) 021 318 161 850
Website	www.qualitance.com
Tax code/unique registration code	RO20438413
Trade Register number	J40/265/2007

Authorized consultant

Name	SSIF Tradeville S.A.
Registered office	6A Calea Vitan, Bl. B, Tronson B, 3 rd floor, sector 3, Bucharest
Telephone	(+4) 021 318 75 55
Fax	(+4) 021 318 75 57
E-mail	helpdesk@tradeville.eu
Website	www.tradeville.eu
ASF authorization	CNVM Decision no. 2225/15.07.2003
ASF register number	PJR01SSIF/400033
Tax code/unique registration code	RO 8694021
Trade Register number	J40/5868/1996

Definitions

In this Memorandum, unless expressly provided otherwise, the following terms will have the following meanings, applicable both to the plural and singular forms.

Articles of Incorporation	The Issuer's Articles of Incorporation
ASF	Financial Supervisory Authority
Payment agent	It is not required for issues admitted to TARGET2Securities, the Issuer will make payments directly through the Central Depository.
BVB (BSE)	Bursa de Valori Bucuresti S.A. (Bucharest Stock Exchange)
NACE	National Classification of Economic Activities
Coupon (interest)	The amount of money corresponding to the interest calculated for the coupon period, due periodically by the Issuer of the Bond Holders registered in the Register of Bond Holders at the Reference Date and to the payment to which it has committed through this Memorandum
Reference date	It represents the calendar day with 10 (ten) Business Days before the Coupon Date or the Maturity Date, as the case may be. It is the date that serves to identify the owners of bonds that have the right to receive the current coupon and/or the full value of the principal, in accordance with this Memorandum.
Central Depository	It means the register company of securities in Romania, with its headquarters in Bld. Carol no. 34-36, Bucharest, Romania, authorized and supervised by the Financial Supervisory Authority, which offers deposit, register, clearing-settlement services, in connection with the financial instruments traded on the markets/multilateral systems administered/operated by the Bucharest Stock Exchange
Bonds holder	It represents the person under whose name the bonds are registered on the Reference Date in the Register of Bond Holders
Issue date	It represents the date on which the Bonds are issued and from which the interest corresponding to the first Coupon begins to accumulate. The Issue Date is 16 December 2019.
Maturity date	Three years from the Issue Date, respectively 16 December 2022.
Coupon date	It represents the calendar day on which the Issuer's obligation to pay a coupon and/or the principal to the Bond Holders becomes due on the reference date established for the respective coupon. It represents each of the following dates: 16 June 2020, 16 December 2020, 16 June 2021, 16 December 2021, 16 June 2022, and Maturity Date, respectively 16 December 2022. The coupon is payable half-yearly.
Redemption date	The date on which the Bonds will be redeemed at face value, i.e. the Maturity Date, 16 December 2022.

Issuer or Company	<p>QUALITANCE QBS S.A. with registered office in 2 Dr. Nicolae Staicovici Street, Opera Center 2, 7th floor, sector 5, Bucharest.</p> <p>Within the document, when referring to the Issuer, one can find the name of QUALITANCE, Qualitance Romania, Q Romania, Qualitance QBS S.A.</p>
Group or Qualitance Group	Qualitance QBS S.A., Qualitance Australia PTY LTD. and Qualitance US, INC.
Subsidiaries	Qualitance Australia PTY LTD and Qualitance US, INC. They represent companies wholly owned by the Issuer. Within the document, the Australian subsidiary can be found under the formulation of QUALITANCE Australia, Q Australia, Qualitance Australia PTY LTD. Qualitance Australia PTY LTD with registered office in Sydney, 31 Alfred St, 3rd Floor, Customs House, postal code Sydney NSW 2000. Within the document, the New York subsidiary can be found under the formulation of QUALITANCE US, Q US, Qualitance US Inc. Qualitance US, INC. with registered office in New York, One Dock 72 Way 8th Fl BROOKLYN, postal code NY 11205 USA.
Advisory Board	It represents the Consultative Team or the Advisory Council
Group or Qualitance Group	Qualitance QBS S.A., Qualitance Australia PTY LTD. and Qualitance US, INC.
Intermediary or Authorised Consultant	SSIF Tradeville S.A with registered office in Calea Vitan no. 6A, Bl. B, Tronson B, 3 rd floor, sector 3, Bucharest
Bonds	A number of 3,000 unsecured, registered, non-convertible corporate bonds, denominated in EUR, with an individual nominal value of EUR 500 and a total nominal value of EUR 1,500,000, issued QUALITANCE QBS S.A. with a final maturity of 3 years from the settlement date of the transaction related to the Offer and a coupon rate of 5% per annum payable half-yearly. The decision regarding the bonds offer and issue was made according to the Decision of the Extraordinary General Meeting of Shareholders from December 3, 2019, the Board of Directors decision no. 1/03.12.2019 and the CEO's Decision no. 1/22.12.2019.
Possibility of early redemption	The bonds can be redeemed in advance, in full but not partially, at the initiative of the Company, starting with the second year of the life of the Bonds, in which case the Company will pay the Bond holders for each bond held on the Reference Date: interest accrued up to the time of redemption + the nominal value of each bond + a first unit of redemption anticipated by 2% of the nominal value of the Bond.
Coupon rate (interest rate)	It represents a fixed interest rate of 5% per year, payable each half-year.
Maturity date	Three years from the Issue Date, respectively 16 December 2022.
Coupon date	It represents the calendar day on which the Issuer's obligation to pay a coupon and/or the principal to the Bond Holders becomes due on the reference date established for the respective coupon. It represents each of the following dates: 16 June 2020, 16 December 2020, 16 June 2021, 16 December 2021, 16 June 2022, and Maturity Date, respectively 16 December 2022. The coupon is payable half-yearly.

Issuer or Company	<p>QUALITANCE QBS S.A. with registered office in 2 Dr. Nicolae Staicovici Street, Opera Center 2, 7th floor, sector 5, Bucharest.</p> <p>Within the document, when referring to the Issuer, one can find the name of QUALITANCE, Qualitance Romania, Q Romania, Qualitance QBS S.A.</p>
Group or Qualitance Group	Qualitance QBS S.A., Qualitance Australia PTY LTD. and Qualitance US, INC.
Subsidiaries	Qualitance Australia PTY LTD and Qualitance US, INC. They represent companies wholly owned by the Issuer. Within the document, the Australian subsidiary can be found under the formulation of QUALITANCE Australia, Q Australia, Qualitance Australia PTY LTD. Qualitance Australia PTY LTD with registered office in Sydney, 31 Alfred St, 3rd Floor, Customs House, postal code Sydney NSW 2000. Within the document, the New York subsidiary can be found under the formulation of QUALITANCE US, Q US, Qualitance US Inc. Qualitance US, INC. with registered office in New York, One Dock 72 Way 8th Fl BROOKLYN, postal code NY 11205 USA.
Advisory Board	It represents the Consultative Team or the Advisory Council
Group or Qualitance Group	Qualitance QBS S.A., Qualitance Australia PTY LTD. and Qualitance US, INC.
Intermediary or Authorised Consultant	SSIF Tradeville S.A with registered office in Calea Vitan no. 6A, Bl. B, Tronson B, 3 rd floor, sector 3, Bucharest
Bonds	A number of 3,000 unsecured, registered, non-convertible corporate bonds, denominated in EUR, with an individual nominal value of EUR 500 and a total nominal value of EUR 1,500,000, issued QUALITANCE QBS S.A. with a final maturity of 3 years from the settlement date of the transaction related to the Offer and a coupon rate of 5% per annum payable half-yearly. The decision regarding the bonds offer and issue was made according to the Decision of the Extraordinary General Meeting of Shareholders from December 3, 2019, the Board of Directors decision no. 1/03.12.2019 and the CEO's Decision no. 1/22.12.2019.
Possibility of early redemption	The bonds can be redeemed in advance, in full but not partially, at the initiative of the Company, starting with the second year of the life of the Bonds, in which case the Company will pay the Bond holders for each bond held on the Reference Date: interest accrued up to the time of redemption + the nominal value of each bond + a first unit of redemption anticipated by 2% of the nominal value of the Bond.
Coupon rate (interest rate)	It represents a fixed interest rate of 5% per year, payable each half-year.
Registry of Bond Holders	<p>It represents the record of bond holders kept in electronic format by the Central Depository based on the contract concluded by the Issuer with the Central Depository.</p> <p>The registry administered and managed by the Central Depository in which the bond holders are registered as owners.</p>
SMT (MTS)	BVB's Multilateral Trading System

Lei or RON	It represents the national currency of Romania
Euro, EUR or €	The official currency of the Euro Zone Member States
USD, \$, US dollar or dollar	The official currency of the United States of America
Working day	It represents any day when banks are open for current banking operations in Romania in accordance with the rules of the National Bank of Romania



I. General information about the Issuer

1. Responsible entities

The entities responsible for drafting this Memorandum are the Issuer and the Authorised Consultant.

The Issuer, QUALITANCE QBS S.A. ("Issuer" or "Company"), is a joint stock company, with a registered office in Bucharest, Str. Dr. Nicolae Staicovici, no. 2, Opera Center 2, 7th floor, sector 5, Trade Register number J40/265/2007, Unique Registration Code RO 20438413, legally represented by Radu Constantinescu, as General Manager of the company QUALITANCE QBS S.A.

The Authorised Consultant, SSIF Tradeville S.A., is a financial investment company with a registered office in Bucharest, Calea Vitan nr. 6A, Bl. B, Tronson B, et. 3, sector 3; phone (+4) 021 318 75 55; fax: (+4) 021 318 75 57, Trade Register number J40/5868/1996, Unique Registration Code RO 8694021, legally authorized to operate as a financial investment company by the Decision CNMV number 2225/15.07.2003, registered with the Financial Instruments and Investments Registry (A.S.F.) with number PJR01SSIF400033 on 17.05.2006, legally represented by Ovidiu-George Dumitrescu, as Deputy General Manager.

After carrying out all reasonable checks to ensure that this statement is correct, the Issuer expressly declares that all information about past/present events/situations included in this Memorandum is, to the best of its knowledge, compliant with reality and the Memorandum does not contain any omissions likely to affect its significance and the forecasts about the future are made in good faith based on current information and reasonable forecasting processes.

According to the Issuer's knowledge, the information contained in the Memorandum is correct at the date of elaboration of the Memorandum, mentioned on the first page, unless another date is expressly specified in this Memorandum. The Issuer's activity and financial situation and the information included in the Memorandum may be modified after this date. Except as expressly mentioned in the applicable legal framework, the Issuer assumes no obligation to update or revise the information contained in this Memorandum.

SSIF Tradeville S.A., represented by Mr. Ovidiu-George Dumitrescu, Deputy General Manager is an Authorized Consultant and has elaborated this Memorandum according to the "Technical Specifications regarding the Memorandum drawn up for the admission of bonds within the Section of Financial Instruments listed on the Multilateral Trading System (MEMORANDUM)" approved by the Decision of BVB's General Manager no. 609/27.12.2019.

The Issuer takes full responsibility for the information included in this Memorandum.

The Issuer is solely responsible for the content, reality and correctness of the documents and information that it has provided to the Authorized Consultant for the drafting of this Memorandum.

Also, we specify that all the opinions, forecasts and intentions of the Issuer recorded in the Memorandum are expressed in good faith. These views, forecasts and intentions regarding the prospects are based on



assumptions that can be modified and involve risks, known or unknown, uncertainties and other important factors that are outside the control of the Issuer and which may cause its results, performances or actual achievements to differ substantially from the expected results, performances or achievements.

The Issuer is not aware of any other fact or aspect which may have been omitted and which would have been necessary for the investors and their advisers to make a correct assessment of all the assets and liabilities, the financial situation, the profit and the prospects of the Issuer, omission which may lead to the formation of an erroneous opinion regarding some relevant aspects regarding the Issuer's activity or which, in the context of the MTS listing, would have been or would be important and necessary to be included in this Memorandum.



2. Information about the Issuer

2.1. Identification data

QUALITANCE QBS S.A. is a Romanian legal entity, and it carries out its activity in accordance with the Romanian legislation.

Name	QUALITANCE QBS S.A.
Legal form	Joint stock company
Duration	Unlimited
Registered office	2 Dr. Staicovici Street, Opera Center II, 7 th floor, Sector 5, Bucharest.
Bucharest Trade Register number	J40/265/2007
Unique registration code	RO20438413
Social Capital	100,000 lei
NACE code – main object of activity	6202 / Computer consultancy activities
Telephone	(+4) 0372944741
Fax	(+4) 0318161850
Contact person in relation with BVB e-mail:	Radu CONSTANTINESCU office@qualitance.com
Website	www.qualitance.com.
LEI code	787200FHFL9NL7YNV596
Trading symbol	Q22E
ISIN code	ROMG9UZ65889
FISN code	QUALITANCE/5 BD 20221216 UNSEC



2.2 Brief history of the company

2007

Ioan Iacob and Radu Constantinescu established QUALITANCE QBS SRL as an Innovation Laboratory in Radu's office at the Faculty of Cybernetics.

2008

QUALITANCE began with important companies of large size like Adobe, IBM Romania, offering consulting services in the development of enterprise platforms and QA (quality assurance). Annual revenue: EUR 40,000

2009

Further, the Company structured its portfolio of services: development, testing, system administration, support and maintenance for applications. Annual revenue: EUR 90,000

2010

QUALITANCE concluded a strong partnership with IBM, becoming an IBM Business Partner, IBM Education Partner and IBM Core Supplier. The partnership marked an important step for the Company, considering the 4x increase in turnover compared to the previous year. Annual revenue: EUR 370,000

2011

QUALITANCE started offering web security training to HP and IBM teams. The service was available in the company's portfolio between 2008-2013. The company began a long-term collaboration with OPTAROS, which would later become MRM McCann Optaros. Annual revenue: EUR 840,000

2012

The Company's revenues exceeded the threshold of EUR 1 million. The QUALITANCE team grew significantly, from the 2 employees/co-founders initially to nearly 50 members. The company's specialists start working with new technologies: Groovy & Grails, iOS, Bloomberg SDK, Node.js, MongoDB, Hadoop. Annual revenue: EUR 1,590,000

2013

QUALITANCE expanded its business internationally and won its first US clients: MyTime, Gainful.ly and Concept3D. Locally, the company started collaborating with new clients, namely MSD and NN. Annual revenue: EUR 1,840,000



2014

The company opened its first office in Silicon Valley and started collaborating with Deutsche Telekom, for which it developed a big data solution for distributed architectures, as well as a scalable infrastructure solution. QUALITANCE continued to work with Gainfully, for which it developed the first platform dedicated to US financial institutions. Annual revenue: EUR 3,000,000

2015

The company enriched its portfolio of services with its own innovation framework, focusing on Rapid Prototyping and Design Thinking principles as well as on emerging technologies such as Artificial Intelligence, Machine Learning.

Tom Chi became member in the Company's Advisory Board. As part of Google[x], Tom coordinated the development of the Google Glass project and worked on many cutting-edge projects, such as Google Cars and Project Loon.

The company developed a series of innovative solutions for the medical sector, environmental protection and human resources:

- IoT application and waste reporting platform (Let's Do It Romania)
- IoT application for monitoring and managing medical equipment and patients (Intelligent Locations)
- An application for the monitoring and management of productivity at the organization level (Up Talent)

QUALITANCE was included in the top 50 Deloitte Technology Fast, being one of the first 50 fastest growing technology companies. Annual revenue: EUR 4,200,000

2016

QUALITANCE acquired LaunchPodium – an experience design start-up from San Francisco, which became company's office in Silicon Valley. Mike Parsons became the Company's Managing Partner and Chief Innovation Officer.

The Company opened its first office in Sydney and started creating innovation projects for IKEA and Virgin Group.

As a result of a major hackathon in Bucharest, QUALITANCE created the medEasy project, a pro bono solution that would optimize and accelerate the efforts of the Emergency Situations Department.

The Company also developed a solution that relied on Machine Learning for the analysis and interpretation of electrocardiograms (eCuore).

QUALITANCE was designated by the Financial Times and Inc. 5000 Europe as one of the fastest growing technology companies in 2016, 2017 and 2018. Annual revenue: EUR 6,090,000



2017

QUALITANCE was granted the "Company of the Year" award from the Employers Association of the Software and Services Industry (ANIS).

The QUALITANCE team created a solution for the management and efficiency of public workspaces (LABS). QUALITANCE began its collaboration with ReadyUp, for which it develops one of the largest digital platforms for the gaming community. The platform allows players of all levels to team up, train and compete.

QUALITANCE was recognized by the Financial Times as one of the fastest growing technology companies, with an average annual growth rate of 38.3%, revenues of 4.2 million euros and 143 employees in 2015.

Inc. Magazine included QUALITANCE in the Inc. 5000 Europe top and recognized it as one of the fastest growing European private companies, respectively 165%, from 2012 to 2015. Annual revenue: EUR 8,500,000

2018

QUALITANCE started working with BCR ERSTE, for which it created the first digital platform in Romania dedicated to mortgage loans.

The company had a turnover of about EUR 11 million, 36% higher compared to the values recorded in 2017. QUALITANCE was designated by the Financial Times as one of the fastest growing technology companies. Annual revenue: EUR 11,020,000

2019

QUALITANCE opened two subsidiaries in New York and Sydney.

The Sydney Division developed innovation projects with big brands such as News Corp, Ford and Breville.

The New York Division started collaborating with Johnson & Johnson and Meag, for which it developed programs for innovation and digital transformation.

By the end of 2019, the team had 166 employees; nearly 85% of them are IT experts with specializations in the latest technologies in the industry.

On November 26, 2019, the partners decided to change the legal form of QUALITANCE from a limited liability company into a joint stock company. The registration of the change of the legal form in the Trade Register occurred on December 2nd, 2019.



3. Description of the Issuer's activity

The IT field is booming on the Romanian market, and within it the largest share is registered by the software companies. In recent years, the IT industry has become one of the main growth drivers of the Romanian economy.

Analyzing the strengths and weaknesses of the Information and Computer Technology ("ICT") sector in Romania, we observe, first of all, that it is a sector with great economic potential and a growing contribution to the development of the Romanian economy.

Following the publication of the study by Pierre Audoin Consultants (PAC) and the Employers' Association of the Software and Services Industry (ANIS), as of September 2017, shows that 19,068 software companies were active in Romania, increasing by over 1,000 compared to 2016 (17,421), respectively with more than 8,000 companies over the level of 2012 (11,090 active companies). In 2016, the activities in the sector reached EUR 4.8 billion, compared with 3 billion in 2012, with a profit of EUR 571 million, double from 5 years ago.

According to profit.ro, it is estimated that the software and IT services industry will generate more than 3% of Romania's GDP in 3 years, provided that it manages to overcome the barriers of the education system, by increasing the number of people employed, and integrating more foreign employees (especially from Ukraine, Bulgaria, Serbia etc.) who have the skills that the industry needs.

In the medium term, the tendency to increase the added value of the IT services provided from Romania is visible, while the focus is still on increasing the number of employees with the primary set of skills, for which the cost difference from the western countries is significant.

According to a study published in 2019, ANIS estimated that by the end of the year the local IT market will have reached a EUR 5.9 billion threshold - with EUR 4.8 billion being generated by the software and services sector, and EUR 1.1 billion resulting from other activities within the IT market. According to the same study, for the past couple of years, the local IT market grew at a compound annual growth rate (CAGR) of approximately EUR 500 million. The same study revealed that ANIS estimated a consistent CAGR through 2020, anticipating that by 2022 the market will have reached a 25% compound annual growth rate. Additionally, the ANIS study concluded that the number of employees within the IT industry will have grown at an averagely 10% yearly rate, maintaining its growth rate through the years ahead.

QUALITANCE is an international technology and innovation company that creates and invests in digital products and businesses for global organizations and startups. QUALITANCE uses experience design, rapid prototyping and emerging technologies such as AI (Artificial Intelligence) to create innovative digital products and services and help large organizations make their way to the hyper-scalable digital economy of the 21st century.

The main engine of business growth is the combination of specialized consulting services in innovation and design at the level of brand, product and services and the ability to deliver technology at product level according to the following models:



- Consultancy services in the field of digital transformation and innovation: identification of digital opportunities and solutions, product market fit strategy, identification and targeting of favorable market segments, creation of digital channels generating income, evaluation, optimization and automation of operational flows and processes.
- Complete product design and development services: analysis of current business needs and opportunities, profiling of end users, prototyping, testing and validation of functionalities, product strategy and market fit, development of digital solutions using emerging technologies such as Artificial Intelligence and Machine Learning.
- Services per project or upon request of software development, software testing, infrastructure and technical support: development of turnkey software solutions for enterprise and start-up companies.
- Licensing of technological platforms that accelerate the development of software by integrating components that allow the efficiency of the software development process both in terms of duration and costs.
- External resource integration services for partner companies (suppliers or freelancers): facilitate the access to resources and technical skills with the guarantee of observing all the processes and procedures imposed and required in the big corporations. On average, QUALITANCE ensures a monthly flow of 100 specialists to large companies.
- Outsource dedicated teams of experts in infrastructure, software design and development, testing: having the ability to cover a wide variety of technologies, QUALITANCE offers customers the opportunity to benefit from an added value without increasing their own salary budget; monthly, QUALITANCE provides access to specialists who can serve on average 60-70 roles.

QUALITANCE has developed its own digital transformation platform - Q Technology Platform, which covers all stages of an innovation project: strategy, technological and operational implementation, conversion and scalability.

QUALITANCE has also created its own innovation framework, which brings innovation in the operational process by combining rapid prototyping technique, Agile and Skunkworks methodologies and emerging technologies such as Artificial Intelligence and Machine Learning.



4. Information on the shares and the shareholders' structure

The share capital of QUALITY QBS SA is worth 100,000 RON, being divided into 100,000 shares, for each value or value of RON 1.

The shareholding structure of QUALITANCE QBS SA, according to the information provided by the Company, is detailed in table below.

Shareholder's name	Number of shares	Percentage of ownership
Constantinescu Radu	50,000	50%
Iacob Ioan	50,000	50%
TOTAL	100,000	100%

Table: Shareholding structure

Source: QUALITANCE QBS S.A.

There are several agreements in force within the Company with the purpose of motivating and loyalty in the form of options, through which a number of key persons could become shareholders in the near future, in case the Issuer makes this decision. Also, the Company is analyzing the implementation of these options at the level of the subsidiaries. The key persons that could become shareholders within the company, respectively the subsidiaries, are mentioned in this Memorandum, in chapters 5-7. In the context of executing these agreements, the founders, respectively Radu Constantinescu and Ioan Iacob, keep control of the company.



5. Administration and management bodies

5.1 Board of directors

The administration of the company Qualitance QBS S.A is ensured by a Board of Directors consisting of:

- Radu Constantinescu, Chairman of the BoD
- Maria Popescu, member of the BoD
- Serban Chiricescu, member of the BoD

The members of the Board of Directors have a mandate of 2 years, with the possibility of renewal, starting November 26, 2019.

About the members of the Board of Directors

RADU CONSTANTINESCU - Chairman of the BoD

In 2003, Radu began his academic career at the Academy of Economic Studies in Bucharest. He debuted as a university trainer, reaching in 10 years a doctoral associate professor at the Faculty of Cybernetics, Statistics and Economic Informatics. Also, Radu was the director of 3 research projects funded by the European Commission and Fraunhofer Institute.

Radu is a graduate of the Faculty of Cybernetics, Statistics and Economic Informatics within the Academy of Economic Studies in Bucharest (2003), where he subsequently pursued the master's program in business informatics (2004) and obtained his doctorate in economic informatics (2008). Radu Constantinescu owns 50% of the total number of shares issued by the Company, respectively 50% of the total number of voting rights.

MARIA POPESCU - IT Services

Maria has been coordinating the technology outsourcing division of the company for almost 10 years. Through her extensive experience and strategic vision, Maria has helped the company build long-term and valuable partnerships with market leaders such as IBM and Sparkware. Maria has an overall experience of 15 years in Human Resources, and prior to QUALITANCE she worked as HR Manager and Consultant. During her time with QUALITANCE, Maria contributed as a HR Consultant and a Client Partner. She holds specialty certificates and qualifications with Romarketing and ASEBUSS (Romanian-American Business School). Maria Popescu does not currently hold shares in the Company.

SERBAN CHIRICESCU - Research & Development

Serban coordinates R & D initiatives. An architect of solutions and systems, Serban has 10 years of experience and an extraordinary training in the field of technology - from software development and integration to architecture and software infrastructure. Serban has been with the company for 5 years, previously holding consultancy roles in Architecture Infrastructure and Application Development. Serban Graduated from the Faculty of Automated Control and Computers within the University Politehnica of Bucharest. Serban Chiricescu does not currently hold shares in the Company.

The Board of Directors of Qualitance QBS SA operates in accordance with the provisions of the Articles of Incorporation and has the following main attributions:

- a) to establish the main directions of activity and development of the Company;
- b) to establish the accounting policies and the financial control system of the Company and to approve the financial planning of the Company;
- c) to supervise the activity of the directors;
- d) to prepare and submit to the Shareholders' General Assembly the annual report on the Company's activity;
- e) to organize the Shareholders' General Assembly and to ensure the implementation of the resolutions of the Shareholders' General Assembly;
- f) to prepare and update the Company's records, provided by the applicable legislation;
- g) to approve any expenditure or investment in a total amount of less than EUR 150,000/year, respectively less than EUR 50,000 per operation; this restriction does not apply if the respective expense or investment falls within the Company's budget approved for that year;
- h) to adopt any decisions regarding:
 - any of the matters delegated to the Board of Directors by the Shareholders' General Assembly and/or
 - any other matters that are not expressly reserved within the competence of the Shareholders' General Assembly, according to the applicable law.



5.2. Executives

The persons involved in the company's executive team are the following:

IOAN IACOB - Co-founder of QUALITANCE & Deputy General Manager

Ioan holds the position of Deputy General Manager and coordinates the business development and R&D division.

During the period prior to the establishment of QUALITANCE (2007), Ioan collaborated with Ubisoft, Gameloft, Blazent, Adobe and IBM. Within these companies, Ioan covered a variety of roles: from analyst in testing and developer in Java to engineer, consultant and director of software testing.

Also, between 2003-2004, Ioan taught as a university assistant at the Polytechnic University of Bucharest.

After 7 years of active collaborations with startups in Silicon Valley and large companies, in 2007 Ioan founded QUALITANCE together with Radu Constantinescu - the school colleague and his childhood friend.

Ioan graduated from the Polytechnic University of Bucharest (2003). Ioan Iacob owns 50% of the total number of shares issued by the Company, respectively 50% of the total number of voting rights.

RADU CONSTANTINESCU - Co-founder of QUALITANCE & General Manager

Radu holds the position of General Manager, coordinating the operations area (including delivery centers) and finance. Radu is also Chairman of the Board of Directors.

QUALITANCE Australia PTY LTD & QUALITANCE US INC.

MIKE PARSONS - General Manager

At QUALITANCE, Mike leads the product and service innovation division and coordinates teams in Australia and North America.

Until 2016, when he joined QUALITANCE, Mike created innovation and design projects in Silicon Valley. Mike's experience in advertising is huge - he has led leading agencies such as 215 McCann and MRM Partners, has collaborated with major brands such as VW, Hasbro, Philips, Xbox, Halo, HP, Microsoft, KLM Air France and has received numerous prestigious awards. - DA&D Pencils, Cannes Lion's, Effie's, TED. At Factory Agency, Mike led the product innovation and marketing program for market leaders such as Levi's, Nike, P&G and Wells Fargo.

Mike is also an advisor for Gradient - a smart digital marketing agency, as well as a number of Fortune 500 companies - Nike, Xbox, Levi's, Johnson & Johnson, News Corp and Breville.

An entrepreneurial spirit, Mike created LaunchPodium - one of the first experience design and storytelling startups in Silicon Valley, which in 2016 was acquired by QUALITANCE. Together with Chad Owen, Mike launched the podcast on innovation [Moonshots Podcast](#).

His experience in innovation, design thinking, lean startup and methodology Agile has been the subject of prestigious publications such as CNN and Financial Times, but also of many conferences on technology and innovation, where he was invited as speaker - iCEE.fest 2018, How To Web 2018 or Design Thinking Forum 2017.

5.3. Advisory Team

RADU CAUTIS – Chairman of the Advisory Board

As chairman of the Advisory Board, Radu holds weekly consulting sessions with QUALITANCE's executive team.

Founder of Medical Technology Venture Partners, Radu has over 15 years of experience in the field of biotechnology and medical technology. Currently, Radu advises and invests in start-ups.

In the past, Radu lead the Gambro division in South-East Asia and India, which in 18 months increased from 15 to 180 people. Within Gambro, Radu coordinated the launch of the latest generation hemodialysis technology - AK9 and headed the R&D, Marketing, Strategy and Development departments.

Together with his team, Radu coordinated the acquisition of Gambro by Baxter, which acquires the company in a \$ 4 billion transaction.

Radu holds a bachelor's degree in economics from Columbia University and a philosophy degree from Saint Mary's College.

TOM CHI

As part of Google[x], Tom coordinated the development of the Google Glass project and worked on many avant-garde projects, such as Google Cars and Project Loon.

GEORGE T. HABER

One of Silicon Valley's best-known serial entrepreneurs and strategists. George is an angel investor and expert in supporting the long-term and successful development of technology companies, but also in building startups with impressive successes. George is currently a member of the board of several companies - Zoran (Nasdaq: ZRAN), 3Dfx (Nasdaq: TDFX), Intervideo (Nasdaq: IVII), Class Data Systems, acquired by Cisco (Nasdaq: CSCO), Lucid, InterAKT acquired by Adobe (Nasdaq: ADBE), Bitdefender.

George graduated from Computer Science and Electrical Engineering at Technion - Israel Institute of Technology.

ROBERT NEIVERT

Investment partner at 500 Startups, a company that coordinates the Blockchain program. In parallel, Robert is COO in Private.Me and is an advisor for Cardinal Ventures, Stanford iFarm and Stanford Treehacks and 15 other start-ups.

Robert is a graduate of Stanford, Wesleyan and Santa Clara universities.

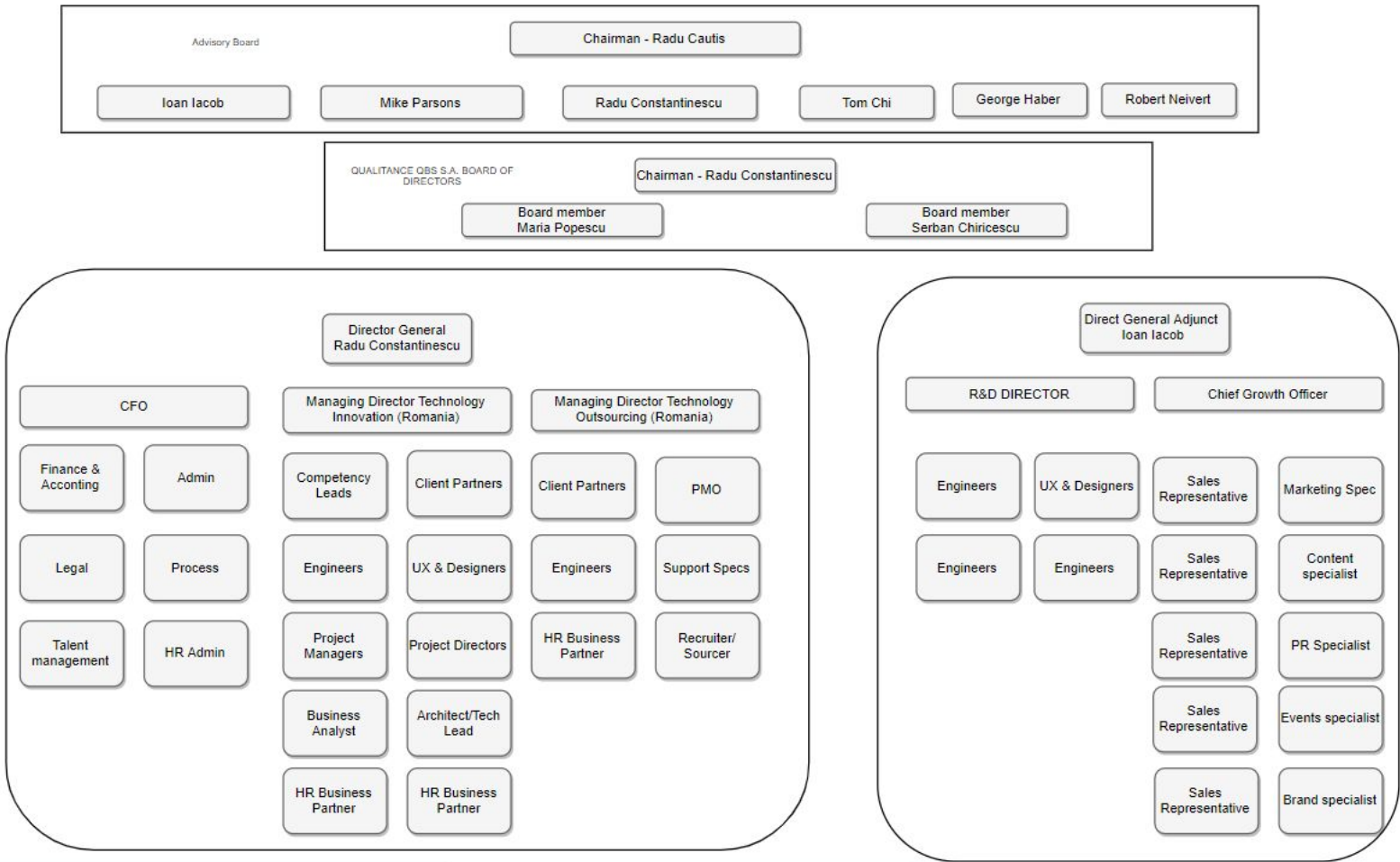


6. Functioning of the administration and management bodies

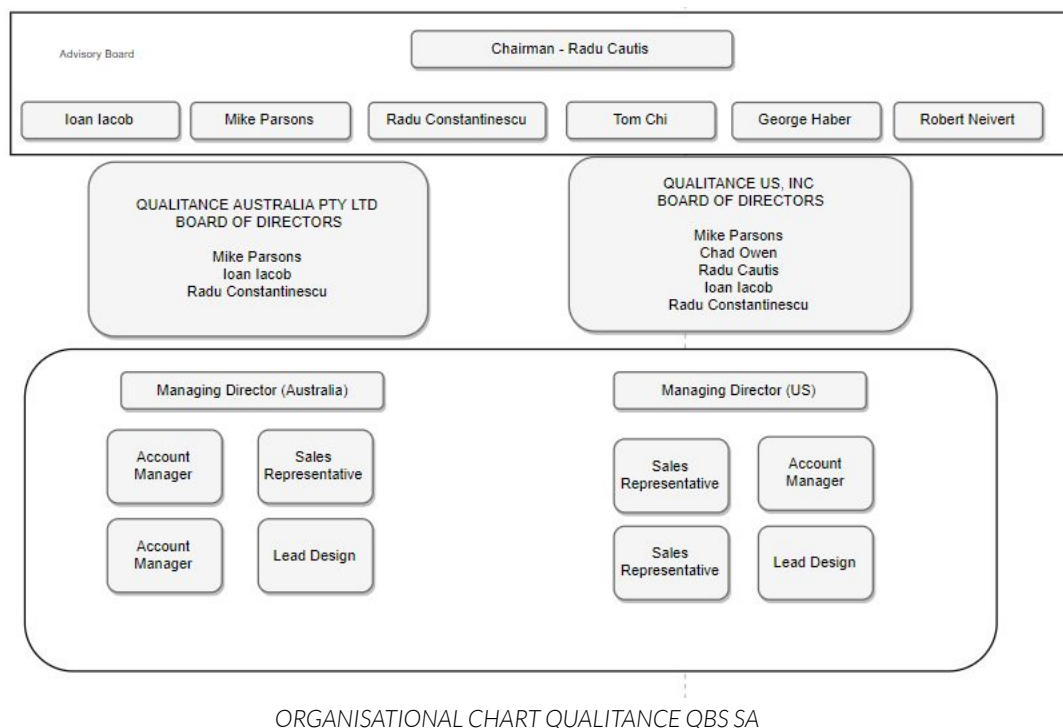
The management of Qualitance QBS S.A. includes the Board of Directors, whose members are mentioned above, as well as the persons involved in the executive team of the Company that ensures the Company's activity.

The members of the advisory team meet recurrently - most often online, but also in person, to discuss possible new directions and strategies for the company, new business opportunities, but also industry trends.

7. Employee details & organisational chart



ORGANISATIONAL CHART QUALITANCE QBS SA



7.2. Details regarding key employees

QUALITANCE has 2 business lines defined: technology innovation and technology outsourcing. The administrative apparatus serves both lines of business.

MARK PEARSON-FREELAND - QUALITANCE Managing Deputy Director, Qualitance Australia

Mark is an expert in innovation strategy and management. Prior to QUALITANCE, Mark headed the innovation division of [Fearlessly Frank](#)'s marketing and innovation consulting agency for 7 years.

CHAD OWEN - QUALITANCE Managing Director, Qualitance US

Chad accelerated the growth of North American customers, coordinating the development of new work methodologies and digital products. Prior to QUALITANCE, Chad created and ran [Stimulus](#) - a storytelling agency that has collaborated with major brands such as Nike, Lowe's, Cisco, Wells Fargo, Thrive Capital and Ideo.Org. Chad left the company early March 2020.

RALUCA GALOS - Business Development Manager, Qualitance Romania

Raluca is responsible for identifying new ways and directions for growth, taking care to coordinate and scale investments with the highest profit potential. Prior to QUALITANCE, Raluca worked with large companies such as Microsoft and Yahoo, as well as for a Big Data startup with presence in the UK and the US.

CRISTIAN POCOVNICU - Software Services Manager, Qualitance Romania

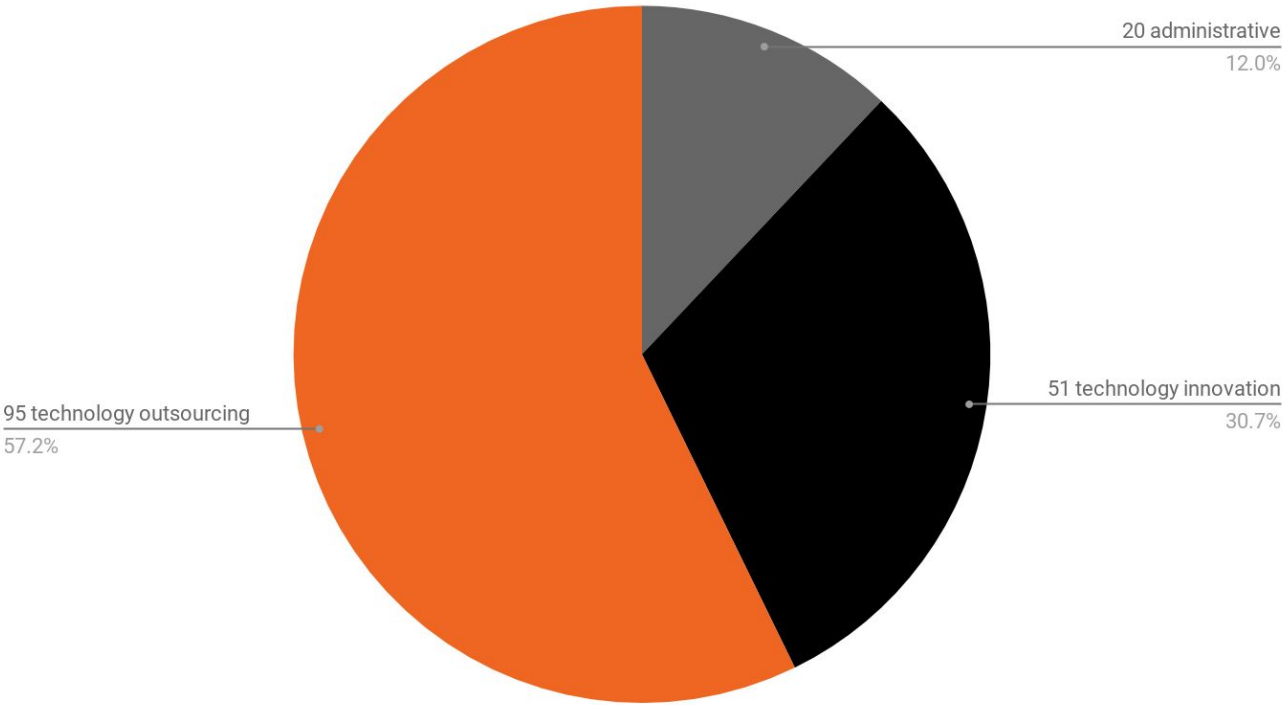
Cristian supervised the company's entire portfolio of digital projects, having the responsibility of calibrating and coordinating the teams of designers and software developers. During the 10 years spent in QUALITANCE, Cristian has made a major contribution to projects created with big brands such as IKEA, ReadyUp, Merck, NN and IBM. Cristian left the company early March 2020.

Employment structure

The overall number of employees in December 2019 totaled 166 people, with 57% of the employees active in the technology outsourcing division, 31% in the technology innovation division, and 12% operating as administration staff.

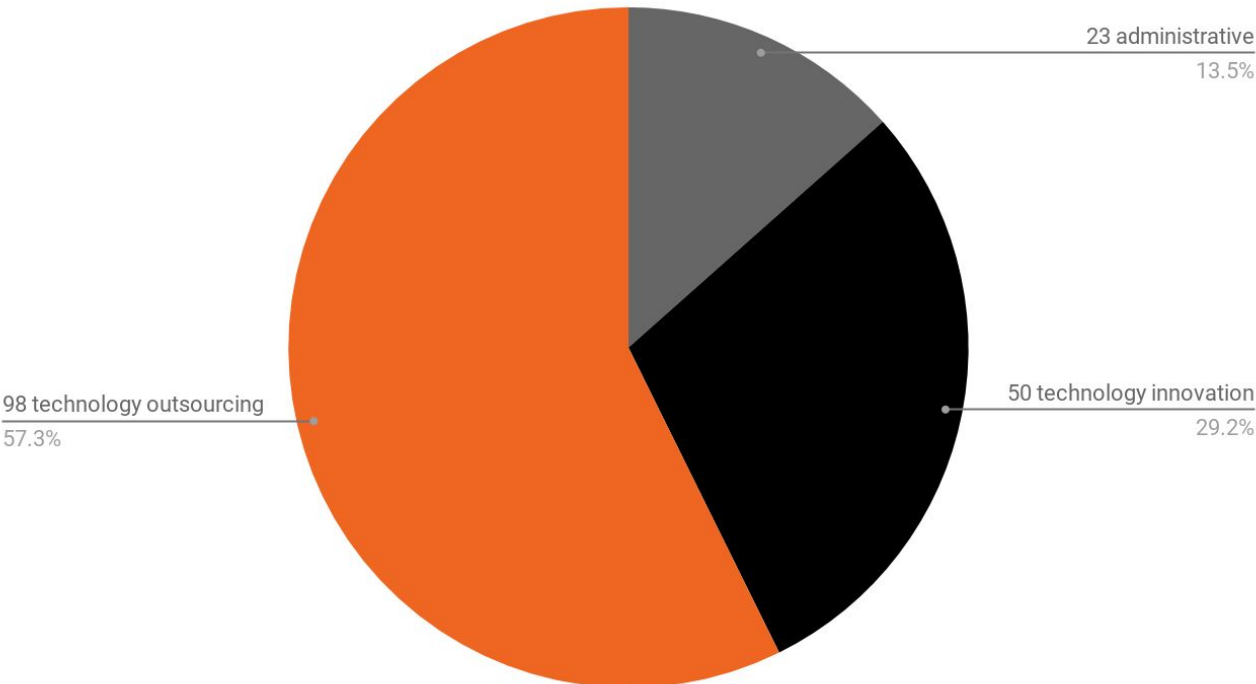
The graph below describes the allocation of employees by business line, at the end of December 2019, in aggregate at group level (Qualitance QBS, Qualitance Australia PTY, Ltd, Qualitance US Inc).

Employee distribution across business lines in December 2019



At the end of 2018, the company had a total number of 171 employees, of which 29.2% involved in technology innovation, 57.3% in technology outsourcing and 13.5% in the administrative part. The graph below describes the breakdown of employees by business lines from December 2018.

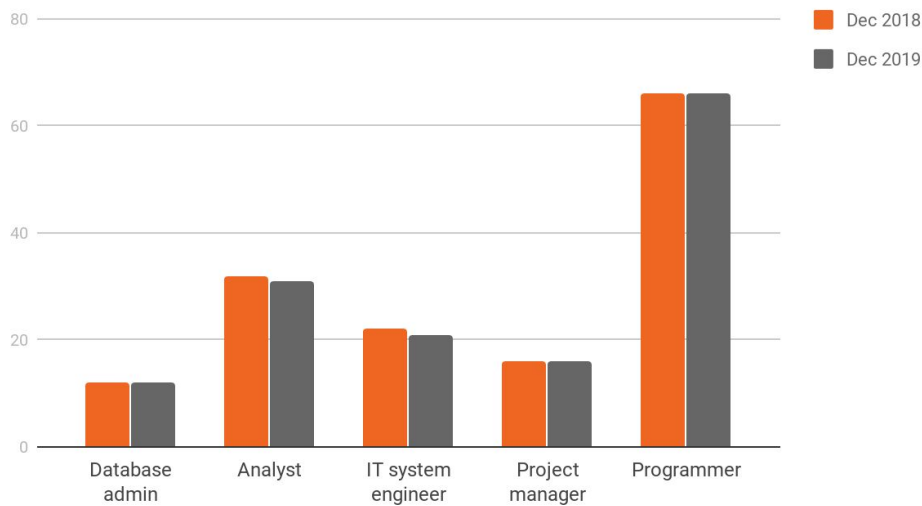
Employee distribution across business lines in December 2018



Compared to 2018, in December 2019, the total number of the employees within the QUALITANCE group decreased by 5 people - from 171 employees in December 2018 to 166 employees in December 2019. The administrative staff decreased by 3 people, whereas the technology innovation team decreased by 1 person and the technology outsourcing team decreased by 3 people.

The graph below describes the breakdown of employees by job role (except the administrative staff) at the level of both business lines and displays the data in a comparison between December 2018 and December 2019.

Employee distribution across business lines according to job roles in December 2019



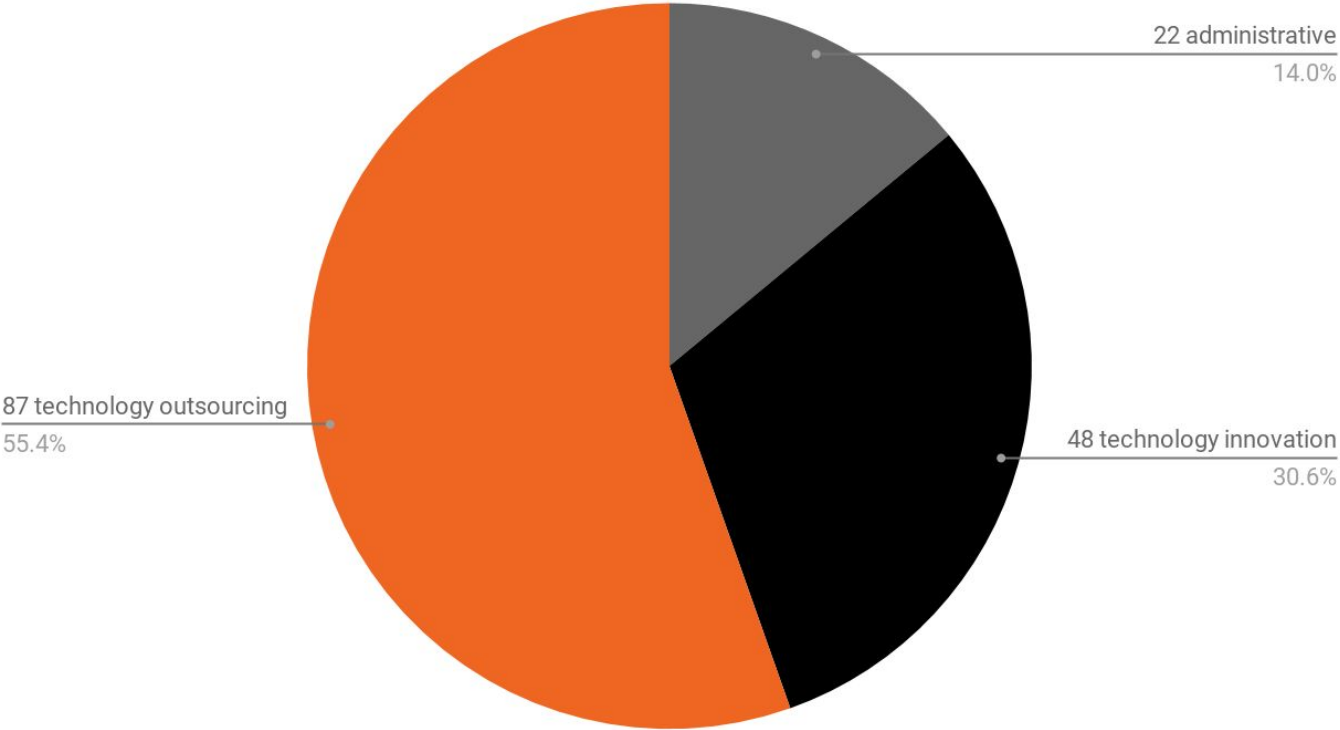
**Data from 2019 describes the situation at group level*

In the first half of 2019, the QUALITANCE Group has a total of 157 employees, of which 152 are employed at QUALITANCE Romania and 5 are from QUALITANCE Australia.

Within the QUALITANCE Group, all employees have university studies, trainings and specialized accreditations. The company encourages and supports employees to develop professionally, to get involved in improving the services and products offered to the clients. The company offers its staff a permanently updated online course platform, thematic workshops, as well as a specialized library with the latest published materials.

QUALITANCE Australia brings an increase in the number of employees in the technology innovation business line. Below you can see the delimitation of the number of employees, in June 2019, according to the business lines.

Employee distribution across business lines in June 2019

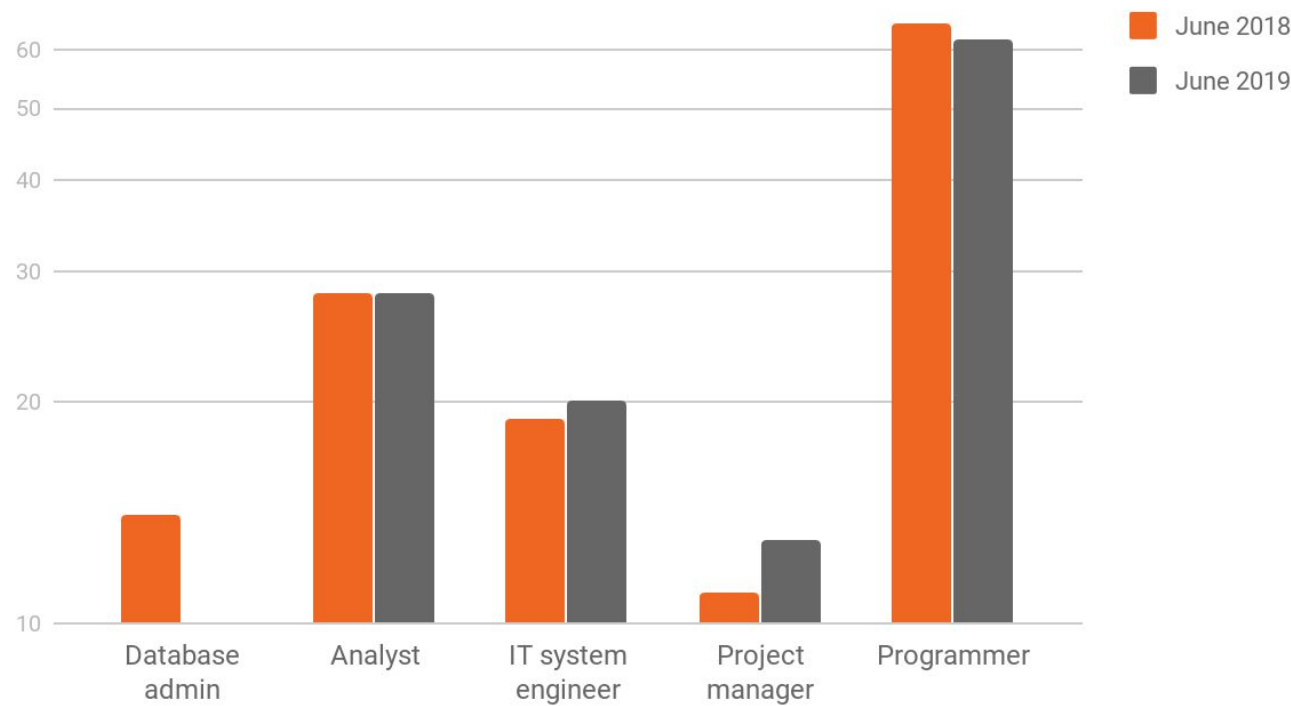


**Data from June 2019 describes the situation at group level*

The number of employees of the Qualitance Group in June 2019 is lower by 3 persons compared to June 2018 (157 in June 2019 vs 160 in June 2018).

Below one can see the distribution of employees across positions (except the administrative staff), at the level of the two business lines, from June 2018 and June 2019.

Employee distribution across business lines according to job roles



**Data from June 2019 describes the situation at group level*

The table below describes the evolution of the number of employees between December 2016 and December 2019, aggregated at the level of the Qualitance group (QUALITANCE QBS, QUALITANCE AUSTRALIA PTY, QUALITANCE US INC).

Number of employees	2016	2017	2018	2019
Technology innovation	48	47	50	51
Technology outsourcing	98	96	98	95
Administrative	16	16	23	20
Total	162	159	171	166

Employee evolution between 2016 and 2019



8. Market share & Main competitors

QUALITANCE operates in the IT sector and has a well-defined brand image and a loyal clientele, as a result of the customer service system.

1. At national level, the direct competition consists of the economic operators that work in the same field:

Number of business agents	9,800 business agents 0.47% of all the business agents in Romania
Number of employees	68,034 employees 1.72% of the total of employees in Romania
Turnover	LEI 14.9 billion (EUR 3.4 billion) 1.01% of Romania's turnover
Profit	LEI 1.9 billion (EUR 429.5 million) 1.64% of the net profit made in Romania

Source: Topfirme

In Romania, in the field of technology innovation, more precisely in consulting services in the field of digital transformation and innovation, the company did not identify direct competitors.

On the technology outsourcing segment, the company has numerous competitors operating in this sector, local competitors acting mostly in this segment.

2. The main international competitors of the QUALITANCE Group are Gigster, Frog Design and Ideo.

Gigster

San Francisco Bay Area private software development company. Established in 2013, Gigster is in the Series B investment stage, attracting \$ 32.6 million investments to date, at a valuation of nearly \$ 1 billion, and revenues of \$ 50 million. The company has between 500 and 1,000 employees.

Frog Design

Global design and strategy company for brands, products and services. Founded in 1960, Frog Design is headquartered in San Francisco and a team of 501-1000 employees in the studios in Austin, New York, San Jose, Seattle, Milan, Amsterdam, Stuttgart and Shanghai.

Ideo

Global innovation and design consulting company offering design-focused marketing solutions for the public and private sectors. Among the Ideo clients: Procter & Gamble, Pepsi, Microsoft, Nokia, Intel, Eli Lilly, Samsung and Steelcase. Founded in 1978, the company is headquartered in Palo Alto, California, with a team of 501-1000 employees.

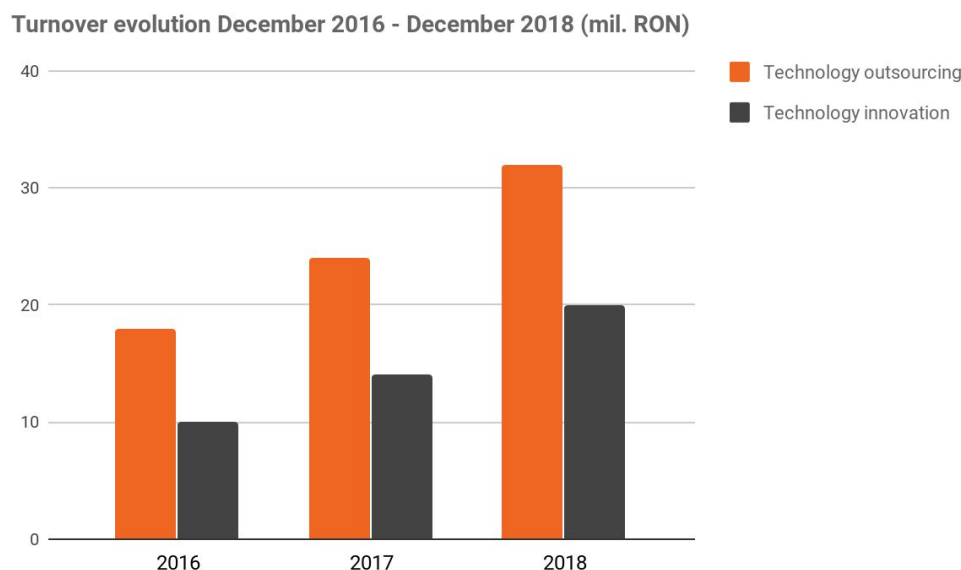
9. Breakdown of turnover per activity segments or business lines

In 2019, the Company focused on international expansion, establishing two subsidiaries on different continents (Australia and America). As 2019 was a year of investments, the Company continued its local projects, but also developed international partnerships.

Compared to late 2018, the preliminary turnover, as of December 2019, for the Qualitance group (QUALITANCE QBS Romania, QUALITANCE Australia, and QUALITANCE US) totaled 51.5 million RON, with a 1% (0.3 million RON) increase compared to 2018.

At the end of 2018, the company registered a turnover of RON 51.2 million, the technology outsourcing activity having the highest share of the total turnover (62%). In addition, this year, the technology innovation segment has grown a lot, reaching a weight of 38% of the turnover.

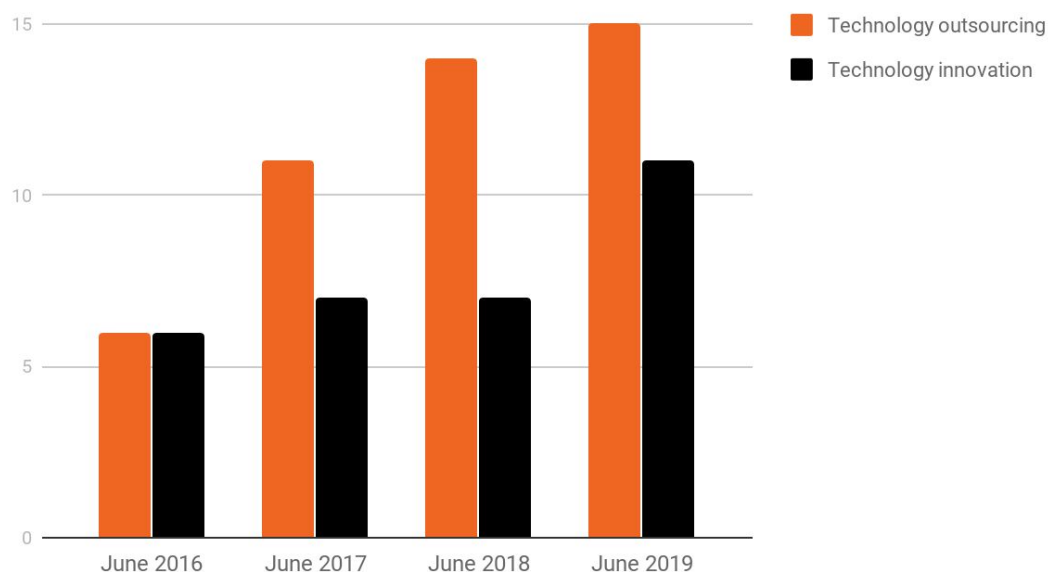
In the past years (2016-2019), most of the company's revenues are generated by technology outsourcing, which represent on average 63% of the turnover. Technology innovation projects represent an average of 37%, their value constantly increasing each year.



Source: Qualitance QBS SA | *Results for December 2019 are aggregated at group level

By comparison, the turnover registered in the first half of each financial year from June 2016 to June 2019 is constantly increasing, the revenues from the technology outsourcing activity representing on average 60% of the turnover of the company at the half of the analyzed years.

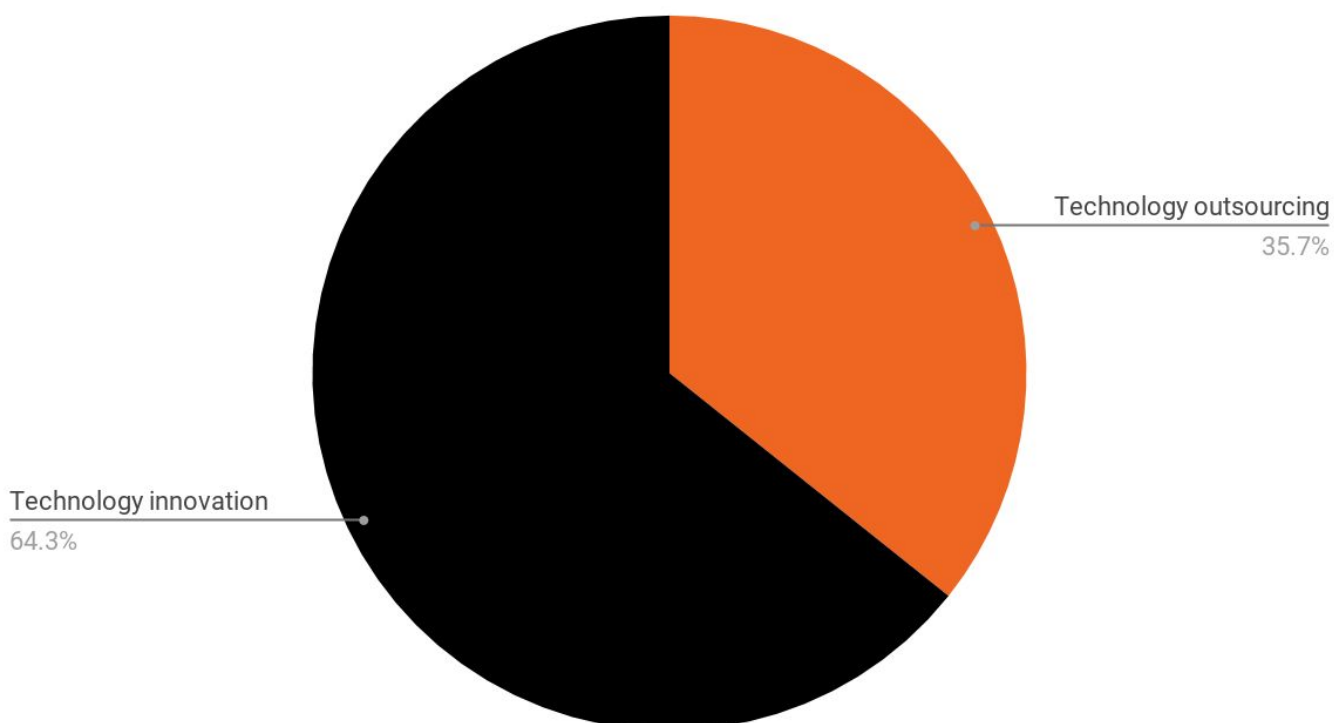
Turnover evolution June 2016 - June 2018* (mil. RON)



Source: Qualitance QBS SA | *Results for June 2019 are aggregated at group level

In 2016, the turnover has a total value of RON 28 million, of which the technology outsourcing activity generates 64% of revenues (RON 18 million), followed by revenues from the technology innovation segment 36% (RON 10 million).

Revenue categories 2016

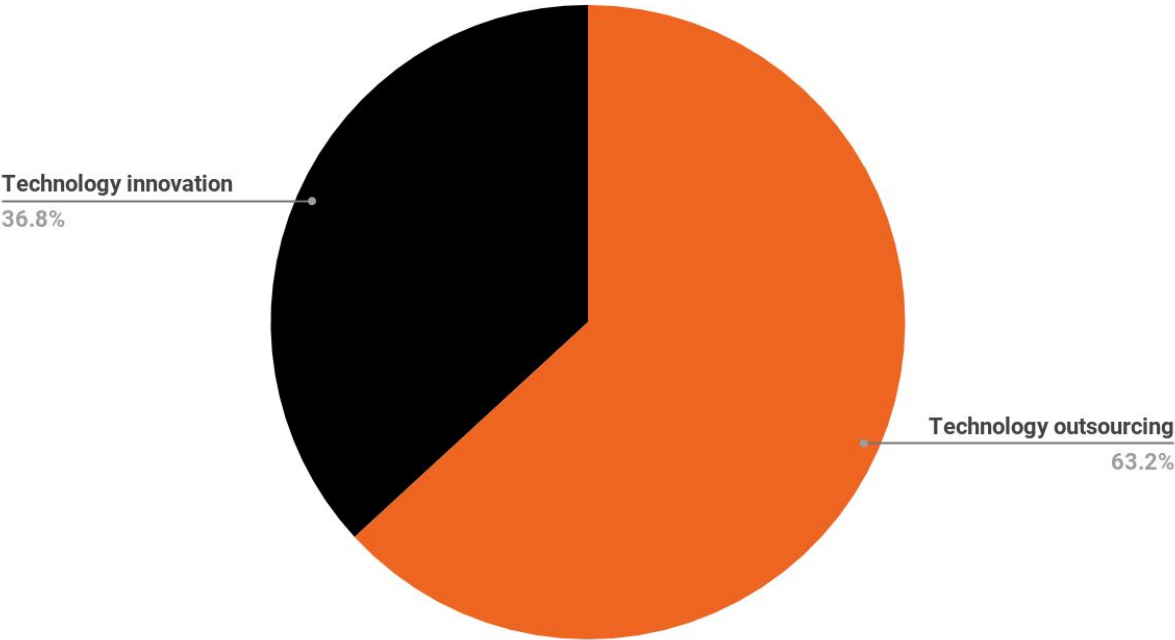


Source: Qualitance QBS SA

In 2017, although revenues from technology outsourcing increase to RON 24 million, their share in total turnover drops slightly to 63.7%, as a result of technology innovation revenues to 36% (RON 9.8 million).

In 2017, within the technology innovation segment, the company registers two new categories of revenue: (1) revenue obtained from consulting services and (2) revenue from maintenance services, which together represent 3.59% (RON 0.5 million) of the total technology innovation revenue.

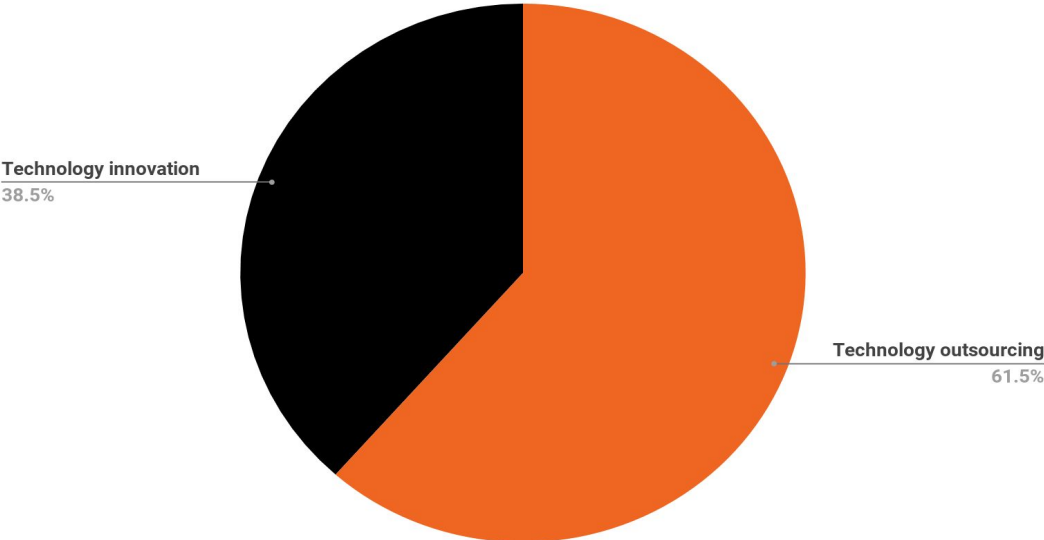
Revenue categories 2017



Source: Qualitance QBS SA

In 2018, revenues generated by technology innovation increase to RON 20 million, representing 38.5% of total turnover. The cumulative value of the new services introduced in 2017 (consulting services and maintenance services) increases, reaching RON 1.2 million, which represents 6.7% of total technology innovation revenues. Thus, revenues from technology outsourcing represent 61.5%, with a total amount of RON 32 million at the end of 2018.

Revenue categories 2018



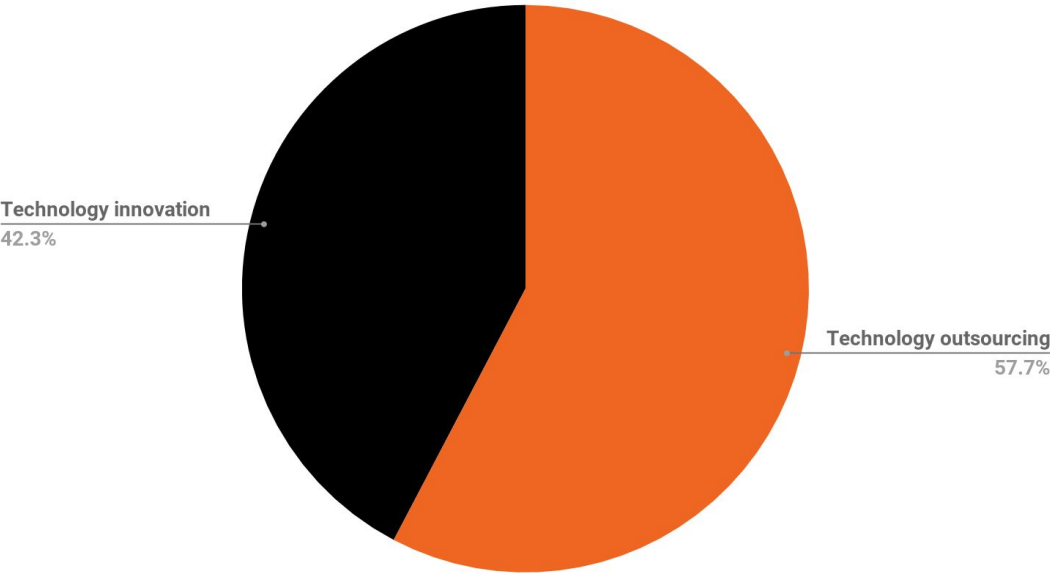
Source: Qualitance QBS SA

The revenues at mid-2019 presented in this material are consolidated internally at the group level, and the parent company Qualitance QBS SA did not submit the audited consolidated financial statements, because it does not meet the size criteria provided by the legislation (OMF 1802/2014).

The consolidated financial results represent aggregate financial results obtained by Qualitance QBS SA, Qualitance Australia PTY LTD. and, unaudited and for which the parent company did not submit consolidated statements.

The revenues resulting from technology innovation at the group level increase as a share in the turnover, representing 42% (11 million RON). The technology outsourcing activity remains the main category of revenues, representing 58% of the turnover in June 2019 (RON 14.5 million).

Revenue categories in June 2019



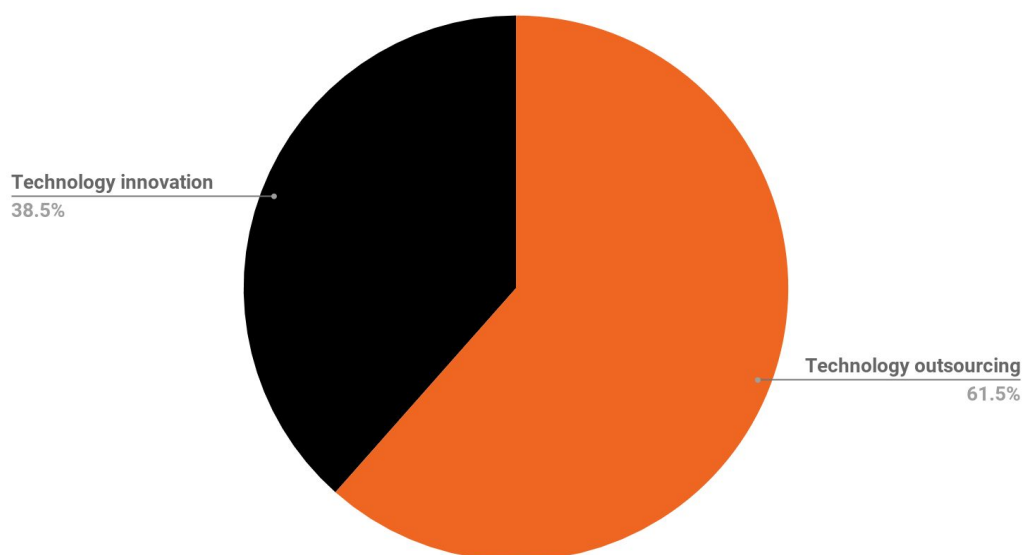
Source: QUALITANCE QBS SA; Results are aggregated at group level.

The preliminary financial results for late 2019 included in this document are consolidated internally at group level. The parent company QUALITANCE QBS SA will not submit the audited consolidated financial statements, because it does not meet the size criteria provided by the legislation (OMF 1802/2014).

The consolidated financial results represent the aggregated financial results obtained by Qualitance QBS SA, Qualitance Australia PTY LTD and QUALITANCE US INC. The financial results are unaudited, and the parent company did not submit consolidated statements for them.

The revenues estimated to result from the technology innovation services at the level of the group will maintain their weight in the turnover estimated for 2019, respectively 38% (20 million RON). The technology outsourcing activity remains the main revenue category, totaling 62% of the turnover in December 2019 (31.9 million RON).

Categories of preliminary revenue in December 2019



Source: QUALITANCE QBS SA; Results have been aggregated at group level.

REVENUES FROM THE RESEARCH AND DEVELOPMENT ACTIVITY

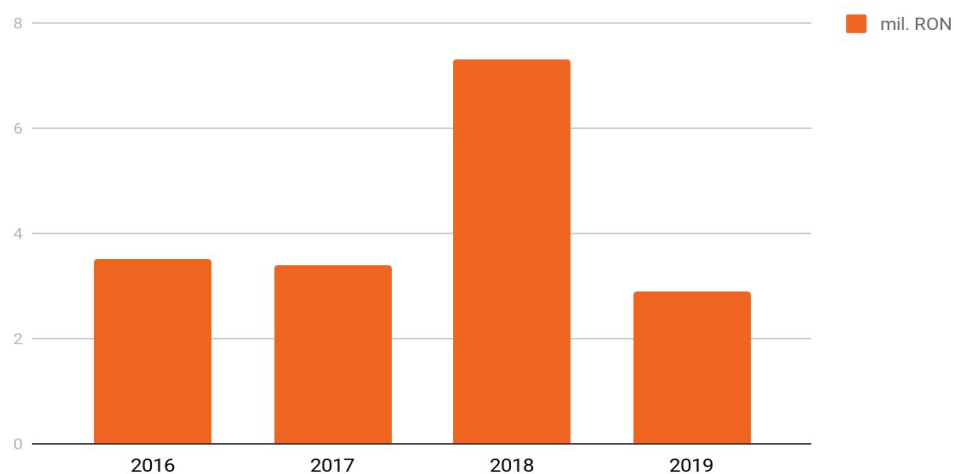
Part of the revenue recorded by the technology innovation segment is represented by the revenues from the research and development activity. Thus, in 2016, these revenues reach a value of 3.5 million RON, which represents 54% of the total technology innovation revenues.

In 2017, the revenue from the research remain constant at RON 3.4 million, but their share in the total revenues obtained from the technology innovation activity decreases to 33%.

In 2018, the volume of technology innovation services increases compared to the previous year. An important increase is also the research revenues, which reach the value of RON 7.31 million, with a weight of 59% of the total revenues from technology innovation.

Until mid-2019, QUALITANCE group obtained revenues of RON 2.6 million from the research and development activity, with a share of 34% of the total technology innovation revenue. For late 2019, Qualitance QBS Romania estimates to generate RON 2.9 million, with a share of 14% of the total technology innovation revenue.

Revenue from R&D between December 2016 - December 2019



Source: QUALITANCE QBS SA; Results for December 2019 are preliminary.

10. Main clients & Significant contracts

Important clients of the Group include IBM, BCR/ERSTE, OMV Petrom, Ford, News Corp, Deutsche Telekom, IKEA, ReadyUp, Airbus, Virgin SPORT, The Let's Do It! World organization.

BCR (2018)

QUALITANCE started the collaboration with BCR, for which it developed the first digital platform in Romania dedicated to mortgage loans.

Casa Mea Platform increases the efficiency and productivity of bank employees, facilitates automation of front-office and back-office flows, integrates call-center services and offers all employees an overview and an immediate understanding of the process of obtaining the credit.

The solution reduced the number of visits and the duration of the entire credit process by over 50%.

ReadyUp (2017)

Together with ReadyUp, QUALITANCE has built a digital platform for the gaming community, which allows players of all levels to team up, train and compete. The platform uses Machine Learning algorithms, which calculate the degree of compatibility between players and recommend team formulas according to various criteria.

IKEA (2016-2017)

The collaboration with IKEA aimed at introducing the innovation component in the retail industry, respectively in the malls owned by IKEA. Using Augmented Reality and Virtual Reality technologies, the company has designed an innovative product that radically transforms the buyer experience through the possibility of trying on different clothing items, without having to wait for the test booths, using a virtual mirror that scans the human body.

Gainfully (2014)

The collaboration with Gainfully dates back to 2014. Together with them, the Company developed the first platform dedicated to US financial institutions, providing support for a range of products that facilitate the construction and provision of information to financial professionals in the advisory, securities and insurance industries.

The platform is used by over 2,600 companies, including market leaders such as AIG, LPL Financial, Mass Mutual, TransAmerica. So far, the solution created by QUALITANCE has attracted investments of over \$ 8 million.

IBM (2010)

One of their anchor clients is IBM, for which QUALITANCE has offered software testing, development and maintenance solutions and services. Currently, QUALITANCE also has the role of integrator for IT companies in the Romanian market, thus helping IBM to access various technologies required both in internal projects and in those of its clients.

In geographical terms, a large part of the turnover comes from Romania, due to the technology outsourcing activity, but also to the technology innovation projects carried out with important national collaborators.

Another important source of revenue is the clients from the United States of America, the company having with them old and productive partnerships. The total amount in the 4 assessed years is 30.8 million RON.



In Europe, QUALITANCE collaborated with important clients, generating revenues of RON 12.53 million, between 2016-2019.

Customers in Australia represent 7.2% of the group's turnover, with QUALITANCE Australia bringing important clients in the area of technology innovation: News Corp, Ford and Breville. At the end of 2019, we estimate that the Australian division will have a contribution of approximately RON 3.91 million to the group's turnover.

The graph below illustrates the geographical evolution of turnover from 2016 through 2018.

Turnover	2016	2017	2018	June 2018 (consolidated*)	December 2018 (estimated / consolidated*)
US	4.87	5.29	10.65	5.06	10.7
Europe	3.15	6.81	2.13	0.21	0.43
Romania	19.37	24.93	38.45	17.96	37.11
Australia	0.00	0.62	0.00	1.80	3.91
Total	27.39	37.64	51.23	25.03	51.52

** The consolidated financial results represent the aggregated financial results obtained by Qualitance QBS SA, Qualitance Australia and Qualitance US (for December 2019), unaudited and for which the parent company has not filed consolidated financial statements.*

For the end of 2019, the company estimates a consolidated (unaudited) turnover of approximately RON 51-52 million, increasing by RON 0.3 million compared to 2018, as a result of the revenue contribution generated by the Sydney and New York subsidiaries.

11. The main operational indicators

The debt ratio, calculated as a ratio between total debt and total assets, shows the extent to which the Company's activity is financed from sources other than its own capital. In the period 2016-2018, the degree of indebtedness had an average value of 70%.

The interest coverage ratio, calculated as a ratio between EBITDA and interest expense, reflects the extent to which the company obtains sufficient profit from the operational activity to support the payment of interest on loans. In the period 2016-2019, the average of this indicator was 23, which is a good interest rate coverage.

The table below describes the evolution of these two indicators over the last years:

Indicators (mil. RON)	Dec 2015	Dec 2016	Dec 2017	Dec 2019	June 2019 (consolidated*)	Dec 2019 (preliminary / consolidated*)
Total assets	9.68	10.41	12.45	16.47	18.03	23.93
Total debt	3.51	8.33	10.61	11.82	13.36	18.93
Debt ratio (debt / asset)	37%	80%	85%	72%	74%	79%
Interest expenses	0.02	0.04	0.05	0.19	0.06	0.14
EBITDA	3.09	2.58	2.07	5.03	2.65	3.37
Interest coverage ratio	127x	66x	42x	26x	42x	23x

Table: Indebtedness and interest rate coverage through EBITDA - Source: QUALITANCE QBS SA

* The consolidated financial results represent the aggregated financial results obtained by Qualitance QBS SA, Qualitance Australia and Qualitance US (for December 2019), unaudited and for which the parent company has not filed consolidated financial statements.

The debt ratio is estimated at an average range of 50%-60% in the period 2019-2022. In the same years, we estimate an average interest coverage ratio of 20-30x. At group level, the debt ratio is estimated to be 2% lower than the debt ratio of Qualitance QBS SA.

The table below describes the estimation of these two indicators at group level for the next 3 years:

Indicators (mil. RON)	December 2020 (estimated/consolidated)	December 2021 (estimated/consolidated)	December 2022 (estimated/consolidated)
Total assets	28.82	34.70	32.00
Total debt	20.01	20.45	10.63
Debt ratio (debt/asset)	69%	59%	33%
Interest expenses	0.53	0.53	0.53
EBITDA	6.72	11.23	14.25
Interest coverage ration	13x	21x	27x

** The consolidated financial results represent the aggregated financial results obtained by Qualitance QBS SA, Qualitance Australia and Qualitance US (for December 2019), unaudited and for which the parent company has not filed consolidated financial statements.*



12. Short description of the last available financial results and the company’s debt ratio

Individual unaudited financial results for the financial year 2016

The financial statements of 2016 are prepared according to Romanian accounting standards, comply with the provisions of OMF 1802/2014 and are not audited (QUALITANCE does not meet the size and value criteria provided by OMF 1802/2014).

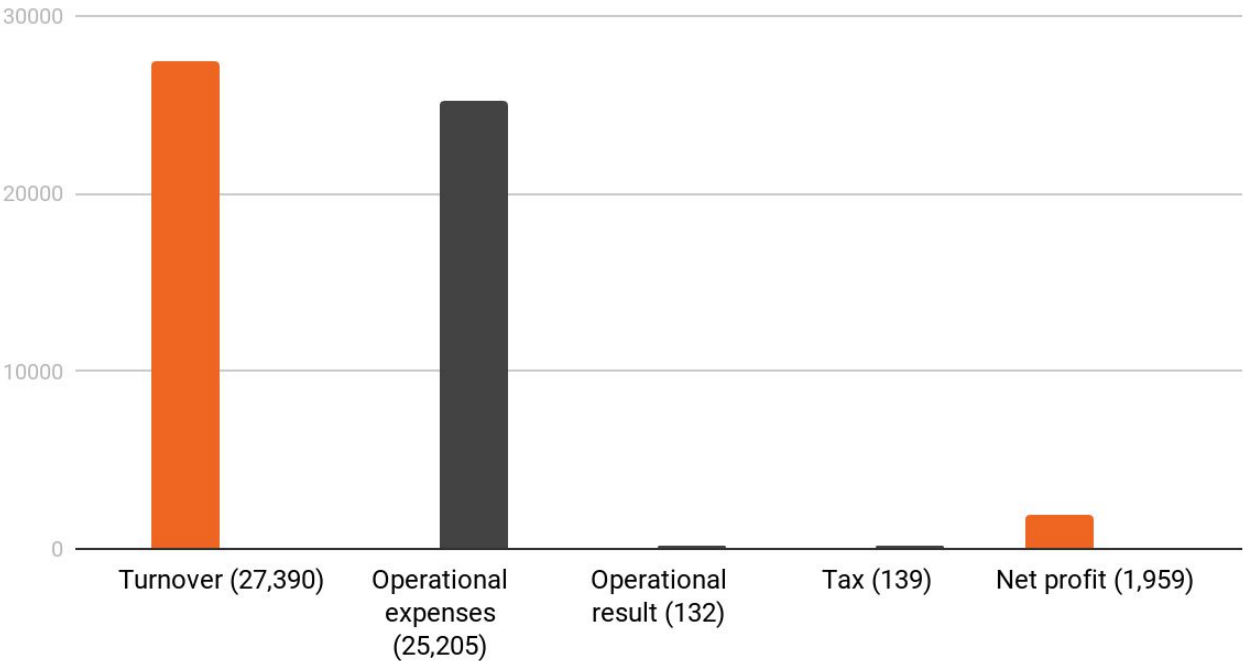
QUALITANCE is constantly focusing on improving efficiency and effectiveness, and 2016 was marked by an increasing evolution of activity. As a result of the growth of technology outsourcing services, the turnover reached RON 27.4 million, increasing by 47% compared to 2015 and having an operating profit of 2.2 million RON.

In 2016, the operational expenses reached RON 25.2 million, with a 54% (RON 8.8 million) increase compared to 2015. Personnel expenses also increased significantly - by 55% (RON 5.3 million), given the average number of employees which totaled 30 people more compared to 2015 (148 in 2016 vs. 118 in 2015).

In 2016, as a result of growing technology outsourcing activity, service expenses increased by RON 3.4 million (57%). The net result of the activity adjusted by adding interest expenses, profit tax, depreciation and amortization (EBITDA) was a profit of RON 2.5 million, having a 9.4% share in revenues.

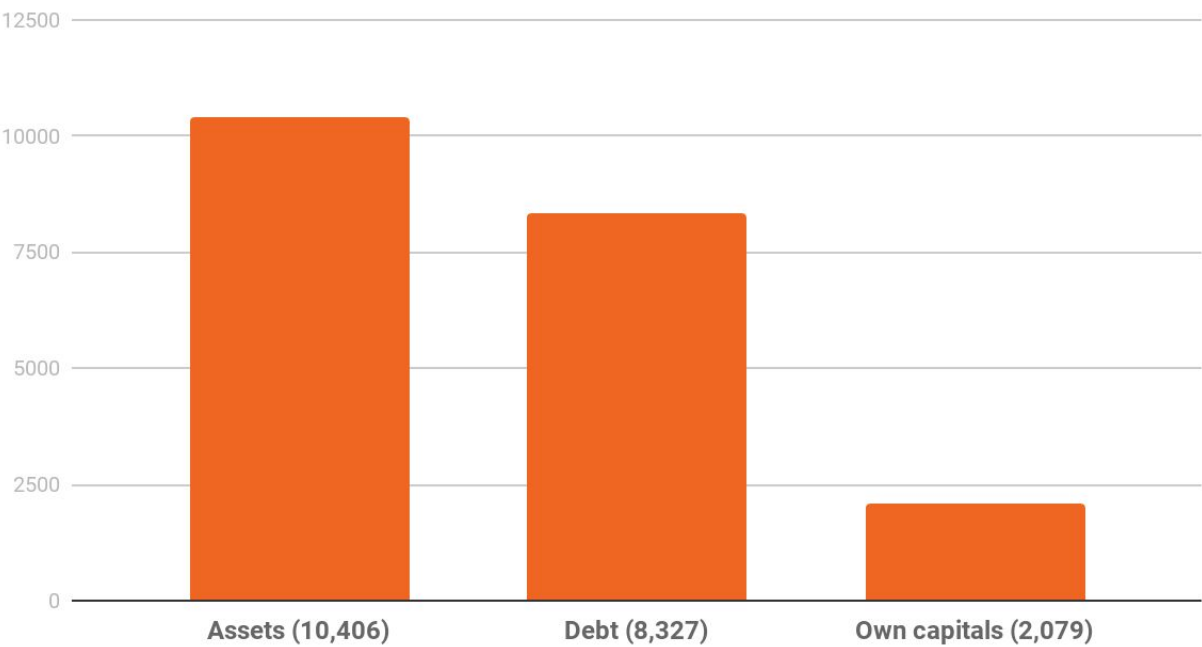
The net profit at the end of 2016 was RON 2 million, 15% (RON 0.36 million) lower than the profit of 2015. The decrease was mainly due to the financial activity, as the financial result was affected by the exchange rate increase and the related loss of the financial result amounted to RON 132 000.

Profit and loss account (thousand RON) - December 2016



In 2016, the total assets have increased by RON 0.7 million (7%), largely due to the increase of financial assets by RON 0.4 million, representing letters of guarantee for the lease of office space. Trade receivables increased by RON 2.8 million, as a result of the growing number of customers in the technology outsourcing segment, an increase diminished by the decrease of the bank's available balance by RON 2.5 million. At the end of December 2016, the Company recorded current assets of 8.86 million RON, increasing from 8.62 million RON as reported on 31.12.2015. The fixed assets were RON 1.54 million, resulting in total assets worth of RON 10.41 million. The total debt increased by RON 4.8 mil, as a result of the increase of the financial debt by RON 3.1 mil, because in 2016 the Company registered a loan from associates amounting to RON 3 million. The commercial debts increased by RON 1.9 million. Of the total debts of RON 8.33 million, the commercial debts had the largest share amounting to RON 4.76 million, while the financial debts were RON 3.56 million.

Statement of financial position in December 2016 (thousand RON)



Source: QUALITANCE QBS

In 2016, the company's debt ratio is calculated as a ratio between the total debt and total assets and has an average of 80%.

In 2016, the value of equity (the value of net assets) in 2016 is RON 2.1 million - a decreasing value, compared to 2015, when it reached RON 6.13 million as a result of the distribution of dividends.

Individual unaudited financial results for the financial year 2017

The financial statements of 2017 are prepared according to Romanian accounting standards, comply with the provisions of OMF 1802/2014 and are not audited (QUALITANCE does not meet the size and value criteria provided by OMF 1802/2014).

In 2017, the turnover reached 37.7 million RON, increasing by 37% compared to the previous year, as a result of the growth of technology innovation and technology outsourcing services, having an operating profit of 1.6 million RON.

Compared to 2016, the operational expenses increased by 43% (RON 11 million), reaching RON 36 million. Compared to 2016, personnel expenses increased by 29% (RON 4.5 million), given the average number of employees which totaled 31 people more compared to 2016 (169 in 2017 vs 148 in 2016).

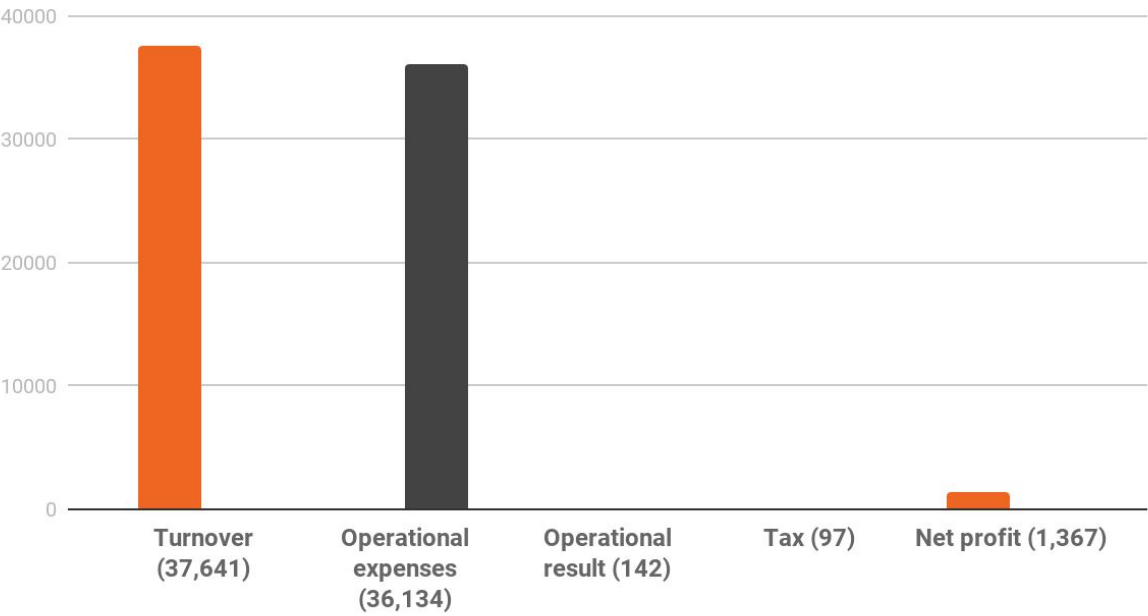
Service expenses increased by RON 6.3 million (66%), due to the growth of the technology outsourcing activity, the company thus recording an operating result of RON 1.61 million.

The net result of the activity adjusted by adding interest expenses, profit tax, depreciation and amortization (EBITDA) was a profit of RON 2 million, with a 5% revenue share.

The loss related to the financial result of 2017 is RON 0.14 million, against the background of an increase of almost 20% of the financial income, but also of the increase of the financial expenses by 15%, fluctuations generated by the evolution of the exchange rate.

The net profit at the end of 2017 was 1.4 million, 30% (RON 0.6 million) lower than the profit of 2016. The decrease was generated by the increase of operating expenses (incurred by the growth of the technology outsourcing activity), but also by the increase of the personnel expenses (given the increasing number of employees).

Profit and loss account (thousand RON) - December 2017



Source: QUALITANCE QBS

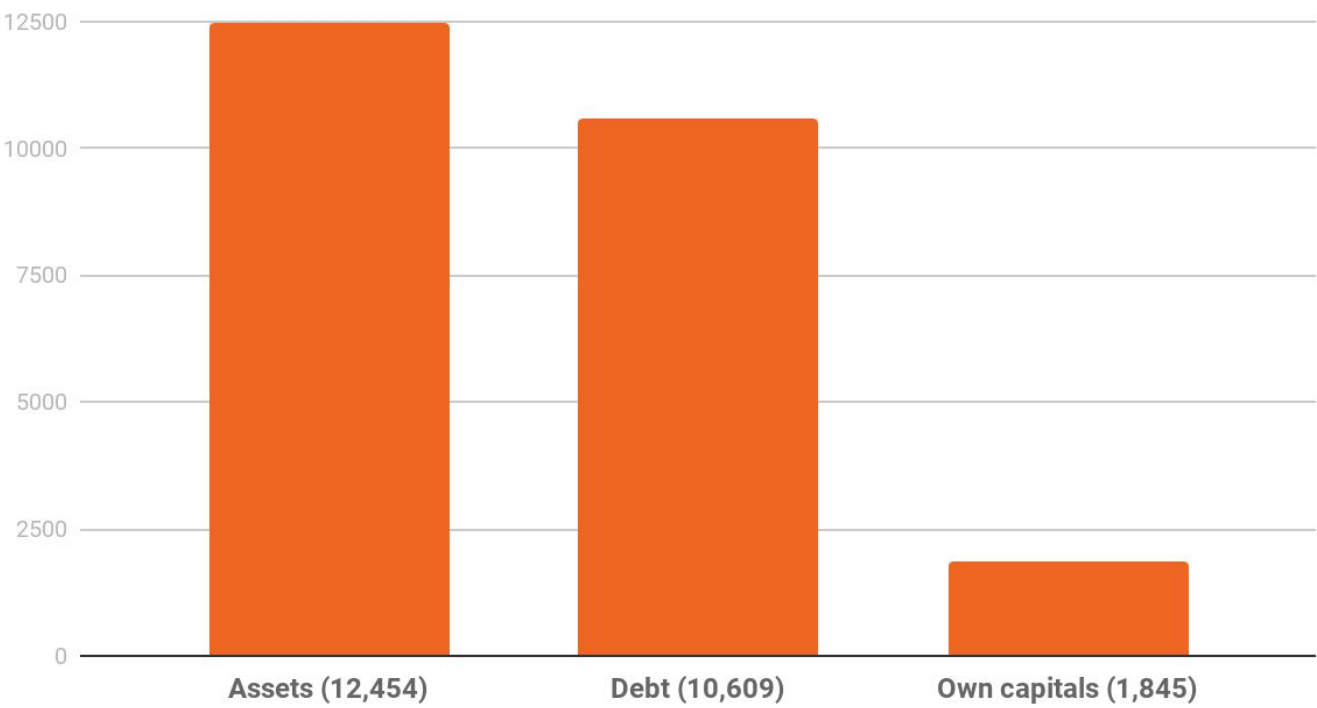
In 2017, the total assets increased by RON 2 mil. (19%) due to the RON 1.7 million increase of the liquid assets available in the bank account. The trade receivables were higher by RON 0.2 million as a result of the increasing customers in the technology outsourcing segment. At the end of December 2017, the company recorded current assets of RON 10.77 million, increasing from RON 8.86 million as of December 2016. The fixed assets amounted to RON 2.26 million, resulting in total assets worth of RON 12.45 million.

The total debt increased by RON 2.3 million (27%) compared to the previous year, as a result of the increase of financial debts by RON 1.8 mil, the amount representing the balance of the credit line.

The commercial debts increased by RON 0.3 mil. at the end of 2017, compared to the previous year. Of the total debts of RON 10.61 mil, the commercial debts amounting to RON 5.2 mil. had a slightly lower weight compared to the financial ones, which were of 5.4 million RON.

The debt ratio was 85% at the end of 2017, calculated as a ratio between total debt and total assets.

Statement of financial position in December 2017 (thousand RON)



Source: QUALITANCE QBS

Individual audited financial results for the financial year 2018

The financial statements of the year 2018 are prepared according to the Romanian accounting standards, comply with the provisions of OMF 1802/2014 and are audited.

In 2018, the turnover increased by 36% compared to the previous year, reaching RON 51.2 mil, mainly due to the development of technology innovation activities. The revenues of the technology innovation segment increased by 44%, as QUALITANCE developed important projects with BCR, Ready Up and Gainfully.

At the end of 2018, the company had an operational profit of RON 4.4 mil.

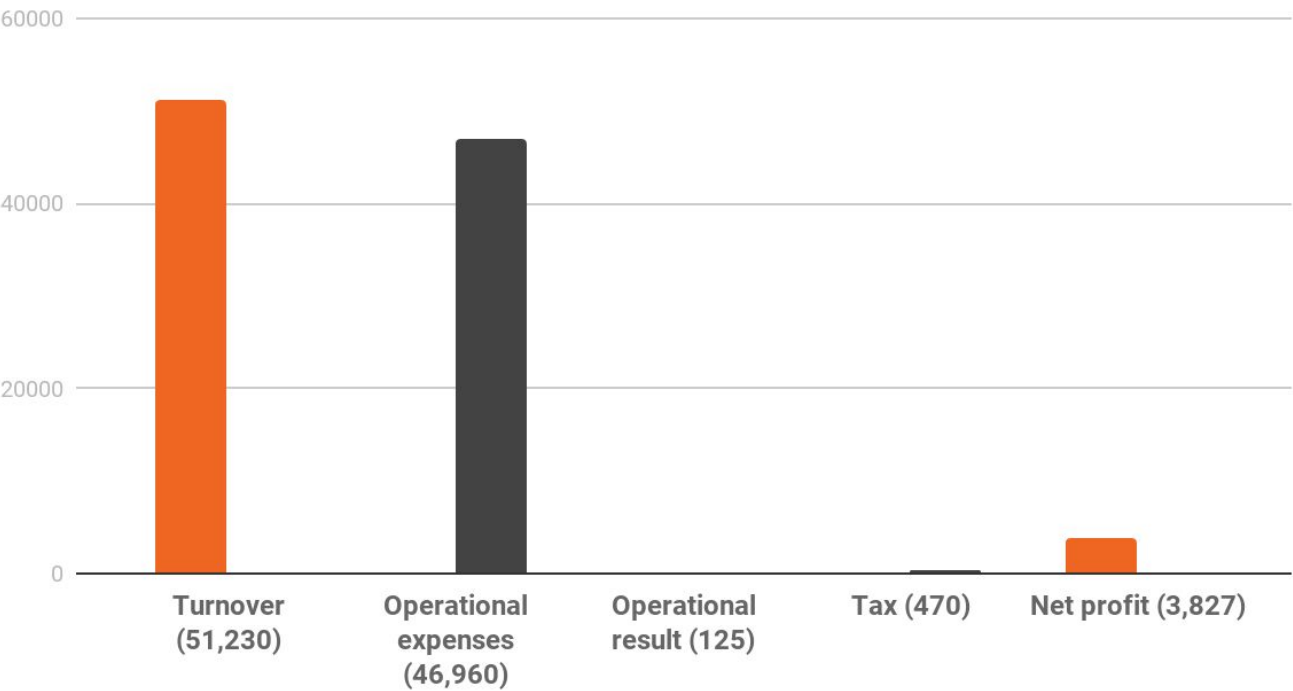
The operational expenses in 2018 increased by 30% (RON 10.8 mil.) compared to 2017, reaching RON 47 mil. Compared to 2017, the personnel expenses increased by 11% (RON 2.2 mil), reaching RON 21.8 mil by the end of 2018. In 2018, operating expenses increased by RON 8.6 mil. (55%).

The net result of the activity adjusted by adding interest expenses, profit tax, depreciation and amortization (EBITDA) was a profit of RON 5 mil, marking a 9.8% share in revenues and a significant increase compared to the previous year by 3 mil. RON due to the high value of the revenues.

The loss related to the financial result for 2018 totaled RON 125000, decreasing by 12% against the 34% increase of the financial revenue.

The net profit at the end of 2018 was 3.8 mil., 180% (approximately RON 2.45 mil.) higher than the profit of 2017 due to the high turnover compared to 2017.

Profit and loss account (thousand RON) - December 2018



Source: QUALITANCE QBS

In 2018, the total assets increased by RON 4 million (32%) due to the increase of commercial receivables, as a result of the increase of customers in the technology outsourcing segment. At the end of December 2018, the company recorded current assets of RON 14.2 million - an increase from the RON 10.77 million reported on 31.12.2017. The fixed assets amounted to RON 2.26 million, resulting in total assets of RON 16.47 million.

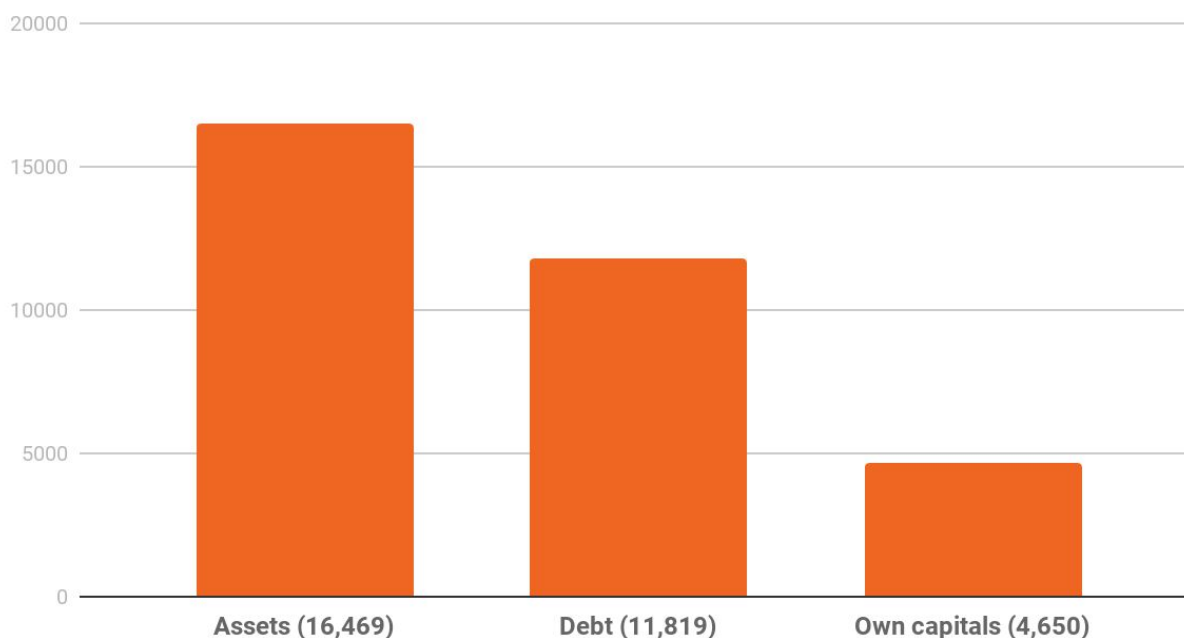
Financial assets recorded an increase of RON 0.85 million compared to 2017, as a result of holding options in the capital of an American company (ReadyUp). An option participation agreement called SAFE (Simple Agreement for Future Equity) was signed by the two companies, with the holder of the option being Qualitance QBS S.A.

The total debt increased by RON 1.2 million (11%) compared to the previous year, as a result of the increase of the commercial debts by RON 2 million.

In 2018, the degree of indebtedness (total debt / total assets) decreased to 71.7%.

The company's equity (value of net assets) increased significantly to RON 4.65 mil., compared to RON 1.85 million recorded at the end of 2017.

Statement of financial position in December 2018 (thousand RON)



Source: QUALITANCE QBS

Individual audited and consolidated* unaudited financial results for first 6 months of the financial year 2019

The financial statements for June 2019 of QUALITANCE QBS SA from Romania are prepared according to the Romanian accounting standards, comply with the provisions of OMF 1802/2014. These individual financial statements are audited.

The financial statements for June 2019 of Qualitance Australia are prepared according to the Australian accounting standards. These individual financial statements are unaudited.

Kindly note that QUALITANCE QBS SA did not submit consolidated financial statements for the figures recorded for June 2019 and presented in the analysis below, as for the time being the company is not meeting the criteria provided in OMF no. 1802/2014. In order to present a faithful image of the group, the financial results obtained by QUALITANCE QBS Romania and QUALITANCE Australia were consolidated* internally, and these consolidated statements of the group have not been audited.

In the first half of 2019, QUALITANCE opened its first subsidiary in Sydney - QUALITANCE Australia, which would develop and supplement the turnover of the new QUALITANCE group. QUALITANCE QBS SA has absolute control of this company, having a 100% contribution in the capital of QUALITANCE Australia.

**The consolidated financial results represent the aggregated financial results obtained by Qualitance QBS SA, Qualitance Australia and Qualitance US (for December 2019), for which the parent company has not filed consolidated financial statements and which have not been audited. In the presented situations, intra-group transactions were excluded, resulting in consolidated statements.*

At the end of June 2019, the consolidated turnover at the group level amounted to RON 25 million, with RON 23.3 million representing revenues from QUALITANCE Romania and RON 1.7 mil. being generated by QUALITANCE Australia. So far the companies did not carry out intra-group transactions. In June 2019, the turnover increased by 7.3% (RON 1.6 mil.), compared to June 2018. At geographical level, the turnover of Qualitance Romania included the revenues obtained in Europe, i.e Romania, and the United States of America.

An important amount, respectively RON 2 mil., was registered by the company from other operating revenue, i.e. the revenue related to the unrecognized production as a result of the development of a platform - QUALITANCE Technology Platform, which would be finalized at the end of 2019.

By the end of the first semester of 2019, the operational profit amounted to RON 3.2 million, with 72% (RON 2.3 million) being generated by QUALITANCE Romania and 28% (RON 0.9 million) by QUALITANCE Australia. Compared to the first semester of 2018, the operational profit increased by 111% (RON 1.7 million).

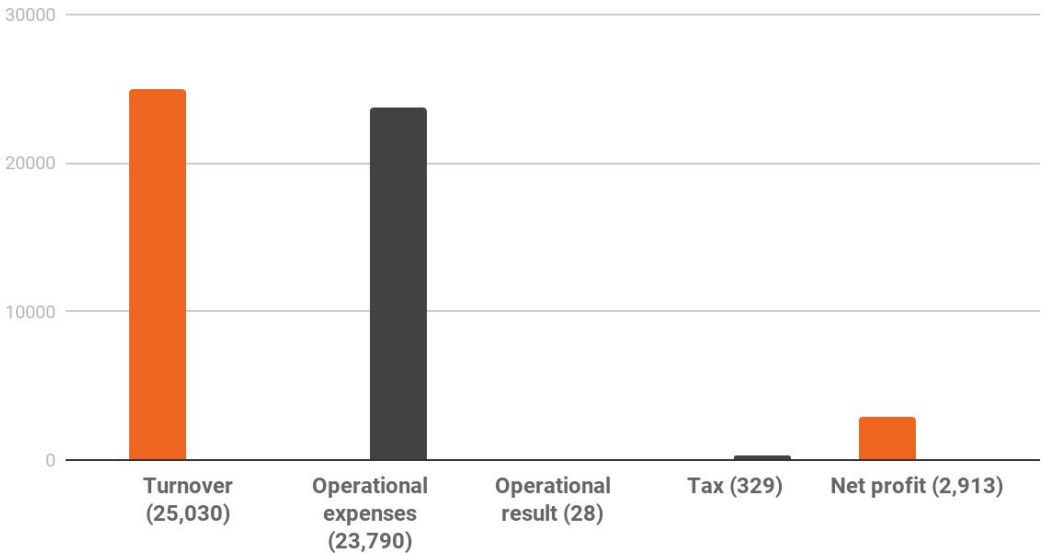
The operational expenses totaled RON 23.8 million, with 96% (RON 23 million) being generated by QUALITANCE Romania, and 4% (RON 0.8 million) by QUALITANCE Australia. In June 2018, the company's operating expenses decreased by 11% (RON 2.4 million).

Personnel expenses totaled a consolidated value of RON 11.8 mil., with RON 11.7 million expenses being generated by Qualitance Romania and RON 0.1 million by Qualitance Australia.

The consolidated result before the calculation of interest, taxes, depreciation and amortization (EBITDA) was a profit of RON 3.5 million, with RON 2.6 million being generated by QUALITANCE Romania, and RON 0.9 million by QUALITANCE Australia. In the first semester of 2019, EBITDA was 92% higher (RON 1.7 million) compared to the first half of 2018.

In the first half of 2019, the consolidated net profit at the group level totaled 2.9 million, with 2 million being generated by QUALITANCE Romania and RON 0.9 million by QUALITANCE Australia.

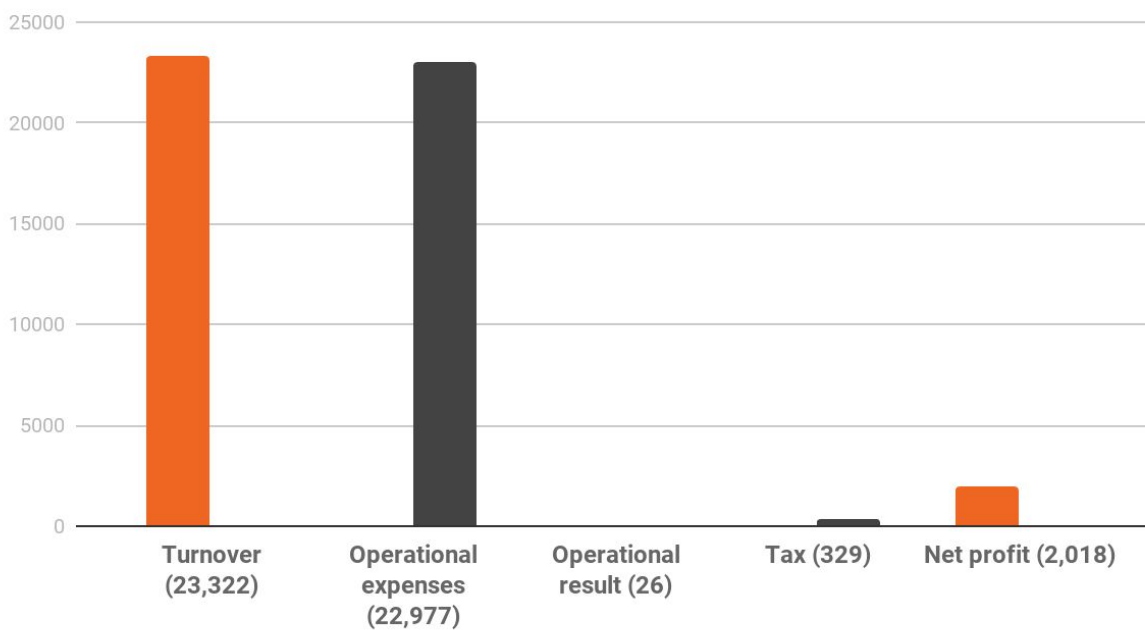
Consolidated profit and loss account (thousand RON) - June 2019



Source: QUALITANCE QBS

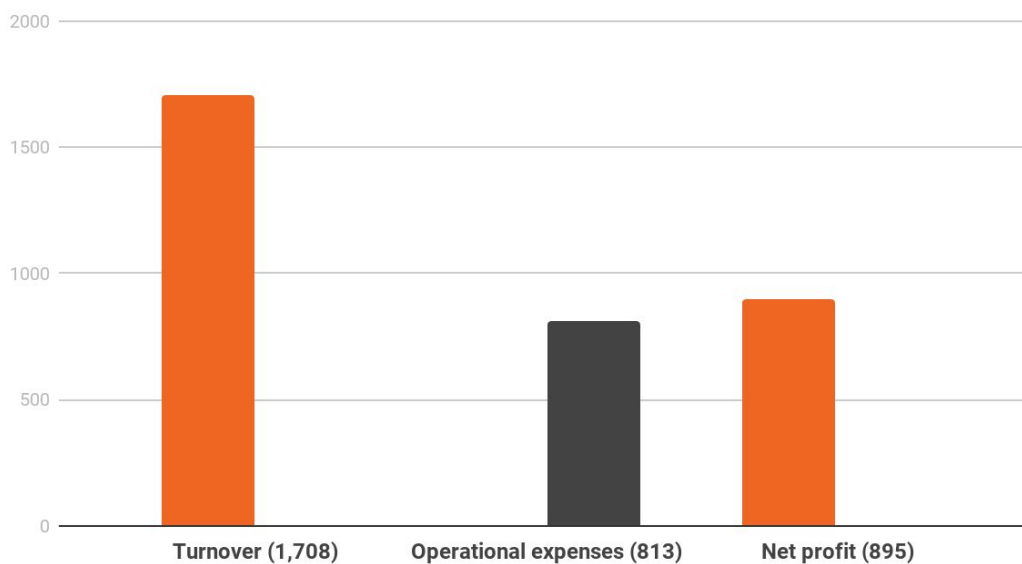
* The consolidated financial results represent the aggregated financial results obtained by Qualitance QBS SA and Qualitance Australia, unaudited and for which the parent company has not submitted consolidated financial statements.

QUALITANCE QBS ROMANIA - Profit and loss account (thousand RON) - June 2019



Source: QUALITANCE QBS

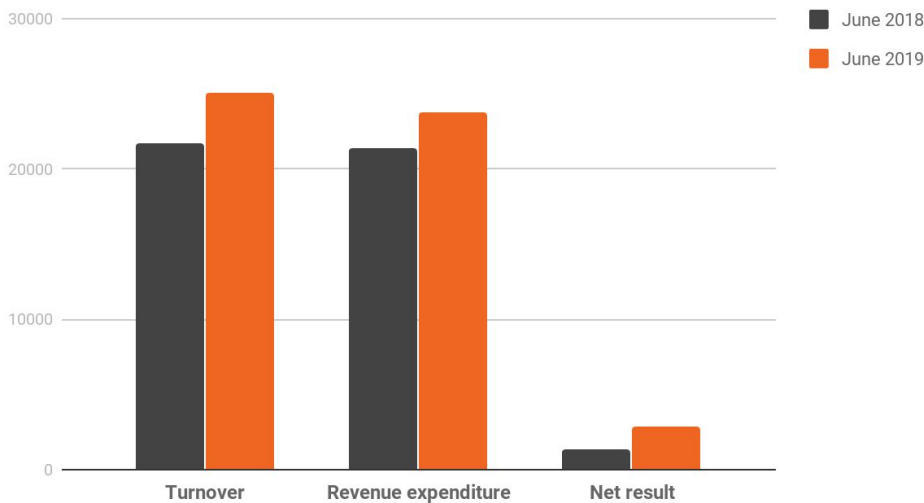
QUALITANCE QBS ROMANIA - Profit and loss account (thousand RON) - June 2019



Source: QUALITANCE QBS

* The consolidated financial results represent the aggregated financial results obtained by Qualitance QBS SA and Qualitance Australia, unaudited and for which the parent company has not submitted consolidated financial statements.

Consolidated financial results | 1st semester 2018 - 1st semester 2019 (thousand RON)



Source: QUALITANCE QBS

* The consolidated financial results represent the aggregated financial results obtained by Qualitance QBS SA and Qualitance Australia, unaudited and for which the parent company has not submitted consolidated financial statements.

As of June 30, 2019, the total assets amounted to RON 19 million, with QUALITANCE Romania generating RON 18 million and QUALITANCE Australia RON 1 million. Compared to 2018, there was a 35% increase as the value of the stocks got higher due to the growth of the above-mentioned QUALITANCE Technology Platform. The financial assets also increased as a result of the increase of the equity options held in the above-mentioned ReadyUp company, but also due to investments in the group entities (QUALITANCE Australia).

On June 30, 2019, the company recorded current assets worthy of RON 16.71 million, compared to the RON 14.2 million reported on December 31, 2018. The fixed assets valued RON 2.31 million, resulting in 30.06 total assets amounting to RON 19.03 million.

The total debts have the value of 13.7 million RON, of which 13.3 belong to QUALITANCE Romania and 0.4 million RON to QUALITANCE Australia.

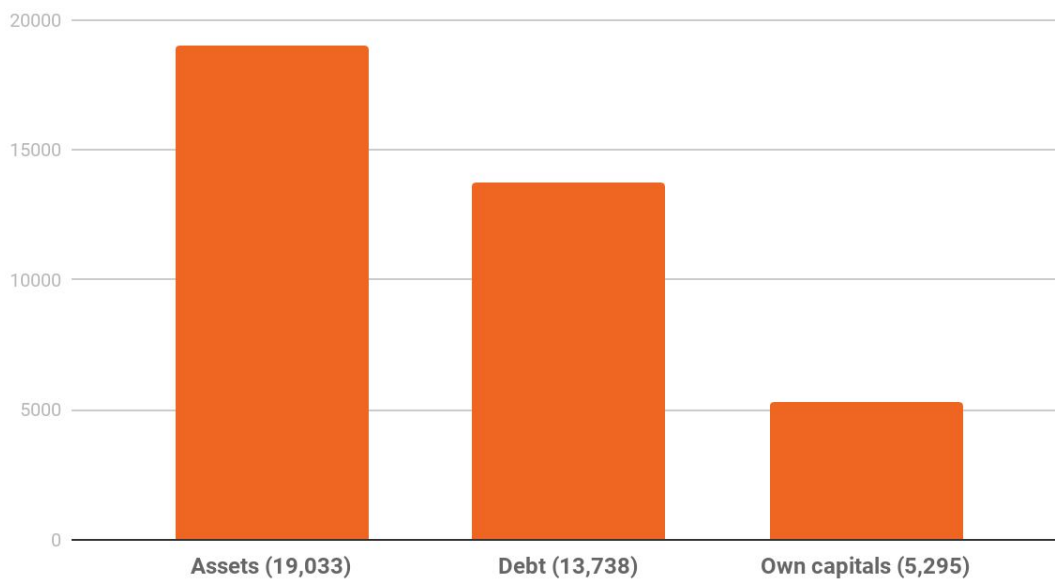
During the fourth quarter of 2019, the Issuer paid declared and unpaid dividends to shareholders, in the amount of RON 0.9 million.

The balance of financial liabilities (RON 4 million at the end of 2018) includes a loan from shareholders worth RON 3.2 million. It is estimated that these debts will be repaid, gradually, in the coming years, including during the lifetime of these bonds, from the cash flows obtained from exploitation.

The debt ratio in the mid-2019 is 74%, calculated as a ratio between total debt and total assets.

In mid 2019, the value of equity (the value of net assets) 2019 is 5.3 million RON, of which 4.6 million RON are related to Q Romania and 0.6 million RON related to Q Australia.

Consolidated financial situation in June 2019 (thousand RON)



Source: QUALITANCE QBS

* The consolidated financial results represent aggregate financial results obtained by Qualitance QBS SA, and Qualitance Australia, unaudited and for which the parent company has not submitted consolidated financial statements.

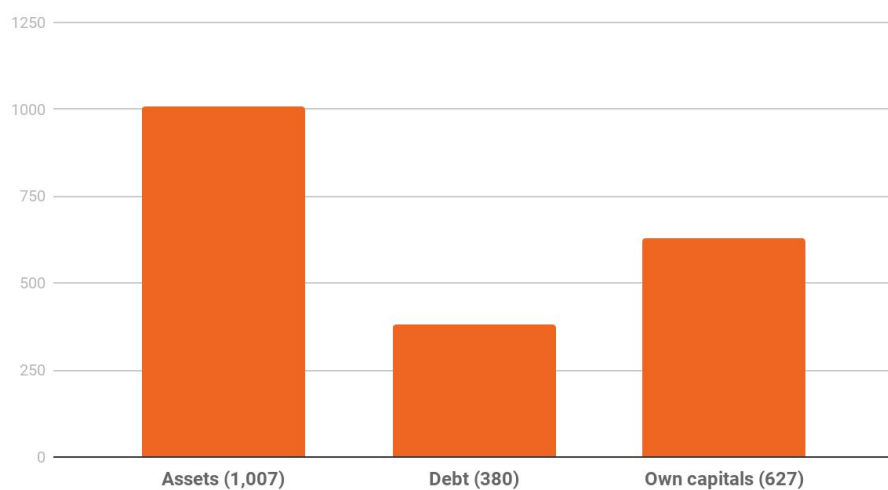
The graphs below illustrate the individual financial situation for QUALITANCE QBS Romania and QUALITANCE Australia recorded at the end of June 2019.

Financial situation of QUALITANCE QBS Romania in June 2019 (thousand RON)



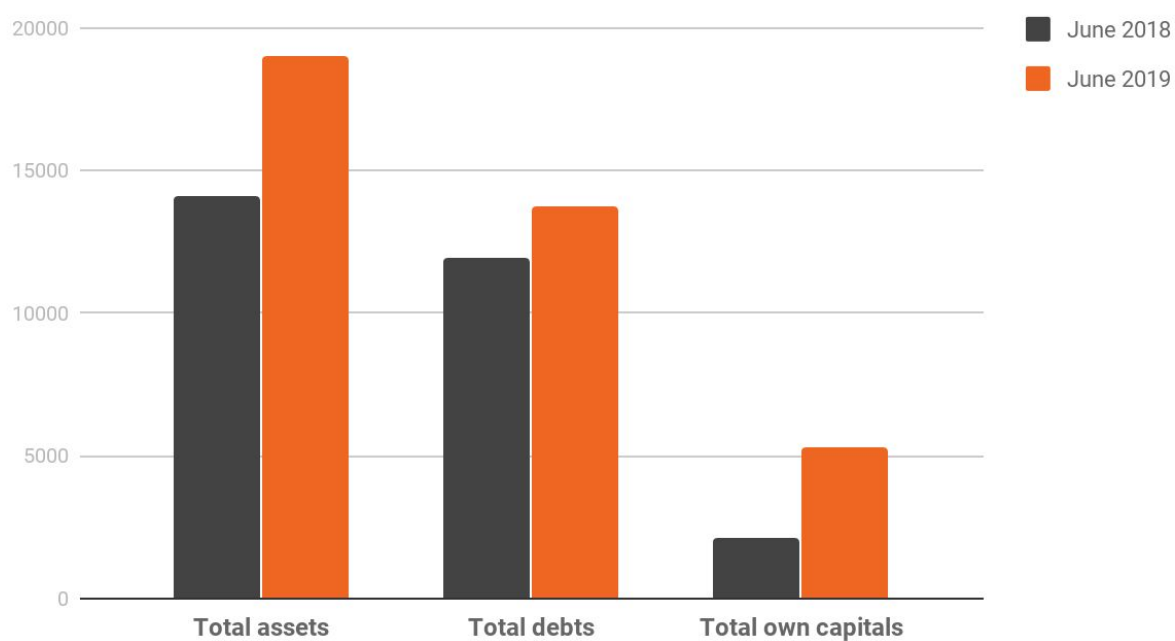
Source: QUALITANCE QBS

Financial situation of QUALITANCE Australia in June 2019 (thousand RON)



Source: QUALITANCE QBS

Consolidated financial situation June 2018 - June 2019 (thousand RON)



Source: QUALITANCE QBS

Preliminary financial results of the financial year 2019

Kindly note that the results recorded in December 2019 and analysed below are preliminary and consolidated. The individual financial statements of Qualitance QBS Romania, Qualitance Australia and Qualitance US for December 2019 were not finalized at the time the current document was drafted. QUALITANCE QBS SA will not submit any consolidated financial statements as the company is currently not meeting the criteria provided in OMF no. 1802/2014.

In order to accurately illustrate the financial situation at group level, the financial results of QUALITANCE QBS Romania, QUALITANCE Australia and QUALITANCE US have been consolidated* internally, and the group's consolidated statements will not be audited.

** The consolidated financial results represent the aggregated financial results of Qualitance QBS SA, Qualitance Australia and Qualitance US as assessed in December 2019, unaudited and for which the parent company has not submitted any consolidated financial statements. Such results do not include transactions within the group.*

In the second half of 2019, QUALITANCE QBS Romania established its second subsidiary in New York - QUALITANCE US, with the purpose of improving the activity and increasing the turnover of the QUALITANCE group. QUALITANCE QBS SA has absolute control of this company, having a 100% contribution in the capital of QUALITANCE US. As a result, by the end of 2019, QUALITANCE was present on 3 continents (Europe, Australia and America, growing successful partnerships with new clients.

The preliminary, consolidated turnover at group level at the end of 2019 totaled RON 51.5 million, with RON 48.7 million being generated by QUALITANCE Romania, RON 2.4 million by QUALITANCE Australia and RON 0.4 million by QUALITANCE US. The transactions within the group were not included in this preliminary, consolidated turnover. In December 2019, the preliminary, consolidated turnover increased by 1% (RON 0.3 million), compared to December 2018. At geographical level, the turnover of Qualitance Romania includes the revenue obtained in Europe, i.e. Romania, and in the United States.

An important amount, respectively RON 2 million, was registered by the company from other operating revenue, i.e. the revenue related to the unrecognized production as a result of the development of a platform - QUALITANCE Technology Platform.

The preliminary operational profit for the end of 2019 amounted to RON 2.5 million, with QUALITANCE Romania generating approximately RON 2.7 million, QUALITANCE US having a loss estimated RON 0.2 million and QUALITANCE Australia bringing in nearly RON 30000.

At the end of 2019, the preliminary operational expenses at group level amounted to RON 25.6 million, with 85% (RON 23.3 million) incurred by QUALITANCE Romania, 13% (RON 2.6 million) by QUALITANCE Australia and 2% by QUALITANCE US (RON 0.3 million). In December 2018, the operational expenses decreased by 5% (RON 1.1 million).

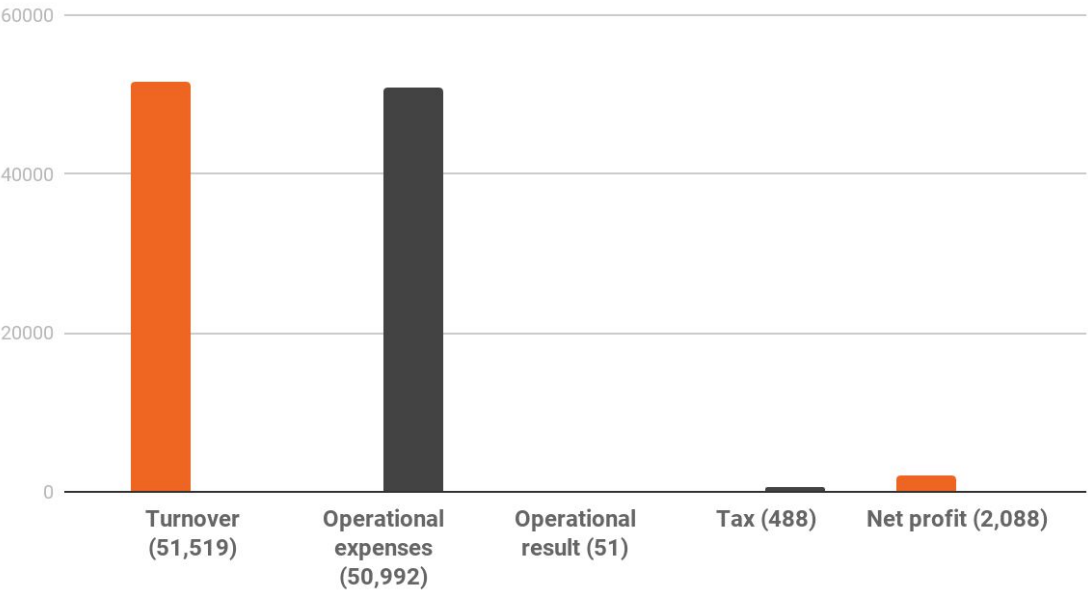
The preliminary, consolidated value of the personnel expenses totaled RON 24.7 million, with RON 22.1 million being incurred by Qualitance Romania, RON 0.3 million by Qualitance US and RON 0.3 million by QUALITANCE Australia.



The consolidated result before the calculation of interest, taxes, depreciation and amortization (EBITDA) was an estimated profit of RON 3.1 million, with QUALITANCE Romania generating RON 3.3 million, QUALITANCE US having an estimated loss of RON 0.2 million, and QUALITANCE Australia bringing in approximately RON 30000.

The preliminary, consolidated profit at group level amounted to RON 2.1 million, with QUALITANCE Romania generating RON 2.3 million. QUALITANCE US had a preliminary, net loss of RON 0.2 million and QUALITANCE Australia had a preliminary, net loss of RON 17000.

Preliminary, consolidated profit and loss account (thousand RON) - December 2019

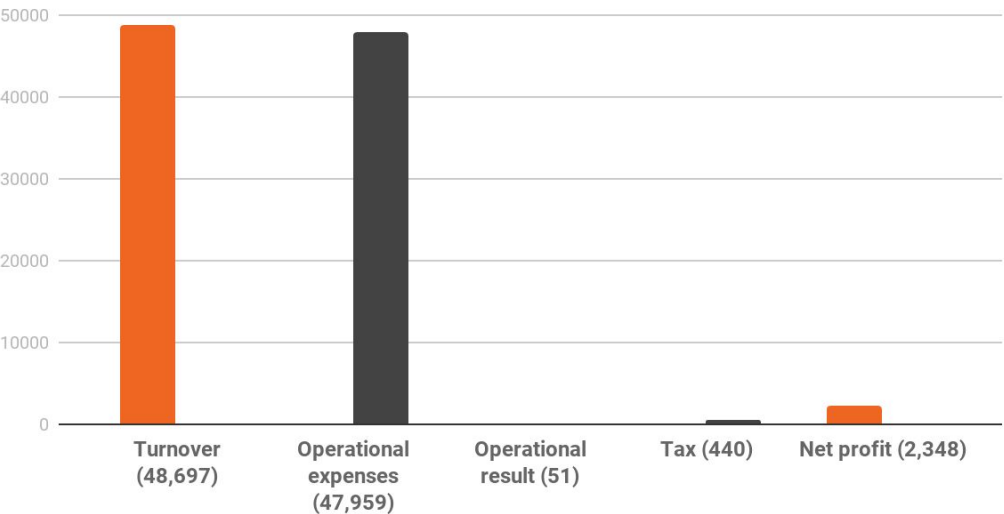


Source: QUALITANCE QBS

* The consolidated financial results represent the aggregated financial results of Qualitance QBS SA and Qualitance Australia, unaudited and for which the parent company has not submitted consolidated financial statements.

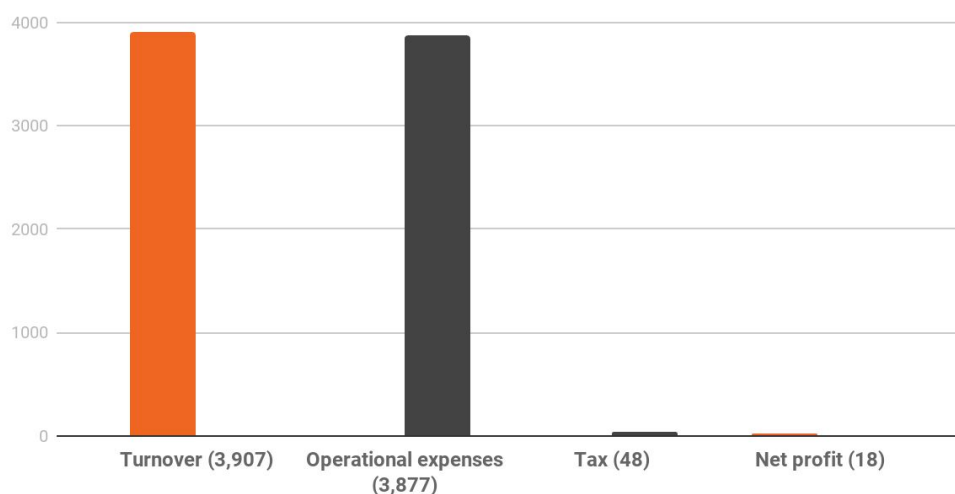
The graphs below illustrate the preliminary profit and loss account for Qualitance QBS Romania, Qualitance Australia and Qualitance US.

QUALITANCE QBS Romania - Preliminary profit and loss account (thousand RON) December 2019



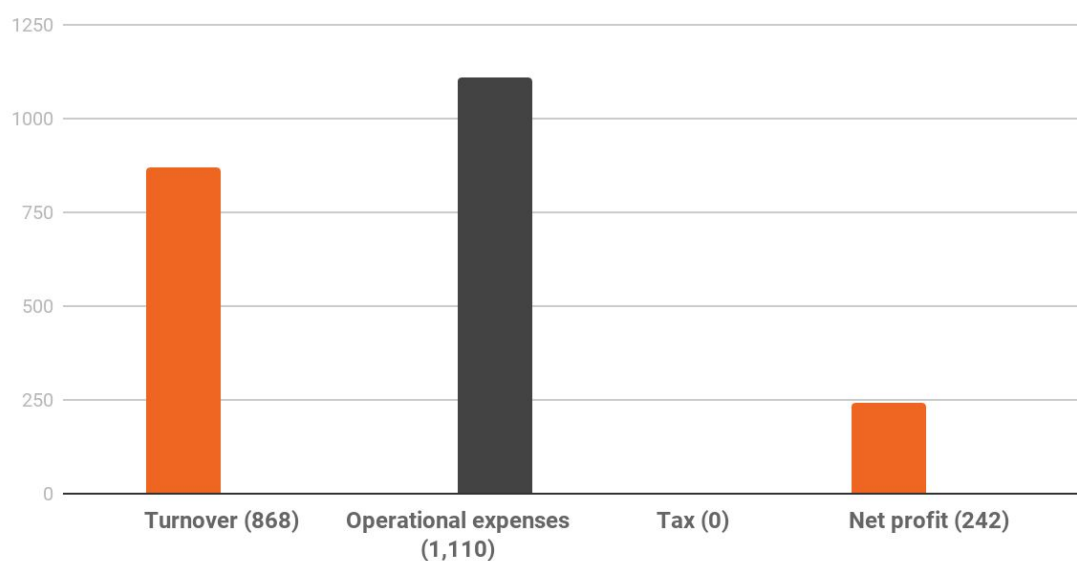
Source: QUALITANCE QBS

QUALITANCE Australia - Preliminary profit and loss account (thousand RON)
December 2019



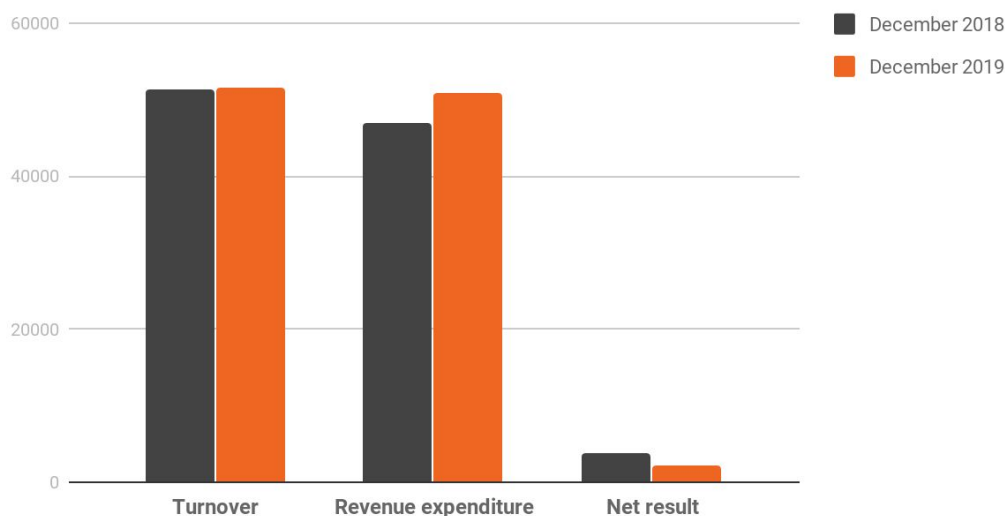
Source: QUALITANCE QBS

QUALITANCE US - Preliminary profit and loss account (thousand RON)
December 2019



Source: QUALITANCE QBS

Consolidated financial results December 2018 - Preliminary December 2019 (thousand RON)



Source: QUALITANCE QBS

* The consolidated financial results represent the aggregated financial results of Qualitance QBS SA, Qualitance US and Qualitance Australia, which have not been audited and for which the parent company has not submitted any consolidated financial statements.

In December 2019, the preliminary total assets amounted to RON 24.1 million, with QUALITANCE Romania generating RON 22.7 million, QUALITANCE US bringing in RON 0.5 million and QUALITANCE Australia RON 0.9 million. Compared to 2018, there was a 46% increase due to the high value of stocks, the development of the above-mentioned QUALITANCE Technology Platform (estimated RON 1.5 million) and the increase of the liquid assets available in the bank account. The preliminary financial immobilizations increased due to the increase of the company's increase of equity in the capital of above-mentioned American company ReadyUp, and also to the investments within the group entities (QUALITANCE Australia and QUALITANCE US).

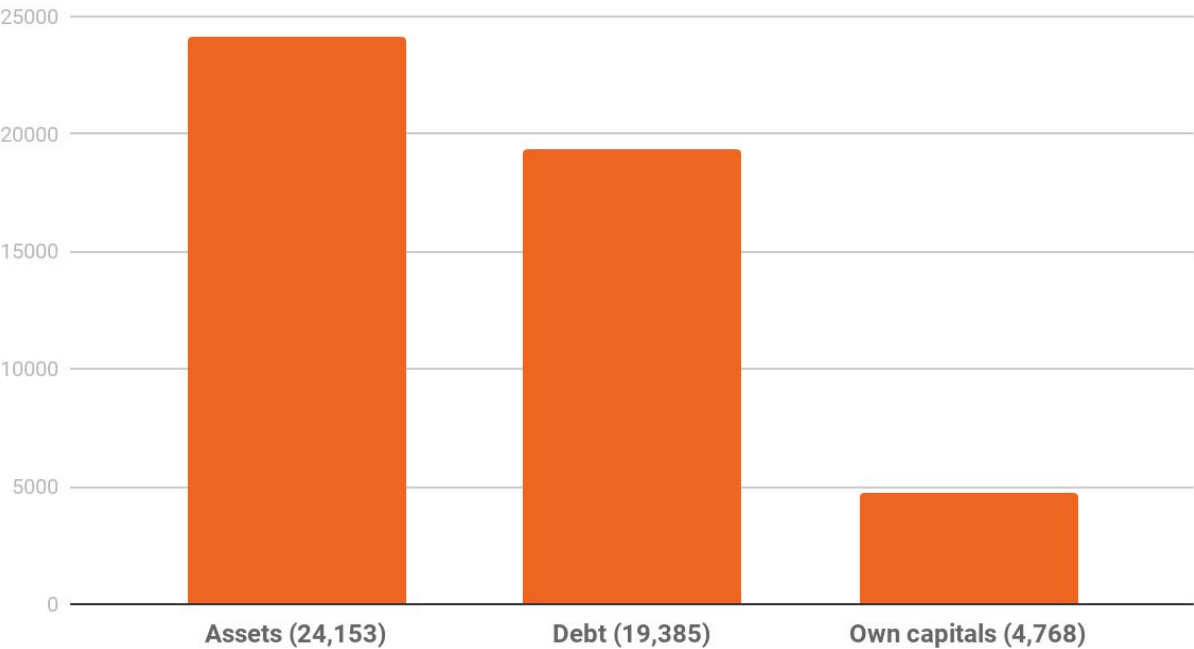
The total, consolidated, preliminary debt amounted to RON 19.3 million - QUALITANCE Romania accumulated RON 18.9 million, QUALITANCE US - RON 0.3 million and QUALITANCE AUSTRALIA - RON 0.1 million.

During the fourth quarter of 2019, the Issuer reimbursed its shareholders declared and outstanding dividends amounting to RON 0.9 million.

For the fourth quarter of 2019, the degree of indebtedness - which is the ratio between the total debts and total assets - was estimated at 79%, taking into account the increase of debts as a result of the bond issue.

By the end of 2019, the total value of own capitals was estimated to amount to RON 4.7 million, with RON 4.9 million pertaining to Qualitance Romania, minus RON 0.2 million to Qualitance US, and RON 12000 to Qualitance Australia.

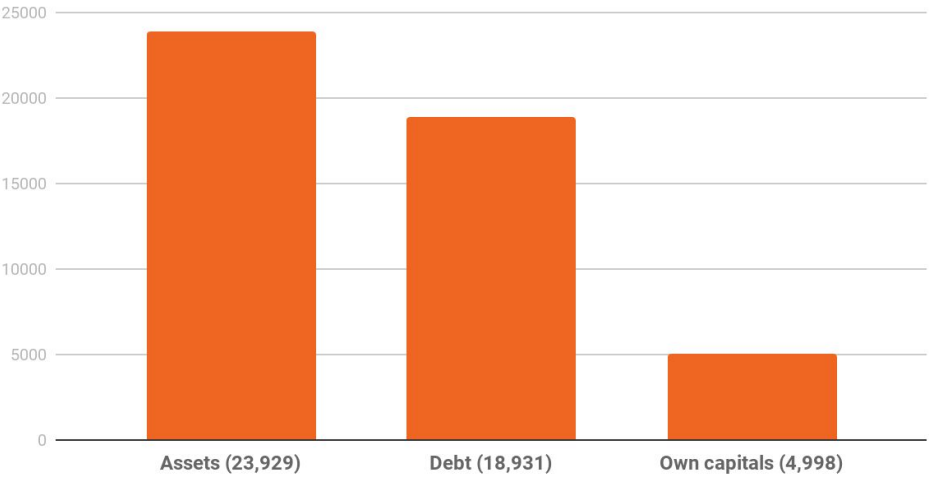
Preliminary, consolidated financial situation - December 2019 (thousand RON)



Source: QUALITANCE QBS

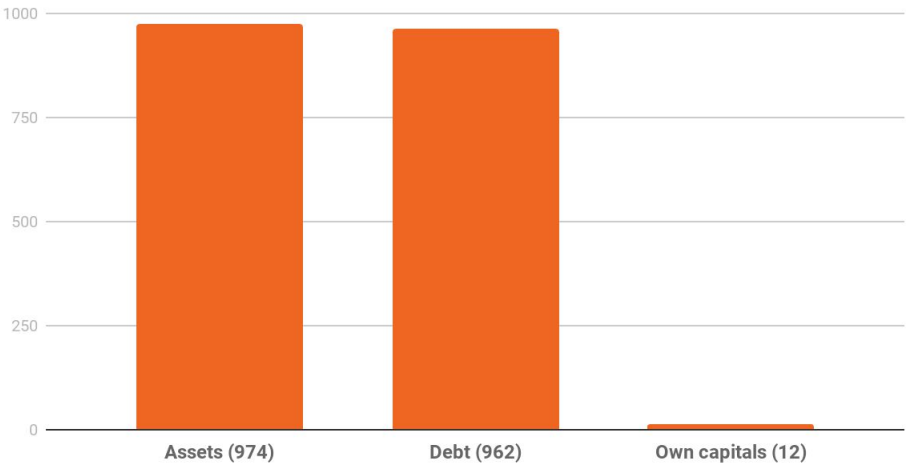
* The consolidated financial results represent the aggregated financial results of Qualitance QBS SA, Qualitance US and Qualitance Australia, which have not been audited and for which the parent company has not submitted any consolidated financial statements.

**Preliminary financial situation of QUALITANCE QBS Romania - December 2019
(thousand RON)**



Source: QUALITANCE QBS

**Preliminary financial situation of QUALITANCE Australia - December 2019
(thousand RON)**



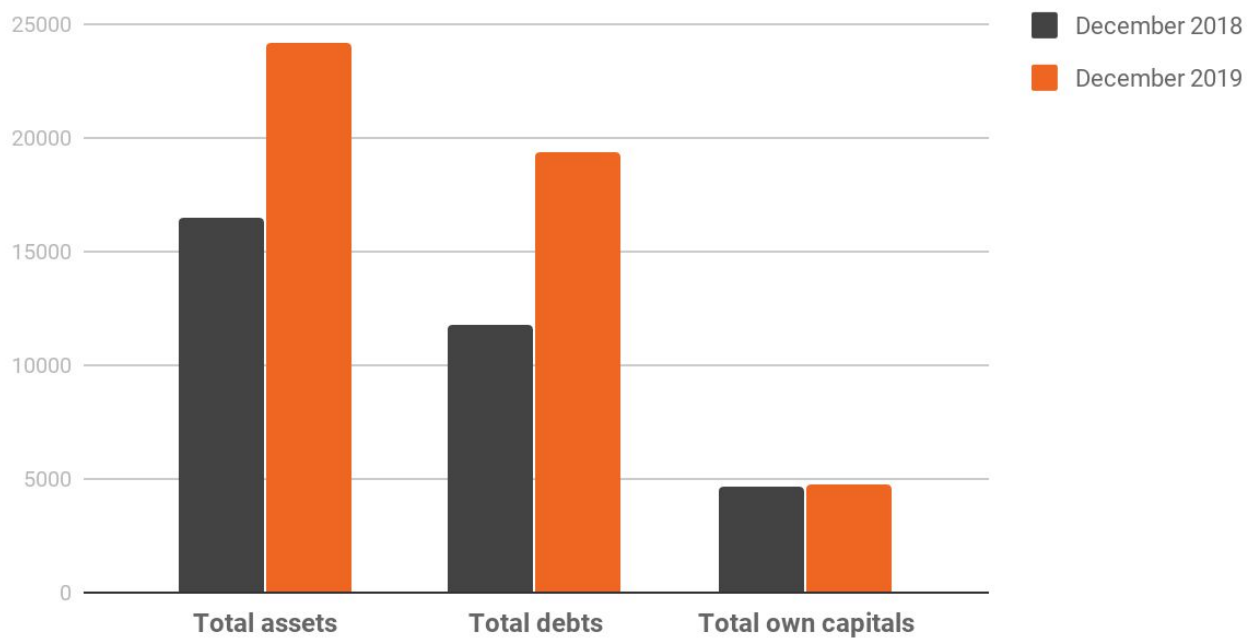
Source: QUALITANCE QBS

**Preliminary financial situation of QUALITANCE US - December 2019
(thousand RON)**



Source: QUALITANCE QBS

**Financial situation December 2018 - preliminary, consolidated December 2019
(thousand RON)**



Source: QUALITANCE QBS



Financial indicators for the last 4 fiscal years (2016, 2017, 2018, preliminary 2019)

Financial indicators (mil. RON)	Dec 2016	Dec 2017	Dec 2018	Dec 2019 (preliminary/consolidated*)
Turnover	27.39	37.64	51.23	51.2
EBITDA	2.58	2.07	5.03	3.15
EBITDA margin (%)	9%	5%	10%	6%
Net profit margin	7%	4%	7%	4%
ROA	19%	11%	23%	9%
ROE	94%	74%	82%	44%
Net profit rate	7%	4%	7%	4%

Source: QUALITANCE QBS

The EBITDA margin, calculated as a ratio between EBITDA and Net Turnover, is the indicator that reflects the profitability of the basic, operational activity of the company. Between 2016-2019, this indicator had an average value of 8%.

The net profit margin is a measure of the company's profitability, respectively an indicator for the percentage of revenues that effectively reflects the profit per monetary unit of sales. In the period 2016-2018, the value of the indicator is on average 7%, which means that the financial status of the company is stable.

ROA *Return-on-assets* (net result/total assets) expresses the efficiency of the means used in the process of generating the profit. The economic rate of QUALITANCE between 2016-2019 has an average value of 18%, in 2018 reaching a value of 23%. By the end of 2019, the economic rate is estimated to amount to a 9% value. The value of the economic profitability is much higher than the inflation rate in the analyzed years, which means that the company is profitable and attractive from an investment point of view.

ROE *Return-on-equity* (net result/equity) expresses the ability of the company to make a profit from the equity capital employed in its activity. The average value of the financial return is 84% in 2016-2018.

The ROA and ROE indicators have increasing values, which suggests that the company is profitable and respects the theoretical inequality financial profitability > economic profitability.

The net profit rate (net profit/turnover) is a financial indicator of profitability, which shows us in percentages how profitable the total activity of the company is. During the analyzed period, the average value of the net profit rate is 6%, which means that the company had a financially stable situation, and a profitable activity.

13. Statement on the forecast policy and practice, according to the corporate governance principles for companies admitted on the MTS

The company does not have a formalized forecasting policy, but draws up annual forecasts, which it reviews and updates periodically, depending on the evolution of the activity. Monthly, the company analyses the evolution of the profit and loss account and the financial situation, analyzing the deviations from the plan and its revision.

In the process of estimating the budget, QUALITANCE follows the national and international economic and financial environment, the forecasts made by the National Bank of Romania, Australia and the USA. An important factor in the realization of the budgetary plan is the information received from the colleagues involved in the operational process, from the Company's clients and suppliers.

The forecasts about the future are made in good faith by the management of the company, based on current information and reasonable forecasting processes.

14. Statement on the dividend policy and practice, according to the corporate governance principles for companies listed on MTS

The dividend policy of QUALITANCE is to ensure a balance between the reinvested profit and the one distributed to the shareholders. On average over the last 3 years approximately 67% of the dividends were distributed, the rest being reinvested.

In the last year, the company has registered a payout ratio of 50%, while the average in the last 3 years is about 67%.

The company management estimates, under normal conditions of profitability, for the next two years, a payout ratio of 40% in 2020 and 2021, while in the future it forecasts a level of 30%. At present, the Company has a decision of the Board of Directors which considers the policy for the allocation of dividends in the future.



15. Description of the business development plan

For the next 3 years, the Company intends to significantly expand sales and investments in intellectual property:

- establish new entities abroad, with the purpose of establishing, developing and increasing relations with customers in Europe, for both lines of business;
- develop the sales team from Romania, but also from the other subsidiaries;
- expand the client portfolio, following the development of global digital transformation projects in Fortune 500 corporations, as well as their own technology platform;
- expand QUALITANCE Technology Platform.
- potential acquisitions

The development of the following period is built on the potential of the international and national market, offering consulting services in the field of digital transformation and innovation, complete services of product design and development, development of digital solutions using emerging technologies such as Artificial Intelligence and Machine Learning, services for project or upon request of software development, software testing, infrastructure and technical support, licensing of technological platforms that accelerate the development of software by integrating components that allow the efficiency of the software development process both in terms of duration and cost.

QUALITANCE estimates an increase in Group turnover on average by 20% (in the period 2019-2022) or a CAGR of 19% (calculated over a period of 4 years, starting with 2019). For the financial year 2019, the estimated turnover is RON 51.9 million, anticipating annual increases up to the level of RON 104.7 million in 2022.

The estimated EBITDA for 2019-2022 shows an average increase of 47%, estimating a value of RON 4.7 million in 2019, respectively RON 20.3 million in 2022.

The estimated increase of the turnover generates a smaller projected increase of the expenses, the projected result for the next period will be a net profit at the level of the group in the amount of 3.5 million RON in 2019, respectively up to 15 million RON in 2022.

Currently, the possibility of a corporate reorganization in the form of a holding company that will be controlled by the founders is being analyzed, meant to optimize from an organizational and operational point of view the activity. The implementation of such a reorganization, if it is to be carried out, will also include the need for the Issuer to be able to comply with the obligations assumed through the issue of bonds. In this respect, the eventual holding-entity will undertake to adequately support the payment by Qualitance QBS SA of the coupons and of the main bond offer, in case the funds attracted by this bond issue were used in the development of entities other than Qualitance QBS S.A.



16. Risk factors

Any investment in securities involves certain risks. In the event that any of the risks below would materialize, this fact could affect the Company's activity, financial situation, operating results or prospects. Additional risks and uncertainties currently unknown or which, at present, are considered insignificant, may also, in the future, have a significant negative effect on the activity, financial situation, operating results or on the Company's perspectives.

The description below of the risk factors is not intended to be exhaustive and is not a complete presentation of all the risks and significant aspects related to the investment in the Bonds issued by the Issuer. However, the Company considers that the risk factors presented below reflect at present those factors that could significantly affect the Company and its activity.

Any of the risk factors mentioned below could have, individually or in aggregate with other risk factors or in certain circumstances, significant adverse effects on the activity, financial situation, operating results or on the Issuer's prospects, as well as on the market price of the Bonds issued by the Issuer.

The issuer presents, in the following, a description of the risks and uncertainties that it considers significant, but these risks and uncertainties may not be the only ones that the Company may face. Other risk factors and uncertainties, including those not currently known or considered to be insignificant, could have the adverse effects mentioned above.

In this section, the order of presentation of risk factors is random and not in an assumed order of priority.

- **Risks related to the Company's activity**

Risk associated with the employees and the key staff

In the recruitment process, the company faces a market in which there are untrained skills, few specialists with high level of seniority, who have the necessary knowledge and specialization. All these factors increase the risk of delaying certain projects or even losing them. The IT market is growing, and QUALITANCE needs specialists who can develop innovative products and quality codes.

The company's activity depends on the restructuring, but also on the retention of the key employees, which are important for the future development of the company. Therefore, there is a risk that, in the future, the company will not be able to keep the key personnel involved in the company's activities or not be able to attract other qualified members in the management team, which would affect the market position, the future projects that want to be realized, as well as its future development. Thus, both the loss of the members of the company management and of the key employees could have a significant negative effect on the activity, position and financial results of the company. There is a possibility that, in the future, the company will face a shortage of qualified and specialized personnel. Macroeconomic conditions in Romania regarding the labor market in the IT field, currently influence the emigration of specialists in the field.



The organizational culture is people oriented. The company is very attentive to their development needs, making constant efforts to reduce the risk of losing employees with specific skills and key roles.

The company implements a plan of retention measures including the renegotiation of the annual salary, the granting of performance bonuses, continuous evaluation processes, trainings for professional development (subscriptions to the e-learning platform, library), but also the possibility of distributing shares through some stock option plan programs.

General economic risks

The Issuer's activities are influenced by the economic cycles and the general economic conditions. Both the international financial crises and the unstable economic environment can lead to the creation of significant negative effects on the activity, the operational results and the financial position of the Issuer. The socio-political turbulence can also influence the Company's activity. International financial markets have felt the effects of the global financial crisis that started in 2008. These effects were also felt on the Romanian financial market in the form of the low liquidity of the capital market, as well as by an increase in the interest rates of medium-term financing, due to the global liquidity crisis. In the future, such a scenario could be repeated and the eventual significant losses suffered by the international financial market, with major implications on the Romanian market, could affect the Issuer's ability to obtain new loans or financing, under sustainable conditions.

Besides the Romanian market, the Group's activity is impacted by the economic and market developments in Australia and the United States of America.

Market risk

The instability of demand, sales, prices determines the emergence of market risk. The company's activity depends on the economic and market evolutions in Romania but also outside the country. Compared to internationally developed markets, companies in Romania face higher risks, which may be economic, political or legal.

The Company's management cannot accurately estimate the effects of market influences on financial results and position, but performs all due diligence in ensuring financial stability.

Price risk

The price risk is a component of market risk, which may arise from fluctuations in the prices of services offered by the Company, so that existing contracts become unprofitable.

This risk focuses on: the risk of the fluctuation of the prices of the components of the fixed expenses, and the risk of the fluctuation of the price for the elements that make up the variable expenses of the company's projects.



QUALITANCE try to minimize the price risk with the help of the following actions:

- The company does not have fixed price contracts for successive deliveries for long periods of time. If there are customers who ask for such a price, then QUALITANCE will include limiting clauses of the price variation
- In the case of increased labor costs, not having fixed price contracts with clients, the company can offer prices taking into account the current situation. In the information technology market, labor costs are rising, which affects the entire industry, not only the company
- Practice a pricing policy that aims to update them according to the evolution of market prices, the price level being competitive in terms of competition locally and internationally.

Risk generated due to technological changes

As the evolution of technology plays a very important role in the company's activity, anticipating changes in this field can improve the QUALITANCE position on the market. From the Company's point of view, any hesitation, delay or error in predicting the evolution of technology or in acquiring, developing, offering clients to clients the most suitable achievements in the field, can cause the Company to reduce or even lose the customer portfolio. Such a risk can lead to a decrease in the sources of income and a decrease in the company's market position. Thus, QUALITANCE invests in the development of the IT services offered, making available to its clients the latest technologies and developments in the IT industry, on the Company's market.

Risk of currency fluctuations and inflation

The currency risk is manifested in the form of the possibility of recording some losses, either as a result of keeping or collecting a currency, or due to performing foreign exchange operations, at a predetermined subsequent date.

The current official currency of Romania has a regime of variable exchange rate, having monthly fluctuations. The company is exposed to the currency risk through the cash held and through the receipts from customers from abroad. Claims and liabilities in foreign currency are expressed in lei, at the exchange rate valid on the balance sheet date, communicated by the National Bank of Romania. The differences resulting from the exchange rates are recorded in the profit and loss account and these do not impact the cash flows until the liquidation of the debt or the receivable.

The company presents a currency risk related to the loan of bonds in EUR, in the context where its majority receipts are in RON, USD and AUD.

The inflation risk may occur when the inflation rate rises above the expected level, and it may cause the purchasing power of companies to decrease, which may have a negative impact on the Company's financial position.

Liquidity risk

The liquidity risk is correlated with the holding of fixed or financial assets and their conversion into liquid assets. The activity of the company does not depend on owning such assets and converting them into liquidity. The company assets are represented by the technological equipment used in the delivery of services. In the total assets, the largest share is held by bank availability and receivables. In this context, the most important risks for the company are cash flow and credit risk.



Account garnishment risk

The account garnishment is an enforceable measure that can be applied to a Company. Thus, the Issuer's accounts may be blocked as a result of forfeiture, if the Issuer's creditors request this measure to recover their debts. The issuance of the Issuer's accounts results in the blocking of the amounts from the receivable accounts and may lead to the difficulty or the impossibility of the Company to fulfill its subsequent obligations, in the agreed terms, which could have a significant negative effect on the Company's activity, financial situation or operational results.

Transfer price risk

The transfer prices risks are manifested when there are transactions between the affiliated companies, which have not been realized at the market price. As a precaution against exposure to this risk, QUALITANCE has implemented a transfer pricing policy, validated by specialized consultants in the field of transfer pricing, which establishes the methodology for calculating the prices related to transactions within the group. Each semester, these prices are revised and updated, if necessary, so that the transfer price policy is observed.

The risk of investing in other companies

The issuer may decide to invest in other companies in the same field of activity, taking the investment decision in a reasonable, well-grounded and diligent manner depending on future opportunities. The issuer may decide to invest in companies that carry out activities within the same line of activities, or of complementary activities, taking into account the integration of these lines in the company's main activity. But, for reasons not related to the Issuer, the investment may prove to be below the estimates forecast by the Issuer at the time of making the investment decision, thus proving to be unfavorable thereafter. In the case of taking over another company or a significant holding in other companies, the Issuer cannot guarantee the retention of the clients' portfolio of the acquired company or the generation of the same profit margin previously registered by them.

Also, investing in equity options, such as the one with the American business partner, ReadyUp, previously presented in the Memorandum, has a low degree of liquidity, which represents a risk for the Issuer.

Risk associated with the development plan

In spite of the estimates calculated by the Issuer, for reasons that do not fully account for it, the plans to expand the activity carried out by the company, both internally and abroad may not be feasible. In the case of certain investments carried out by the company, these may prove to be not as profitable or even improbable compared to the initial estimates, which led to the investment decision, which could have a significant negative effect on the Company's activity, financial situation or operational results.

Operational risk

IT systems are vulnerable to a number of external or internal challenges, such as computer viruses, illegal access with bad faith to computer systems, physical damage to vital IT centers, and software or hardware malfunctions. In addition, other operational risks may arise from processes or procedures inappropriately applied by people within the company, or caused by inefficiency of systems, or events outside the company.



The materialization of this risk, but also those of the cyber security nature, implementing internal procedures could have a significant negative effect on the Company's activity, financial situation or operational results.

Risk related to significant clients

The company carries out activities of providing technology outsourcing services, this activity representing one of the main business lines of the Company. There is a risk, in case of unfavorable situations, that the Company does not renew the contracts with certain important clients, which could have a significant negative effect on the Company's activity, financial situation or operational results.

Risk of losing one's reputation

It represents a risk involved in the Issuer's activity, its reputation being particularly important in obtaining new contracts and providing services. The ability to expand its portfolio of clients, but also to keep existing ones, in order to develop the Company's activity, is due to the recognition of the Issuer's ability and the projects already realized by it. In the field in which the Company activates, criteria such as timely delivery, prompt response to the client's request, the development of the desired product, but also the remediation of possible problems encountered in the relationship with customers can become decisive in improving the Issuer's reputation. Negative publicity and the negative public opinion are factors that go beyond the direct control of the Company and can have a significant negative effect on the Issuer's activity, financial situation or operational results.

Risk regarding GDPR protection

The company is currently implementing a procedure regarding the preservation of the confidentiality of personal data, in order to exclude the exposure to the violation of the legal provisions governing the protection of personal data in force in the European area. The company takes this risk into account and takes precautionary measures to protect the clients' data, in accordance with the legal requirements in force. Although the Issuer takes all the precautionary measures imposed in this area, there is the possibility that, given the commercial relations with various contractual partners, they do not fully respect the relevant contractual terms and all the obligations regarding the protection of the data imposed on them.

Risk associated with making budget estimates

In the process of making the budget estimates, QUALITANCE follows the national and international economic and financial environment, the forecasts made by the central banks of Romania, Australia and the USA. An important factor in the realization of the budgetary plan is the information received from the colleagues involved in the operational process, from the Company's clients and suppliers. Even though the estimates and plans of the Issuer presented in this Memorandum are provided in good faith, various factors may occur which may lead to the failure to achieve the results expected by the Issuer and presented within this Memorandum, which may have a significant negative effect on the Issuer's activity, financial situation or the operational results.



Risk associated with the Issuer's structural changes

The issuer considers the possibility of structural changes occurring in the next period, which may include the possibility of transforming it into a holding type structure with the purpose of optimizing its operations at commercial, organizational and fiscal level. This possibility may involve risks regarding the establishment of the new organizational structure, related to the restructuring of the current activities, with an impact on the reliability of the new structure. In this regard, the financial capacity of Qualitance QBS S.A. may suffer. However, in the event of the establishment of a new holding entity, this eventual holding company will undertake to adequately support the payment by Qualitance QBS SA of the coupons and the principal of this bond issue, in case the funds attracted through these bonds have been used in the development of entities other than Qualitance QBS SA for the payment of coupons and principal by Qualitance QBS SA to the present issue of bonds, in the event that activities or entities currently held by Qualitance QBS SA will be taken over by the holding entity. Also, another risk arises from the fact that the Issuer intends to use the funds resulting from the Q22E bond issue for financing the current activities of the company and of its subsidiaries / other companies pertaining to the same group, including the expansion on both the local and external market.

Risk associated with interest rates and financing sources

If the economic environment in which the Issuer operates is deteriorated, it may be unable to contract a new loan under the previous conditions, which could lead to increased financing costs and would affect the Company's financial situation.

Risk associated with insolvency and bankruptcy

The legislation in force in Romania regarding bankruptcy and forced execution does not offer the same level of rights, remedies and protections that creditors enjoy according to the legal regimes in other jurisdictions of the European Union. In particular, the Romanian legislation and practice regarding bankruptcy and enforcement in Romania can make the Issuer's recovery of the amounts related to the secured and unsecured debts in the Romanian courts much more difficult and prolonged compared to other countries. In recent years, insolvency in Romania has experienced an unfavorable dynamic, insolvent companies, as well as companies that have reported net losses, being largely responsible for worsening the payment discipline throughout the economy.

The inability to obtain effective legal remedies within a reasonable time can have a negative impact on the Issuer's activity, both regarding the financial situation, as well as the results of the operations, the liquidity or future prospects of the Issuer.

Counterparty risk

The risk that a third natural or legal person will not fulfill his obligations under a contract concluded as a client, can lead to a financial loss. This risk cannot be eliminated and its materialization could have a significant negative effect on the activity, financial situation or operational results of the Issuer.



General risks related to Bonds

Evaluate the investment opportunity

Each potential investor in the Bonds must establish, based on its own independent analysis and/or the professional recommendations it considers appropriate in the given conditions, the opportunity of that investment.

In particular, each potential investor should:

- a) have sufficient knowledge and experience to carry out a significant assessment of the Bonds, the advantages and risks involved in investing in the Bonds and the information contained in the Memorandum or any supplement thereof;
- b) have access to and hold the necessary information on the appropriate analytical methods and tools to evaluate, in the context of its specific financial situation, an investment in the Bonds and the impact of the Bonds on its general investment portfolio;
- c) have sufficient financial resources and liquidity to bear all the risks of an investment in Bonds;
- d) fully understand the terms of the Bonds and be familiar with how any relevant financial indices and markets evolve;
- e) be able to evaluate (either on his own or assisted by a financial consultant) the possible scenarios regarding the economic factors, the coupon rate (interest) and other factors that may affect the investment as well as its ability to bear the related risks.

In the absence of proper analysis of the investment in the Bonds, it can be proved that the investment in the Bonds is not suitable for certain Investors.

The risk related to the direct investment in bonds

Bond holders should be aware of the risk associated with a direct investment in Bonds, which is much higher than the risk associated with investing in government securities or investing in investment funds, mainly because of the volatility and unpredictable evolution of bond prices, both in the short term and in the long term.

Tax regime

Potential bond buyers and sellers should bear in mind that they may be required to pay taxes or other documented fees or commissions in accordance with Romanian laws and practices. Potential investors are advised not to rely solely on the fiscal information contained in this Memorandum, but to consult their own consultants in connection with their specific tax obligations applicable to the purchase, holding, sale and redemption of Bonds. Only these consultants are able to correctly assess the particular situation of each potential investor.

Legislative changes

The conditions of the Bonds (including any non-contractual obligations arising out of or in connection with them) are based on the relevant laws in force at the time of this Memorandum.



No assurances regarding the impact of any possible judicial decision or legislative changes or official applications or interpretations of such laws or administrative practices subsequent to the date of this Memorandum may be offered.

Impossibility of listing the Bonds on the MTS

The listing of the bonds on a market operated by the Bucharest Stock Exchange is subject to certain requirements. The Issuer intends to take all necessary measures to ensure that the Bonds are listed on the MTS as soon as possible. However, there is no guarantee that, in the event of changes in the conditions of admission, all the listing requirements will be met. As a consequence, if the applicable listing conditions are changed, there is no certainty that the Bonds will be listed on the MTS at the BVB.

Bonds may not be actively traded

Following their listing on the Multilateral Trading System (MTS) operated by the Bucharest Stock Exchange it is possible that the Bonds do not have a defined trading market and it is also possible that such market will never develop. If, however, a trading market is to develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a return comparable to that obtained in the case of similar investments that have developed a secondary market.

The Romanian bond market is relatively small compared to other markets in European countries, and the number of corporate bonds issued by Romanian companies is limited. There is no guarantee that the Bonds, even if they are expected to be listed on the MTS, will be actively traded, and otherwise, such a situation would be likely to cause an increase in price volatility and/or to have an adverse impact on the price of the Bonds.

The fact that the Bonds issued could be listed on the MTS does not guarantee their active trading.

The market value of the Bonds

The value of the Bonds depends on a number of interdependent factors that include economic, financial and political events that take place in Romania or elsewhere in the world, including factors that affect the capital markets in general and the stock exchanges on which the Bonds are traded. The price at which a Bondholder will be able to sell the Bonds before maturity may contain a reduction in the issue price or the purchase price paid by the respective buyer which could be substantial.

Risks arising from the Bond holders' rights

The terms and conditions of the Bonds contain provisions governing the convening of meetings of the Bond holders to discuss issues affecting their general interests. The resolutions of the general meetings of the Bond holders can be taken by different majorities from the necessary majority for the adoption of equivalent decisions in other EU Member States. Also, the established majorities may engage the responsibility of all Bond holders, including those who did not participate and did not vote in the respective meeting, as well as those Bond holders who voted against the vote expressed by the majority of participants.



Credit risk

In the event of an unfavorable situation, the Issuer may become unable to make payments in the form of coupons and/or principal and thus, the Issuer may become unable to repay the amounts related to the issue of the current Bonds or a future issue.

Risk related to the payment of the principal and interest

In the case of risks related to the Company's current liquidity, the Issuer may be in a position to not be able to pay on time, or not be able to pay partially or at all interest and/or principal arising from the current issue of Bonds. Any failure to comply with the Bond Payment Chart results in a credit risk for the Bond holders.



17. Information regarding the securities that are about to be listed; information regarding securities offers carried out during the 12 months prior to the offer

17.1 Information regarding the securities that are about to be listed and the obtained funds

This Memorandum was drafted for the listing of the Bonds issued by Qualitance QBS S.A. on the Multilateral Trading System managed by the Bucharest Stock Exchange.

Through the Shareholders' Extraordinary General Assembly of Qualitance QBS S.A. from December 3, 2019, the shareholders approved **the issuance by the Company of no more than 4,000 registered, unsecured and non-convertible corporate bonds**, in dematerialized form, with a nominal value of EUR 500 (EUR) each and a maximum total nominal value of EUR 2,000,000, denominated in the single European currency (EUR), without the issue premium, with a final maturity of up to 3 years, with a coupon rate between 4.5 - 5.5% per year and which can be redeemed in advance, in full but not in part, at the initiative of the company, starting with the second year of the life of the bonds, according to the law including with the provision of a redemption premium, to be offered to investors through a private placement. At the same time, they empowered the Company's Board of Directors to establish the final parameters of the issuance of approved bonds.

In this context, the Issuer held through SSIF Tradeville SA, between 9 and 11 December 2019 an offer for bonds addressed to less than 150 individuals or legal entities per European Union member state, without the drafting and publication of a prospectus. As a result of this offer, Qualitance QBS S.A. issued a number of 3,000 unsecured corporate bonds, denominated in the single European currency (EUR), with an individual face value ("nominal value") of 500 EUR and a total value of 1,500,000 EUR, issued on 16 December 2019, maturing on 16 December 2022 and bearing a fixed coupon rate of 5% per year, payable in half-yearly installments.

Maturity

The Maturity Date of the Bonds is within 36 months from the Issue Date, the latter being 16 December 2019.

Coupon rate (interest rate)

The annual nominal interest rate is fixed at 5% per year, with half-yearly coupons payable on the Coupon Payment Dates.

The coupon period will start running from the Issue Date, the latter being 16 December 2019.

The Coupon (Interest) is calculated on the basis of the "act/365" principle (that is, by relating the actual number of days that have passed from a coupon period to a number of 365 days representing a year. Also, the coupon (interest) is calculated according to the principle: "The first day of the included calculation period, the last day of the excluded calculation period".

The bonds which are the subject of this request for listing on the Multilateral Trading System are interest-bearing starting on the Issue Date, the latter being 16 December 2019.



The coupons and the principal due to the Holders of Bonds according to the provisions of this Memorandum are prescribed, within 3 years from the date of their maturity, respectively from the Date of the related Coupon or from the Due Date, as the case may be.

Payment of the interest and of the principal

All payments in respect of the Bonds issued, mainly and coupons, will be made on the Payment Date of the Coupon and/or on the Due Date, as the case may be, through the Central Depository and the Payment Agent designated by the Issuer, to the Bondholders registered in the Register of Bond Holders on the applicable Reference Date.

The payments of the Coupon and the principal, as the case may be, will be made semiannually to the Bondholders registered on each of the Reference Data, within 10 (ten) working days from the Reference Date. If any Coupon Payment Date falls on a non-business day, the Coupon payment will be made on the business day immediately following that date.

The last Coupon Payment Date will be the Maturity Date, respectively on the 36th anniversary of the Issue Date, when the bonds issued will be redeemed at face value, unless an early redemption of the Bonds takes place.

Details regarding the interest and principal payments are presented in the table below:

No.	Coupon rate [%]	Previous coupon date [LL/ZZ/AAAA]	Reference date [LL/ZZ/AAAA]	Current coupon date [LL/ZZ/AAAA]	Ex-coupon date [LL/ZZ/AAAA]	Principal	Coupon period* [days]
1.	5.00%	12/16/2019	05/29/2020	06/16/2020	06/02/2020	0.0	183
2.	5.00%	06/16/2020	12/02/2020	12/02/2020	12/03/2020	0.0	183
3.	5.00%	12/16/2020	06/02/2021	06/16/2021	06/03/2021	0.0	182
4.	5.00%	06/16/2021	12/02/2021	12/16/2021	12/03/2021	0.0	183
5.	5.00%	12/16/2021	05/31/2022	06/16/2022	06/02/2022	0.0	182
6.	5.00%	06/16/2022	12/02/2022	12/16/2022	12/05/2022	500.00	183

* Coupon period = Current coupon date – Previous coupon date [or] Issue date (for the first coupon)

The claims made against the Issuer regarding the payment of the nominal value or the interest in connection with the Bonds are subject to a limitation period 3 (three) years from the date of payment deadline.

Early bond redemption: Yes

According to the Issue Documents, the Issuer will have the right to redeem the Bonds in full but not in part, at the Issuer's initiative, starting with the second year of the bond's life, in which case the Issuer will pay the Bondholders for each bond held at the Reference Date: accrued interest until the moment of redemption + the nominal value of each bond + a first unit of redemption anticipated of 2% of the nominal value of the bond held.

Fund destination:

The issuer intends to use the funds attracted to finance the current activity of the company and of the subsidiaries / other companies in the same group with the company, including the eventual expansion of the activity both on the internal market and on the external markets. Also, QUALITANCE QBS SA intends to use the funds attracted and for eventual takeovers of companies in the same field with the Issuer or of some participations within them, according to this Memorandum.

Qualitance QBS S.A. did not carry out other offers of securities 12 months prior to this offer.

REPRESENTATION OF THE BOND HOLDERS

GENERAL ASSEMBLIES OF THE BOND HOLDERS

Bond holders can convene general meetings to decide on topics related to their interests regarding Bonds, according to the provisions of the legislation in force.

The relevant provisions governing the ordinary meetings of the shareholders in terms of form, conditions, terms of convening and voting will also be applicable to the meetings of the bond holders.

The meetings will be held at the Issuer's expense and will be convened by the Issuer at the written request of one or more Bond holders, representing at least 25% of the total nominal value of the principal issued and non-redeemable for the Bonds or by the representative of the Bond holders, after the appointment of such representative in the Bond holders' Assembly.

In accordance with the provisions of Law 31/1990 on companies, the meeting of the Bondholders may, among others:

- (i) To appoint a representative of the Bondholders and one or more alternates, having the right to represent the bond holders before the issuer and before the justice, fixing their remuneration; the representative and the alternates shall have the right to attend the General Meetings of the issuer's Shareholders
- (ii) To fulfill all the acts of supervision and defense of the common interests of the bond holders and to authorize a representative with their fulfillment
- (iii) To establish a fund that can be taken from the interest due to the Bond holders, to cover the expenses necessary to protect their rights, while establishing, at the same time, the rules regarding the management of this fund;
- (iv) To oppose any modification of the Articles of Incorporation of the issuer or the conditions of the Bonds which could adversely affect or adversely affect the rights of the bond holders
- (v) To decide on the issuance of new bonds.



The decisions referred to in paragraphs (i)- (iii) shall be taken by a majority representing at least one third ($1/3$) of the total nominal value of all the Bonds not repaid.

In the other cases referred to in paragraphs (iv) - (v) above it is necessary the presence of the Bond holders who hold at least two thirds ($2/3$) of the nominal value of all the Bonds repaid and the favorable vote of at least four fifths ($4/5$) from the Bonds represented at the Bond holders' Assembly.

The Decisions of the Bond holders' Assemblies are also binding on the Bond holders who were not present at the Bondholders assembly or who voted against the respective decision.

The decisions taken by the Bondholders Meeting can be challenged in court by the Bondholders who voted against the decision and asked to be mentioned regarding their opposition in the assembly minutes.



18. Plans related to future operations on the capital market

The issuer is currently listing this issue of Q22E bonds on the MTS (Multilateral Trading System) segment, administered/operated by the Bucharest Stock Exchange.

19. Auditors' names

The Company's financial statements for 2018 and the first half of 2019, presented in the Memorandum, were audited by GSR AUDIT & TAX SRL, CIF RO18160225, in accordance with the national accounting standards.

In this Memorandum, the financial information available on June 30, 2019 is consolidated, it reflects the group's image and financial results, but it has not been audited. The company does not meet the legal criteria for the preparation and submission of consolidated financial statements, but, for internal purposes, the consolidated financial statements of QUALITANCE Australia PTY Ltd. and QUALITANCE QBS S.A. Romania were performed and analyzed.

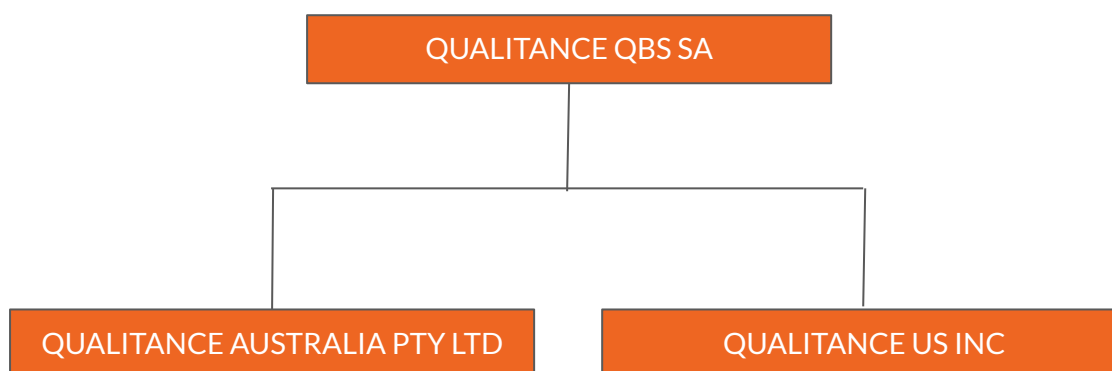
20. Affiliated companies and percentage of the held shares

In November 2019, the company had two subsidiaries:

- QUALITANCE Australia PTY LTD., 100% held by QUALITANCE QBS S.A.
- QUALITANCE US INC., 100% held by QUALITANCE QBS S.A.

These two entities were created for easier expansion on international markets, attracting new customers through them.

The company collaborates with sales partners in London and San Francisco and analyzes the opportunity to open new subsidiaries in 2020.



Structure of the QUALITANCE QBS S.A. Group; Source: QUALITANCE QBS SA.