Translation of financial statements and the independent auditors' report originally issued in Spanish – Note 25

Designit Perú S.A.C.

Financial Statements as of December 31, 2019 and 2018 together with the independent auditors' report

Building a better working world

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Contents

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Independent auditors' report

To the shareholders and directors of Designit Perú S.A.C.

We have audited the attached financial statements of Designit Perú S.A.C., which comprise the statement of financial position as of December 31, 2019, and the statement of comprehensive income, changes in equity and cash flows for the year then ended; and the summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and the internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based our audits. We conducted our audits in accordance with International Standards on Auditing approved for application in Peru by the Board of Deans of Institutes of Peruvian Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditors' report (continued)

Opinion

In our opinion, the financial statements, prepared for the purposes indicated in the following paragraph, reasonably present fairly, in all material respects, the financial situation of Designit Perú S.A.C. as of December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Emphasis paragraph

As of December 31, 2019, the Company is in an irregular situation in accordance with indicated by the General Corporation Law, as a result of accumulated losses, which originated because its income does not generate the necessary flows to cover its costs and operating expenses , which has brought about a significant impairment in its financial position. As of December 31, 2019 and 2018, accumulated losses amount to S/2,281,685 and S/1,618,288, respectively. The accompanying financial statements have been prepared assuming that the Company will continue under the going concern accounting principle. The continuity of the Company's operations depends on the financial support it receives from its Parent Company. In order to reverse this financial situation in the medium term, the Company has designed a strategic plan, which is set out in note 1.

Adoption of IFRS 16 "Leases", as indicated in notes 2.2 (i), 2.3 (g) and 7, the Company recognized the effects related to the adoption of IFRS 16 "Leases", which correspond to the recognition of " Assets for right of use "and " Liabilities for lease "as of December 31, 2019.

Other issues

The financial statements of Designit Perú S.A.C. as of the year ended December on 31, 2018 were audited by other independent auditors whose opinion dated April 19, 2019 had an emphasis paragraph.

Lima, Peru,
April 10, 2020

Paredes, Burga & Asoc.

Countersigned by:

S. McLauchlan

Stephanie Mc Lauchlan
C.P.C.C. Matrícula No. 33000

Translation of financial statements and the independent auditors' report originally issued in Spanish – Note 25

Designit Perú S.A.C.

Statement of financial position

As of December 31, 2019 and 2018

	Note	2019 S/	2018 S/
Assets			
Current assets			
Cash and cash equivalents	3	112,112	980,495
Trade receivables	4	440,495	513,964
Receivables from related parties	19	26,490	123,266
Other receivables	5	220,343	174,775
Prepaid expenses		-	2,703
Total current assets		799,440	1,795,203
Non-current Assets			
Facilities, furniture and equipment.	6	179,076	298,445
Right of use assets,net	7	198,793	-
Deferred tax asset	8	451,258	321,140
Total non-current assets		829,127	619,585
Total assets		1,628,567	2,414,788
Equity and liabilities			
Current liabilities			
Trade payables	9	87,704	5,941
Accounts payables to related entities	19	746,436	3,374,541
Other accounts payable	10	156,553	210,849
Lease liabilities	7	122,056	-
Total current liabilities		1,112,749	3,591,331
Non-current liabilities			
Accounts payables to related entities	19	135,695	207,500
Deferred revenue	11	-	114,245
Lease liabilities	7	112,108	-
Total non-current liabilities		247,803	321,745
Total liabilities		1,356,115	3,913,076
Equity			
Issued Capital	12	2,549,700	120,000
Accumulated losses		(2,281,685)	(1,618,288)
Total equity		268,015	(1,498,288)
Total equity and liabilities		1,628,567	2,414,788

The attached notes to the financial statements are an integral part of this statement.

Designit Perú S.A.C.

Statement of comprehensive income

For the years ended December 31, 2019 and 2018

	Note	2019 S/	2018 S/
Income from services	13	2,752,542	6,675,593
Cost of services	14	(1,377,688)	(4,112,839)
Gross profit		1,374,854	2,562,754
Selling expenses	15	(799,439)	(415,079)
Administrative expenses	16	(1,358,379)	(2,331,695)
Other income		-	2,849
Operating loss		(782,964)	(181,171)
Other income (expenses)			
Finance costs	17	(104,394)	(118,965)
Exchange difference, net	22(ii)	148,433	(59,166)
Loss before income tax		(738,890)	(359,302)
Income tax	8(b) y 8(c)	114,003	(42,480)
Net loss		(624,887)	(401,782)

The attached notes to the financial statements are an integral part of this statement.

Designit Perú S.A.C.

Statement of changes in the equity

For the years ended December 31, 2019 and 2018

	Issued capital S/	Accumulated losses S/	Total equity S/
Balance as of January 1, 2018	120,000	(1,216,506)	(1,096,506)
Net loss	-	(401,782)	(401,782)
Total comprehensive loss	-	(401,782)	(401,782)
Balances as of December 31, 2018	120,000	(1,618,288)	(1,498,288)
Net loss	-	(624,887)	(624,887)
Total comprehensive loss	-	(624,887)	(624,887)
IFRS 16 implementation, note 2.2	-	(29,776)	(29,776)
Depreciation adjustment net of deferred income, note 6(e)	-	(8,734)	(8,734)
Capital increase, note 12	2,429,700	-	2,429,700
Balances as of December 31, 2019	2,549,700	(2,281,685)	268,015

The attached notes to the financial statements are an integral part of this statement.

Designit Perú S.A.C.

Statement of cash flows

For the years ended December 31, 2019 and 2018

	Note	2019 S/	2018 S/
Operating Activities			
Net loss		(624,887)	(401,782)
Adjustments to reconcile net loss with net cash from (used) operating activities:			
Deferred income taxes - current	8(a)	(114,003)	42,480
Deferred income taxes – results	8(a)	(16,115)	-
Depreciation adjustment in accumulated results		(12,289)	
Depreciation of property, plant and equipment	6	106,980	90,090
Write-off of fixed assets	6	-	25,484
Depreciation of right-of-use assets	7(a)	108,433	-
Provision for service time compensation		22,785	105,543
Interest on lease liabilities	7(b)	17,869	-
Changes in net assets and liabilities			
(Increase) Decrease in trade receivables		73,469	(386,994)
(Increase) Decrease in receivables – Related parties		96,776	(86,154)
(Increase) Decrease in other receivable accounts – third parties		(45,568)	127,878
(Increase) Decrease in prepayments		2,703	(2,703)
Increase (Decrease) in trade payable		81,763	8,841
Increase (Decrease) in commercial accounts payable – related		(315,702)	415,600
Increase (Decrease) in other accounts payable		(54,296)	95,510
Increase (Decrease) in deferred income		(114,245)	114,245
Payment of service time compensation		-	(99,522)
Lease payments	7(b)	(127,548)	-
Accumulated depreciation adjustment	6	-	9,147
Increase (decrease) in cash and cash equivalents from operating Activities		(988,445)	173,651

Statement of cash flows (continued)

	Note	2019 S/	2018 S/
Investment activities			
Purchase of property, plant and equipment	6	-	(129,932)
Decrease in cash and cash equivalents from investment activities		-	(129,932)
Financial Activities			
Parent Loan, Net	19	120,062	207,500
Net cash from financing activities		120,062	207,500
Net increase (decrease) in cash and cash equivalents		(868,383)	251,219
Cash balance and cash equivalent at the beginning of the year		980,495	729,276
Balance of cash and cash equivalent at the end of the year		112,112	980,495
Transactions that do not generate cashflow			
Related-party accounts payable capitalization	19(e)	2,237,833	-
Related-party loan capitalization	19(e)	191,867	-
Right-of-use asset purchase	7	(198,793)	-

The attached notes to the financial statements are an integral part of this statement.

1. **Business activity of the Company**

(a) Identification –

Designit Peru S.A.C. (hereinafter "the Company") was incorporated by the public deed in the year 2016 in the city of Lima. Its main shareholder is Designit Spain Digital S.L., which owns 99.99 percent of the Company's capital shares. The legal and administrative office of the Company is located at Av. Alberto del Campo 409, Magdalena del Mar.

(b) Business activity

The company purpose is to provide consulting and services for total quality management and quality certification processes, distribution and sales of training courses; dedication on behalf of third parties to create, project, execute, distribute and supervise promotional marketing campaigns, execution of marketing strategies and business organizations, market studies, design, advice and creation of advertising campaigns on behalf of third parties, through required means, as well as the monitoring and control of campaign developments; implementation of programs and marketing campaigns direct, telephone and public relation ; design, production and commercialization of all types of reportages, montages and reproductions by photography, audiovisual media or informative; selection and training of sales teams, executives and middle managers; as well as advising and optimization of human resources, consultancy and elaboration of systems for improving the quality of companies and entities . Such activities may be carried out by the company in Peru or abroad, in total or partially, as well as directly or indirectly.

As a consequence of the development of its social object , the Company may provide and receive consultancies, advisorys, technical assistance, operation, installation, start-up, administration, management and / or all kinds of services related to activities related to its social object.

In the same way, for a better management and adequate fulfillment of its social object, the Company may constitute, acquire or integrate directly or with third parties other different companies, institutions, foundations, corporations or associations of any kind or nature in Peru and abroad, as well as carry out all activities related or conducive to the items indicated in its social object and/or that are related to the purposes of the Company, without further limitation or reservation than that established by Peruvian law.

As of December 31, 2019 and 2018, the Company maintains accumulated losses of approximately S/2,281,685 and S/1,618,288, respectively; In this regard, the business plan prepared and reviewed by the Company together with its main shareholder, for the coming years, contemplates obtaining future benefits and reversing the current financial situation in the medium term (from the year 2019 until 2022), based mainly on compliance with the following actions:

- The Company has the financial support of its Parent company, who have made capital contributions during 2019, see note 12 (a).
- Operating efficiencies with improvements in margins and profitability.
- Preparing a business strategy plan to attract new customers by optimizing prices and increasing the service quality.
- Reduction of costs and expenses are being made to achieve compliance with the Company's strategic plan.

(c) Approval of the financial statements –

The Company's financial statements as of December 31, 2019, were approved and authorized for issuance by the Company's Management on April 10, 2020, and will be presented for the approval of the Shareholders in the terms established by Law. In the opinion of the Company's Management, the attached financial statements will be approved without modifications. The Company's financial statements as of December 31, 2018, were approved by the Company's Management on April 19, 2019.

2. Significant principles and practices

2.1 Bases of preparation and presentation –

The Company's financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS") issued by the International Accounting Standards Board (hereinafter "IASB") effective as of December 31, 2019 and 2018, respectively.

The financial statements have been prepared on the historical cost bases from the accounting records maintained by the Company. The financial statements are presented in Soles (functional and presentation currency), except where otherwise indicated.

In the note 2.3 includes information about significant accounting judgments, estimates and assumptions used by management in the preparation of the accompanying financial statements.

2.2 Changes in accounting policies and disclosures –

Adoption of accounting policies –

The accounting policies adopted are consistent with those applied in previous years, except for the new IFRS and revised IAS's which are mandatory for periods beginning on or after January 1, 2019 and are applicable to the Company's operations. In relation to this, the Company has applied for the first time IFRS 16 and IFRIC 23, effective for those periods beginning on or after

January 1, 2019. The Company has not adopted any standards, interpretations or other amendments that have been issued, but are not effective, as explained further below.

- First adoption of IFRS 16 "Leases"
  IFRS 16 replaces IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC-15 "Operating Leases – Incentives", and SIC- 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"; for annual periods beginning on or after January 1, 2019. IFRS 16 establishes the principles for recognition, measurement, presentation and disclosure of leases and requires lessees to recognize the majority of lease contracts in the statement of financial position.

  The accounting for lessors under IFRS 16 is not substantially modified with respect to the current accounting under IAS 17. Lessors will continue to classify all leases by using the same classification principle indicated in IAS 17. Therefore, IFRS 16 has no impact for leases where the Company is the lessor.

  Following the established by IFRS 16, entities have two options of methods on the date of adoption to implement the new Standard:

  (a) the full retrospective method, which consists of applying IFRS 16 to each reporting period, as the Standard would have always been in force, following the established by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
  (b) the modified retrospective method, which consists of applying IFRS 16 and recording the cumulative effect of its initial application on January 1, 2019 as an adjustment to the opening balance in equity. In other words, comparative information is not restructured.

  The Company adopted IFRS 16 using the full retrospective method. As permitted by this method, the Company was not required to reevaluate whether a contract is, or contains, a lease on the date of initial application. Instead, the Company is allowed to:

  (a) apply this Standard to contracts that were previously identified as leases applying IAS 17 Leases and IFRIC 4 Determination of whether an Agreement contains a Lease.
  (b) not apply this Standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

  The Company has also used the exemption proposed by this standard for lease contracts for which lease terms end within 12 months of the date of the initial application, and lease contracts for which the underlying asset is of low value.

The effect of the adoption of IFRS 16 as per January 1, 2|019 is the following:

	S/
Assets	
Right-of-use assets	307,226
Deferred tax assets	12,460
Total Assets	319,686
Liabilities	
Lease liabilities	381,369
Deferred interest assets	(31,907)
Total liabilities	349,462
Equity	
Accumulated earnings	(29,776)
Total Equity	(29,776)

The Company has lease agreements for various elements of buildings and facilities. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the commencement date, either as a finance lease or an operating lease.

Due to the adoption of IFRS 16, the Company applies a single recognition and measurement approach to all leases, with the exemption of short-term leases and low-value assets.

The Standard provides specific transition requirements and practical solutions, which have been applied by the Company and which are;

- Used a single discount rate for a lease contract portfolio with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application and the low-value leases exemption.
- Initial direct costs were excluded from the measurement of the right-of-use asset on the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Leases previously classified as finance leases

The Company has not modified the initial carrying amount of assets and liabilities through finance leases recognized at the date of the first adoption (for example, the right-of-use asset and the lease liability are equivalent to the lease asset and the lease liability recognized under IAS 17). The requirements of IFRS 16 are applied in these lease contracts from January 1, 2019.

Leases previously classified as operating leases

The Company recognizes the right-of-use of the asset and the lease liability for lease contracts previously classified as operating leases, with the exception of lease contracts for short-term and low-value assets. The lease liability was recognized based on the present value of outstanding payments, which were discounted using an incremental borrowing rate at the initial application. In relation to the right of use, the Company measured this asset by:

(a) its book value as if the Standard had been applied from the commencement date of the lease, but discounted using the lessee's incremental loan rate estimated at the date of initial application.

(b) an amount equal to the lease liability, adjusted for the amount of any advance or accrued lease payments related to that lease, recognized in the statement of financial position immediately prior to the date of initial application.

(i) IFRIC 23 Interpretation "Uncertainty about Income Tax Treatments"

The interpretation deals with the recording of the income tax when the tax treatments involve uncertainties that affect the application of IAS 12 and does not apply to taxes out of the scope of IAS 12. It does not specifically include requirements related to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- If an entity considers uncertain tax treatments separately.
- The assumptions an entity considers for the examination of tax treatments by tax authorities.
- How an entity determines the taxable profit (tax loss), tax bases, unused tax losses, and tax rates.
- How an entity considers changes in facts and circumstances.

Following the adoption of the Interpretation, the Company considered that they do not have uncertain tax positions. The Company's tax returns in different jurisdictions consider tax positions that the tax authorities could challenge.

The Company determined that its tax treatments are likely to be accepted by the tax authorities. The interpretation did not have an impact on the financial statements of the Company.

- Other modifications and accounting interpretations -
  There are other modifications and interpretations that apply for the first time in 2019; however, they had no impact on the Company's financial statements. The Company has not adopted in advance other regulations, interpretations or modifications which have been issued but are not effective.

2.3 Summary of significant accounting principles and practices -

(a) Financial Instruments: Initial recognition and subsequent measurement –
A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

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

The classification depends of the business model of the Company and the characteristics of the cash flows of the instruments.

As of December 31, 2019 and 2018, the Company just held assets measured at amortized cost. The Company measures financial assets at amortized cost if the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. These assets give rise to interest income before its maturity or disposal. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets are not reclassified after their initial recognition, except if the Company changes their business model for management.

This category includes cash and cash equivalents, trade receivables, other receivables and receivables from related parties.

Derecognition

A financial asset (or, where applicable, part of a financial asset or a group of similar financial assets) is written off when:

- The rights to receive cash flows generated by the asset have expired or
- The Company has transferred the contractual rights to the cash flows generated by the asset or an obligation has been assumed to pay a third party all of those cash flows without significant delay, through a transfer agreement (pass-through arrangement) and (a) have transferred substantially all risks and rewards of the asset; or (b) have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control over it.

When the Company has transferred its rights to receive the cash flows generated by the asset, or an intermediation agreement has been entered into, the Company evaluates if it has retained, and to what extent, the risks and benefits inherent in the ownership of the asset. When the Company has not transferred or retained changes all the risks and rewards inherent in owning the asset, nor has it transferred control of the asset, the Company continues to recognize the transferred asset. In that case, the Company also recognizes the related liability. The transferred asset and the related liability are measured in a way that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (henceforth ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements.

The ECL is recognized in two stages. For credit exposures for which there has been no significant increase in credit risk since initial recognition, the ECL is recognized for losses resulting from events of breach that are possible within the following 12 months ("12-month PCE"). For credit exposures for cases that have had a significant increase in credit risk since initial recognition, a risk loss is required for expected credit losses during the remaining life of the exposure, regardless of the timing of breach ("ECL for life").

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognize loss allowances based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on their historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition by estimating expected credit losses, the Company considers reasonable and sustainable information that is relevant and available without undue cost or effort.

(ii) Financial liabilities -

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

The financial liabilities that the Company maintains include trade payables, other trade payables, payables to related parties, interest-bearing debts and loans, note 13; which are classified as loans and accounts payable.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification, as described below:

After initial recognition, long-term financial liabilities, loans and accounts payable are measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

The amortized cost is calculated taking into account any discount or premium on the acquisition and the commissions or costs that are an integral part of the effective interest rate. Amortization in accordance with the method of effective interest rate is recognized as financial cost in the income statement.

Derecognition
A financial liability is derecognized when the obligation specified in the corresponding contract has been paid or canceled or has expired. When an existing financial liability is replaced by another liability from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference among the respective carrying amounts is recognized in the income statement.

(iii) Offsetting of financial instruments –
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

As of December 31, 2019 and 2018, the Company does not present any financial asset or liability for a net amount; nor does its present gross amounts subject to compensation rights.

(iv) Fair value of financial instruments, see note 23 –
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. The Company use valuation techniques that are appropriate in the circumstances and for which they have sufficient information available to measure fair value, maximizing the use of relevant observable inputs and minimize the use of unobservable inputs valuation techniques.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period. Likewise, Management analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the accounting policies of the Company.

For fair value disclosure purposes, the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained before.

(b) Transactions and account balances in foreign currency -

Functional and presentation currency -

The items included in the Company's financial statements are expressed in the currency of the primary economic environment where the entity operates (functional currency).

In the case of the Company, the sol has been defined as its functional and presentation currency.

Transactions and balances in foreign currency -
Foreign currency transactions are those performed in a currency other than the functional currency of the entity and are initially recorded at the exchange rates of their respective functional currencies at the date the transaction first qualifies for recognition.

Subsequently, monetary assets and liabilities denominated in foreign currencies are adjusted at the functional currency exchange rate ruling at the reporting date. The differences between this exchange rate and the exchange rate initially used to record the transactions are recognized in the caption "Exchange difference, net" in the statement of comprehensive income in the period in which they occur.

Non-monetary assets and liabilities determined in foreign currency established at historical cost are transferred to the functional currency at the exchange rate prevailing on the date of the transaction.

(c) Cash and cash equivalents, see note 3 -
For purposes of the statements of cash flows, cash and cash equivalents correspond to cash and current accounts, all recorded in the statements of financial position. These accounts are not subject to significant risk of changes in value.

(d) Classification of items as current and non-current -
The Company presents assets and liabilities in the statement of financial position, classified as current and non-current. An asset is classified as current when the entity:

- Expects to realize the asset or has the intention to sell or use it in its normal operating cycle;
- Holds the asset primarily for trading purposes;
- Expects to realize the asset within twelve months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted and cannot be exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

All other assets are classified as non-current.

A liability is classified as current when the entity:

- Expects to liquidate the liability in its normal operating cycle;
- Holds the liability primarily for the purpose of negotiating;
- The liability is due to be settled within twelve months following the closing date of the period reported; o
- Does not have an unconditional right to delay the cancellation of the liability for at least twelve months from the date of the end of the reporting period.

All the other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities in all cases.

(e) Property, plant and equipment, see note 8 -
Property, plant and equipment are presented at cost, net of accumulated depreciation and accumulated impairment losses, if applicable.

The initial cost of an asset consists of its purchase price or manufacturing cost, including non-refundable purchase duties and taxes and any costs involved in bringing the asset into operation, the initial estimate of the rehabilitation obligation and financing costs for long-term construction projects, to the extent that the requirements for recognition are met.

When significant components of property, plant and equipment are required to be replaced, the Company discards the replaced component and recognizes the new component with its corresponding useful life and depreciation. All other routine repair and maintenance costs are recognized as an expense in the statement of comprehensive income as they are incurred.

Any significant material, furniture, equipment or component is removed at the time of its disposal or when no economic benefits are expected from its use or future disposal. Any gain or loss arising upon the retirement of the asset (calculated as the difference between the sales price and the carrying value of the asset) is included in the statement of comprehensive income in the year in which the asset is retired.

The residual value, useful life and the depreciation methods are reviewed and adjusted, if appropriate, at the end of each year.

The depreciation of assets is calculated using the straight-line method over the following estimated useful lives

	Years
Furniture	5 years
Computers	2 years
Lease improvements	5 years (time as per contract)

(f) Impairment of long-live assets -

The Company evaluates, at each reporting date, whether there is any indication that an asset may be impaired in its value. If any such evidence exists, or when annual impairment testing of an asset is required, the recoverable value of the asset is estimated. The recoverable value of an asset is the highest value between the value of the asset or the cash-generating unit (CGU) less the costs of sale and its value in use; and it is determined for each asset individually unless the asset does not generate cash flows that are largely independent of those flows from other assets or groups of assets.

When the carrying amount of an asset or its CGU exceeds its recoverable amount, the asset or cash-generating unit is considered to be impaired and is written down to its recoverable amount. When assessing the value in use, future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset. To determine a fair value, less the selling costs, recent market transactions, if any, are taken into consideration. If such transactions cannot be identified, an appropriate valuation model is used. These calculations are verified against valuation techniques, stock quotes for listed subsidiaries and other available fair value indicators.

For non-financial assets, an evaluation is made at each financial statement presentation date as to whether there are indicators that the previously recognized permanent impairment loss may no longer exist or may have decreased. If such an indication is found, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the asset's carrying amount does not exceed its recoverable amount, nor does it exceed the carrying amount that would have been determined, net of any depreciation, if an impairment loss had not been recognized in prior years. Such reversal is recorded in the statement of comprehensive income.

As of December 31, 2019, and 2018, the Company's management considers that there are no economic circumstances or changes that indicate that the net book value of its facilities, furniture and equipment and other assets cannot be recovered.

(g) Leases -

Until December 31, 2018, the Company's accounting policy for the accounting treatment of leases was, as follows:

Determining whether an agreement is, or contains, a lease is based on the substance of the agreement as of the date of its conclusion, whether compliance with the agreement depends on the use of a specific asset or whether the agreement grants the right of use of the asset, even if such right is not explicitly in the agreement.

The financial leases that transfer to the Company substantially all the risks and benefits inherent to the ownership of the leased asset are capitalized on the date of commencement of the lease at the fair value of the leased property or, if the amount is less, at the current value of the minimum lease payments. Lease payments are prorated between finance charges and the reduction of the lease liability in order to achieve a constant interest rate on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable assurance that the Company will obtain ownership at the end of the lease period, the asset will be depreciated over the estimated useful life of the asset or in the lease term, whichever is less.

Leases in which the Company does not obtain substantially all the risks and benefits inherent in owning the asset are classified as operating leases.

Payments for operating leases are recognized as operating expenses in the statement of comprehensive income on a straight-line amortization basis throughout the lease period.

As of December 31, 2018, the Company does not have current financial leases.

As of January 1, 2019, with the adoption of IFRS 16, the accounting treatment of leases is, as follows:

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. It is necessary to consider whether the performance of the contract depends on the use of a specific asset or assets or if the contract transfers the right to use the asset. Subsequent to the start of the lease, the asset may only be revalued if one of the following considerations applies:

(i) There is a change in the contractual terms, other than the renewal or extension of the contract.
(ii) A renewal option has been exercised or an extension has been granted, unless the renewal or extension is stipulated within the terms of the contract.

(iii) There is a change in determining whether compliance depends on a specific asset; or

(iv) There is a substantial change in the asset.

If a revaluation is carried out, the accounting for the lease will begin or cease from the date on which the change of circumstances from place to revaluation in the case of scenarios (i), (iii) or (iv) and in the date of renewal or beginning of the extension period for scenario (ii).

The Company recognizes a right-of-use asset and a lease liability on the lease commencement date.

Right-of-use assets, see note 7(a) -

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made on or before the start date, in addition to the initial direct costs incurred and an estimate of the costs. to dismantle the underlying asset or to restore the underlying asset or the site where it is located, less any incentives received.

The right-of-use asset is subsequently amortized using the straight-line method from the start date to the end of the useful life of the right-of-use asset or until the end of the lease term, whichever is less, considering that if there is a call option, the estimated useful life of the underlying assets will always be chosen.

In addition, the right-of-use asset is periodically reduced for impairment losses, if any, and is adjusted for new measurements of the lease liability.

Lease liabilities, see note 7(b) -

On the rental start date, the Company recognizes the lease liabilities measured at the present value of the payments pending at that date. Lease payments include fixed payments (including essentially fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option that is reasonably certain to be exercised by the Company and the penalties for terminating the lease, if the term of the lease reflects that the Company will exercise the termination option.

Variable lease payments that do not depend on an index or rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

Exceptions to recognition -
The Company does not recognize the right-of-use assets and lease liabilities for short-term leases and that have a lease term of 12 months or less and leases of low-value assets, including computer equipment, minor equipment such as pumps and fans. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

Financial leasing -
In financial leasing operations, the method of showing the total cost of the contract and its corresponding liability for the same amount, equal to the fair value of the leased asset, is followed in the fixed assets. Financial expenses are charged to results in the period in which they are accrued, and the depreciation of assets is charged to results based on their useful life.

Incremental Borrowing Rate Estimate -
The Company cannot easily determine the implicit interest rate of the lease; therefore, it uses the Incremental Borrowing Rate (IBR) to measure the lease liabilities. The incremental borrowing rate is the rate that the Company would have to pay to borrow for a similar term, and with a similar value, the funds necessary to obtain an asset similar to the right-of-use asset in a similar economic environment. Therefore, this rate reflects what the Company 'would have to pay', which requires an estimate when there are no observable rates available (such as for subsidiaries that do not carry out financial transactions) or when they must be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the functional currency of the subsidiary).

The Company estimates the incremental rate using observable data (such as market interest rates) when available and is required to make certain entity-specific estimates, such as the entity's credit rating, bank margins for this type of loan, among others.

Determination of lease terms in contracts with renewal and termination options -
The Company defines the lease term as the non-cancellable period of a lease, together with any period covered by an option to extend the lease if it is exercised or any other period covered by an option to terminate the lease if it is not exercised.

The Company has several leases that include extension and termination options. The Company applies judgment when evaluating whether or not it is reasonably safe to exercise the option to renew or terminate the lease. In other words, it considers all the relevant factors that create an economic incentive to exercise, either renewal or termination. After the start date, the Company reevaluates the term of the lease, if there is a significant event or change in circumstances that is under its control and affects its ability to exercise or not to exercise the option to renew or terminate (for example, construction of significant lease improvements or significant customization of the leased asset).

(h) Provisions -

Provisions are recognized when the Company has a current obligation (legal or implicit) as a result of a past event, it is likely that resources will be required to cancel the said obligation and the amount can be reasonably determined. The amount of the provision is equivalent to the present value of the future payments, expected to be required in order to settle the obligation. In cases where the Company expects that the provision will be refunded in full or in part, for example, under an insurance contract, the refund is recognized as a separate asset, only in cases where such a refund is virtually certain. The expense for any provision is presented in the statement of comprehensive income Net for any related refunds.

If the effect of time on the value of the money is significant, the provisions are discounted using an interest rate that reflects the specific risks of the liability. When the discount is made, the increase in the provision due to the passing of time is recognized as a financial expense.

(i) Contingencies,

Contingent liabilities are revealed in the financial statements when the existence of an obligation can only be confirmed for future events or the amount of the obligation cannot be measured reliably.

Contingent assets are not recognized but they are revealed when an income of economic benefits is expected.

A contingent liability is mentioned when the existence of an obligation will only be confirmed by future events or when the amount of the obligation cannot be measured with sufficient reliability. Contingent assets are not recognized, but they are disclosed when it is likely that an income of economic benefits will flow to the Company.

By their nature, contingencies will only be resolved when one or more future events occur, or not. The determination of contingencies inherently involves the exercise of judgment and the calculation of estimates of the outcome of future events.

(j) Revenue recognition, see note 13 –
Revenue is recognized at the fair value of the counterpart, received or to be received, derived from them. These revenues are reduced by those estimates such as customer returns, sales and other similar concepts. Income is recognized considering the following 5 steps:

- Step 1: Identify the contract with the client
- Step 2: Identify the separate obligations of the contract
- Step 3: Determine the transaction price
- Step 4: Distribute the transaction price among the obligations of the contract
- Step 5: Recognize income when (or as) the entity meets the obligations of the contract.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that the revenue can be measured reliably, regardless of when the payment is made. Revenues are measured at the fair value of the consideration received or to be received, taking into account the payment terms defined contractually and without including taxes or duties. The Company evaluates its revenue agreements based on specific criteria, in order to determine if it acts as principal or agent. The Company concluded that it acts as principal in all of its revenue agreements. The specific recognition criteria detailed below must also be met for income to be recognized:

The recognition of income in the projects of Clients in Designit Perú S.A.C. It is done by their degree of progress, not by billing. Therefore, when a project ends and closes, the amount recognized as income matches the invoiced amount.

There are cases in which the provisioned amount does not coincide with the invoiced due to the form of invoicing indicated in the contract, with which in this case a deferred income is recognized.

(k) Recognition of costs and expenses -
The cost of services related to the development of projects is registered when they are accrued. The exchange differences that correspond to the adjustment of monetary items represented in foreign currency, that are unfavorable to the Company, are recognized as a financial expense when they accrue. Other expenses are recognized as they arise, regardless of the timing of the payment, and are recorded in the periods to which they relate.

(l) Taxes -

Current income tax -

Current income tax assets and liabilities are measured by the amounts expected to be recovered or paid to the Tax Authority. The tax rates and tax laws used to compute the tax are those that are approved or whose approval procedure is about to be completed as of the end of the reporting period.

Periodically, the Management evaluates the positions taken in the tax returns with respect to the situations in which the applicable tax rules are subject to an interpretation, and constitutes provisions when it is appropriate.

Deferred taxes, see note 8 -

Deferred taxes are recognized using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of the reporting period.

Deferred tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the opportunity for their reversal can be controlled and their reversal is not likely to occur in the near future.

Deferred tax assets are recognized for all tax-deductible temporary differences, and for the future settlement of unused tax credits and tax loss amounts, to the extent that it is likely that there will be future taxable profits available against which the deductible temporary differences can be compensated, and/or the tax credits and tax loss amounts can be used, except for deductible temporary differences related to investments in subsidiaries, associates and interests in joint ventures, where deferred tax assets are recognized only to the extent for which it is probable that the deductible temporary differences will reverse in the near future and that there will be taxable profits available in the future against which the differences can be settled.

The carrying amount of the deferred tax assets is reviewed at each reporting date, and is reduced to the extent, that it is no longer probable that sufficient future taxable profit exists, allowing the deferred tax assets to be used in whole or in part. Unrecognized deferred tax assets are assessed at each reporting date and recognized to the extent to which it becomes probable that future taxable profit will be available to allow the recovery of previously unrecognized deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that were approved as of the closing date of the reporting period, or whose approval procedure is expected to be completed by that date.

Deferred taxes are recognized in relation to the related item, whether in the statement of comprehensive income or directly in the statement of changes in net equity.

Deferred tax assets and liabilities are compensated if there is a legally enforceable right to compensate the current income tax assets and liabilities, and if the deferred tax is related to the same Tax Authority and tax jurisdiction.

General sales tax –
Revenue from ordinary activities, expenses and assets are recognized excluding the amount of general sales tax, except for;

- When the general sales tax incurred in an acquisition of assets or in the supply of services proves not to be recoverable for the tax authority, in which case such tax is recognized as part of the acquisition cost of the asset or as part of the expense, as appropriate;
- Accounts receivable and payable that are already stated including the amount of general sales tax.

The net amount of general sales tax expected to be recovered from, or payable to, the Tax Authority is presented as an account receivable or an account payable in the statement of financial position, as corresponds.

(m) Reclassifications

Some items in the separate statement of financial position have been reclassified to make them comparable with the balances for the year 2019. The reclassifications did not have a significant effect on the separate financial statements as of December 31, 2018, however they contribute to a better presentation.

2.4. Significant accounting judgments, estimations and assumptions

The preparation of financial statements following the IFRS requires management to make judgments, estimates and assumptions in determining the reported amounts of assets and liabilities, the exposure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the years 2019 and 2018.

In Management's opinion, these estimates were made based on management's best knowledge of the relevant facts andcircumstances as of the date of preparation of the financial statements; however, uncertainties about the estimates and assumptions could cause that the final results may differ from the estimates included in the financial statements.

The Company's management does not expect that variations, if any, will have a material effect on the financial statements.

The significant estimates considered by management in connection to the financial statements, basically refer to

- Estimation for doubtful accounts, note 2.3 (a).
- Residual value, useful life and depreciation of facilities, furniture and equipment, and right-of-use assets note 2.3(e) and note 2.3(g)
- Estimation for impairment of long-term assets, note 2.3(f).
- Deferred income tax assets and liabilities note 2.3(l).
- Estimated Incremental Interest Rate, note 2.3(g)
- Determination of the lease term for leases with renewal and termination options: Grouping as lessee, note 2.3(g)

2.5. New accounting pronouncements -

The standards that have been issued, but which are not yet in operation at the date of the financial statements, are detailed below. This list of standards and interpretations includes those that the Company expects to apply in the future. The Company intends to adopt these standards when they become effective and not in advance:

- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the definition of "materiality" effective for annual periods beginning on or after January 1, 2020.

- Amendments to IFRS 3 "Business Combinations" effective for annual periods beginning on or after January 1, 2020.

- Amendments to the Framework for Financial Reporting, effective for annual periods beginning on or after January 1, 2020.

In management's opinion, these standards will not have a material impact on the Company's financial statements.

3. Cash and cash equivalents.

(a) This item is made up as follows:

	2019 S/	2018 S/
Bank accounts	112,112	980,495
	112,112	980,495

(b) Current accounts are held in domestic banks, in soles and U.S. Dollars, which are freely available and do not accrue interest.

4. Trade receivables

(a) This item is made up as follows:

	2019 S/	2018 S/
Not issued invoices (b)	331,691	-
Invoices receivable (c)	108,804	513,964
	440,495	513,964

(b) The invoices not issued correspond to the services provided by consulting and strategic design and not invoiced as of December 31, 2019, the same that were invoiced in January and February of the following year.

(c) The trade accounts receivable originate mainly from the provision of consulting services and strategic design. They are denominated in soles, have a current maturity and do not generate interest.

(d) The age of the trade accounts receivable and allowance for doubtful accounts are as follows:

	Not impaired S/(000)	Impaired S/(000)	Total S/(000)
As of December 31, 2019			
Current -	357,354	-	357,354
Past Due -			
Until 30 days	-	-	-
From 31 to 60 days	83,141	-	83,141
From 61 to 180 days	-	-	-
From 91 to 180 days	-	-	-
More than 180 days	-	-	-
	440,495	-	440,495

(e) In the opinion of the Company's Management, trade accounts receivable have no credit risk as of December 31, 2019 and 2018.

5. Other receivables

(a) This item is made up as follows:

	2019 S/	2018 S/
Income tax credit (b)	111,505	98,149
Withholdings (c)	70,160	-
Deposits in warranty (d)	36,558	71,040
Prepayments	-	254
Other	2,120	5,332
	220,343	174,775

(b) As of December 31, 2019, this item corresponds mainly to the balance in favor of income tax of S/108,004 and Temporary Tax on Net Assets of S/3,501 (as of December 31, 2018, corresponded to the balance in favor of income tax for S/98,149).

(c) As of December 31, 2019, corresponds to withholdings made during 2019, by related companies abroad for the services provided.

As of December 31, 2019, it mainly includes warranty deposits for rent from the Company's office, as well as the rent of the department of foreign personnel who develop projects to the Company.

6. Facilities, furniture and equipment.

(a) This item is made up as follows:

	Lease improvements S/	Furniture and fixtures S/	Computer equipments S/	Other equipments S/	Work in Progess S/	Total S/
Cost						
Balances as of 1 January 2018	-	7,024	81,890	1,400	215,922	306,236
Additions (b)	66,889	11,906	37,653	-	13,484	129,932
Write-off	-	(7,347)	(23,001)	-	-	(30,348)
Transfers/Reclassifications	151,646	79,160	-	(1,400)	(229,406)	-
Balances as of December 31, 2018	218,535	90,743	96,542	-	-	405,820
Additions (b)	-	-	-	-	-	-
Write-off	-	-	-	-	-	-
Balances as of December 31, 2019	218,535	90,743	96,542	-	-	405,820
Accumulated depreciation						
Balances as of 1 January 2018	-	(1,627)	(11,375)	-	-	(13,002)
Additions (d)	(38,950)	(16,213)	(34,927)	-	-	(90,090)
Write-off	-	899	3,965	-	-	4,864
Transfers/Reclassifications	-	-	(9,147)	-	-	(9,147)
Balances as of December 31, 2018	(38,950)	(16,941)	(51,484)	-	-	(107,375)
Adjustments (e)	(12,390)					(12,390)
Additions (d)	(58,039)	(18,149)	(30,791)	-	-	(106,979)
Balances as of December 31, 2019	(109,379)	(35,090)	(82,275)	-	-	(226,744)
Net cost						
As of December 31, 2018	179,585	73,802	45,058	-	-	298,445
As of December 31, 2019	109,156	55,653	14,267	-	-	179,076

(b) The additions for 2018 correspond to the improvements made in the leased premises where the Company operates, to the acquisition of furniture and fixtures and computer equipment acquired by the Company for the development of its activities.

(c) The Management estimates that the recoverable value of its fixed assets as of December 31, 2019 and 2018, is higher than their respective book values, and therefore does not consider it necessary to recognize additional impairment losses for those assets at that date.

(d) The depreciation for the years 2019 and 2018 was recorded as " Administrative expense" in the statement of comprehensive income, see note 16.

(e) The depreciation of the improvements and facilities has been adjusted in the initial balances for S/12,389, because the correct useful life.

7. Right of use assets, net and lease liabilities

(a) The Company has a property lease agreement used to carry out its operations; which have lease terms of 2 years. The Company's obligations under its leases are guaranteed by the lessor's title to the leased asset.

(b) Below are the carrying amounts of the recognized right-of-use assets and movements during the period:

	Property S/
As of January 1, 2019	307,226
Depreciation of right-of-use assets, note 17	108,433
As of December 31, 2019	198,793

(c) The carrying amounts of lease liabilities (included in the statement of financial position under the heading "Lease liabilities") and movements during the period, are as follows:

	2019 S/
As of January 1, 2019	349,462
Accrued interest	17,657
Lease payments	(127,513)
Exchange rate effect	5,442
As of December 31, 2019	234,164
Current	122,056
Non-current	112,108
As of December 31, 2019	234,164

(d) The schedule for the payment of this obligation is as follows:

	2019 S/
2020	122,056
2021	112,108
Total	234,164

(e) The following table presents the amounts recognized in the statement of the comprehensive income

	2019 S/
Depreciation expenses on right-of-use assets, note 16	108,433
Interest expense on lease liabilities, note 17	17,657
Loss on exchange difference for lease liabilities	5,442
Total amount recognized in statement of comprehensive income	131,532

(f) The Company has rental agreements that include extension and termination options. Management negotiates these options to provide flexibility in managing the leased asset base and to align with the Company's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably secure to be exercised.

8. **Deferred income tax assets**

(a) This item is made up as follows:

	As of January 1, 2018 S/	Credit (debit) to the income statement S/	As of December 31, 2018 S/	Credit (debit) to the income statement S/	Credit (debit) to retained earnings S/	As of December 31, 2019 S/
Deferred income tax assets						
Tax loss	358,990	(61,756)	297,234	51,991	-	349,225
Lease liability	-	-	-	(32,722)	103,091	70,369
Depreciation rate differences	400	15,731	16,131	18,539	3,655	38,324
Vacation accrual	4,230	3,545	7,775	(4,371)	-	3,404
Other provisions (non-deductible)	-	-	-	48,576	-	48,577
Total	363,620	(42,480)	321,140	82,013	106,746	509,899
Deferred tax liabilities						
Right-of-use assets	-	-	-	31,990	(90,631)	(58,641)
Total	-	-	-	31,990	(90,631)	(58,641)
Deferred income tax assets, net	363,620	(42,480)	321,140	114,003	16,115	451,258

(b) The income tax shown in the statement of comprehensive income for the years 2019 and 2018 is made up entirely of deferred income tax.

(c) Below is the reconciliation of the effective rate and the legal rate of income tax for the years 2019 and 2018:

	2019		2018	
	S/	%	S/	%
Losses before income tax	(738,890)	100.00	(359,302)	100.00
Theoretical benefit	217,973	29.50	105,994	29.50
Permanent items	(103,970)	(14.07)	(148,474)	(4.32
Profit (loss) income tax	114,003	15.43	(42,480)	(11.82)

9. **Trade payables**

(a) This item is made up as follows:

	2019 S/(000)	2018 S/(000)
Invoices payable (b)	87,704	5,941
Total	87,704	5,941

(b) The commercial accounts payable are denominated in soles and US dollars and originate mainly from advisory services and travel agencies. These accounts payable have current maturities that fluctuate between 30 and 90 days, no specific guarantees have been granted for them and they do not accrue interest.

10. Other accounts payable

(a) This item is made up as follows::

	2019 S/	2018 S/
Tax payable (b)	47,191	63,356
Provisions (c)	23,005	2,900
Compensation for time of service	22,059	19,233
Bonuses	21,742	-
Pension contributions	15,216	13,678
Social security contributions	11,985	7,854
Vacation payable	11,538	26,355
Value addex tax	3,817	68,356
Other	-	9,117
	156,553	210,849

(b) As of December 31, 2019 and 2018, corresponds withholdings applied to non-residents for S/24,768 and the fifth category income withholdings for S /22,142 (as of December 31, 2018, it corresponded to withholdings applied to non-residents for S/35,680 and the fifth category income withholdings for S / 26,958).

(c) As of December 31, 2019, the provisions correspond mainly to audit services.

11. Deferred income.

(a) This item is made up as follows:

	2019 S/	2018 S/
Services yet to be realized	-	114,245
	-	114,245

(b) As of December 31, 2018, the Company billed its clients for the "Relationship Model" and "Totora" project, services not yet provided as of December 2018 and which were completed during 2019.

12. Equity

(a) Issued capital

As of December 31, 2019 and 2018, the share capital is represented by S/2,549,700 and S/120,000, respectively, common shares of S/1 each, which are fully subscribed and paid.

As of December 31, 2019 and 2018, the shareholding structure is as follows:

Shareholders	2019 Percentage of participation %	2019 N° of shares	2018 Percentage of participation %	2018 N• de shares
Designit Spain Digital SL	99.99	2,549,699	99.90	119,880
Designit Colombia SAS	0.01	1	0.10	120
	100.00	2,549,700	100.00	120,000

On December 20, 2019, the General Shareholders Meeting approved a capital increase of S/2,429,700 under the form of capitalization of loans made by the shareholder Designit Spain Digital SL. As a result of this increase, the share capital of the Company as of December 31, 2019 rises to S/2,549,700 (S/120,000 as of December 31, 2018) represented by 2,549,700 common shares at a par value of S/.1.00 each, fully subscribed and paid .

13. Revenue from services.

(a) This item is made up as follows:

	2019 S/	2018 S/
Consulting and strategic design services	2,752,542	6,675,593
	2,752,542	6,675,593

(b) This includes the incomes from the Company's business activity related to design, products, services, systems, with the objective to innovate the companies' business.

14. Cost of services

(a) This item is made up as follows:

	2019 S/	2018 S/
Personnel expenses (b) y note 18(b)	1,127,515	1,136,746
Services provided by third parties (c)	242,909	2,974,326
Management expenses	7,264	1,767
	1,377,688	4,112,839

(b) During 2019 and 2018, the personnel expenses correspond mainly to costs related to company personnel that participate directly in the development of projects.

(c) During 2019 and 2018, corresponds mainly to the services provided by related entities and costs executed in the development of projects in the amounts of S/41,607 and S/2,586,441 for the years 2019 and 2018, respectively.

15. Selling expenses

(a) This item is made up as follows:

	2019 S/	2018 S/
Personnel expenses 18(b)	769,487	376,833
Services provided by third parties (b)	29,952	38,177
Management expenses	-	69
	799,439	415,079

(b) During 2019 and 2018, it corresponds mainly to mobility expenses for moves to projects.

16. Administrative expenses

(a) This item is made up as follows:

	2019 S/	2018 S/
Management expenses (b)	672,465	1,281,483
Services provided by third parties	353,990	652,278
Personnel expenses, note 18(b)	116,476	262,444
Depreciation 6(d)	106,980	99,237
Depreciation of asset for right of use 7(b)	108,433	-
Allowance for doubtful accounts , note 4(c)	-	36,253
	1,358,344	2,331,695

(b) During the years 2019 and 2018, it corresponds mainly to the services provided by our related companies for administrative expenses amounting to S/657,352 and S/1,053,023, respectively.

17. Financial expenses

This item is made up as follows:

	2019 S/	2018 S/
Interests of related parties , note 19(a)	86,524	118,964
Interest of lease liabilities, note 8(c)	17,869	-
Other	1	1
	104,394	118,965

18. Personal expenses

(a) This item is made up as follows:

	2019 S/	2018 S/
Salaries	1,271,828	1,172,896
Gratifications	243,396	191,060
Social contributions	136,520	97,676
Service time compensation	131,905	102,543
Vacations	112,013	92,128
Bonuses	30,320	33,465
Other expenses	87,496	86,255
Total	2,013,478	1,776,023
Avarage number of employees throughout the year	12	12

(b) The personnel costs for the years 2019 and 2018 have been distributed as follows:

	2019 S/	2018 S/
Service costs, note 14	1,127,515	1,136,746
Selling expenses, note 15	769,487	376,833
Administration expenses, note 16	116,476	262,444
Total	2,013,478	1,776,023

19. Transactions with related entities

(a) As of December 31, 2019 and 2018, the main transactions carried out by the Company with its related entities are detailed as follows:

	2019 S/	2018 S/
Income		
Provided services	689,810	208,117
Costs and expenses		
Provided services	701,926	3,639,464
Interests	86,524	118,964
Others		
Loans received	120,062	207,500

(b) The transactions carried out with related entities have been carried out under normal market conditions. The taxes that these transactions generate, as well as the calculation bases for their determination, are the usual ones in the industry and are settled according to the current tax regulations.

(c) As of December 31, 2019 and 2018, the Company had the following balances with related entities:

	2019 S/	2018 S/
Trade accounts receivable		
Designit Colombia SAS	13,278	22,157
Designit Spain Digital SL	-	101,109
Wipro Technologies Perú S.A.C.	13,212	-
Total	26,490	123,266
Trade accounts payables		
Designit Spain Digital SL	26,135	19,971
Designit Colombia SAS	26,201	-
Designit A/S	643,178	3,189,552
Cooper Software Inc.	12,692	47,781
Total	708,206	3,257,304
Interests payable		
Designit A/S	38,230	117,237
Loans		
Designit A/S	135,695	207,500
Current	746,435	3,374,541
Non-current	135,695	207,500

(d) As of December 31, 2019 and 2018, the Company maintains loans payable to Designit A/S for US$ 35,000 (equivalent to S/135,695) and US$ 50,000 (equivalent to S/207,500), respectively, which were earmarked for working capital, accrue interest at an average rate of 3,178 percent per year, respectively, do not have specific guarantees and do not have a defined payment horizon or maturity.

(e) On December 20, 2019, the General Shareholders' Meeting approved to increase the Company's share capital in the amount of S / 2,429,700 under the capitalization of commercial accounts payable and loans for S/2,237,833 and S /191,867, respectively.

20. Tax situation

(a) The Company is subject to the Peruvian tax regime. As of December 31, 2019 and 2018, the income tax rate is 29.50 percent on taxable income, respectively, after deducting the participation of workers, which is calculated with a rate of 8.00 percent on profit taxable.

Legal non-resident entities in Peru and natural persons are subject to withholding of an additional tax on dividends received. In this regard, pursuant to Legislative Decree No. 1261, the withholding of the additional tax on dividends received was 5 percent for the profits generated as of 2017, the distribution of which is made as of that date.

(b) According to the tax legislation in force in Peru, non-residents subjects are taxed only on their Peruvian source earnings. In general terms, the gains obtained by non-residents subjects for services rendered in our country will be taxed with income tax at a rate of 30 percent on the gross basis, as long as the application of an Agreement to Avoid Double Taxation (CDI). In this regard, Peru has currently signed CDIs with the Andean Community, Chile, Canada, Brazil, Portugal, Switzerland, Mexico and South Korea.

For the purposes of technical assistance services or digital services provided by non-residents subjects in favor of domiciled subjects, the place of provision will be indistinct and in all cases will be subject to income tax with a rate of 15 and 30 and percent on a gross basis, respectively. The rate applicable to technical assistance services will be 15 percent, provided that the requirements outlined in the Income Tax Law are met.

(c) The Company is subject by the temporary tax on net assets, the tax base of which is made up of the value of net assets adjusted at the end of the previous period to which the payment corresponds, deducting depreciation and amortization. The rate of said tax is 0.4 percent, applicable to the amount of net assets that exceed S / 1 million. The aforementioned tax may be paid in cash or in nine successive monthly installments. The amount paid may be used against payments on account of Income Tax for the tax periods from March to December of the taxable period for which the tax was paid until the due date of each payment on account and against the regularization payment of income tax for the taxable period to which it corresponds. In case of remaining balance not applied, it may be requested in return.

(d) For the periods 2019 and 2018, the financial transaction tax rate has been set at 0.005 percent and is applicable on charges and credits in bank accounts or movements of funds through the financial system, except that the itself is exonerated.

(e) For the purpose of determining income tax, the transfer prices of transactions with related companies and with companies residing in territories with low or no taxation, must be supported with documentation and information on the valuation methods used and the criteria considered for its determination. Based on the analysis of the Company's operations, Management and legal advisors believe that, as a consequence of the application of these standards, no significant contingencies will arise for the Company as of December 31, 2019 and 2018.

(f) Draggable tax loss -
As of December 31, 2019, the carry-over tax loss determined by the company amounts to S/ 1,183,813. In accordance with what is permitted by the Income Tax Law, the Company has opted for the compensation system for said carry-over tax loss, taking into account the third category income obtained in the four immediate subsequent years computed from the following year to that of its generation, until its amount is exhausted.

As of December 31, 2019, the Company's Management, based on an evaluation made of its future taxable results, has decided to recognize the deferred income tax generated by the carry-over tax loss, because it considers that it will generate taxable profits. enough to recover the entire loss.

(g) The tax authority has the power to inspect and, if applicable, correct the income tax calculated by the Company in the four years following the year of the filing of the tax return. The affidavits of the income tax and general sales tax for the years 2016 to 2019 are pending review by the tax authority.

Due to the possible interpretations that the tax authority may give to the current legal norms, it is not possible to determine, to date, whether or not the revisions will be passive for the Company; therefore, any higher tax or surcharge that may result from possible tax reviews would be applied to the results of the year in which they are determined. However, in the opinion of the Company's Management and legal advisors, any eventual additional tax settlement would not be significant for the financial statements as of December 31, 2019 and 2018.

(h) The main tax regulations issued during 2019 are the following:

(i) The treatment applicable to royalties and remuneration for services rendered by non-domiciled persons was modified as of January 1, 2019, eliminating the obligation to pay the amount equivalent to withholding due to the accounting record of the cost or expense, now the income tax is withheld due to the payment or accreditation of the remuneration (Legislative Decree No. 1369).

(ii) The norms that regulate the obligation of legal persons and/or legal entities to report the identification of their final beneficiaries were established (Legislative Decree No. 1372). These rules are applicable to legal entities domiciled in the country, in accordance with the provisions of article 7 of the Income Tax Law, and legal entities established in the country. The obligation covers non-domiciled legal entities and legal entities established abroad, as long as: a) they have a branch, agency or other permanent establishment in the country; b) the natural or legal person who manages the autonomous patrimony or the investment funds from abroad, or the natural or legal person who has the quality of protector or administrator, is domiciled in the country; c) any of the parties to a consortium is domiciled in the country. This obligation will be fulfilled through the presentation to the Tax Authority of an informative Sworn Declaration, which must contain the information of the final beneficiary and be presented, in accordance with the regulatory norms and within the terms established by the SUNAT Superintendency Resolution.

(iii) The Tax Code was modified in the application of the general anti-circumvention rule (Rule XVI of the Preliminary Title of the Tax Code (Legislative Decree No. 1422). As part of this amendment, a new assumption of joint liability is envisaged, when the debtor tax is subject to the application of the measures provided by Regulation XVI in the event that circumvention of tax regulations are detected; in such case, joint and several liability will be attributed to the legal representatives provided they have collaborated with the design or approval or the execution of acts or situations or economic relations foreseen as elusive in Rule XVI. In the case of companies that have a Board of Directors, it is the responsibility of this corporate body to define the tax strategy of the entity and must decide on the approval or not of acts, situations or economic relations to be carried out within the framework of tax planning, this power not being delegable. The acts, situations and economic relationships carried out within the framework of fiscal planning and implemented as of the effective date of Legislative Decree No. 1422 (September 14, 2018) and that continue to have effects, must be evaluated by the Board of Directors of the legal person for the effect of its ratification or modification until March 29, 2019, without prejudice to the fact that the management or other administrators of the company had approved the aforementioned acts, situations and economic relationships.

Likewise, it has been established that the application of Regulation XVI, with regard to the cases of tax avoidance, are applicable from July 19, 2012.

It should be noted that, through Supreme Decree No. 145-2019-EF, the substantive parameters and form for the application of the general anti-avoidance rule contained in Rule XV of the Preliminary Title of the Tax Code were approved, which allowed the Full validity and application of Regulation XVI from the day after its publication (May 06, 2019).

Likewise, it specifies that the fraud, gross negligence and abuse of powers referred to in the third paragraph of Article 16 of the Tax Code are not criminal in nature.

Modifications were included to the Income Tax Law, effective as of January 1, 2019, to improve the tax treatment applicable to (Legislative Decree No. 1424):

- The income obtained from the indirect sale of shares or participations representative of the capital of legal entities domiciled in the country. Among the most relevant changes is the inclusion of a new case of indirect sale, which is configured when the total amount of the shares of the domiciled legal entity whose indirect sale is equal to or greater than 40,000 UIT.
- The permanent establishments of sole proprietorships, companies and entities of any nature incorporated abroad. To this end, new cases of permanent establishment have been included, among them, when the provision of services in the country occurs, with respect to the same project, service or for a related one, for a period that in total exceeds 183 calendar days. within any twelve month period.
- The regime of credits against Income Tax for taxes paid abroad, to incorporate indirect credit (corporate tax paid by foreign subsidiaries) as an applicable credit against the Income Tax of domiciled legal entities, in order to avoid economic double taxation.
- The deduction of interest expenses for the determination of the Corporate Income Tax. For this purpose, limits were established both for loans with related entities and for loans with third parties contracted as of September 14, 2018 on the basis of equity and EBITDA.
- Rules have been established for the accrual of income and expenses for tax purposes as of January 1, 2019 (Legislative Decree No. 1425). Until 2018, there was no normative definition of this concept, so in many cases accounting standards were used for their interpretation. In general terms, with the new criteria, for the purposes of determining Income Tax, it will now matter if the substantial facts have occurred for the generation of the income or expense agreed by the parties, which are not subject to a suspensive condition, in in which case the recognition will be given when it is fulfilled and the established collection or payment opportunity will not be taken into account.

(i) The Tax Authority has the power to review and, if applicable, correct the income tax and the general sales tax calculated by the Company in the four years following the year of the presentation of the affidavit. The affidavits of income tax and general sales tax between the years 2016 to 2019 are pending inspection by the Tax Authority.

Due to the possible interpretations that the Tax Authority may give to the current legal regulations, it is not possible to determine, to date, whether or not the revisions that are carried out will be passive for the Company, so any higher tax or surcharge that could resulting from eventual tax reviews would be applied to the results of the year in which it is determined; however, in the opinion of the Company's Management and its legal advisors, any eventual additional tax settlement would not be significant for the financial statements as of December 31, 2019 and 2018.

21. Contingencies and commitments

In management's opinion of the Company and its legal advisors, there are no significant lawsuits pending resolution, or other contingencies against the Company as of December 31, 2019 and 2018.

22. Financial risk management objectives and policies

(a) Market risk

- Market risk is the risk that the fair value of the future flows of a financial instrument will fluctuate due to changes in market prices. Market prices comprise two types of risk: interest rate risk and currency risk. In the case of the Company, the financial instruments affected by market risks include cash deposits and obligations with financial entities and third parties, which are exposed to currency and interest risk.

  The sensitivity analysis in foreign currency shown in the following section (iii) is related to the monetary position as of December 31, 2019 and 2018. The sensitivity analysis has been prepared considering that the proportion of financial instruments in foreign currency Remains constant.

  It has been assumed that the sensitivities in the statement of comprehensive income is the effect of the assumed changes in the respective market risk. This is based on the financial assets and liabilities held as of December 31, 2019 and 2018.

(i) Risk of interest rate -

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to risks of changes in market interest rates because its financial obligations accrue fixed rates. The Company manages its interest rate risk based on Management's experience, balancing active and passive interest rates. Management estimates that future fluctuations in interest rates will not significantly affect the results of future operations of the Company because its financial liabilities have been obtained with fixed interest rates.

(ii) Foreign currency risk -

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to exchange rates is mainly related to its operating activities.

Management monitors this risk through the analysis of the country's macroeconomic variables. Does not use derivative financial instruments to hedge this risk.

Transactions in foreign currency are carried out using exchange rates prevailing in the market as published by the Superintendence of Banks, Insurance and Pension Funds Administration. As of December 31, 2019, the free market weighted average exchange rates for transactions in U.S. dollars were S/3.311 for purchase and S/3.317 for sale (S/3.369 for purchase and S/3.379 for sale as of December 31, 2018).

As of December 31, 2019 and 2018, the Company had the following assets and liabilities in thousands of US dollars:

As of December 31, 2019 and 2018, the Company held the following assets and liabilities in thousands of U.S. dollars:

	2019 US$(000)	2018 US$(000)
Assets		
Cash and cash equivalents	29,544	4,832
Accounts receivable and other accounts receivable	11,041	21,889
	40,585	26,721
Liabilities		
Accounts payable and other accounts payable	16,862	75
Lease liability	70,595	-
Related parties accounts payable	2,500	990,073
	89,957	990,148
Financial position, net	(49,372)	(963,427)

The result of maintaining balances in foreign currency for the Company in 2019, was a net profit of S/148,433 (a net loss of S/59,166 in 2018), which is shown in the item "Exchange difference, net "of the statement of comprehensive income.

Below, we present a table showing the effects on results before income tax of a reasonable variation in the exchange rate, keeping constant all other variables, described in the previous paragraph:

	Increase (Decrease) currency rate	**Effect through profit and loss before taxes** S/(000)
2018	+10%	(325,569)
2019	+10%	(16,401)
2018	- 10%	325,569
2019	- 10%	16,401

(b) Credit risk –

Credit risk is the risk that a counterparty may not fulfill its obligations in relation to a financial instrument or sale contract, generating a financial loss.
The Company is exposed to credit risk for its operating activities (mainly accounts receivable and loans) and its financing activities, including deposit in banks and other financial instruments.

The credit risk caused by the inability of the Company's debtors to meet the payment of their obligations as they mature (without taking into account the fair value of any guarantee or other pledged securities); and due to the default of the counterparties in transactions in cash and cash equivalents, if any, it is limited to balances deposited in banks and accounts receivable as of the date of the statement of financial position. Therefore, the Company deposits its surplus funds in first-rate financial institutions, establishes conservative credit policies, and constantly evaluates the market conditions in which it operates.

In the case of accounts receivable, there are concentrations of credit risk when there are changes in economic, industrial or geographical factors that similarly affect the counterparties related to the Company, whose exposure to aggregate credit risk is significant in relation to the total of Company credit exposure. The main transactions are being executed with various counterparties with creditworthiness, therefore, it mitigates any significant concentration of credit risk. Therefore,

in Management's opinion, the Company considers that it does not have a significant position at credit risk.

(c) Liquidity risk –

Liquidity risk is due to the lack of ability to obtain the necessary funds to meet the Company's mandatory payments related to financial instruments. This risk is included in the difficulty of selling a financial asset at a price close to its fair value in a short period. The Company has the credit capacity to obtain outstanding lines of credit from financial entities, on reasonable terms.

The Company monitors its risk of shortage of funds using a projected cash flow in the short and long term. The Company's objective is to maintain a continuity of funds and their flexibility through an adequate number of committed credit sources and the ability to settle mainly debt transactions.

As of December 31, 2019 and 2018, current liabilities exceed the Company's current assets mainly due to its accounts payable to suppliers and accounts payable to its related Designit A/S, however the recovery of its Liquidity will depend on the economic performance of the Company to the extent that it meets the objectives established in its budgets. If these objectives are not reached, it has the financial support of its main related company Designit Spain Digital SL and Designit A/S.

The following summarizes the maturity profile of the Company's financial liabilities, based on the undiscounted contractual amounts to be disbursed:

	Less than 1 year S/	1 - 2 years S/	Total S/
As of December 31, 2019			
Trade payables	87,704	-	87,704
Other accounts payable	94,007	-	94,007
Accounts payables to related entities	746,436	135,695	882,131
Lease liability	122,056	112,108	234,164
	1,050,203	**247,803**	**1,298,006**
As of December 31, 2018			
Trade payables	5,941	-	5,941
Other accounts payable	52,782	-	52,782
Accounts payables to related entities	3,374,541	207,500	3,582,041
	3,433,264	**207,500**	**3,640,764**

Following are the changes in liabilities from financing activities:

	As of 01.01.2019 S/	Capitalization S/	New loans S/	Others S/	As of December 31,2019 S/
Related entities loans	207,500	(191,867)	126,162	(6,100)	135,695
	207,500	(191,867)	126,162	(6,100)	135,695

	As of 01.01.2018 S/	Capitalization S/	New loans S/	Others S/	As of December 31,2018 S/
Related entities loans	-	-	190,378	17,122	207,500
	-	**-**	**190,378**	**17,122**	**207,500**

(d) Capital management –

The main objective of the Company's capital management is to ensure that credit strength and healthy financial ratios are maintained in order to support the business and maximize shareholder value.

The Company manages its capital structure and makes adjustments, in accordance with changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the payment of dividends to shareholders, the return of capital to shareholders or issue new shares.

There have been no changes in the objectives, policies and processes during the years ended December 31, 2019 and 2018.

The Company monitors equity using the leverage ratio, which represents net debt over equity plus net debt. The Company includes within net debt, financial obligations, trade accounts payable, miscellaneous and related entities less cash and cash equivalent.

Below is the calculation of the leverage ratio as of December 31, 2019 and 2018

	2019 S/	2018 S/
Trade payables	87,704	5,941
Other accounts payable	156,553	210,849
Lease liabilities	234,164	-
Accounts payables to related entities	882,131	3,582,041
Less – cash and cash equivalents	(112,112)	(980,495)
Net debt (a)	1,248,440	2,818,336
Equity	263,638	(1498,288)
Equity and net debt (b)	1,512,078	1,320,048
Levarage ratio (a / b)	82.56%	213.50%

23. Fair value

The methodologies and assumptions used by the Company to determine the estimated market values depend on the terms and risk characteristics of the various financial instruments and include the following:

(i) Assets whose fair value is similar to their book value - For financial assets and liabilities that are liquid or have short maturities (less than three months), the book value is considered to be similar to their fair value. . Within this category are cash and cash equivalents and short-term accounts receivable and payable. These financial instruments are classified in level 1.

(ii) Fixed rate financial instruments - The fair value of financial assets and liabilities that are at a fixed rate and amortized cost is determined by comparing the market interest rates at the time of initial recognition with current market rates. related to similar financial instruments. These financial instruments are classified in level 2.

Below is a comparison between the book values and the fair values of the Company's financial instruments that are presented in the financial statements.

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	S/(000)	S/(000)	S/(000)	S/(000)
Related entities loans	135,695	135,695	207,500	207,500

24. Events after the date of the financial statements

As a result of the COVID-19 outbreak, which has been classified as a pandemic by the World Health Organization, having spread to more than one hundred countries of the world simultaneously; Through Supreme Decrees No. 044-2020-PCM, 051-2020-PCM and 064-2020-PCM, dated March 15, March 27 and April 10, 2020, respectively, the Peruvian Government declared a State of National Emergency and exceptional measures were established to protect the life and health of the Peruvian population, until April 10, 2020. This pandemic situation has generated uncertainty and volatility in the financial markets. The Peruvian Government, as well as various countries, have taken measures to mitigate the effects of this situation on the markets and on the economy in general.

The Company has taken all appropriate measures to safeguard the health of workers and ensure their critical processes. However, given the uncertainty and rapid evolution of the circumstances explained above, including the potential actions that could be taken to contain it; It is not possible to predict the extent to which it could negatively affect the Company's operation and financial results in the future, even more if it were to continue over time.

25. Explanation added for English translation

The accompanying financial statements were originally issued in Spanish and are presented on the basis of International Financial Reporting Standards, as described in note 2. Certain accounting practices applied by the Company that conform to those accounting principles may not conform to generally accepted accounting principles in other countries. In the event of a discrepancy, the Spanish language version prevails.

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