NETINFO PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NETINFO PLC

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the consolidated financial statements of NETinfo PLC (the "Company") for the year ended 31 December 2020, on the basis of our knowledge, declare that:

(a) The annual consolidated financial statements of the Group:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Group and the entities included in the consolidated financial statements as a whole and

(b) The management report provides a fair view of the developments and the performance as well as the financial position of the Group as a whole, together with a description of the main risks and uncertainties which it faces.

Members of the Board of Directors:

Executive Directors

Vassos Aristodemou

Polykarpos Hadjikyriakos

Orlando Castellanos

Zoe Zafeiropoulou

Andreas Petrides

Non Executive Directors

Epaminondas Metaxas

Pavlos Iosifides

Constantinos Constantinou

Ioannis Ninios

Michael Kammas

Responsible for drafting the financial statements

Andreas Petrides

Nicosia, 28 April 2021

NETINFO PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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NETINFO PLC

OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	**Executive Directors** Vassos Aristodemou Polykarpos Hadjikyriakos Orlando Castellanos Zoe Zafeiropoulou Andreas Petrides **Non-Executive Directors** Pavlos Iosifides Michael Kammas Ioannis Ninios Epaminondas Metaxas Constantinos Constantinou
Secretary	Polykarpos Hadjikyriakos
Independent Auditors	KPMG Limited
Legal Advisors	D.Hadjinestoros & Co LLC Kyriakou Matsi 16, Eagle House, 8th Floor Agioi Omologites 1082, Nicosia,Cyprus
Bankers	Bank of Cyprus Public Company Ltd Hellenic Bank Public Company Ltd Alpha Bank Cyprus Ltd National Bank of Greece (Cyprus) Ltd Eurobank Cyprus Ltd Cynergy Bank Limited
Registered Office	23 Aglantzias Avenue Netinfo Building 2108, Nicosia Cyprus
Registration number	HE110368

NETINFO PLC

MANAGEMENT REPORT

The Board of Directors of NETinfo PLC (the "Company") presents to the members its Annual Report together with the audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE GROUP

The principal activities of the Group which are unchanged from last year, are the design and implementation of digital banking systems, mobile financial services systems, and web applications.

FINANCIAL RESULTS

The Group's financial results for the year ended 31 December 2020 are set out on page 11 to the consolidated financial statements. The net profit for the year attributable to the owners of the Group amounted to €356.028 (2019: €334.990 loss).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP

The current financial position as presented in the consolidated financial statements is considered satisfactory.

Financial technology groups tend to invest heavily in developing a strong asset and service offering either through acquisitions or in house development. The Group is one of the leading financial technology companies in Cyprus with a strong in house development team which was further enhanced in 2020. During the year the Group invested heavily in the upgrade of its software platform product offerings compatible with current and next generation systems. What's important to highlight, is the significant innovation of the Group during 2020 with the development of cutting edge electronic payment and real time electronic wallet technology and license activation of NETinfoPay e-money license by the Central Bank of Cyprus, a significant milestone for the medium to long term development plans of the Group.

The Company was listed in the E.C.M Market of the Cyprus Stock Exchange. On the 18th March 2021 the prospectus document of NETinfo PLC, was approved by the Cyprus Securities and Exchange Commission, regarding the listing of the 12.820.670 ordinary shares of nominal value €0,22 per share on the Alternative Market of the Cyprus Stock Exchange and started trading on 27th of April 2021.

The management is actively monitoring the financial performance of the Group and looking to improve its capital base and liquidity position.

REVENUE

The Group's revenue for the year ended 31 December 2020 was €4.950.069 (2019: €4.164.384).

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in note 37 to the consolidated financial statements.

USE OF FINANCIAL INSTRUMENTS BY THE GROUP

The Group is exposed to interest rate risk, credit risk and dividends from the financial instruments it holds.

INTEREST RATE RISK

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

CREDIT RISK

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer is assessed and outstanding customer receivables are regularly monitored. The Group does not hold collateral as security.

LIQUIDITY RISK

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Group in the foreseeable future.

The most significant risks faced by the Group and the steps taken to manage these risks, are described in note 37 to the consolidated financial statements.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group continuously invests in developing and upgrading its main software library. This has been achieved by investing in an in-house R&D department who continuously develop its existing products according to business requirements. During the year, an amount of €468.978 (2019: €449.672) was capitalised.

SHARE CAPITAL

Authorised capital

There were no changes in the authorised share capital of the Company during the year.

Issued capital

There were no changes in the issued share capital of the Company during the year.

CORPORATE GOVERNANCE CODE

The Group recognises the importance of implementing sound corporate governance policies, practices and procedures including the appointment of an independent audit comittee and the appointment of a competent internal auditor responsible for the internal audit function of the Group reporting direclty to the audit committee. Through the internal audit relevant governance has been implemented for the preparation of the consolidated financial statements and interim reporting.

NETinfo Plc was listed on the Emerging Capital Market of the Cyprus Stock Exchange ("CSE"), which is not regarded as a regulated market with the meaning used in Companies Law, therefore it was not required to adopt the Corporate Governance Statement as per Section 151 of the Companies Law, Cap.113. As of the admission to the alternative market of the CSE Netinfo PLC is still not required to adopt the Corporate Governance Statement as per Section 151 of the Companies Law, Cap.113.

PARTICIPATION OF DIRECTORS IN THE COMPANY'S SHARE CAPITAL

Disclosed in note 35 and note 36 to the consolidated financial statements.

BRANCHES

During the year ended 31 December 2020 the Group did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2020. The appointment and replacement of directors takes place at the Annual General Meeting.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

The board of directors comprise of 10 knowledgeable and competent members with appopriate experience of the industry and management, as well as age diversity. Five members are executive members , three are independent non executive and two are non executive members.

EVENTS AFTER THE REPORTING PERIOD

Any significant events that occurred after the end of the reporting period are described in note 39 to the consolidated financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Vassos Aristodemou
Director

Nicosia, 28 April 2021

KPMG Limited
Chartered Accountants
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P.O. Box 21121, 1502 Nicosia, Cyprus
T: +357 22 209000, F: +357 22 678200

INDEPENDENT AUDITORS' REPORT TO

THE MEMBERS OF

NETINFO PLC

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of NETinfo PLC (the "Company") and its subsidiaries (the "Group"), which are presented on pages 10 to 67 and comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the consolidated financial statements"* section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition	
Refer to note 8 of the consolidated financial statements	
Key audit matter	**How the matter was addressed in our audit**
We have identified revenue recognition as a key audit matter since it involves significant judgement in determining the various performance obligations, establishing the timing of revenue recognition and allocating the transaction price to the performance obligations. Revenue of the Group is generated through contracts signed between the Group and various local and international clients. Implementation contracts contain various performance obligations which are distinct, hence a specific point in time can be established.	Our audit procedures on this area included among others: - Tracing revenue to supporting invoices and contracts with the client for a sample of software development and implementation revenue (statistically selected). - Tracing revenue for a sample of outsourcing revenue (statistically selected) to supporting invoices. - Performing on a sample of maintenance contracts (statistically selected), recalculation of the services rendered over time by tracing revenue to the annual contract fee. - Tracing revenue for a sample of web design revenue (statistically selected) to supporting invoices. - Reviewing transactions post year end and traced revenue recognised to contract terms to ensure completeness of revenue. - Reviewing adequacy of disclosures regarding revenue in the consolidated financial statements.

Capitalisation and impairment of software development costs	
Refer to note 20 of the consolidated financial statements	
Key audit matter	**How the matter was addressed in our audit**
Internally generated intangible assets (software development costs) are recognised only when the conditions of IAS 38 are met. This involves significant management judgment, such as with respect to the technical feasibility, intention and ability to complete the intangible asset, generation of future economic benefits and the ability to measure the costs reliably. The value of these intangible assets as at 31 December 2020 is €3.616.550 and consists of 39% of the total assets of the Group.	- We have assessed the recognition criteria of internally generated intangible assets, challenged the key assumptions and estimates applied by management in capitalized software development costs and assessed their reasonableness. - We have obtained an analysis of the software tools database developments made to the software library during 2020 and assessed the reasonableness against those developments. - We examined the expense accounts to identify costs eligible for capitalization, to assess completeness of the development costs capitalized. - We considered whether any indicators of impairment were present by understanding the business rationale and management plans for the future and relevant markets addressed. - We reviewed adequacy of disclosures regarding capitalisation and impairment of software developments costs in the consolidated financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the management report, our report in this regard is presented in the *"Report on other legal and regulatory requirements"* section.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease the Group's operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Other regulatory requirements

Pursuant to the requirements of Article 10(2) of European Union (EU) Regulation 537/2014 we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

Date of appointment and period of engagement

We were appointed auditors for the first time by the General Meeting of the Company's members to audit the consolidated financial statements of the Group for the year ended 31 December 2017. Our total uninterrupted period of engagement having been renewed annually by shareholders' resolution is 4 years covering the periods ending 31 December 2017 to 31 December 2020.

Consistency of auditors' report to the additional report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report presented to the Audit Committee of the Company, which is dated 26 April 2021 .

Provision of Non-audit Services ('NAS')

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)2017, as amended from time to time ("Law L53(I)/2017").

Other legal requirements

Pursuant to the additional requirements of the 'Law L53(I)/2017" and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the management report.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, have been prepared in accordance with the requirements of the Companies Law, Cap, 113, and is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified any material misstatements in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap.113.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditors' report is Pangratios P. Vanezis, FCA.

Pangratios P. Vanezis, FCA

Certified Public Accountant and Registered Auditor for
and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

29 April 2021

NETINFO PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 €	2019 €
Assets			
Property, plant and equipment	19	3.238.272	3.279.027
Intangible assets	20	3.616.550	3.451.496
Investment properties	21	304.000	304.000
Investments in associates	23	-	97.002
Contract assets	8	123.725	65.780
Total non-current assets		7.282.547	7.197.305
Inventories	24	62.106	78.278
Contract assets	8	438.035	251.511
Trade and other receivables	25	1.010.597	937.935
Cash and cash equivalents	26	492.628	444.051
Total current assets		2.003.366	1.711.775
Total assets		9.285.913	8.909.080
Equity			
Share capital	27	2.820.547	2.820.547
Share premium		1.282.911	1.282.911
Reserves	28	(439.105)	(803.243)
Total equity		3.664.353	3.300.215
Liabilities			
Loans and borrowings	29	3.288.861	3.313.584
Deferred tax liabilities	30	71.594	74.693
Deferred income	32	61.502	66.233
Total non-current liabilities		3.421.957	3.454.510
Bank overdrafts	26	829.176	943.504
Short term portion of long-term loans	29	448.843	448.844
Trade and other payables	31	915.155	755.578
Deferred income	32	4.731	4.731
Tax liability		1.698	1.698
Total current liabilities		2.199.603	2.154.355
Total liabilities		5.621.560	5.608.865
Total equity and liabilities		9.285.913	8.909.080

On 28 April 2021 the Board of Directors of NETinfo PLC approved and authorised these consolidated financial statements for issue.

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Vassos Aristodemou
Director

Andreas Petrides
Director

The notes on pages 15 to 66 are an integral part of these consolidated financial statements.

NETINFO PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 €	2019 €
Revenue	8	4.950.069	4.164.384
Cost of sales	9	(2.188.529)	(1.947.967)
Gross profit		2.761.540	2.216.417
Other operating income	10	89.596	64.786
Selling and distribution expenses	11	(267.250)	(261.404)
Administrative expenses	12	(1.954.618)	(1.899.950)
Impairment reversal/(loss) on trade receivables and contract assets	25	66.942	(154.686)
Loss from sale of investments in associates	23	(34.002)	-
Operating profit/(loss)	13	662.208	(34.837)
Finance income	15	1.770	15.799
Finance costs	15	(205.303)	(226.556)
Net finance expenses		(203.533)	(210.757)
Operating profit/(loss) after net finance expenses		458.675	(245.594)
Share of profit from associate	23	-	1.540
Profit/(loss) before tax		458.675	(244.054)
Tax	16	(102.647)	(90.936)
Profit/(loss) for the year		356.028	(334.990)
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Deferred tax	30	3.099	3.099
Items that are or may be reclassified to profit or loss:			
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		22.000	120.314
Other comprehensive income for the year		25.099	123.413
Total comprehensive income/(expense) for the year		381.127	(211.577)
Basic earnings/(losses) per share (cent)	17	2,78	(2,61)
Diluted earnings/(losses) per share (cent)	17	2,65	(2,50)

The notes on pages 15 to 66 are an integral part of these consolidated financial statements.

NETINFO PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Note	Share capital €	Share premium €	Fair value reserve-land and buildings €	Translation reserve €	Accumulated losses €	Total €
Balance at 1 January 2019		2.820.547	1.282.911	819.697	(492.433)	(896.577)	3.534.145
Comprehensive income							
Loss for the year		-	-	-	-	(334.990)	(334.990)
Other comprehensive income							
Other comprehensive income for the year		-	-	3.099	120.314	-	123.413
Total comprehensive income for the year		-	-	3.099	120.314	(334.990)	(211.577)
Transactions with owners of the Company							
Special contribution to the defence fund and General Health System (GHS) on deemed distribution	18	-	-	-	-	(22.353)	(22.353)
Total transactions with owners		-	-	-	-	(22.353)	(22.353)
Balance at 31 December 2019		2.820.547	1.282.911	822.796	(372.119)	(1.253.920)	3.300.215

The notes on pages 15 to 66 are an integral part of these consolidated financial statements.

NETINFO PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2020

	Note	Share capital €	Share premium €	Fair value reserve-land and buildings €	Translation reserve €	Accumulated losses €	Total €
Balance at 1 January 2020		2.820.547	1.282.911	822.796	(372.119)	(1.253.920)	3.300.215
Comprehensive income							
Profit for the year		-	-	-	-	356.028	356.028
Other comprehensive income							
Other comprehensive income for the year		-	-	3.099	22.000	-	25.099
Total comprehensive income for the year		-	-	3.099	22.000	356.028	381.127
Transactions with owners of the Company							
Special contribution to the defence fund and General Health System (GHS) on deemed distribution	18	-	-	-	-	(16.989)	(16.989)
Total transactions with owners		-	-	-	-	(16.989)	(16.989)
Balance at 31 December 2020		2.820.547	1.282.911	825.895	(350.119)	(914.881)	3.664.353

Companies, which do not distribute at least 70% of their profits after tax as defined by the Special Defence Contribution Law of the Republic of Cyprus during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend on the 31st of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year to which the profits refer. Based on the amount of the deemed dividend distribution, the Company pays a special defence contributionon behalf of the shareholders at a rate of 17% (valid since 2014) when the entitled shareholders are natural tax residents of Cyprus and have their residence (domicile) in Cyprus. In addition, from 2019 (deemed distribution of dividends for the year 2017), the Company pays a General Health System (GHS) contribution on behalf of the shareholders at a rate of 2.65% (31.12.2019 1.70%), when the entitled shareholders are natural tax residents of Cyprus, regardless of their domicile.

The notes on pages 15 to 66 are an integral part of these consolidated financial statements.

NETINFO PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 €	2019 €
Cash flows from operating activities			
Profit/(loss) for the year		356.028	(334.990)
Adjustments for:			
Depreciation of property, plant and equipment	19	169.002	185.543
Amortisation of research and development	20	303.925	266.592
Share of profit from investments in associate		-	1.540
Loss from the sale of investments in associated undertakings	23	12.002	-
Inventory written off	24	32.555	-
Impairment (reversal)/charge on trade receivables and contract assets	25	(66.942)	154.686
Interest income	15	(1.409)	(2.873)
Interest expense	15	155.152	194.359
Income tax expense		102.647	90.936
Cash generated from operations before working capital changes		1.062.960	555.793
(Increase)/decrease in inventories		(16.383)	1.392
Increase in trade and other receivables		(5.720)	(291.697)
(Increase)/decrease in contract assets		(244.469)	287.191
Increase in trade and other payables		230.301	420.428
Cash generated from operations		1.026.689	973.107
Tax paid		(102.647)	(89.238)
Net cash generated from operating activities		924.042	883.869
Cash flows from investing activities			
Payment for investment in R&D	20	(468.979)	(449.672)
Payment for acquisition of property, plant and equipment	19	(128.247)	(91.229)
Proceeds from sale of investments in associate	23	15.000	-
Interest received		1.409	2.873
Net cash used in investing activities		(580.817)	(538.028)
Cash flows from financing activities			
Repayment of borrowings	29	(153.372)	(480.224)
Proceeds from borrowings	29	-	9.281
Interest paid		(26.948)	(194.359)
Net cash used in financing activities		(180.320)	(665.302)
Net increase/(decrease) in cash and cash equivalents		162.905	(319.461)
Cash and cash equivalents at beginning of the year		(499.453)	(179.992)
Cash and cash equivalents at end of the year	26	(336.548)	(499.453)

The notes on pages 15 to 66 are an integral part of these consolidated financial statements.

NETINFO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. Reporting entity

NETinfo PLC (the "Company") is domiciled in Cyprus. The Group was incorporated in Cyprus on 3 April 2000 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 23 Aglantzias Avenue, Netinfo Building, 2108, Nicosia, Cyprus.

The principal activities of the Group which are unchanged from last year, are the design and implementation of digital banking systems, mobile financial services systems, and web applications.

The Company was listed in the E.C.M Market of the Cyprus Stock Exchange. On the 18th March 2021 the prospectus document of NETinfo PLC, was approved by the Cyprus Securities and Exchange Commission, regarding the listing of the 12.820.670 ordinary shares of nominal value €0,22 per share on the Alternative Market of the Cyprus Stock Exchange and started trading on 27th of April 2021.

2. Basis of accounting

The consolidated financial statements for the year ended 31 December 2020 consist of the financial statements of the Company and its subsidiaries (which together referred to as "the Group").

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except in the case of land, buildings and investment property, which are measured at their fair value.

2.3 Going concern basis

Even though the Group has made a profit of €356.028 during the year ended 31 December 2020 as of that date the Group's current liabilities exceeded its current assets by €196.237. In addition, the events and impact of COVID 19 as discussed in note 33 may increase the operational and financial pressures on the Group.

Nothwistanding the level of net current liabilities, as at the reporting date, and the events in relation to the global pandemic of COVID 19, the Group's financial statements have been prepared on a going concern basis as the Board of Directors consider that the Group has the financial ability to meet it's short and medium term objectives and overcome any negative impact from the economic effects of the global pandemic.

In particular, during 2020 the Group has continued investing in software development, as evidenced by the software development costs capitalised, mainly in the upgrade of its software platform product offerings compatible with current and next generation systems and more importantly in the significant innovation of the Group with the development of cutting edge electronic payment and real time electronic wallet technology. It is expected that the new products will cut down implementation time and enhance our competitive position in the market. Already a number of existing clients have expressed an interest in upgrading their applications.

The Board of Directors, following consideration and evaluation of the above conditions and relevant factors, the budgetary outlook until December 2022 as well as the implications to the global and local economic conditions as a result of COVID 19, has concluded that the Group has a strong product offering and a significant innovative new technology that would produce strong results not only in the short term but longer term as well. In addition, there are currently available resources to implement the business plans of the Group achieving long term viability and maximising shareholder returns.

3. Functional and presentation currency

The consolidated financial statements are presented in Euro (€) which is the functional currency of the Company.

4. Adoption of new and revised IFRSs and interpretations by the European Union (EU)

As from 1 January 2020, the Group adopted all changes to International Financial Reporting Standards (IFRSs) as adopted by the EU, which are relevant to its operations. This adoption did not have a material effect on the consolidated financial statements of the Group.

The following Standards, Amendments to Standards and Interpretations have been issued by the International Accounting Standards Board (IASB) but are not yet effective for annual periods beginning on 1 January 2020. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these Standards early.

(i) Standards and Interpretations adopted by the EU

- IFRS 16 "Leases" (Amendments): COVID-19-Related Rent Concessions (effective for annual periods beginning on or after 1 June 2020).

  IFRS 9 "Financial Instruments" (Amendments), IAS 39 "Financial Instruments: Recognition and Measurement" (Amendments) and IFRS 7 "Financial Instruments: Disclosures" (Amendments): Interest Rate Benchmark Reform Phase 2 (effective for annual periods beginning on or after 1 January 2021).

(ii) Standards and Interpretations not adopted by the EU

- Amendments to IFRS 16 Leases - Covid 19-Related Rent Concessions (issued on 28 May 2020) (effective for annual periods beginning on or after 1 June 2020).
- IAS 1 "Presentation of Financial Statements" (Amendments): Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023).
- IFRS 10 (Amendments) and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective date postponed indefinitely).

The Board of Directors expects that the adoption of these standards in future periods will not have a material effect on the consolidated financial statements of the Group.

5. Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively - that is, in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

5. Use of estimates and judgements (continued)

5.1 Judgements

Information about judgements in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 8 "Revenue recognition" - maintenance income: whether revenue is recognised over time or ata point in time.

- Note 20 "Capitalisation of software development costs" - determination whether the recognition criteria are met.

5.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 20 - Impairment test of non-financial assets: key assumptions underlying recoverable amounts and value in use.

- Note 25 "Provision for bad and doubtful debts" - the Group reviews its trade and other receivables for evidence of their recoverability.

- Note 37 "measurement of ECL allowance for trade receivables and contract assets": key assumptions in determining the weighted-average loss rate.

5.3 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. Use of estimates and judgements (continued)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in notes:

- Note 21 - Investment property
- Note 19 - Property, plant and equipment
- Note 37 - Financial instruments

6. Significant accounting policies

The following accounting policies have been applied consistently for all the years presented in these consolidated financial statements.The accounting policies have been consistently applied by all companies of the Group.

6.1 Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commences until the date control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring them in line with the accounting policies of the Group.

6.2 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity as transactions with owners acting in their capacity as owners. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

When the Group loses control of a subsidiary, the resulting profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The resulting profit or loss is recognised in profit or loss.

Any interest retained in the former subsidiary is measured at fair value when control is lost.

6. Significant accounting policies (continued)

6.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

6. Significant accounting policies (continued)

6.3 Business combinations (continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

6.4 Investments in associates

Associates are those entities in which the Group has significant influence but no control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Investments in associates are initially recognised at cost, which includes transactions costs, and are accounted for using the equity method.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The guidance in IAS 28 is applied to determine whether it is necessary to perform an impairment test for the Group's investments in equity-accounted investees. If there is an indication of impairment, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

6. Significant accounting policies (continued)

6.5 Segmental reporting

The Group is organised by business segments and this is the primary format for segmental reporting. Each business segment provides products or services which are subject to risks and returns that are different from those of other business segments.

6.6 Revenue recognition

Contracts identification

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Group's contracts with customers.

The transaction price

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value added taxes).

The Group does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

Identification of the performance obligations

The Group assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand alone selling prices. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Performance obligations and revenue recognition policies

Rendering of services - over time:

Revenue from rendering of services is recognised over time while the Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered.

For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

The input method is used to measure progress toward completion of the performance obligation as it provides a faithful depiction of the transfer of the control of the services to the customer.

6. Significant accounting policies (continued)

6.6 Revenue recognition (continued)

Performance obligations and revenue recognition policies (continued)

Rendering of services - at a point in time:

The Group concluded that it transfers control over its services at a point in time, upon receipt by the customer of the service, because this is when the customer benefits from the relevant service.

Sale of products:

Sales of products are recognised at the point in time when the Group satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer and the customer has accepted the products.

Rental income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

6.7 Employee benefits

The Group's companies and their employees contribute to the Government Social Insurance Fund based on employees' salaries. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

In addition the Group operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund.

6.8 Finance income

Interest income is recognised on a time-proportion basis using the effective method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

6. Significant accounting policies (continued)

6.9 Finance costs

Finance expenses include interest expense on loans, finance leases and bank overdrafts as well as bank charges. Finance expenses, excluding bank charges, are recognised to profit or loss using the effective interest method. Bank charges are recognised in profit or loss in the period which incurred.

6.10 Foreign currency translation

(i) Functional currencies

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which each entity operates ('the functional currency').

The Financial Statements have been prepared in Euro (€). The functional currencies of the subsidiaries are as follows:

NETinfo Services Limited: Euro(€)
NETteller Solutions S.A: Euro(€)
NETinfo Ltd: UK pound sterling (£)
NETinfoPay Limited: Euro(€)
NETinfo CIS LLC: Russian Ruble

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange ratesprevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreigncurrencies are translated into the functional currency at the exchange rate at the reporting date. Nonmonetary assets and liabilities that are measured at fair value in a foreign currency are translated into thefunctional currency at the exchange rate when the fair value is determined. Non-monetary items that aremeasured based on historical cost in a foreign currency are translated at the exchange rate at the date ofthe transaction. Foreign exchange gains and losses resulting from the settlement of such transactions andfrom the translation at the reporting date exchange rates of monetary assets and liabilities denominatedin foreign currencies are recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective and

- qualifying cash flow hedges to the extent that the hedges are effective.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

6. Significant accounting policies (continued)

6.10 Foreign currency translation (continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Euro using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

6.11 Tax

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Currently enacted tax rates are used in the determination of deferred tax.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

6.12 Dividends

Dividends distributions to the Company's shareholders are recognised in the Company's financial statements in the year in which they are approved.

6. Significant accounting policies (continued)

6.13 Property, plant and equipment

Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.

Depreciation is calculated on the straight-line method so as to write off the cost or revalued amount of each asset to its residual value, over its estimated useful life. The annual depreciation rates used for the current and comparative periods are as follows:

	%
Buildings	3
	20
Computer hardware	20
Motor vehicles	20
Furniture, fixtures and office equipment	10
Telephone center	10

No depreciation is provided on land.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. When revalued assets are sold, the amounts included in the fair value reserves are transferred to retained earnings.

6. Significant accounting policies (continued)

6.14 Deferred income from government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. They are amortised on a systematic basis using the straight-line method over the expected useful life of the respective assets. Government grants that relate to expenses are recognised in the profit or loss as revenue.

6.15 Investment properties

Investment property is held for long-term rental yields and/or for capital appreciation and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by the Directors based on valuations prepared by external independent valuers, having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.. Changes in fair values are recorded in profit or loss and are included in other operating income.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

6.16 Intangible assets

(i) Internally-generated intangible assets - research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, internally-generated intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives. Amortisation commences when the computer software is available for use and is included within cost of sales.

The annual amortisation rate used for the current and comparative periods is 5%.

6. Significant accounting policies (continued)

6.16 Intangible assets (continued)

(iii) Other intangible assets

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted accordingly.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

6.17 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

6. Significant accounting policies (continued)

6.17 Leases (continued)

The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

6. Significant accounting policies (continued)

6.17 Leases (continued)

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents its right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' in the consolidated statement of financial position.

The lease liabilities are presented in 'loans and borrowings' in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise the right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets (i.e. IT equipment, office equipment etc.). The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

6. Significant accounting policies (continued)

6.18 Financial instruments

6.18.1 Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

6.18.2 Classification and subsequent measurement

6.18.2.1 Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive income (FVOCI) debt investment; Fair Value through Other Comprehensive income (FVOCI) equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

6. **Significant accounting policies** (continued)

6.18 Financial instruments (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the consolidated statement of cash flows.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

6. Significant accounting policies (continued)

6.18 Financial instruments (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

6. **Significant accounting policies** (continued)

6.18 Financial instruments (continued)

6.18.2.2 Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The financial liabilities of the Group are measured as follows:

(i) Borrowings

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

(ii) Trade and other payables

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

(iii) Convertible Bond

Compound financial instruments issued by the Company comprise convertible notes denominated in Euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of asimilar liability that does not have an equity conversion option. The equity component is initiallyrecognised at the difference between the fair value of the compound financial instrument as a whole andthe fair value of the liability component. Any directly attributable transaction costs are allocated to theliability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified.

6. **Significant accounting policies** (continued)

6.18 Financial instruments (continued)

6.18.3 Impairment

- *Financial instruments and contract assets*

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's rating agency or BBB- or higher per Moody's Rating Agency.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

6. Significant accounting policies (continued)

6.18 Financial instruments (continued)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

- *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

- *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

- *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

6. Significant accounting policies (continued)

6.18 Financial instruments (continued)

- *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6.19 Derecognition of financial assets and liabilities

Financial assets

The Group derecognises a financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) when:

- the contractual rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group transfers the rights to receive the contractual cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when it is replaced by another from the same lender on substantially different terms, or when the terms of the liability are substantially modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

6. Significant accounting policies (continued)

6.20 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when, and only when, the Group has a currently enforceable legal right to offset the recognised amounts and it intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

6.21 Impairment of non-financial assets

Assets (other than biological assets, investment property, inventories and deferred tax assets) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to be benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

6.22 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

6.23 Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

6. Significant accounting policies (continued)

6.24 Provisions

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

6.25 Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

6.26 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

7. Operating segments

The Directors currently identify one business line as the Group's single reportable segment. The reason is because the products and services offered require the same technology and marketing stategies.

2020	Cyprus €	Other €	Total €
Revenue	1.632.923	3.317.146	4.950.069
Assets	8.861.009	424.904	9.285.913

2019	Cyprus €	Other €	Total €
Revenue	1.537.912	2.626.472	4.164.384
Assets	8.861.009	48.071	8.909.080

Disaggregation of revenue from contracts with customers streams by primary geographical market and by revenue streams can be found in Note 8.

8. Revenue

8.1 Revenue streams: The Group generates revenue primarily from the development and implementation of customised software to its customers. Other sources of revenue include the rendering of services such as maintenance, outsourcing and web design services.

	2020	2019
	€	€
Software development and implementation	3.592.469	2.380.568
Maintenance services	1.177.398	1.620.189
Web design services	177.430	159.004
Sales of computer accessories	2.772	4.623
	4.950.069	4.164.384

8.2 Disaggregation of revenue from contracts with customers streams: in the following table revenue from contracts with customers is disaggregated by primary geographical market.

	2020	2019
	€	€
Primary Geographical markets		
Europe	2.618.900	2.344.374
Africa	1.190.882	643.205
Asia	532.184	899.620
Other	608.103	277.185
	4.950.069	4.164.384

8.3 Contract balances: The following table provides information about contract assets and contract liabilities from contracts with customers.

	2020	2019
	€	€
Contract liabilities	461.494	240.217
Contract assets	649.810	405.341
Less: Provision for impairment of contract assets	(88.050)	(88.050)
	561.760	317.291

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

8. Revenue (continued)

The contract liabilities primarily relate to the advance consideration received from customers for which the revenueis recognised over time, mainly for maintenance services. The contract liabilities are transferred to trade payables when the rights become unconditional. This usually occurs when an invoices issued to the customer and the money was received.

8.4 Performance obligations and revenue recognition policies:

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Software development and implementation	The customer obtains control of the product once implementation is completed. Invoices are generated based on pre-agreed milestones set in the contracts. Invoices are usually payable within 30 days. The customer consumes the benefits of the maintenance service as the service is provided.	The transaction price of software and implementation contracts is allocated to the implementation activities and maintenane service based on the Group's pricing list. Revenue arising from implementation activities is recognised at a point in time, following completion of the pre-agreed milestones set in the contracts with customers. Contract assets are recognised for unbilled revenue where performnce obligations have been completed.
Maintenance services	The customer consumes the benefits of the maintenance service as the service is provided. Invoicing usually takes place monthly and in some cases annually, bsaed on the pre-agreed annual fee. Invoices are usually payable within 30 days.	Revenue from maintenance services is recognised over the period during which the service is provided.
Outsourcing services	The customer consumes the benefit of the outsourcing services as the service is provided. Invoicing takes place on a monthly basis based on the pre-agreed annual fee.	Revenue from outsourcing services is recognised over the period during which the service is provided.
Web and design sercices	Web and design services relate to design services offerred to customers for which there are pre-agreed milestones and maintenance and hosting services provided on an annual basis to customers. In respect of design services, the customer obtains control of the product once delivered and invoicing takes place once the performance obligation is completed. In respect of maintenance and hosting services provided, invoicing takes place annually, based on the pre-agreed annual fee. Invoices are usually payable within 30 days.	Revenue arising from design services are recognised at a point in time, following completion of the set milestones and delivery of the product to the customer. Revenue arising from maintenance and hosting activities is recognised over the period for which the service is provided.

9. Cost of sales

	2020 €	2019 €
Staff costs (Note 13)	1.549.587	1.343.140
Subcontracted work	179.938	251.224
Software and domain registration	132.531	65.470
Amortisation of software	301.425	264.092
Depreciation	25.048	24.041
	2.188.529	1.947.967

Increase in cost of sales relates to increase in staff costs due to increase in employees during the year as well as increase in contributions as per government legislation.

10. Other operating income

	2020 €	2019 €
Discounts received	1.284	2.048
Other income	55.465	2.600
Government grants	16.988	42.932
Bad debts recovered	3.163	3.748
Rental income	12.696	13.458
	89.596	64.786

11. Selling and distribution expenses

	2020 €	2019 €
Staff costs (Note 13)	42.350	11.490
Overseas travelling	-	978
Advertising	104.115	154.194
Decoration	945	5.732
Commissions	36.043	4.427
Inland travelling	-	48
Stock write off	32.555	206
Discounts allowed	-	197
Other selling and distribution expenses	3.393	7.022
Hosting/internet access	38.643	36.146
Amortisation of software	8.107	40.817
Depreciation	1.099	147
	267.250	261.404

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12. Administrative expenses

	2020 €	2019 €
Staff costs (Note 13)	1.269.222	932.138
Common expenses	4.571	5.200
Licenses and taxes	23.439	6.287
Registrar annual fee	1.050	1.050
Electricity	32.380	36.196
Water supply and cleaning	8.209	15.984
Insurance	35.061	35.716
Repairs and maintenance	15.920	19.367
Other administration expenses	3.116	6.043
Telephone and postage	20.110	20.175
Courier expenses	35	36
Stationery and printing	13.839	17.436
Subscriptions and contributions	26.932	16.957
Non charitable donations	8.383	6.085
Staff training	20.269	30.867
Computer supplies and maintenance	8.115	9.787
Computer software	13.056	-
Independent auditors' remuneration for the statutory audit of annual accounts	24.600	20.000
Independent auditors' remuneration for other non-audit services	5.000	-
Independent auditors' remuneration - prior years	-	3.000
Accounting fees	-	9.429
Legal fees	30.814	26.867
Other professional fees	98.656	164.744
Translation fees	1.849	-
Fines	666	6.537
Overseas travelling	68.716	231.116
Irrecoverable VAT	-	29.969
Entertaining	13.390	28.599
Motor vehicle running costs	41.063	47.025
Carriage and clearing	134	-
Depreciation	142.855	161.355
Other administration expenses	23.168	11.985
	1.954.618	1.899.950

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13. Operating profit/(loss)

	Note	2020 €	2019 €
Operating profit/(loss) is stated after charging the following items:			
Amortisation of computer software	20	303.925	266.592
Depreciation of property, plant and equipment	19	169.002	185.543
Staff costs - Selling and distribution expenses	11	42.350	11.690
Staff costs - Cost of sales	9	1.549.587	1.343.140
Staff costs - Administrative expenses	12	1.269.222	932.138
Independent auditors' remuneration for the statutory audit of annual accounts		24.600	20.000
Independent auditors' remuneration for other assurance services		5.000	-
Independent auditors' remuneration - prior years		-	3.000

14. Staff costs

	Note	2020 €	2019 €
Salaries (including Directors in their executive capacity)		2.348.999	1.858.581
Wages		88.765	104.376
Social insurance contributions		324.143	242.265
Social cohesion fund contributions		45.820	37.013
Pensions cost		53.432	44.533
Total staff costs	13	2.861.159	2.286.768

The average number of employees (including directors in their executive capacity) employed by the Group during the year 2020 and 2019 were 105 and 82 respectively.

The Group has a defined contribution scheme, the NETinfo PLC Employees' Provident Fund, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

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15. Finance income and costs

	2020 €	2019 €
Finance income		
Bank interest	1.404	2.820
Other interest income	5	53
Realised foreign exchange profit	-	8.257
Unrealised foreign exchange profit	361	4.669
	1.770	15.799
Finance costs		
Loan interest	96.012	122.886
Bank overdraft interest	26.504	30.844
Bond interest	32.636	40.629
Bank charges	17.702	28.313
Realised foreign exchange loss	29.332	3.884
Unrealised foreign exchange loss	3.117	-
	205.303	226.556

16. Taxation

	2020 €	2019 €
Overseas tax	102.224	90.074
Special contribution to the defence fund year	423	862
Charge for the year	102.647	90.936

Reconciliation of tax based on the taxable income and tax based on accounting profits:

	2020	2020 €	2019	2019 €
Accounting profit/(loss) before tax		458.675		(244.054)
Tax calculated at the applicable tax rates	12,50 %	57.334	12,50 %	(30.507)
Tax effect of expenses not deductible for tax purposes	39,61 %	181.693	- %	-
Tax effect of allowances and income not subject to tax	(50,03)%	(229.484)	(12,50)%	30.507
Tax effect of group tax relief	(4,77)%	(21.875)	- %	-
10% additional charge	2,69 %	12.332	- %	-
Special contribution to the defence fund	0,09 %	423	(0,35)%	862
Overseas tax in excess of credit claim used during the year	22,29 %	102.224	(36,91)%	90.074
Tax as per consolidated statement of profit or loss and other comprehensive income - charge	22,38 %	102.647	(37,26)%	90.936

16. Taxation (continued)

The corporation tax rate is 12,5%. In addition, 75% of the gross rents receivable are subject to defence contribution at the rate of 3%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Netinfo PLC is elligible for the IP special tax regime where 80% is considered as a deemed expense.

17. Earnings per share

	2020	2019
Basic earnings/(losses) attributable to owners (€)	356.028	(334.990)
Weighted average number of ordinary shares in issue during the year	12.820.670	12.820.670
Basic earnings/(losses) per share (cent)	2,78	(2,61)
Diluted weighted average number of shares	13.420.670	13.420.670
Diluted earnings/(losses) per share (cent)	2,65	(2,50)

Basic earnings per share is calculated by dividing the profit for the year attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares in issue during the year.

18. Dividends

	2020 €	2019 €
Special contribution to the defence fund and General Health System (GHS) on deemed distribution	16.989	22.353
	16.989	22.353

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

19. Property, plant and equipment

	Land and buildings	Plant and machinery	Computer hardware	Motor vehicles	Furniture, fixtures and office equipment	Telephone center	Total
	€	€	€	€	€	€	€
Cost or valuation							
Balance at 1 January 2019	3.484.485	-	546.784	337.186	498.570	70.318	4.937.343
Additions	-	734	45.489	9.185	33.012	2.809	91.229
Balance at 31 December 2019	3.484.485	734	592.273	346.371	531.582	73.127	5.028.572
Balance at 1 January 2020	3.484.485	734	592.273	346.371	531.582	73.127	5.028.572
Additions	28.330	4.763	23.875	45.000	10.677	15.602	128.247
Balance at 31 December 2020	3.512.815	5.497	616.148	391.371	542.259	88.729	5.156.819
Depreciation							
Balance at 1 January 2019	346.944	-	499.019	295.152	371.859	51.028	1.564.002
Depreciation for the year	86.805	147	26.250	30.956	34.647	6.738	185.543
Balance at 31 December 2019	433.749	147	525.269	326.108	406.506	57.766	1.749.545
Balance at 1 January 2020	433.749	147	525.269	326.108	406.506	57.766	1.749.545
Depreciation for the year	86.805	1.138	27.260	20.851	24.268	8.680	169.002
Balance at 31 December 2020	520.554	1.285	552.529	346.959	430.774	66.446	1.918.547
Carrying amounts							
Balance at 31 December 2020	2.992.261	4.212	63.619	44.412	111.485	22.283	3.238.272
Balance at 31 December 2019	3.050.736	587	67.004	20.263	125.076	15.361	3.279.027

19. Property, plant and equipment (continued)

Land and buildings consist of offices the Company holds for its own use in Nicosia and its owned by the Company.

Fair value hierarchy

The fair value of property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The significant inputs and assumptions are developed in close consultation with the Directors. The valuation process and fair value changes are reviewed by the Board of Directors at each reporting date.

The fair value measurement for the properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison approach	Fair value per m2	€1.200 - €3.000 per m2

The fair value is estimated using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for specific factors, including plot and building size, location planning zone and permits, encumbrances, current use and condition.

Land and buildings have been revalued in February 2020 following a valuation by the independent valuer. The Board of Directors does not believe there is a significant change to the fair value of land and buildings at the reporting date.

Any increase/decrease of 5% in the value per m2 will result in an increase/decrease in the value of €174.224.

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2020 €	2019 €
Cost	3.032.759	3.004.429
Accumulated depreciation	(475.042)	(432.275)
Net book amount	2.557.717	2.572.154

Bank borrowings are secured on land and buildings to the value of €3.803.612 (2019: €3.803.612) (Note 29).

20. Intangible assets

	Computer software €
Cost	
Balance at 1 January 2019	5.508.868
Additions	449.672
Balance at 31 December 2019	5.958.540
Balance at 1 January 2020	5.958.540
Additions	468.979
Balance at 31 December 2020	6.427.519
Amortisation	
Balance at 1 January 2019	2.240.452
Amortisation for the year	266.592
Balance at 31 December 2019	2.507.044
Balance at 1 January 2020	2.507.044
Amortisation for the year	303.925
Balance at 31 December 2020	2.810.969
Carrying amounts	
Balance at 31 December 2020	3.616.550
Balance at 31 December 2019	3.451.496

Computer software relates to the digital banking and the mobile financial services platforms made up of reusable modules and components which are used by the Company for the implementation of digital banking and mobile services systems for its customers.

Additions made to computer software in 2020 comprise of staff costs of €433.618 in relation to developments made to the main software library and direct costs of €35.361 in relation to the development of software.

21. Investment property

	2020 €	2019 €
Balance at 1 January	304.000	304.000
Balance at 31 December	304.000	304.000

Investment property comprises of two apartments used as office spaces. The properties are located in a central location in Nicosia.

21. Investment property (continued)

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation process and fair value changes are reviewed by the Board of Directors at each reporting date.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison approach	Fair value per m2	€1.500 - €2.100 per m2

Details of investment properties are as follows:

	2020 €	2019 €
Type		
Office 0/0737	152.000	152.000
Office 0/7435	152.000	152.000
	304.000	304.000

Land and buildings have been revalued in February 2020 following a valuation by the independent valuer. The Board of Directors does not believe there is a significant change to the fair value of land and buildings at the reporting date.

Any increase/decrease of 5% in the value per m2 will result in an increase/decrease in the value of the investment property of €15.200.

22. Investments in subsidiaries

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2020 Holding %	2019 Holding %
NETinfo Services Limited	Cyprus	Development of software	100	100
NETinfoPay Limited	Cyprus	Electronic money institution	100	100
NETinfo CIS LLC	Russia	Development of software	100	100
NETteller Solutions S.A.	Costa Rica	Development of software	100	100
NETinfo Limited	United Kingdom	Development of software	100	100

The Group periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

23. Investments in associates

The details of the investment are as follows:

Name	Country of incorporation	Principal activities	2020 Holding %	2019 Holding %	2020 €	2019 €
ALLPAY LLP	Republic of Kazakhstan	Development of software	0	33,33	-	97.002
					-	97.002

23. Investments in associates (continued)

Significant aggregate amounts in respect of Investments in equity-accounted investees:

	2020 €	2019 €
Non-current assets	-	790.252
Current assets	-	428.211
Non-current liabilities	-	(2.146)
Current liabilities	-	(925.282)
Net assets (100%)	-	291.035
Group's share of net assets (33,33%)	-	97.002
Carrying amount of interest in associate	-	97.002
Revenue	-	280.210
Cost of sales	-	(279.936)
Other expenses	-	(4.917)
Loss for the year (100%)	-	(4.643)
Loss for the year (33%)	-	(1.540)
Group's share of profit and total comprehensive income	-	(1.540)

In the prior year, the Group held a 33.33% interest in ALLPAY LLP and accounted for the investment as equity accounting. During the year, the Group disposed of its total interest in ALLPAY LLP to their business partner for proceeds of €85.000. Due to operational restrictions, a problematic relationship with it's local partners that were exacerbated as a result of the pandemic and subsequent travel restrictions, management decided to sell the investment in Kazakhstan. This transaction has resulted in the recognition of a loss, calculated as follows:

	2020 €
Proceeds of disposal	85.000
Less: carrying amount of investment on the date of loss of significant influence	(97.002)
Exchange difference	(22.000)
Loss on disposal	(34.002)

As as 31 December 2020 there is an outstanding receivable of €70.000 in relation to the sale.

24. Inventories

	2020	2019
	€	€
Finished products	49.495	65.646
Spare parts and other consumables	12.611	12.632
	62.106	78.278

The cost of inventories recognised during the year 2020 relates to software components for the development of NETinfo Pay Ltd platform.

An amount of €32.555 was written off during the year as its net realiseable value as lower than its cost. The review of the net realisable value of the inventory is continuous and the methodology and assumptions used for estimating the provision for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

25. Trade and other receivables

	2020	2019
	€	€
Trade receivables	1.243.260	1.248.183
Less: Provision for impairment of trade receivables	(353.830)	(423.935)
Trade receivables - net	889.430	824.248
Directors' current accounts - debit balances	60	-
Deposits and prepayments	41.207	29.063
Amounts due from Cyprus government	-	67.623
Other receivables	79.900	17.001
	1.010.597	937.935

Ageing analysis of trade and other receivables:

	Gross amount 2020	Impairment 2020	Gross amount 2019	Impairment 2019
	€	€	€	€
Past due 1-30 days	503.822	(3.776)	630.816	(58.873)
Past due 31-120 days	381.990	(15.320)	173.460	(30.319)
More than 120 days	357.448	(334.734)	443.907	(334.743)
	1.243.260	(353.830)	1.248.183	(423.935)

The Company has recognised a reversal of impairment of €66.942 on its trade receivables during the year ended 31 December 2020 (2019: €154.684 impairment charge).

The Group does not hold any collateral over the trading balances.

25. Trade and other receivables (continued)

Movement in provision for impairment of receivables:

	2020 €	2019 €
Balance at 1 January	423.935	269.251
(Reversal of impairment)/impairment losses recognised on trade receivables	(66.942)	154.684
Bad debts recovered	(3.163)	-
Balance at 31 December	353.830	423.935

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 37 to the consolidated financial statements.

26. Cash and cash equivalents

Cash balances are analysed as follows:

	2020 €	2019 €
Cash in hand	2.063	3.195
Cash at bank	153.635	103.438
Current accounts	1.882	2.370
Bank deposits	351.799	351.799
Accumulated impairment losses on cash and cash equivalents	(16.751)	(16.751)
	492.628	444.051

For the purposes of the consolidated statement of cash flows, the cash and cash equivalents include the following:

	2020 €	2019 €
Cash and cash equivalents	492.628	444.051
Bank overdrafts	(829.176)	(943.504)
	(336.548)	(499.453)

The weighted average effective interest rate on bank overdrafts at the reporting date was 3,53% (2019: 3,93%).

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 37 to the consolidated financial statements.

27. Share capital

	2020 Number of shares	2020 €	2019 Number of shares	2019 €
Authorised				
Ordinary shares of €0.22 each	38.461.538	8.461.538	38.461.538	8.461.538
Issued and fully paid				
Balance at 1 January	12.820.670	2.820.547	12.820.670	2.820.547
Balance at 31 December	12.820.670	2.820.547	12.820.670	2.820.547

Authorised capital

There were no changes in the authorised share capital of the Company during the year.

Issued capital

There were no changes in the issued share capital of the Company during the year.

28. Reserves

The Reserves comprise of the fair value reserve and foreign currency translation reserve.

Fair value reserve

The fair value reserve for land and buildings arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings.

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Euro) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

29. Loans and borrowings

	2020 €	2019 €
Balance at 1 January	3.762.428	4.079.746
Additions	-	9.281
Repayments	(153.372)	(480.224)
Interest charged for the year	128.648	153.625
Balance at 31 December	3.737.704	3.762.428

29. Loans and borrowings (continued)

	2020 €	2019 €
Non-current liabilities		
Bank loans	2.685.141	2.703.500
Convertible bond	603.720	610.084
	3.288.861	3.313.584
Current liabilities		
Bank loans	448.843	448.844
Total	3.737.704	3.762.428

Maturity of borrowings:

	2020 €	2019 €
Within one year	448.843	448.844
Between one and five years	2.556.145	2.211.820
After five years	732.716	1.101.764
	3.288.861	3.313.584
	3.737.704	3.762.428

On 1 February 2018 NETinfo Plc issued €600.000 of nominal value of €1 each. The Bonds bear interest at the rate of 6,5% per annum calculated by reference to the principal amount thereof and payable on a semi-annually basis on 1st of August and 1st of February in each year. The bonds are convertible at 20% discount on the average Market price of the Company's share price in Janaury 2022.

The compound loan meets the definition of a financial instrument and the seperation of equity from debt component was determined in relation to the market interest rate of a similar rate instrument without the conversion option. After the determination of the discount rate of the equity element has zero value as the discount rate calculated is lower than EIR and coupon rate. Conclusively, the total value of the bond will be determined exclusively by the value of debt element.

The bank loan in the original amount of €1.650.000 is repayable by monthly instalments of €15.023 each though to 2028.

The bank loan in the original amount of €600.000 is repayable by monthly installments of €5.766 each through to 2028.

The bank loan in the original amount of €350.000 is repayable by monthly installments of €3.326 each through to 2023.

The bank loan in the original amount of €1.015.000 is repayable by monthly installments of €8.120 each through to 2030

The bank loan in the original amount of €500.000 is repayable by monthly installments of €5.000 each through to 2025.

29. Loans and borrowings (continued)

The bank loans are secured as follows:

- By personal guarantees of €4.064.281 (2019: €4.064.281).
- By mortgage against immovable property of the Company for €3.803.612 (2019: €3.803.612).
- By fixed charge on Company computer software for €200.000 (2019: €200.000).

The effective interest rate on the convertible bond at the reporting date was 6,80% (2018: 6,90%).

The weighted average effective interest rate on bank loans at the reporting date was 3,07% (2019: 3,43%).

a) The carrying amounts and fair values of certain non-current borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value 2020 €	Face value 2019 €	Carrying amounts 2020 €	Carrying amounts 2019 €
Business Loan	Euro	3,13%	2028	1.650.000	1.650.000	1.376.304	1.377.141
Business Loan	Euro	3,13%	2028	600.000	600.000	532.007	532.206
Business Loan	Euro	3,13%	2023	350.000	350.000	127.643	133.485
Business Loan	Euro	3,13%	2030	1.015.000	1.015.000	823.651	821.219
Business Loan	Euro	1,42%	2025	500.000	500.000	266.827	279.012
Hire Purchase	Euro	3,50%	2024	9.281	9.281	7.552	9.281
				4.124.281	4.124.281	3.133.984	3.152.344

During year, the Group postponed paying loan installments for nine months on all of its loans. This was done as one of the measures that have been taken by the Republic of Cyprus with a view to ensure the economic survival of working people, businesses, and the economy at large.

30. Deferred tax

Deferred tax liability

	2020 €	2019 €
Balance at 1 January	74.693	77.792
Revaluation reserve of land and buildings	(3.099)	(3.099)
Balance at 31 December	71.594	74.693

Deferred taxation liability arises as follows:

	2020 €	2019 €
Temporary tax differences	71.594	74.694
	71.594	74.694

30. Deferred tax (continued)

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 16). The applicable corporation tax rate in the case of tax losses is 12,5%.

31. Trade and other payables

	2020 €	2019 €
Trade payables	157.788	263.702
Prepayments from clients	172	172
Social insurance and other taxes	112.829	100.772
VAT	18.033	68.871
Directors' current accounts - credit balances (Note 34 (ii))	2.008	502
Accruals	91.776	24.481
Other creditors	26.669	29.464
Contract liabilities	461.494	240.217
Special contribution to the defence fund and GHS on deemed distribution	44.386	27.397
	915.155	755.578

The contract liabilities primarily relate to the advance consideration received from customers for which the revenue is recognised over time, mainly for maintenance services. The contract liabilities are transferred to trade payables when the rights become unconditional. This usually occurs when an invoice is issued to the customer and the money was received.

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

32. Deferred income

	2020 €	2019 €
Government grants	66.233	70.964
	66.233	70.964
Deferred income more than one year	61.502	66.233
Deferred income within one year	4.731	4.731
	66.233	70.964

Government grants relate to funds received by the Human Resource Development Authority and European Bank of Reasearch & Development in relation to innovative businesses.

33. Operating environment of the Group

Implications of COVID-19

33. Operating environment of the Group (continued)

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the worlde conomy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the period.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that it considers that Cyprus is entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus within the year. Additionally, a considerable number of private businesses operating in various sectors of the economy had closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the period. The measures had been continuously revised (lifted or tightened) by the Republic of Cyprus during the period taking into consideration the epidemic status in the country.

In parallel, governments, including the Republic of Cyprus, introduced various financial support schemes in response to the economic impacts of the COVID-19 coronavirus pandemic.The details of all the arrangements that might be available to the Company and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty.

The Group's management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment.

34. Related party transactions

The Group's share capital is widely disbursed to individuals and companies with different shareholdings with no one single person controlling the entity. The main shareholder of the parent company is Vassos Aristodemou who owns 30.37% of the issued share capital.

The transactions and balances with related parties are as follows:

34. Related party transactions (continued)

(i) Key management compensation

The remuneration of Directors and other members of key management was as follows:

	2020 €	2019 €
Executive Directors' and their related parties' remuneration	314.003	324.207
Directors' insurance costs	7.560	10.329
Non-executive directors' remuneration	58.000	54.226
	379.563	388.762

(ii) Directors' current accounts balances (Note 31)

	2020 €	2019 €
Vassos Aristodemou	(2.008)	(82)
Polys Hadjikyriakos	-	(297)
Orlando Castellanos	-	(123)
	(2.008)	(502)

The directors' current accounts are interest free, and have no specified repayment date.

35. Participation of directors in the company's share capital

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors (in accordance with Article (4) (b) of the Directive DI 190-2007-04), as at 31 December 2020 and 23 April 2021 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2020 %	23 April 2021 %
Orlando Castellanos	2,3	2,3
Polys Hadjikyriacos	13,2	13,2
Vassos Aristodemou	30,4	30,4
Zoe Zafiropoulou	0,4	0,4
Constantinos Constantinou	0,4	0,4

36. Shareholders holding more than 5% of share capital

The persons holding more than 5% of the share capital as at 31 December 2020 and 23 April 2021 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2020 %	23 April 2021 %
Demetrios Stylianou	11,7	11,7
GMM AIFLNP LTD-REAL INVESTMENT FUND	5,6	5,6
Demetra Investment Public Ltd	5,7	5,7
Polys Hadjikyriacos	13,2	13,2
Vassos Aristodemou	30,4	30,4

37. Financial instruments - fair values and risk management

Financial risk factors

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities.

(i) *Credit risk*

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020 €	2019 €
Trade and other receivables	969.330	908.872
Bank current accounts	155.517	105.808
Bank deposits	351.799	351.799
Contract assets	575.168	317.291
	2.051.814	1.683.770

37. Financial instruments - fair values and risk management (continued)

(i) *Credit risk* (continued)

Trade receivables and contract assets

Expected credit loss assessment for corporate customers as at 31 December 2020

The Group uses an allowance matrix to estimate lifetime ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

The Group uses its historical credit loss experience for trade receivables, adjusted to reflect forecasts of future economic conditions, to estimate fixed loss rates depending on the number of days that a trade receivable is past due. The loss rate is estimated by comparing the amount not ultimately collected (written off) as a percentage of the receivables yet to be collected in each of the age categories.

Loss rates are calculated separately for exposures in different segments. Segmentation of trade receivables is based on the following common credit risk characteristics - geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 December 2020.

	Equivalent to external credit rating	Weighted-average loss rate	Gross carrying amount €	Loss allowance €
Current (not past due)	BBB- to AAA	0,22 %	1.159.459	90.554
1-30 days past due	BB- to BB+	0,62 %	205.624	1.273
31-60 days past due	B- to CCC-	0,96 %	101.034	965
61-90 days past due	C to CC	1,11 %	47.679	529
91-120 days past due	D	50%	27.653	13.826
121-150 days past due	D	55%	5.552	3.053
More than 150 days past due	D	96,00 %	346.069	331.680
			1.893.070	441.880

Loss rates are based on actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period and over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Scalar factors are based on actual and forecast rate of changes of the Gross Domestic Product (GDP).

37. Financial instruments - fair values and risk management (continued)

(i) *Credit risk* (continued)

Movements in the allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	2020	2019
	€	€
Balance at 1 January	511.985	333.260
(Reversal of impairment)/impairment losses recognised on receivables and contract assets	(66.942)	182.473
Bad debts recovered	(3.163)	(3.748)
Balance at 31 December	441.880	511.985

Cash and cash equivalents

The table below shows an analysis of the Group's bank deposit by the credit rating of the bank in which they are held:

Bank group based on credit ratings by Moody's	No of banks	2020 €	2019 €
B3	2	19.955	22.228
Caa1	3	487.361	435.379
	5	507.316	457.607

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

(ii) *Liquidity risk*

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

37. Financial instruments - fair values and risk management (continued)

(ii) *Liquidity risk* (continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

31 December 2020	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3-12 months €	Between 1-5 years €	More than 5 years €
Bank loans	3.133.984	3.616.625	112.211	336.632	2.071.984	1.095.798
Convertible bond	603.720	658.500	-	39.000	619.500	-
Bank overdrafts	829.176	829.176	829.176	-	-	-
Trade and other payables	646.123	646.123	646.123	-	-	-
	5.213.003	5.750.424	1.587.510	375.632	2.691.484	1.095.798

31 December 2019	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3-12 months €	Between 1-5 years €	More than 5 years €
Bank loans	3.152.344	3.645.199	112.211	336.632	2.097.071	1.099.285
Convertible bond	610.084	697.500	-	39.000	658.500	-
Bank overdrafts	943.504	943.504	943.504	-	-	-
Trade and other payables	533.555	533.555	533.555	-	-	-
	5.239.487	5.819.758	1.589.270	375.632	2.755.571	1.099.285

(iii) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

37. Financial instruments - fair values and risk management (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2020	2019
	€	€
Variable rate instruments		
Financial assets	10.189	5.030
Financial liabilities	(4.619.868)	(3.999.579)
	(4.609.679)	(3.994.549)

Sensitivity analysis

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Profit or loss	
	100 bp increase	100 bp decrease
	€	€
31 December 2020		
Variable rate instruments	46.097	(46.097)
31 December 2019		
Variable rate instruments	39.946	(39.946)

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through the strive to improve the debt to equity ratio. The Group's overall strategy remains unchanged from last year.

38. Fair values

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

38. Fair values (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

31/12/2020	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets				
Cash and cash equivalents	492.628	-	-	492.628
Trade and other receivables	-	-	1.054.683	1.054.683
Contract assets	-	-	561.760	561.760
Total	492.628	-	1.616.443	2.109.071
Financial liabilities				
Convertible bond	-	-	603.720	603.720
Loans and borrowings	-	-	3.133.984	3.133.984
Total	492.628	-	3.737.704	3.737.704

31/12/2019	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets				
Cash and cash equivalents	444.051	-	-	444.051
Trade and other receivables	-	-	937.935	937.935
Contract assets	-	-	317.291	317.291
Total	444.051	-	1.255.226	1.699.277
Financial liabilities				
Convertible bond	-	-	610.084	610.084
Loans and borrowings	-	-	3.152.344	3.152.344
Total	-	-	3.762.428	3.762.428

39. Events after the reporting period

Significant events that occurred in the operating environment of the Group after the end of the reporting period are described in note 33 to the consolidated financial statements and below.

39. Events after the reporting period (continued)

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governmentshave implemented restrictions on travelling as well as strict quarantine measures throughout the period.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that it considers that Cyprus is entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus within the year. Additionally, a considerable number of private businesses operating in various sectors of the economy had closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the period. The measures had been continuously revised (lifted or tightened) by the Republic of Cyprus during the period taking into consideration the epidemic status in the country.

In parallel, governments, including the Republic of Cyprus, introduced various financial support schemes in response to the economic impacts of the COVID-19 coronavirus pandemic. The details of all the arrangements that might be available to the Company and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty.

The Group's management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment.

The Company was listed in the E.C.M Market of the Cyprus Stock Exchange. On the 18th March 2021 the prospectus document of NETinfo PLC, was approved by the Cyprus Securities and Exchange Commission, regarding the listing of the 12.820.670 ordinary shares of nominal value €0,22 per share on the Alternative Market of the Cyprus Stock Exchange and started trading on 27th of April 2021.

On 28 April 2021 the Board of Directors of NETinfo PLC approved and authorised these consolidated financial statements for issue.