

NETINFO PLC
REPORT AND 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 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 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 financial statements of the Company :

(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 Company and the entities included in the 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 Company as a whole, together with a description of the main risks and uncertainties which they face.

Members of the Board of Directors:**Executive Directors**Vassos Aristodemou Polykarpos Hadjikyriakos Orlando Castellanos Andreas Petrides Zoe Zafeiropoulou **Non Executive Directors**Ioannis Ninios Epaminondas Metaxas Michael Kammas Constantinos Constantinou Pavlos Iosifides **Responsible for drafting the financial statements**
Andreas Petrides

Nicosia, 28 April 2021

NETINFO PLC
REPORT AND 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
Andreas Petrides
Zoe Zafeiropoulou

Non Executive Directors

Ioannis Ninios
Epaminondas Metaxas
Pavlos Iosifides
Michael Kammas
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

National Bank of Greece (Cyprus) Ltd
Bank of Cyprus Public Company Ltd
Alpha Bank Cyprus Ltd
Eurobank Cyprus Ltd
Hellenic Bank Public Company Ltd

Registered Office

23 Aglatzias 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 financial statements of the Company for the year ended 31 December 2020.

INCORPORATION

NETinfo Plc (the "Company") was incorporated in Cyprus on 3 April 2000 as a private limited liability company under the Cyprus Companies Law, Cap. 113.

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE COMPANY

The principal activities of the Company 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.

FINANCIAL RESULTS

The Company's financial results for the year ended 31 December 2020 are set out on page 12 to the financial statements. The net loss for the year attributable to the owners of the Company amounted to €35.135 (2019: €147.220 profit).

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

The current financial position as presented in the financial statements is not considered satisfactory and the Board of Directors is making an effort to reduce the Company losses.

Financial technology groups tend to invest heavily in developing a strong asset and service offering either through acquisitions or in-house development. The Company 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 Company continued to heavily invest in the upgrade of its software platform product offerings compatible with current and next generation systems. The Company has also continued to invest in the next generation payment system which is expected to create a significant pipeline of projects in the future either through the company or through it's subsidiary Netinfo Pay Ltd.

REVENUE

The Company's revenue for the year ended 31 December 2020 was €4.945.702 (2019: €4.121.898).

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 36 to the financial statements.

NETINFO PLC**MANAGEMENT REPORT** (continued)**USE OF FINANCIAL INSTRUMENTS BY THE COMPANY**

The Company 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 Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company 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 Company has no significant concentration of credit risk. The Company 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 Company 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 Company 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 Company in the foreseeable future.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company continuously invests in developing and upgrading its main software library. This have been achieved by investing in an in-house R&D department who continuously develop it's existing products according to business requirements. During the year, an amount of €468.978 (2019: €429.672) was capitalised.

NETINFO PLC**MANAGEMENT REPORT** (continued)**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 committee and the appointment of a competent internal auditor responsible for the internal audit function of the Group reporting directly 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 34 and note 35 to the financial statements.

BRANCHES

During the year ended 31 December 2020 the Company 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.

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 appropriate 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 38 to the financial statements.

NETINFO PLC

MANAGEMENT REPORT (continued)**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
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
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**INDEPENDENT AUDITORS' REPORT TO THE
MEMBERS OF
NETINFO PLC**

Report on the audit of the financial statements

Opinion

We have audited the accompanying separate financial statements of the parent company NETinfo PLC (the "Company"), which are presented on pages 11 to 67 and comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the parent company NETinfo PLC as at 31 December 2020, and of its financial performance and its 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 financial statements*" section of our report. We are independent of the Company 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.

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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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 to the financial statements.

Key audit matter

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.

How the matter was addressed in our audit

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 financial statements.

Capitalisation and impairment of software development costs

Refer to note 20 to the financial statements.

Key audit matter

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 €3.137.339 and consists of 30% of the total assets of the Company.

How the matter was addressed in our audit

- 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 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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements

The Board of Directors is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease 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 Company's financial reporting process.



Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

We communicate with the Board of Directors 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 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 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 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 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 Matters

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.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020.

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

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 €	2019 €
Assets			
Property, plant and equipment	19	3,217,958	3,255,764
Intangible assets	20	3,137,339	2,969,786
Investment properties	21	304,000	304,000
Investments in subsidiaries	22	1,808,997	2,195,005
Contract assets	8	<u>123,725</u>	<u>65,780</u>
Total non-current assets		<u>8,592,019</u>	<u>8,790,335</u>
Contract assets	8	438,035	251,511
Trade and other receivables	23	1,007,833	1,042,114
Cash and cash equivalents	24	<u>143,344</u>	<u>93,124</u>
Total current assets		<u>1,589,212</u>	<u>1,386,749</u>
Total assets		<u>10,181,231</u>	<u>10,177,084</u>
Equity			
Share capital	25	2,820,547	2,820,547
Share premium		1,282,911	1,282,911
Other reserves	26	825,896	822,796
Accumulated losses		<u>(575,313)</u>	<u>(523,189)</u>
Total equity		<u>4,354,041</u>	<u>4,403,065</u>
Liabilities			
Loans and borrowings	27	3,288,861	3,313,584
Deferred tax liabilities	28	71,594	74,693
Government grants	30	<u>61,502</u>	<u>66,233</u>
Total non-current liabilities		<u>3,421,957</u>	<u>3,454,510</u>
Bank overdrafts	24	829,176	943,504
Short term portion of long-term loans	27	448,843	448,844
Trade and other payables	29	1,121,634	921,581
Government grants	30	4,731	4,731
Tax liability	31	<u>849</u>	<u>849</u>
Total current liabilities		<u>2,405,233</u>	<u>2,319,509</u>
Total liabilities		<u>5,827,190</u>	<u>5,774,019</u>
Total equity and liabilities		<u>10,181,231</u>	<u>10,177,084</u>

On 28 April 2021 the Board of Directors of NETInfo Plc approved and authorised these financial statements for issue.



 Vassos Aristodemou
 Director



 Andreas Petrides
 Director

The notes on pages 16 to 67 are an integral part of these financial statements.

NETINFO PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOMEFor the year ended 31 December 2020

	Note	2020 €	2019 €
Revenue	8	4.945.702	4.121.898
Cost of sales	9	<u>(2.188.529)</u>	<u>(1.947.242)</u>
Gross profit		2.757.173	2.174.656
Other operating income	10	86.413	58.438
Selling and distribution expenses	11	(84.258)	(149.807)
Administrative expenses	12	(1.686.959)	(1.548.453)
Impairment reversal / (loss) on trade receivables and contract assets		<u>66.942</u>	<u>(118.684)</u>
Operating profit before impairment of subsidiary	13	1.139.311	416.150
Impairment of subsidiary	21	<u>(877.880)</u>	<u>-</u>
Operating profit after impairment of subsidiary		261.431	416.150
Finance income	15	5	53
Finance costs	15	<u>(198.878)</u>	<u>(224.350)</u>
Net finance expenses		<u>(198.873)</u>	<u>(224.297)</u>
Profit before tax		62.558	191.853
Tax	16	<u>(97.693)</u>	<u>(44.633)</u>
(Loss)/profit for the year		<u>(35.135)</u>	<u>147.220</u>
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Deferred tax on other comprehensive income	28	<u>3.099</u>	<u>3.099</u>
Other comprehensive income for the year		<u>3.099</u>	<u>3.099</u>
Total comprehensive (expense)/income for the year		<u>(32.036)</u>	<u>150.319</u>
Basic (losses)/earnings per share (cent)	17	<u>(0,27)</u>	<u>1,15</u>
Diluted (losses)/earnings per share (cent)	17	<u>(0,26)</u>	<u>1,10</u>

The notes on pages 16 to 67 are an integral part of these financial statements.

NETINFO PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Note	Share capital €	Share premium €	Fair value reserve-land and buildings €	Accumulated losses €	Total equity €
Balance at 1 January 2019		2,820,547	1,282,911	819,697	(648,056)	4,275,099
Comprehensive income						
Profit for the year		-	-	-	147,220	147,220
Other comprehensive income for the year		-	-	3,099	-	3,099
Total comprehensive income for the year		-	-	3,099	147,220	150,319
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	(523,189)	4,403,065

The notes on pages 16 to 67 are an integral part of these financial statements.

NETINFO PLC

STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2020

	Note	Share capital €	Share premium €	Fair value reserve-land and buildings €	Accumulated losses €	Total equity €
Balance at 1 January 2020		2,820,547	1,282,911	822,796	(523,189)	4,403,065
Comprehensive income						
Loss for the year		-	-	-	(35,135)	(35,135)
Other comprehensive income						
Other comprehensive income for the year		-	-	3,100	-	3,100
Total comprehensive income for the year		-	-	3,100	(35,135)	(32,035)
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		<u>2,820,547</u>	<u>1,282,911</u>	<u>825,896</u>	<u>(575,313)</u>	<u>4,354,041</u>

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 contribution on 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 16 to 67 are an integral part of these financial statements.

NETINFO PLC

STATEMENT OF CASH FLOWSFor the year ended 31 December 2020

	Note	2020 €	2019 €
Cash flows from operating activities			
(Loss)/profit for the year		(35.135)	147.220
Adjustments for:			
Depreciation of property, plant and equipment	19	160.461	177.284
Amortisation of computer software	20	301.425	264.092
Impairment charge - investments in subsidiaries	22	877.880	-
Impairment (reversal)/charge on trade receivables and contract assets	23	(66.942)	118.684
Interest income	15	(5)	(53)
Interest expense	15	155.145	194.254
Income tax expense		<u>97.693</u>	<u>44.633</u>
Cash generated from operations before working capital changes		<u>1.490.522</u>	<u>946.114</u>
Decrease/(increase) in trade and other receivables		34.281	(244.450)
(Increase)/decrease in contract assets		(244.469)	229.915
Increase in trade and other payables		250.008	98.001
Decrease in government grants		<u>(4.731)</u>	<u>(4.731)</u>
Cash generated from operations		<u>1.525.611</u>	<u>1.024.849</u>
Tax paid		<u>(97.693)</u>	<u>(63.504)</u>
Net cash generated from operating activities		<u>1.427.918</u>	<u>961.345</u>
Cash flows from investing activities			
Payment for investment in R&D	20	(468.978)	(429.672)
Payment for acquisition of property, plant and equipment	19	(122.655)	(80.910)
Additional contribution in investment in subsidiaries	22	(491.872)	(387.064)
Interest received		<u>5</u>	<u>53</u>
Net cash used in investing activities		<u>(1.083.500)</u>	<u>(897.593)</u>
Cash flows from financing activities			
Repayment of borrowings	27	(153.372)	(480.224)
Proceeds from borrowings		-	9.281
Interest paid		<u>(26.498)</u>	<u>(30.739)</u>
Net cash used in financing activities		<u>(179.870)</u>	<u>(501.682)</u>
Net increase/(decrease) in cash and cash equivalents		164.548	(437.930)
Cash and cash equivalents at beginning of the year		<u>(850.380)</u>	<u>(412.450)</u>
Cash and cash equivalents at end of the year	24	<u>(685.832)</u>	<u>(850.380)</u>

The notes on pages 16 to 67 are an integral part of these financial statements.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**1. Reporting entity**

NETinfo Plc (the "Company") is domiciled in Cyprus. The Company 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 Aglatzias, NETinfo Building, 2108, Nicosia, Cyprus.

The principal activities of the Company 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 Company has subsidiary undertakings and according to 142(1)(b) of the Cyprus Companies Law Cap. 113 is required to prepare consolidated financial statements and laid them before the members of the Company at the Annual General Meeting.

2.1 Statement of compliance

The 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.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from NETinfo Building, Aglantzias 23, 2108 Nicosia, Cyprus.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2020 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

2.2 Basis of measurement

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

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**2. Basis of accounting (continued)****2.3 Going concern basis**

The Company incurred a loss of €35.135 during the year ended 31 December 2020 and, as of that date the Company's current liabilities exceeded its current assets by €816.021.

During 2020 the Company 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 Company with the development of cutting edge electronic payment and real time electronic wallet technology. This is expected to result in future economic benefits for the Company through new business.

The management is actively monitoring the financial performance of the Company and looking to improve its capital base and liquidity position. The Company has completed its filing for listing in the alternative market of the Cyprus stock exchange which would further improve its access to capital.

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 Company 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 Company achieving long term viability and maximising shareholder returns.

3. Functional and presentation currency

The 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 Company 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 financial statements of the Company.

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 Company are set out below. The Company 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).

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**4. Adoption of new and revised IFRSs and interpretations by the European Union (EU) (continued)****(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 financial statements, management has made judgements, estimates and assumptions that affect the application of the Company'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.

5.1 Judgements

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

- Note 7 "Revenue recognition" - maintenance income: whether revenue is recognised over time or at a point in time.
- Note 20 "Capitalisation of software development costs" - determination whether the recognition criteria are met.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**5. Use of estimates and judgements (continued)****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 capitalised research & development : key assumptions underlying recoverable amounts and value in use.
- Note 23 "Provision for bad and doubtful debts" - the Company reviews its trade and other receivables for evidence of their recoverability.
- Notes 22 and 6 "Impairment of investments in subsidiaries" - determine the recoverability of investments in subsidiaries whenever indicators of impairment are present.
- Note 36 - "Financial Instruments": fair values and management of the Company's risks from the use of financial instruments

5.3 Measurement of fair values

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

The Company 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 Company 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).

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

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**5. Use of estimates and judgements (continued)**

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 36 - Financial instruments

6. Significant accounting policies

The following accounting policies have been applied consistently for all the years presented in these financial statements.

6.1 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists where the Company 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.

Investments in subsidiaries are stated at cost, which includes transaction costs, less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

6.2 Segmental reporting

The Company 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.

6.3 Revenue recognition**Contracts identification**

The Company 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 Company 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 Company's future cash flows is expected to change as a result of the contract), it is probable that the Company 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 Company's contracts with customers.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.3 Revenue recognition (continued)****The transaction price**

Revenue represents the amount of consideration to which the Company 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 Company 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 Company 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 Company 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 Company'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 Company 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.

Rendering of services - at a point in time:

The Company 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 Company 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.3 Revenue recognition (continued)****Performance obligations and revenue recognition policies (continued)****Rental income**

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

6.4 Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company 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 Company operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund.

6.5 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.

6.6 Finance costs

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

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.7 Foreign currency translation****(i) Functional currency**

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

The Financial Statements have been prepared in Euro (€). The functional currency of subsidiary companies is 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 rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.8 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 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 Company intends to settle its current tax assets and liabilities on a net basis.

6.9 Dividends

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

6.10 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.10 Property, plant and equipment (continued)**

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
Computer hardware	20
Motor vehicles	20
Furniture, fixtures and office equipment	10
Telephone center, mobile phones & cameras	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 Company. 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.

6.11 Deferred income from government grants

Government grants are not recognised until there is reasonable assurance that the Company 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.12 Investment properties**

Investment property is held for long-term rental yields and/or for capital appreciation and is not occupied by the Company. Investment property is carried at fair value, representing open market value determined annually by the Directors based on valuations prepared by external independent valuers. 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.

6.13 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 Company 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 Company 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, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

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

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

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.13 Intangible assets (continued)**

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.

6.14 Leases

At inception of a contract, the Company 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 Company 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 Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company 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 Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company 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 Company 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 Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.14 Leases (continued)****The Company as lessor**

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company 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 Company 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 Company applies IFRS 15 to allocate the consideration in the contract.

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

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.14 Leases (continued)****The Company as lessee**

The Company 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 Company'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 Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company 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 Company presents its right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' in the statement of financial position.

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

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.14 Leases (continued)****Short-term leases and leases of low-value assets**

The Company 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 Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

6.15 Financial instruments***6.15.1 Recognition and initial measurement***

Financial assets and financial liabilities are recognised when the Company 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.

6.15.2 Classification and subsequent measurement***6.15.2.1 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 Company 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

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NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.15 Financial instruments (continued)**

- 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 Company 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.

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 Company 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 Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Financial assets - Business model assessment

The Company 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 Company'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 Company's continuing recognition of the assets.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.15 Financial instruments (continued)**

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.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company 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 Company 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 Company'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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.15 Financial instruments (continued)****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.

6.15.2.2 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 Company 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.15 Financial instruments (continued)****(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 a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.15 Financial instruments (continued)****6.15.3 Impairment****• Financial instruments and contract assets**

The Company recognises loss allowances for ECLs on:

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

The Company 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;
- 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; and

Loss allowance for trade receivables is 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 Company 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 Company's historical experience and informed credit assessment and including forward-looking information.

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

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

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

The Company 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 Company 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.15 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 Company 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 Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

- Credit-impaired financial assets

At each reporting date, the Company 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 Company on terms that the Company 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.15 Financial instruments (continued)****• Write-off**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company 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 Company 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 Company 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 Company's procedures for recovery of amounts due.

6.16 Derecognition of financial assets and liabilities**Financial assets**

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

- the contractual rights to receive cash flows from the asset have expired;
- the Company 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 Company 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 Company is recognised as a separate asset or liability

Financial liabilities

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

The Company 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.17 Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when, and only when, the Company 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 statement of financial position.

6.18 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 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.

6.19 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.20 Provisions**

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

6.21 Non-current liabilities

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

6.22 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 strategies.

2020	Total €
Revenue	4.945.702
Profit before tax	62.558
Assets	10.181.231
Liabilities	5.827.190
Capital expenditure	122.655
Depreciation	160.461
2019	Total €
Revenue	4.121.898
Profit before tax	191.853
Assets	10.177.084
Liabilities	5.774.019
Capital expenditure	80.910
Depreciation	177.284

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

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**8. Revenue**

8.1 Revenue streams: The Company generates revenue primarily from licensing its digital banking platform and from the provision of professional services for the design and implementation of digital banking systems to its customers. Other sources of revenue include the rendering of services such as support, maintenance, outsourcing and web design.

	2020 €	2019 €
Outsourcing services	581.037	490.277
Software development and implementation	2.995.815	2.338.082
Sales of computer accessories	2.772	4.623
Web design services	177.430	159.004
Maintenance and consulting services	<u>1.188.648</u>	<u>1.129.912</u>
	<u>4.945.702</u>	<u>4.121.898</u>

Revenue from software development and implementation includes an amount for the year ended 2020 of €50.755 billed to subsidiaries (2019: €338.163).

The Company's most significant customers in respect of revenue recognised during the year were CRDB Bank Plc, BBAC s.a.l., Profile Systems & Software S.A and East West United Bank S.A.

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	2.614.533	2.552.606
Asia	1.190.882	892.620
Africa	532.184	643.205
Other	<u>608.103</u>	<u>33.467</u>
	<u>4.945.702</u>	<u>4.121.898</u>

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

	2020 €	2019 €
Contract liabilities	<u>683.751</u>	<u>240.217</u>
Contract assets	649.810	405.341
Less: Provision for impairment of contract assets	<u>(88.050)</u>	<u>(88.050)</u>
	<u>561.760</u>	<u>317.291</u>

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**8. Revenue (continued)**

The contract assets primarily relate to the Company'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.

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.

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, implementation and licensing	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 transaction price of software and implementation contracts is allocated to the implementation activities and maintenance service based on the Company'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 performance 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, based 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 design services	The customer obtains control of the product once design is completed. Invoices are generated based on pre-agreed milestones set in the contracts. Invoices are usually payable within 30 days.	Revenue arising from web design services is recognised at a point in time, following completion of the pre-agreed milestones set in the contracts with customers.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**9. Cost of sales**

	2020	2019
	€	€
Staff costs (Note 13)	1.549.587	1.343.140
Subcontracted work	179.938	251.224
Software licenses	132.531	65.470
Amortisation of software	301.425	264.092
Depreciation	25.048	23.316
	<u>2.188.529</u>	<u>1.947.242</u>

10. Other operating income

	2020	2019
	€	€
Discounts received	1.284	2.048
Other income	55.445	-
Government grants	16.988	42.932
Rental income	12.696	13.458
	<u>86.413</u>	<u>58.438</u>

11. Selling and distribution expenses

	2020	2019
	€	€
Advertising	45.058	135.899
Decoration	945	5.732
Commissions	36.043	4.427
Discounts allowed	-	197
Other selling and distribution expenses	2.212	3.552
	<u>84.258</u>	<u>149.807</u>

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**12. Administrative expenses**

	2020	2019
	€	€
Staff costs (Note 13)	1,101,910	731,702
Common expenses	4,571	5,200
Licenses and taxes	11,945	5,202
Electricity	31,334	35,424
Water supply and cleaning	7,468	15,604
Insurance	21,112	23,141
Repairs and maintenance	14,456	18,817
Sundry expenses	2,389	5,059
Telephone and postage	18,563	19,365
Stationery and printing	12,150	16,168
Subscriptions and contributions	15,854	12,919
Non charitable donations	8,383	6,085
Staff training	20,227	28,915
Computer supplies and maintenance	8,099	9,531
Computer software	13,056	-
Independent auditors' fee for the statutory audit of annual accounts	22,100	17,500
Independent auditors' fee for other non-audit services	5,000	-
Independent auditors' fee - prior years	-	3,000
Legal fees	19,328	14,548
Other professional fees	73,722	111,903
Overseas travelling	68,716	231,116
Entertaining	13,390	28,599
Motor vehicle running costs	41,063	47,025
Depreciation	135,414	153,969
Sundry expenses	<u>16,709</u>	<u>7,661</u>
	<u>1,686,959</u>	<u>1,548,453</u>

13. Operating profit before impairment of subsidiary

	2020	2019
Note	€	€
Operating profit before impairment of subsidiary is stated after charging the following items:		
Amortisation of software	20	301,425
Depreciation of property, plant and equipment	19	160,462
Staff costs - Cost of sales	8	1,549,587
Staff costs - Administrative expenses	11	1,101,910
Independent auditors' remuneration for the statutory audit of annual accounts		22,100
Independent auditors' remuneration for other non-audit services		5,000
Independent auditors' remuneration - prior years		<u>-</u>
		<u>3,000</u>

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**14. Staff costs**

	Note	2020 €	2019 €
Salaries (including Directors in their executive capacity)		2.172.307	1.677.948
Wages		88.765	104.376
Social insurance contributions		204.829	162.647
GHS and other medical contributions		94.237	55.423
Social cohesion fund contributions		42.286	33.400
Pensions cost		49.073	41.048
Total staff costs	13	<u>2.651.497</u>	<u>2.074.842</u>

The average number of employees employed by the Company during the year 2020 and 2019 were 92 and 75 respectively.

The Company 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.

15. Finance income and costs

	2020 €	2019 €
Finance income		
Other interest income	<u>5</u>	<u>53</u>
Finance costs		
Loan interest	96.012	122.886
Bank overdraft interest	26.497	30.739
Interest on bond	32.636	40.629
Bank charges	14.402	26.212
Realised foreign exchange loss	29.331	3.884
	<u>198.878</u>	<u>224.350</u>

16. Taxation

	2020 €	2019 €
Overseas withholding tax	97.691	44.617
Special contribution to the defence fund year	<u>2</u>	<u>16</u>
Charge for the year	<u>97.693</u>	<u>44.633</u>

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**16. Taxation (continued)**Reconciliation of tax based on the taxable income and tax based on accounting profits:

	2020	2020 €	2019	2019 €
Accounting profit before tax		<u>62.558</u>		<u>191.853</u>
Tax calculated at the applicable tax rates	12,50 %	7.820	12,50 %	23.982
Tax effect of group tax relief	(12,50)%	(7.820)	(12,50)%	(23.982)
Special contribution to the defence fund	- %	2	0,01 %	16
Overseas tax in excess of credit claim used during the year	<u>156,16 %</u>	<u>97.691</u>	<u>23,26 %</u>	<u>44.617</u>
Tax as per statement of profit or loss and other comprehensive income - charge	<u>156,16 %</u>	<u>97.693</u>	<u>23,26 %</u>	<u>44.633</u>

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 eligible for the IP special tax regime where 80% is considered as a deemed expense

17. Earnings per share

	2020	2019
Basic (losses)/earnings attributable to owners (€)	<u>(35.135)</u>	<u>147.220</u>
Weighted average number of ordinary shares in issue during the year	<u>12.820.670</u>	<u>12.820.670</u>
Basic (losses)/earnings per share (cent)	<u>(0,27)</u>	<u>1,15</u>
Diluted weighted average number of shares	13.420.670	13.420.670
Diluted (losses)/earnings per share (cent)	<u>(0,26)</u>	<u>1,10</u>

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**18. Dividends**

	2020 €	2019 €
Special contribution to the defence fund and General Health System (GHS) on deemed distribution	<u>16,989</u>	<u>22,353</u>

The Board of Directors does not recommend the payment of a dividend.

19. Property, plant and equipment

2020	Land and buildings	Computer Hardware	Motor vehicles	Furniture, fixtures and office equipment	Telephone center, mobile phones & cameras	Total
	€	€	€	€	€	€
Cost or valuation						
Balance at 1 January	3.484.485	502.541	346.371	492.123	17.275	4.842.795
Additions	<u>28.330</u>	<u>23.818</u>	<u>45.000</u>	<u>10.550</u>	<u>14.957</u>	<u>122.655</u>
Balance at 31 December	<u>3.512.815</u>	<u>526.359</u>	<u>391.371</u>	<u>502.673</u>	<u>32.232</u>	<u>4.965.450</u>
Depreciation						
Balance at 1 January	433.749	442.859	326.108	374.033	10.282	1.587.031
Depreciation for the year	<u>86.805</u>	<u>25.047</u>	<u>20.851</u>	<u>23.275</u>	<u>4.483</u>	<u>160.461</u>
Balance at 31 December	<u>520.554</u>	<u>467.906</u>	<u>346.959</u>	<u>397.308</u>	<u>14.765</u>	<u>1.747.492</u>
Carrying amounts						
Balance at 31 December	<u>2.992.261</u>	<u>58.453</u>	<u>44.412</u>	<u>105.365</u>	<u>17.467</u>	<u>3.217.958</u>

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**19. Property, plant and equipment (continued)**

2019	Land and Buildings	Computer Hardware	Motor vehicles	Furniture, Fixtures and Office Equipment	Telephone Center, mobile phones & cameras	Total
	€	€	€	€	€	€
Cost or valuation						
Balance at 1 January	3.484.485	460.529	337.186	464.099	15.586	4.761.885
Additions	-	42.012	9.185	28.024	1.689	80.910
Balance at 31 December	<u>3.484.485</u>	<u>502.541</u>	<u>346.371</u>	<u>492.123</u>	<u>17.275</u>	<u>4.842.795</u>
Depreciation						
Balance at 1 January	346.944	419.543	295.152	340.455	7.653	1.409.747
Depreciation for the year	86.805	23.316	30.956	33.578	2.629	177.284
Balance at 31 December	<u>433.749</u>	<u>442.859</u>	<u>326.108</u>	<u>374.033</u>	<u>10.282</u>	<u>1.587.031</u>
Carrying amounts						
Balance at 31 December	<u>3.050.736</u>	<u>59.682</u>	<u>20.263</u>	<u>118.090</u>	<u>6.993</u>	<u>3.255.764</u>

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 independent valuers provide the fair value of the Company's property portfolio every 3 years unless there is an indication of a significant change.

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.

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
Market comparison approach	Fair value per m ²	€1.200 - €3.000 per m ²

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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**19. Property, plant and equipment (continued)**

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	<u>(475.042)</u>	<u>(432.275)</u>
Net book amount	<u><u>2.557.717</u></u>	<u><u>2.572.154</u></u>

20. Intangible assets**2020**

	Computer software €
Cost	
Balance at 1 January	5.474.330
Additions	<u>468.978</u>
Balance at 31 December	<u><u>5.943.308</u></u>
Amortisation	
Balance at 1 January	2.504.544
Amortisation for the year	<u>301.425</u>
Balance at 31 December	<u><u>2.805.969</u></u>
Carrying amounts	
Balance at 31 December	<u><u>3.137.339</u></u>

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**20. Intangible assets (continued)**
2019

	Computer software €
Cost	
Balance at 1 January	5.044.658
Additions	<u>429.672</u>
Balance at 31 December	<u>5.474.330</u>
Amortisation	
Balance at 1 January	2.240.452
Amortisation for the year	<u>264.092</u>
Balance at 31 December	<u>2.504.544</u>
Carrying amounts	
Balance at 31 December	<u><u>2.969.786</u></u>

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 the following:

- staff costs of €433.618 in relation to developments made to the main software library.
- direct costs of €35.360 in relation to the development of software.

21. Investment property

	2020 €	2019 €
Balance at 1 January	<u>304.000</u>	<u>304.000</u>
Balance at 31 December	<u><u>304.000</u></u>	<u><u>304.000</u></u>

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.

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NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**21. Investment property (continued)****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.

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

The significant unobservable inputs are the adjustments for factors specific to the property in question. The extent and direction of these adjustments depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although those inputs include subjective judgement, the Directors consider that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

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.

Details of investment properties are as follows:

	2020	2019
	€	€
Type		
Office 0/0737	152.000	152.000
Office 0/7435	<u>152.000</u>	<u>152.000</u>
	<u><u>304.000</u></u>	<u><u>304.000</u></u>

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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**22. Investments in subsidiaries**

	2020 €	2019 €
Balance at 1 January	2.195.005	1.807.941
Additions	491.872	387.064
Impairment charge	<u>(877.880)</u>	<u>-</u>
Balance at 31 December	<u>1.808.997</u>	<u>2.195.005</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2020 Holding %	2019 Holding %	2020 €	2019 €
NETinfo Limited	United Kingdom	Development of Software	100	100	300.000	1.177.880
NETinfoPay Limited	Cyprus	Electronic Money Institution	100	100	1.508.874	1.017.002
NETinfo Services Limited	Cyprus	Development of Software	100	100	-	-
NETinfo CIS LLC	Russia	Development of Software	100	100	123	123
NETteller Solutions S.A.	Costa Rica	Development of Software	100	100	<u>-</u>	<u>-</u>
					<u>1.808.997</u>	<u>2.195.005</u>

During the current year, NETinfo Plc contributed €491.872 (2019: €387.064) to its subsidiary NETinfo Pay Limited in the form of capitalisation of its receivable balance with the subsidiary company. The cost of the investment in NETinfo Pay Limited was increased by the same amount.

During the year, NETinfo Plc recognised an impairment charge of €877.880 to its investment in subsidiary NETinfo Limited in United Kingdom. This was a result of the loss on subsidiary's sale of the associate in ALLPAY LLP in Kazakhstan. Due to operational restrictions, a problematic relationship with its local partners that were exacerbated as a result of the pandemic and subsequent travel restrictions, the subsidiary's management decided to sell the investment in Kazakhstan at a loss. As a consequence, the investment of NETinfo Plc in the subsidiary was impaired.

The Company evaluates the recoverability of investments in subsidiaries at each reporting date. 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**23. Trade and other receivables**

	2020 €	2019 €
Trade receivables	1,088,006	1,108,440
Less: Provision for impairment of trade receivables	<u>(217,250)</u>	<u>(284,192)</u>
Trade receivables - net	870,756	824,248
Receivables from own subsidiaries (Note 33 (iii))	118,369	128,809
Directors' current accounts - debit balances (Note 33 (v))	60	-
Deposits and prepayments	8,748	4,498
Receivables from Cyprus Government	-	67,623
Other receivables	<u>9,900</u>	<u>16,936</u>
	<u><u>1,007,833</u></u>	<u><u>1,042,114</u></u>

Ageing analysis of trade and other receivables:

	Gross amount 2020 €	Impairment 2020 €	Gross amount 2019 €	Impairment 2019 €
Not past due	485,148	(3,776)	624,150	(52,207)
Past due 31-120 days	381,990	(15,320)	173,460	(30,320)
More than 120 days	<u>220,868</u>	<u>(198,154)</u>	<u>310,830</u>	<u>(201,665)</u>
	<u><u>1,088,006</u></u>	<u><u>(217,250)</u></u>	<u><u>1,108,440</u></u>	<u><u>(284,192)</u></u>

The Company has recognised a reversal of impairment of €66,942 on its trade receivables during the year ended 31 December 2020 (2019: €118,684).

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

Movement in provision for impairment of receivables:

	2020 €	2019 €
Balance at 1 January	284,192	165,507
Impairment reversal/charge on trade receivables	<u>(66,942)</u>	<u>118,685</u>
Balance at 31 December	<u><u>217,250</u></u>	<u><u>284,192</u></u>

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

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 36 to the financial statements.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**24. Cash and cash equivalents**

	2020 €	2019 €
Cash in hand	959	1.714
Cash at bank	151.563	100.588
Accumulated impairment losses on cash and cash equivalents	<u>(9.178)</u>	<u>(9.178)</u>
	<u>143.344</u>	<u>93.124</u>

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

	2020 €	2019 €
Cash and cash equivalents	143.344	93.124
Bank overdrafts	<u>(829.176)</u>	<u>(943.504)</u>
	<u>(685.832)</u>	<u>(850.380)</u>

The weighted average effective interest rate on bank overdrafts at the reporting date was 3,73% (2019: 3,93%).

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 36 to the financial statements.

25. Share capital

	2020 Number of shares	2020 €	2019 Number of shares	2019 €
Authorised				
Ordinary shares of €0,22 each	<u>38.461.538</u>	<u>8.461.538</u>	<u>38.461.538</u>	<u>8.461.538</u>
Issued and fully paid				
Balance at 1 January	<u>12.820.670</u>	<u>2.820.547</u>	<u>12.820.670</u>	<u>2.820.547</u>
Balance at 31 December	<u>12.820.670</u>	<u>2.820.547</u>	<u>12.820.670</u>	<u>2.820.547</u>

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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**26. Reserves**

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.

27. Loans and borrowings

Changes in 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	<u>128.648</u>	<u>153.625</u>
Balance at 31 December	<u><u>3.737.704</u></u>	<u><u>3.762.428</u></u>
	2020 €	2019 €
Non-current liabilities		
Bank loans	2.685.141	2.703.500
Convertible bond	<u>603.720</u>	<u>610.084</u>
	<u>3.288.861</u>	<u>3.313.584</u>
Current liabilities		
Bank loans	<u>448.843</u>	<u>448.844</u>
Total	<u><u>3.737.704</u></u>	<u><u>3.762.428</u></u>

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**27. Loans and borrowings (continued)**

Maturity of borrowings:

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

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 January 2022.

The compound loan meets the definition of a financial instrument and the separation 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 through 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.

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

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**27. Loans and borrowings (continued)**

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

	Currency	Nominal interest rate	Year of maturity	Face value		Carrying amounts	
				2020 €	2019 €	2020 €	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	3,5%	2024	<u>9.281</u>	<u>9.281</u>	<u>7.552</u>	<u>9.281</u>
				<u>4.124.281</u>	<u>4.124.281</u>	<u>3.133.984</u>	<u>3.152.344</u>

COVID 19 Implications

During year, the Company 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.

28. Deferred tax**Deferred tax liability**

	2020 €	2019 €
Balance at 1 January	74.693	77.792
Movement	<u>(3.099)</u>	<u>(3.099)</u>
Balance at 31 December	<u>71.594</u>	<u>74.693</u>

Deferred taxation liability arises as follows:

	2020 €	2019 €
Temporary tax differences	<u>71.594</u>	<u>74.694</u>

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%.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**29. Trade and other payables**

	2020 €	2019 €
Trade payables	128.043	225.280
Social insurance and other taxes	104.573	92.855
VAT	105.811	128.204
Directors' current accounts - credit balances (Note 33)	2.008	502
Accruals	87.840	18.999
Other creditors	14.757	17.735
Contract liabilities	461.665	240.389
Special contribution to the defence fund and GHS on deemed distribution	44.386	27.397
Payables to own subsidiaries (Note 33 (iv))	<u>172.551</u>	<u>170.220</u>
	<u>1.121.634</u>	<u>921.581</u>

Contract liabilities refers to advance payments the Company receives, mainly for maintenance services that are to be performed in the future. The contract liabilities are transferred to payables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer and received the money.

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

30. Government grants

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

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**31. Tax liability**

	2020 €	2019 €
Special contribution to the defence fund	<u>849</u>	<u>849</u>
	<u><u>849</u></u>	<u><u>849</u></u>

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

32. Operating environment of the Company**Implications of COVID-19**

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. 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**32. Operating environment of the Company (continued)**

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 Company has not applied for such government assistance. 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 Company is continuing to assess the implications for its business when these arrangements are no longer available and has reflected their impact in its stress-scenarios for going concern purposes.

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

33. Related party transactions

The Company'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 Company is Vassos Aristodemou who owns 30.37% of the issued share capital.

The transactions and balances with related parties are as follows:

(i) Directors' remuneration

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

	2020 €	2019 €
Non-executive directors' remuneration	58.000	54.226
Executive Directors' and their related parties' remuneration	314.003	285.207
Directors' insurance costs	<u>7.560</u>	<u>10.329</u>
	<u>379.563</u>	<u>349.762</u>

(ii) Revenue and other income

	2020 €	2019 €
	<u>50.755</u>	<u>386.163</u>

(iii) Receivables from own subsidiaries

	2020 €	2019 €
	<u>118.369</u>	<u>128.809</u>

<u>Name</u>	<u>Nature of transactions</u>	2020	2019
NETteller Solutions S.A.	Finance	233.537	233.537
NETteller Solutions S.A.	Provision for bad debts	(215.705)	(215.705)
NETinfo Ltd	Trade	50.037	60.677
NETinfo CIS LLC	Trade	591.490	591.290
NETinfo CIS LLC	Provision for bad debts	<u>(540.990)</u>	<u>(540.990)</u>
		<u>118.369</u>	<u>128.809</u>

The receivables from own subsidiaries are interest free, and have no specified repayment date.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**33. Related party transactions (continued)****(iv) Payables to own subsidiaries**

		2020	2019
		€	€
<u>Name</u>	<u>Nature of transactions</u>		
NETinfo Services Limited	Finance	141.254	139.414
NETinfo Pay Limited	Trade	<u>31.297</u>	<u>30.806</u>
		<u>172.551</u>	<u>170.220</u>

The payables to own subsidiaries are interest free, and have no specified repayment date.

(v) Directors' current accounts balances

	2020	2019
	€	€
Vassos Aristodemou	(2.008)	(82)
Orlando Castellanos	(123)	(123)
Polys Hadjikyriacos	<u>183</u>	<u>(297)</u>
	<u>(1.948)</u>	<u>(502)</u>

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

34. 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	2,0	2,0
Polys Hadjikyriacos	13,0	13,0
Vassos Aristodemou	30,0	30,0
Zoe Zafeiropoulou	0,4	0,4
Constantinos Constantinou	0,4	0,4

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**35. 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 INVESTMENTS 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

36. Financial instruments - fair values and risk management**Financial risk factors**

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

- Credit risk
- Liquidity risk
- Interest rate risk

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company'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 Company has significant concentration of credit risk arising from the small number of clients. The Company 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	880.656	908.807
Contract assets	575.168	317.291
Receivables from related companies	118.369	128.809
Cash at bank	10.189	5.030
	<u>1.584.382</u>	<u>1.359.937</u>

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**36. Financial instruments - fair values and risk management (continued)***(i) Credit risk (continued)*

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	2020 €	2019 €
Reversal of impairment/(Impairment charge) - trade receivables	<u>66.942</u>	<u>(118.684)</u>
	<u><u>66.942</u></u>	<u><u>(118.684)</u></u>

Trade receivables and contract assets**Expected credit loss assessment for corporate customers as at 31 December 2020**

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

The Company 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	Lifetime expected loss rates	Gross carrying amount €	Loss allowance €
Current (not past due)	BBB- to AAA	0,22 %	1.140.785	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	93,00 %	<u>209.489</u>	<u>195.100</u>
			<u><u>1.737.816</u></u>	<u><u>305.300</u></u>

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 unemployment rate.

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NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**36. 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	372.242	196.680
(Reversal of impairment)/impairment losses recognised on receivables and contract assets	<u>(66.942)</u>	<u>175.562</u>
Balance at 31 December	<u><u>305.300</u></u>	<u><u>372.242</u></u>

Cash and cash equivalents

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

		2020	2019
		€	€
<u>Bank group based on credit ratings by Moody's</u>			
	<u>No of banks</u>		
B3	1	15.911	17.008
Caal	<u>2</u>	<u>135.652</u>	<u>83.580</u>
	<u>3</u>	<u><u>151.563</u></u>	<u><u>100.588</u></u>

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 Company considers that its cash and cash equivalents have high credit risk based on the external credit ratings of the counterparties.

The Company 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 Company 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.

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NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**36. Financial instruments - fair values and risk management (continued)***(ii) Liquidity risk (continued)*

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

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	604.465	882.164	882.164	-	-	-
Payables to related parties	174.559	174.559	174.559	-	-	-
	<u>5.345.904</u>	<u>6.161.024</u>	<u>1.998.110</u>	<u>375.632</u>	<u>2.691.484</u>	<u>1.095.798</u>
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	483.404	483.404	483.404	-	-	-
Payables to related parties	170.722	170.722	170.722	-	-	-
	<u>5.360.058</u>	<u>5.940.329</u>	<u>1.709.841</u>	<u>375.632</u>	<u>2.755.571</u>	<u>1.099.285</u>

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

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NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**36. 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 €
<i>Variable rate instruments</i>		
Financial assets	10.189	5.030
Financial liabilities	<u>(4.619.868)</u>	<u>(3.999.579)</u>
	<u>(4.609.679)</u>	<u>(3.994.549)</u>

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	<u>46.097</u>	<u>(46.097)</u>
31 December 2019		
Variable rate instruments	<u>39.946</u>	<u>(39.946)</u>

Capital management

The Company 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 Company's overall strategy remains unchanged from last year.

37. Fair values

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

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NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**37. 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	143.344	-	-	143.344
Trade and other receivables	-	-	1.007.833	1.007.833
Contract assets	-	-	561.760	561.760
Total	143.344	-	1.569.593	1.712.937
Financial liabilities				
Convertible bond	-	-	603.720	603.720
Loans and borrowings	-	-	3.133.984	3.133.984
Total	143.344	-	3.737.704	3.737.704
31/12/2019	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Cash and cash equivalents	93.124	-	-	93.124
Trade and other receivables	-	-	1.042.114	1.042.114
Contract assets	-	-	317.291	317.291
Total	93.124	-	1.359.405	1.452.529
Financial liabilities				
Convertible bond	-	-	610.084	610.084
Loans and borrowings	-	-	3.152.344	3.152.344
Total	-	-	3.762.428	3.762.428

38. Events after the reporting period

Significant events that occurred in the operating environment of the Company after the end of the reporting period are described in note 32 to the financial statements and below.

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NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**38. Events after the reporting period (continued)**

NETinfo has quickly adapted to the new conditions by activating all security and contingency plans required under the provisions of the Company's ISO 27001 Business Continuity procedures and with minimum disruption to business. The entire operation is run remotely and with very few exceptions all staff are working from home using the company's secure infrastructure and other communication means. All foreign travel has been suspended and planned meetings and conferences where possible are being conducted using web applications.

In parallel to the measures taken on the ground and in view of the uncertainties lying ahead, every effort is being made to create enough liquidity to see the operation through the crisis. The focus has been the collection of outstanding receivables and the limiting of expenditure to the absolutely necessary. In the meantime, the Government's COVID-19 measures are being assessed and how those may apply to the Company.

The COVID-19 situation continues to evolve and is likely to remain uncertain for some time. Given the adapted operational model and the recent measures, the impact on current annual revenue may not be that significant, but 2021 remains uncertain and a parameter of the duration of the conditions created by the prolongation of the COVID-19 pandemic. The Company's Board of Directors will continue the close monitoring of the situation.

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 financial statements for issue.

