NETINFO PLC

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

NETINFO PLC

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

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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 16 Kyriacou Matsi, 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
Registered Office	23 Aglatzias Avenue Netinfo Building 2108, Nicosia Cyprus
Registration number	HE110368

NETINFO PLC

ΔΗΛΩΣΗ ΤΩΝ ΜΕΛΩΝ ΤΟΥ ΔΙΟΙΚΗΤΙΚΟΥ ΣΥΜΒΟΥΛΙΟΥ ΚΑΙ ΤΩΝ ΥΠΕΥΘΥΝΩΝ ΤΗΣ ΕΤΑΙΡΕΙΑΣ ΓΙΑ ΤΗ ΣΥΝΤΑΞΗ ΤΩΝ ΟΙΚΟΝΟΜΙΚΩΝ ΚΑΤΑΣΤΑΣΕΩΝ

Σύμφωνα με το άρθρο 9, εδάφια (3)(γ) και (7) του περί των Προϋποθέσεων Διαφάνειας (Κινητές Αξίες προς Διαπραγμάτευση σε Ρυθμιζόμενη Αγορά) Νόμο του 2007 (Ν 190 (Ι)/2007) (ο 'Νόμος'), εμείς τα μέλη του Διοικητικού Συμβουλίου και οι άλλοι υπεύθυνοι για τις οικονομικές καταστάσεις της NETinfo Plc (η 'Εταιρεία') για το έτος που έληξε στις 31 Δεκεμβρίου 2021, επιβεβαιώνουμε ότι, εξ' όσων γνωρίζουμε:

(α) οι ετήσιες οικονομικές καταστάσεις της Εταιρείας οι οποίες παρουσιάζονται στις σελίδες 16 μέχρι 78.

(i) καταρτίστηκαν σύμφωνα με τα Διεθνή Πρότυπα Χρηματοοικονομικής Αναφοράς όπως αυτά υιοθετήθηκαν από την Ευρωπαϊκή Ένωση, και σύμφωνα με τις διατάξεις του Άρθρου 9, εδάφιο (4) του Νόμου, και

(ii) παρέχουν αληθινή και δίκαιη εικόνα των στοιχείων ενεργητικού και παθητικού, της οικονομικής κατάστασης και του κέρδους ή ζημιών της Εταιρείας και των επιχειρήσεων που περιλαμβάνονται στις οικονομικές καταστάσεις ως σύνολο και

(β) η Έκθεση Διαχείρισης παρέχει δίκαιη ανασκόπηση των εξελίξεων και της απόδοσης καθώς και της θέσης της Εταιρείας ως σύνολο, μαζί με περιγραφή των κυριότερων κινδύνων και αβεβαιοτήτων που αντιμετωπίζουν.

Μέλη του Διοικητικού Συμβουλίου
Εκτελεστικοί Διευθυντές

Βάσσος Αριστοδήμου

Πολύκαρπος Χατζήκυριακος

Ορλάντο Καστελλάνος

Ανδρέας Πετρίδης

Ζωή Ζαφειροπούλου

Μη Εκτελεστικοί Διευθυντές

Ιωάννης Νινιός

Επαμεινώνδας Μεταξάς

Μιχάλης Καμμάς

Κωνσταντίνος Κωνσταντίνου

Παύλος Ιωσηφίδης

Υπεύθυνος σύνταξης των οικονομικών καταστάσεων

Ανδρέας Πετρίδης

Λευκωσία, 5 Μαΐου 2022

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 2021.

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 remain 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 12.820.670 ordinary shares of nominal value of €0,22 per share on the Alternative Market of the Cyprus Stock Exchange and started trading on the 27th of April 2021.

FINANCIAL RESULTS

The Company's financial results for the year ended 31 December 2021 are set out on page 15 to the financial statements. The net profit for the year attributable to the owners of the Company amounted to €249.378 (2020: €35.135 loss). Part of the profit for the year is attributed to the disposal of its subsidiary NetInfo Pay Ltd.

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

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

Financial technology groups tend to invest heavily in developing a strong asset and service offering either through acquisitions or in-house development. The Company is one of the leading financial technology companies in Cyprus with a strong in-house development team which was further enhanced in 2021. 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.

An amount of €589.368 (2020: €468.978) was capitalized as part of the investment in the development of its innovative software platform.

During the year, NETinfo Plc entered into an agreement for the disposal of the total number of shares held in NetInfo Pay Ltd at a total consideration of €2.150.000. More details can be found on Note 23 - Investments in Subsidiaries

During the year, NetInfo PLC repaid a considerable amount of its debt. More details can be found on Note 29 - Loans and borrowings

REVENUE

The Company's revenue for the year ended 31 December 2021 was €4.179.709 (2020: €4.945.702).

DIVIDENDS

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

NETINFO PLC

MANAGEMENT REPORT (continued)

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 38 to the financial statements.

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 has been achieved by investing in an in-house R&D department who continuously develop its existing products according to business requirements. During the year, an amount of €589.368 (2019: €468.978) was capitalized.

SHARE CAPITAL

Authorised capital

There were no changes in the authorized 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 Company recognized 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 Company reporting directly to the Audit Committee. Through the Internal Audit relevant governance has been implemented for the preparation of consolidated financial statements and interim reporting.

NETinfo Plc is listed on the Alternative Market of the Cyprus Stock Exchange (CSE). The Company is 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 37 to the financial statements.

BRANCHES

During the year ended 31 December 2021 the Company did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2021 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 2021.

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 comprises 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 40 to the financial statements.

INDEPENDENT AUDITORS

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

By order of the Board of Directors,

Vassos Aristodemou
Director

Nicosia, 5 May 2022

KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
T: +357 22 209000, F: +357 22 678200

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

NETINFO PLC

Report on the audit of the financial statements

Opinion

We have audited the accompanying separate financial statements of the parent company NETinfo Plc (the "Company"), which are presented on pages 14 to 66 and comprise the statement of financial position as at 31 December 2021, 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 2021, 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.

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

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

Revenue recognition	
Refer to note 8 to the financial statements.	
Key audit matter	**How the matter was addressed in our audit**
Revenue of the Company is generated through contracts signed between the Company and various local and international clients. Implementation contracts contain various performance obligations which are distinct, hence a specific point in time can be established. Revenue on maintenance services offered after the product goes live is recognized over time. The Company has recognized contact assets in respect to software implementation projects for which the performance obligations were achieved whereas invoicing and repayment will take place in stages. 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. Furthermore, in cases where there are contract assets with a significant financing	• With regards to the implementation of IFRS 15, we verified management's conclusion by assessing different types of contracts and the accuracy of the Company's revised accounting policies in light of the industry specific circumstances and our understanding of the business. • For a sample of software development and implementation revenue (statistically selected), we have traced and agreed to invoices and signed contracts. • For a sample of outsourcing revenue and web design services revenue (statistically selected), we have traced and agreed to invoices issued. • For contracts in which maintenance was embedded in the contract during the implementation phase, we have assessed the allocation of the transaction price to the performance obligations (implementation vs maintenance) based on the client's pricing policy and standalone maintenance contracts. • For a sample of maintenance contracts (statistically selected), we have performed contract revenue recalculation for services rendered over time by tracing revenue to the annual contract fee.

Capitalisation and impairment of software development costs	
Refer to note 21 to the financial statements	
Key audit matter	**How the matter was addressed in our audit**
Internally generated intangible assets (software development costs) are recognised only when the conditions of IAS 38 are met. This involves significant management judgment, such as with respect to the technical feasibility, intention and ability to complete the intangible asset, generation of future economic benefits and the ability to measure the costs reliably. The value of these intangible assets as at 31 December 2021 is € 3.395.814 and consists of 32% of the total assets of the Company.	• 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 2021 and assessed the reasonableness against those developments. • We reviewed expense accounts to identify costs eligible for capitalization, to assess completeness of the development costs capitalised. • We considered whether any indicators of impairment were present by understanding the business rationale and management plans for the future and relevant markets addressed.
component, estimate is involved when concluding on the appropriate discount factor to discount the amount of the consideration to its present value	• We reviewed transactions post year end and traced revenue recognized to contract terms, to examine completeness of revenue. • For revenue recognized as a percentage of work completed we have obtained signed agreements with customers and evaluated revenue recognized based on based on work already completed and invoiced and expected cost to completion. • We have assessed the adequacy of disclosures in the financial statements regarding revenue.

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.

Other information (cont.)

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 requirements"* section.

Responsibilities of the Board of Directors 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 is 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:

Auditors' responsibilities for the audit of the financial statements (cont.)

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regrading independence , and to communicate with them all relationships and other matters that may reasonably be thought to bear on the independence, and where applicable , related safeguards.

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

KPMG

Report on other legal requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

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 2021.

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

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 5 May 2022.

Provision of Non-audit Services
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(1)2017, as amended from time to time ("Law L53(1)i2017").

Other Legal Requirements

Pursuant to the additional requirements of the 'Law L53(1)/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 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. I 13.

KPMG

European Single Electronic Format

The Board of Directors of Netinfo PLC is responsible for preparing and submitting the financial statements for the year ended 31 December 2021 in accordance with the requirements set out in the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission (the "ESEF Regulation").

Our responsibility is to examine the digital files prepared by the Board of Directors of Netinfo PLC. According with the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the "Audit Guidelines"), we are required to plan and perform our audit procedures in order to examine whether the content of the financial statements included in the digital files correspond to the financial statements we have audited, and whether the digital files have been prepared in all material respects, in accordance with the requirements of the ESEF Regulation.

The financial statements for the year ended 31 December 2021 in accordance with the ESEF Regulation have not yet been submitted to us at the date of this report. A separate report will be issued accordingly.If the digital files will not be submitted to us within a reasonable timeframe, we will be required to adjust this report in order to state this.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with 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 2021.

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

06 May 2022

NETINFO PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 €	2020 €
Assets			
Property, plant and equipment	20	3.924.920	3.217.958
Intangible assets	21	3.395.814	3.137.339
Investment properties	22	-	304.000
Investments in subsidiaries	23	195.000	1.808.997
Contract assets	8	76.791	123.725
Total non-current assets		7.592.525	8.592.019
Contract assets	8	435.634	438.035
Trade and other receivables	24	608.814	1.007.833
Cash and cash equivalents	25	634.506	143.344
Investment in subsidiary classified as held for sale	23	1.817.664	-
Total current assets		3.496.618	1.589.212
Total assets		11.089.143	10.181.231
Equity			
Share capital	27	2.820.547	2.820.547
Share premium		1.282.911	1.282.911
Other reserves	28	1.509.305	825.896
Accumulated losses		(368.848)	(575.313)
Total equity		5.243.915	4.354.041
Liabilities			
Loans and borrowings	29	2.520.191	3.288.861
Deferred tax liabilities	30	185.410	71.594
Government Grants	32	56.771	61.502
Total non-current liabilities		2.762.372	3.421.957
Bank overdrafts	25	1.068.906	829.176
Short term portion of long-term loans	29	350.984	448.843
Trade and other payables	31	1.615.991	1.121.634
Deferred income	32	4.731	4.731
Tax liability	33	42.244	849
Total current liabilities		3.082.856	2.405.233
Total liabilities		5.845.228	5.827.190
Total equity and liabilities		11.089.143	10.181.231

On 5 May 2022 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 19 to 66 are an integral part of these financial statements.

NETINFO PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 €	2020 €
Revenue	8	4.179.709	4.945.702
Cost of sales	9	(2.123.739)	(2.188.529)
Gross profit		2.055.970	2.757.173
Other operating income	10	284.021	86.413
Selling and distribution expenses	11	(39.086)	(84.258)
Administrative expenses	12	(1.693.811)	(1.686.959)
Reversal of impairment on trade receivables and contract assets	8	110.859	66.942
Other operating expenses	13	(61.123)	-
Operating profit before impairment of subsidiary		656.830	1.139.311
Impairment in subsidiary		(105.000)	(877.880)
Operating profit after impairment of subsidiary	14	551.830	261.431
Finance income - total	16	5.177	5
Finance costs - total	16	(175.580)	(198.878)
Net finance expenses		(170.403)	(198.873)
Profit before tax		381.427	62.558
Tax	17	(132.049)	(97.693)
Profit/(loss) for the year		249.378	(35.135)
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Revaluation of property, plant and equipment		794.544	-
Deferred tax on other comprehensive income		(111.135)	3.099
		683.409	3.099
Total comprehensive income/(expense) for the year		932.787	(32.036)
Basic earnings/(losses) per share (cent)	18	1.95	(0.27)
Diluted earnings/(losses) per share (cent)	18	1.95	(0.26)

The notes on pages 19 to 66 are an integral part of these financial statements.

NETINFO PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Note	Share capital €	Share premium €	Revaluation reserve €	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 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	19	-	-	-	(16.989)	(16.989)
Total contributions and distributions		-	-	-	(16.989)	(16.989)
Balance at 31 December 2020		2.820.547	1.282.911	825.896	(575.313)	4.354.041

The notes on pages 19 to 66 are an integral part of these financial statements.

NETINFO PLC

STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2021

	Note	Share capital €	Share premium €	Revaluation reserve €	Accumulated losses €	Total equity €
Balance at 1 January 2021		2.820.547	1.282.911	825.896	(575.313)	4.354.041
Comprehensive income						
Profit for the year		-	-	-	249.378	249.378
Other comprehensive income for the year		-	-	683.409	-	794.544
Total comprehensive income for the year		-	-	683.409	249.378	932.787
Transactions with owners of the Company						
Special contribution to the defence fund and General Health System (GHS) on deemed distribution	19	-	-	-	(42.914)	(42.914)
Total contributions and distributions		-	-	-	(42.914)	(42.914)
Balance at 31 December 2021		2.820.547	1.282.911	1.509.305	(368.848)	5.243.915

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.

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 19 to 66 are an integral part of these financial statements.

NETINFO PLC

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 €	2020 €
Cash flows from operating activities			
Profit/(loss) for the year		249.378	(35.135)
Adjustments for:			
Depreciation of property, plant and equipment	20	159.185	160.461
Amortisation of computer software	21	330.893	301.425
Non refundable advances under the contract for sale of the subsidiary		(268.877)	-
Loss from the sale of investment properties		9.500	-
Impairment charge - investments in subsidiaries	23	105.000	877.880
Reversal of impairment of contract assets	8	(110.859)	(66.942)
Write of receivables with related party	35	50.500	-
Interest income	16	-	(5)
Interest expense	16	145.054	155.145
Income tax expense		132.049	97.693
Cash generated from operations before working capital changes		801.823	1.490.522
Decrease in trade and other receivables		399.019	34.281
Decrease/(increase) in contract assets		160.194	(244.469)
(Decrease)/increase in trade and other payables		(96.477)	250.008
Decrease in deferred income		(4.731)	(4.731)
Cash generated from operations		1.259.828	1.525.611
Tax paid		(87.974)	(97.693)
Net cash generated from operating activities		1.171.854	1.427.918
Cash flows from investing activities			
Payment for investment in R & D	21	(589.368)	(468.978)
Payment for acquisition of property, plant and equipment	20	(71.603)	(122.655)
Additional contribution in investment in subsidiaries	23	(308.790)	(491.872)
Proceeds from sale of investment properties	22	294.500	-
Proceeds from sale of investments in subsidiary undertakings		900.000	-
Interest received		-	5
Net cash generated from/(used in) investing activities		224.739	(1.083.500)
Cash flows from financing activities			
Repayment of borrowings		(1.384.388)	(153.372)
Proceeds from borrowings		400.000	-
Interest paid		(117.859)	(26.498)
Special contribution to the defence fund on deemed distribution paid		(42.914)	-
Net cash used in financing activities		(1.145.161)	(179.870)
Net increase in cash and cash equivalents		251.432	164.548
Cash and cash equivalents at beginning of the year		(685.832)	(850.380)
Cash and cash equivalents at end of the year	25	(434.400)	(685.832)

The notes on pages 19 to 66 are an integral part of these financial statements.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 Avenue, Netinfo Building, 2108, Nicosia, Cyprus.

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

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, 23 Aglantzias, 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 2021 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, buildings and investment properties, which are measured at their fair value.

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 2021, 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 2021. 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

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (All issued 14 May 2020) (effective for annual periods beginning on or after 1 January 2022).

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 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (All issued 14 May 2020) (effective for annual periods beginning on or after 1 January 2022).

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

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:

- Notes 8 and "Revenue recognition" - maintenance income: whether revenue is recognised over time or at a point in time.

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

5.2 Assumptions and estimation uncertainties

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

- Note 21 - Impairment test of capitalized research and development: key assumptions underlying recoverable amounts and value in use.

- Note 24 "Provision for bad and doubtful debts" - the Company reviews its trade and other receivables for evidence of their recoverability.

- Notes 23 and 6 "Impairment of investments in subsidiaries" - determine the recoverability of investments in subsidiaries whenever indicators of impairment are present.

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.

5. Use of estimates and judgements (continued)

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.

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

- Note 22 - Investment property
- Note 20 - Property, plant and equipment

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

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. Significant accounting policies (continued)

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. The Company operates only in Cyprus and for this reason operations are not analysed by geographical segment.

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.

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.

6. Significant accounting policies (continued)

6.3 Revenue recognition (continued)

Performance obligations and revenue recognition policies (continued)

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.

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. The scheme is funded by payments from employees and by the Company.

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

6. 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 the subsidiary companies is as follows:

- NETinfo Services Limited: Euro (€)
- NETteller Solutions S.A: Euro €)
NETinfo Ltd: UK Pound Sterling (£)
- NETinfoPay Limited: Euro (€)

(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.

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.

6. Significant accounting policies (continued)

6.8 Tax (continued)

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.

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

6. Significant accounting policies (continued)

6.10 Property, plant and equipment (continued)

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 Group will comply with the conditions attaching to them and that the grants will be received. They are amortised on a systematic basis using the straight-line method over the expected useful life of the respective assets. Government grants that combensate the Group for expenses are incurred in the profit or loss as revenue unless the conditions for met for receiving the grant are met after the related expenses have been recognised. In this case , the grant is recognised when it becomes receivable.

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 external 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 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale

6. Significant accounting policies (continued)

6.13 Non-current assets held for sale (continued)

within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

6.14 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 depreciation 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.

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

6.14 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.

6.15 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.

6. Significant accounting policies (continued)

6.15 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.

6. Significant accounting policies (continued)

6.15 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.

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. **Significant accounting policies** (continued)

6.16 Financial instruments

6.16.1 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.

6.16.2 Classification and subsequent measurement

6.16.2.1 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
- 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.

6. Significant accounting policies (continued)

6.16 Financial instruments (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the 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.

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

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

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

6. Significant accounting policies (continued)

6.16 Financial instruments (continued)

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.

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.

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

6. Significant accounting policies (continued)

6.16 Financial instruments (continued)

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.

(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 Bonds

Compound financial instruments issued by the Company comprise convertible noted 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.

6. Significant accounting policies (continued)

6.16 Financial instruments (continued)

6.16.3 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; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the 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.

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

6.16 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.

6. Significant accounting policies (continued)

6.16 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.

6.17 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.

6. Significant accounting policies (continued)

6.18 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.

6.19 Impairment of non-financial assets

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

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

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

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

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

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

6.20 Share capital

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

6.21 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.

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. Significant accounting policies (continued)

6.22 Non-current liabilities

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

6.23 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.

2021	Total €
Revenue	4.179.709
Profit before tax	381.427
Assets	11.089.143
Liabilities	5.845.228
Capital expenditure	71.603
Depreciation	159.185

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

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

8. Revenue

8.1 Revenue streams: The 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.

	2021	2020
	€	€
Outsourcing services	689.590	581.037
Software Development and Implementation	1.627.539	2.995.815
Sales of computer accessories	14.734	2.772
Web design services	162.991	177.430
Maintenance and consulting services	1.684.855	1.188.648
	4.179.709	4.945.702

Revenue from software development and implementation includes an amount for the year ended 2021 of €89.970 billed to subsidiaries (2020: €50.755).

The Company's most important customers in respect of revenue recognized during the year were Bank of Cyprus Ltd, KCB, Profile Systems Software S.A and Credit Libanais

	2021	2020
	€	€
Primary Geographical markets		
Europe	2.022.535	2.614.533
Asia	532.664	1.190.882
Africa	956.725	532.184
Other	667.785	608.103
	4.179.709	4.945.702

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

	2021	2020
	€	€
Contract liabilities	432.588	683.751
Contract assets	529.616	649.810
Less: Provision for impairment of contract assets	(17.191)	(88.050)
	512.425	561.760

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. Revenue (continued)

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 money was received.

8.3 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 recognized at a point in time, following completion of the pre-agreed milestones set in the contracts with customers. Contract assets are recognized for unbilled revenue where performance obligations have been completed. (see Note 31)
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 recognized 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 recognized 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 recognized at a point in time, following completion of the pre-agreed milestones set in the contracts with customers.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. Cost of sales

	2021 €	2020 €
Staff costs	1.592.262	1.549.587
Subcontracted work	117.448	179.938
Software licenses	60.303	132.531
Amortization of software	330.894	301.425
Depreciation computer hardware	22.832	25.048
	2.123.739	2.188.529

10. Other operating income

	2021 €	2020 €
Discounts received	-	1.284
Other Income	-	55.445
Non refunsable advances under the contract for sale of the subsidiary	270.000	-
Government grants	4.731	16.988
Rental income	9.290	12.696
	284.021	86.413

11. Selling and distribution expenses

	2021 €	2020 €
Advertising	29.112	45.058
Decoration	1.646	945
Commissions	7.000	36.043
Other selling and distribution expenses	1.328	2.212
	39.086	84.258

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

12. Administrative expenses

	2021 €	2020 €
Staff costs	1.146.122	1.101.910
Common expenses	5.809	4.571
Licenses and taxes	4.956	11.945
Electricity	35.966	31.334
Water supply and cleaning	8.666	7.468
Insurance	25.442	21.112
Repairs and maintenance	17.922	14.456
Sundry expenses	2.166	2.389
Telephone and postage	17.997	18.563
Stationery and printing	4.591	12.150
Subscriptions and contributions	14.199	15.854
Non charitable donations	9.316	8.383
Staff training	12.742	20.227
Computer supplies and maintenance	13.539	8.099
Computer software	11.841	13.056
Independent auditors' remuneration for the statutory audit of annual accounts	26.500	22.100
Independent auditors' remuneration for other non-audit services	-	5.000
Independent auditors' remuneration - prior years	500	-
Legal fees	6.760	19.328
Other professional fees	73.722	78.722
Translation fees	4.021	6.849
Fines	183	666
Overseas travelling	58.847	68.716
Entertaining	8.519	13.390
Motor vehicle running costs	39.500	41.063
Depreciation	136.353	135.414
Sundry expenses	7.632	4.194
	1.693.811	1.686.959

13. Other operating expenses before impairment of the subsidiary

	2021 €	2020 €
Loss from write off of investments in subsidiaries	1.123	-
Loss from sales of investment properties	9.500	-
Impairment charge - loans to related parties	50.500	-
	61.123	-

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

14. Operating profit before impairment of subsidiary

	Note	2021 €	2020 €
Operating profit after impairment of subsidiary is stated after charging the following items:			
Amortisation of computer software	21	330.893	301.425
Depreciation of property, plant and equipment	20	159.185	160.462
Staff costs - Cost of Sales		1.592.262	1.549.587
Staff costs - Administrative expenses	15	1.146.122	1.101.910
Independent auditors' remuneration for the statutory audit of annual accounts		26.500	22.100
Independent auditors' remuneration for other non-audit services		-	5.000
Independent auditors' remuneration - prior years		500	-

15. Staff costs

	Note	2021 €	2020 €
Salaries (including Directors in their executive capacity)		2.188.165	2.172.307
Wages		76.751	88.765
Social insurance contributions		352.070	204.829
GHS and other medical contributions		-	94.237
Social cohesion fund contributions		53.460	42.286
Pensions cost		67.938	49.073
Total staff costs	14	2.738.384	2.651.497

The average number of employees employed by the Company during the year 2021 and 2020 were 93 and 98 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.

Staff costs €539.258 relate to the development of the software (Research and Development)

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

16. Net finance income and costs

	2021 €	2020 €
Finance income		
Other interest income	-	5
Realised foreign exchange profit	5.177	-
Finance costs		
Loan interest	89.430	96.012
Bank overdraft interest	27.158	26.497
Interest on bonds	28.239	32.636
Bank charges	30.526	14.402
Realised foreign exchange loss	-	29.331
	175.353	198.878

17. Taxation

	Note	2021 €	2020 €
Corporation tax - current year		41.336	-
Corporation tax - prior years		552	-
Overseas tax		76.484	97.691
Special contribution to the defence fund - current year		-	2
Capital gains tax		10.997	-
Deferred tax - charge	30	2.680	-
Charge for the year		132.049	97.693

NETINFO PLC

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17. Taxation (continued)

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

	2021	2021 €	2020	2020 €
Accounting profit before tax		381.427		62.558
Tax calculated at the applicable tax rates	12,50 %	47.678	12,50 %	7.820
Tax effect of allowances and income not subject to tax	(1,66)%	(6.342)	- %	-
Tax effect of group tax relief	- %	-	(12,50)%	(7.820)
Special contribution to the defence fund	- %	-	- %	2
Capital gains tax	2,88 %	10.997	- %	-
Deferred tax	0,70 %	2.680	- %	-
Prior year tax	0,14 %	552	- %	-
Overseas tax in excess of credit claim used during the year	20,05 %	76.484	156,16 %	97.691
Tax as per statement of profit or loss and other comprehensive income - charge	34,62 %	132.049	156,16 %	97.693

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

18. Earnings per share

	2021	2020
Basic earnings/(losses) attributable to owners (€)	249.378	(35.135)
Weighted average number of ordinary shares in issue during the year	12.820.670	12.820.670
Basic earnings/(losses) per share (cent)	1,95	(0,27)
Diluted weighted average number of shares	12.820.670	13.420.670
Diluted earnings/(losses) per share (cent)	1,95	(0,26)

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19. Dividends

	2021	2020
	€	€
Special contribution to the defence fund and General Health System (GHS) on deemed distribution	42.914	16.989

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

20. Property, plant and equipment

2021	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	3.512.815	526.359	391.371	502.673	32.232	4.965.450
Additions	-	10.176	53.991	243	7.193	71.603
Adjustment on revaluation	794.544	-	-	-	-	794.544
Balance at 31 December	4.307.359	536.535	445.362	502.916	39.425	5.831.597
Depreciation						
Balance at 1 January	520.554	467.906	346.959	397.308	14.765	1.747.492
Depreciation for the year	86.805	22.832	24.536	19.848	5.164	159.185
Balance at 31 December	607.359	490.738	371.495	417.156	19.929	1.906.677
Carrying amounts						
Balance at 31 December	3.700.000	45.797	73.867	85.760	19.496	3.924.920

NETINFO PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

20. Property, plant and equipment (continued)

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	28.330	23.818	45.000	10.550	14.957	122.655
Balance at 31 December	3.512.815	526.359	391.371	502.673	32.232	4.965.450
Depreciation						
Balance at 1 January	433.749	442.859	326.108	374.033	10.282	1.587.031
Depreciation for the year	86.805	25.047	20.851	23.275	4.483	160.461
Balance at 31 December	520.554	467.906	346.959	397.308	14.765	1.747.492
Carrying amounts						
Balance at 31 December	2.992.261	58.453	44.412	105.365	17.467	3.217.958

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 management performs valuations every reporting period.

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

Valuation technique and significant unobservable inputs

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

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

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

Land and Buildings have been revalued in December 2021 following a valuation by the independent valuer.The main reason for the increase of the fair value of land and buildings is the granting of planning permission for the south side of the plot. The revaluation increase in relation to the planning permission amounts to €502.070.In addition, the weighted average value per m2 increase amounts to €168.

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20. Property, plant and equipment (continued)

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

	2021 €	2020 €
Cost	3.032.759	3.032.759
Accumulated depreciation	(543.947)	(475.042)
Net book amount	2.488.812	2.557.717

21. Intangible assets

2021	Computer software €
Cost	
Balance at 1 January	5.943.308
Additions	589.368
Balance at 31 December	6.532.676
Amortisation	
Balance at 1 January	2.805.969
Amortisation for the year	330.893
Balance at 31 December	3.136.862
Carrying amounts	
Balance at 31 December	3.395.814

2020	Computer software €
Cost	
Balance at 1 January	5.474.330
Additions	468.978
Balance at 31 December	5.943.308
Amortisation	
Balance at 1 January	2.504.544
Amortisation for the year	301.425
Balance at 31 December	2.805.969
Carrying amounts	
Balance at 31 December	3.137.339

Computer software realtes 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.

21. Intangible assets (continued)

Additions made to computer software in 2021 comprise the following:

- staff costs €539.258 in relation to developments made to the main software library.
- direct costs €50.110 in relation to the development of software

22. Investment property

	2021	2020
	€	€
Balance at 1 January	304.000	304.000
Disposals	(304.000)	-
Balance at 31 December	-	304.000

Investment propery comprised of two apartments used as office spaces. The properties were located at a central location in Nicosia.

During the year, the Company disposed off the Investment Property at the net consideration of €294.500 realizing a loss on disposal of €9.500.

Fair value hierarchy

In the prior year 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 change are reviewed by the Board of Directors at each reporting date.

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

Valuation technique and significant unobservable inputs

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

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

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.

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22. Investment property (continued)

Details of investment properties are as follows:

	2021 €	2020 €
Type		
Office 0/0737	-	152.000
Office 0/7435	-	152.000
	-	304.000

23. Investments in subsidiaries

	2021 €	2020 €
Balance at 1 January	1.808.997	2.195.005
Additions	308.790	491.872
Disposals	(123)	-
Impairment charge	(105.000)	(877.880)
Balance at 31 December	2.012.664	1.808.997

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2021 Holding %	2020 Holding %	2021 €	2020 €
NETinfo Limited	United Kingdom	Development of Software	100	100	195.000	300.000
NETinfoPay Limited	Cyprus	Electronic Money Institution	100	100	1.817.664	1.508.874
NETinfo Services Limited	Cyprus	Development of Software	100	100	-	-
NETinfo CIS LLC	Russia	Development of Software		100	-	123
NETteller Solutions S.A.	Costa Rica	Development of Software	100	100	-	-
					2.012.664	1.808.997

During the year, NETinfo Plc entered into an agreement for the disposal of the total number of shares held in NetInfo Pay Ltd at a total consideration of €2.150.000. The disposal is under the procees of approval of the new shareholders by the Central Bank of Cyprus. The investment in netinfo pay is preseneted as current asset held for sale on the statement of financial position.

23. Investments in subsidiaries (continued)

During the year, NetInfo PLC entered into a new venture: Tab2Order. The principal activities of the Company were development of software. The venture was closed due to limited scope of activities.

During the year, NetInfo CIS went through the dissolution process and the liquidation certificate was issued on 30th August 2021.

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.

24. Trade and other receivables

	2021	2020
	€	€
Trade receivables	731.931	1.088.006
Less: Provision for impairment of trade receivables	(177.250)	(217.250)
Trade receivables - net	554.681	870.756
Receivables from own subsidiaries (Note 35 (iii))	17.832	118.369
Directors' current accounts - debit balances (Note 35 (v))	283	60
Deposits and prepayments	8.748	8.748
Other receivables	27.270	9.900
	608.814	1.007.833

Ageing analysis of trade and other receivables:

	Gross amount 2021	Impairment 2021	Gross amount 2020	Impairment 2020
	€	€	€	€
Not past due	449.549	(1.547)	485.148	(3.776)
Past due 31-120 days	68.576	(502)	381.990	(15.320)
More than 120 days	213.806	(175.201)	220.868	(198.154)
	731.931	(177.250)	1.088.006	(217.250)

The Company has not recognised a loss for the impairment of its trade receivables during the year ended 31 December 2021 (2020: €66.942).

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

24. Trade and other receivables (continued)

Movement in provision for impairment of receivables:

	2021 €	2020 €
Balance at 1 January	217.250	284.192
Impairment reversal on trade receivables	(40.000)	(66.942)
Balance at 31 December	177.250	217.250

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 38 to the financial statements.

25. Cash and cash equivalents

	2021 €	2020 €
Cash in hand	1.414	959
Cash at bank	633.092	151.563
Accumulated impairment losses on cash and cash equivalents	-	(9.178)
	634.506	143.344

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

	2021 €	2020 €
Cash and cash equivalents	634.506	143.344
Bank overdrafts	(1.068.906)	(829.176)
	(434.400)	(685.832)

The weighted average effective interest rate on bank overdrafts at the reporting date was 3,59% (2020: 3,73%)

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 38 to the financial statements.

26. 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.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to owners, return capital to owners or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

27. Share capital

	2021 Number of shares	2021 €	2020 Number of shares	2020 €
Authorised				
Ordinary Shares of €0.22 each	38.461.538	8.461.538	38.461.538	8.461.538
Issued and fully paid				
Balance at 1 January	12.820.670	2.820.547	12.820.670	2.820.547
Balance at 31 December	12.820.670	2.820.547	12.820.670	2.820.547

Authorised capital

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

Issued capital

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

28. Reserves

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.

29. Loans and borrowings

Changes in loans and borrowings:

NETINFO PLC

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29. Loans and borrowings (continued)

	2021 €	2020 €
Balance at 1 January	3.737.704	3.762.428
Additions	400.000	-
Repayments	(1.384.388)	(153.372)
Interest charged for the year	117.859	128.648
Balance at 31 December	2.871.175	3.737.704

	2021 €	2020 €
Non-current liabilities		
Bank loans	2.520.191	2.685.141
Convertible bond	-	603.720
	2.520.191	3.288.861
Current liabilities		
Bank loans	350.984	448.843
Total	2.871.175	3.737.704

Maturity of borrowings:

	2021 €	2020 €
Within one year	350.984	448.843
Between one and five years	1.998.013	2.556.145
After five years	522.178	732.716
	2.520.191	3.288.861
	2.871.175	3.737.704

During the year, NetInfo PLC purchased the €600.000 convertible bonds, with a nominal value of €1 each, held by GMM AIFLNP LTD-Real Value Investment Fund. The acquisition was funded 1/3 from own funds and 2/3 via a long-term bank loan.

The bank loan in the original amount of €1.650.000 is repayable by monthly instalments of €15.023 each through to 2029.

The bank loan in the original amount of €600.000 is repayable by monthly instalments of €5.766 each through 2029.

The bank loan in the original amount of €1.015.000 is repayable by monthly instalments of €8.120 each through 2031.

29. Loans and borrowings (continued)

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

The bank loan in the original amount of €400.000 is repayable by monthly instalments of €5.000 each through to 2029.

The bank loans are secured as follows:

- By personal guarantees of €4.064.281 (2020: €4.064.281).
- By mortgage against immovable property of the Company for €3.803.612 (2020: €3.803.612).
- By fixed charge on Company computer software for €200.000 (2020: €200.000).

The weighted average effective interest rate on bank loans at the reporting date was 3,12% (2020: 3,07%).

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

				Face value		Carrying amounts	
				2021	2020	2021	2020
	Currency	Nominal interest rate	Year of maturity	€	€	€	€
Business Loan	Euro	3,07%	2029	1.650.000	1.650.000	1.238.949	1.376.304
Business Loan	Euro	3,07%	2029	600.000	600.000	478.914	532.007
Business Loan	Euro	3,08%	2021	-	350.000	-	127.643
Business Loan	Euro	3,07%	2031	1.015.000	1.015.000	564.951	823.651
Business Loan	Euro	1,42%	2025	500.000	500.000	185.524	266.827
Business Loan	Euro	4.1%	2029	400.000	-	397.077	-
Hire Purchase	Euro	3.5%	2024	9.281	9.281	5.760	7.552
				4.174.281	4.124.281	2.871.175	3.133.984

30. Deferred tax

Deferred tax liability

	2021	2020
	€	€
Balance at 1 January	71.594	74.693
Movement	111.136	(3.099)
Debit in profit or loss	2.680	-
Balance at 31 December	185.410	71.594

Deferred taxation liability arises as follows:

	2021	2020
	€	€
Accelerated tax depreciation	9.296	6.616
Revaluation of land and buildings	176.114	64.978
	185.410	71.594

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 17). The applicable corporation tax rate in the case of tax losses is 12,5%.

31. Trade and other payables

	2021	2020
	€	€
Trade payables	121.613	128.043
Social insurance and other taxes	107.918	104.573
VAT	84.388	105.811
Directors' current accounts - credit balances (Note 35)	123	2.008
Accruals	26.704	87.840
Other creditors	570.785	14.757
Contract Liabilities	432.588	461.665
Special contribution to the defence fund and GHS on deemed distribution.	80.504	44.386
Payables to own subsidiaries (Note 35 (iv))	191.368	172.551
	1.615.991	1.121.634

Contract liabilities refers to advance payments the Company receives, mainly for maintenance services 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.

Other creditors include an amount of € 558.745 which has been collected in cash by the buyer of the subsidiary NetInfo Pay Ltd. The amount is due to the buyer of NetInfo Pay Ltd until the sale process is approved by the Central Bank of Cyprus.

31. Trade and other payables (continued)

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

32. Government Grants

	2021 €	2020 €
Government grants	61.502	66.233
Deferred income more than one year	56.771	61.502
Deferred income within one year	4.731	4.731
	61.502	66.233

33. Tax liability

	2021 €	2020 €
Corporation tax	41.336	-
Special contribution to the defence fund	908	849
	42.244	849

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.

34. Operating environment of the Company

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.

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stricter measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

34. Operating environment of the Company (continued)

With the Covid-19 pandemic and the unprecedented health crisis it created coming to an end, the Management is now in a position to view the business environment pertinent to the Company operations with more optimism. However, the war in Ukraine and the sanctions imposed on Russia are having a limited negative impact related mainly to the suspension of maintenance agreements with clients of Russian interest. The financial affect relates mainly to the budgetary figures of 2022 and all necessary adjustments have been made.

35. Related party transactions

The Company's share capital is widely disbursed to individuals and companies with different shareholdings with no 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:

	2021	2020
	€	€
Non-Executive Directors' remuneration	60.000	60.000
Executive Directors and their related parties' remuneration	577.688	541.916
Directors' insurance costs	7.006	7.560
	644.694	609.476

(ii) Revenue and other income

		2021	2020
		€	€
	Nature of transactions		
NETinfo Limited UK	Software Development	89.970	50.755

(iii) Receivables from group companies (Note 24)

		2021	2020
		€	€
Name	Nature of transactions		
NETteller Solutions S.A.	Finance	233.537	233.537
NETteller Solutions S.A.	Provision for Bad Debts	(215.705)	(215.705)
NETtinfo UK Ltd	Trade	-	50.037
NETinfo CIS LLC	Trade	-	591.490
NETinfo CIS LLC	Provision for Bad Debts	-	(540.990)
		17.832	118.369

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

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35. Related party transactions (continued)

(iv) Payables to group companies (Note 31)

Name	Nature of transactions	2021 €	2020 €
NETinfo Services Limited	Finance	142.268	141.254
NETinfo Pay Limited	Trade	31.297	31.297
NETtinfo UK Ltd	Trade	17.803	-
		191.368	172.551

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

(v) Directors' current accounts balances (Note 24)

	2021 €	2020 €
Vassos Aristodemou	-	(2.008)
Orlando Castellanos	(123)	(123)
Polycarpos Hadjikyriacos	283	183
	160	(1.948)

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

36. 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 2021 and 30 April 2022 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2021 %	30 April 2022 %
Orlando Castellanos	2	2
Polycarpos Hadjikyriacos	13	13
Vassos Aristodemou	30	30
Zoe Zafeiropoulou	0,4	0,4
Constantinos Constantinou	0,4	0,4

37. Shareholders holding more than 5% of share capital

The persons holding more than 5% of the share capital as at 31 December 2021 and 30 April 2022 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2021 %	30 April 2022 %
Demetrios Stylianou	10,9	11,7
GMM AIFLNP LTD- REAL INVESTMENTS FUND	5,6	5,6
Demetra Investment Ltd	5,7	5,7
Polycarpos Hadjikyriacos	13,3	13,3
Vassos Aristodemou	30,4	30,4
Sublevo Limited	6,8	6,8

38. 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
- Market 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 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.

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

(i) ***Credit risk*** (continued)

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

	2021 €	2020 €
Trade and other receivables	581.951	880.656
Contract Assets	512.425	575.168
Receivables from related companies	17.832	118.369
Cash at Bank	633.092	10.189
	1.745.300	1.584.382

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

	2021 €	2020 €
Reversal of impairment - contract assets	70.859	66.942
Reversal of impairment - trade receivables	40.000	-
	110.859	66.942

Trade receivables and contract assets

Expected credit loss assessment for corporate customers as at 1 January and 31 December 2021

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.

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

(i) *Credit risk* (continued)

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 2021.

	Equivalent to external credit rating	Lifetime expected loss rates	Gross carrying amount €	Loss allowance €
Current (not past due)	BBB- to AAA	0,15 %	685.392	1.018
1-30 days past due	BB- to BB+	0,55 %	293.773	1.547
31-60 days past due	B- to CCC-	0,73 %	33.545	235
61-90 days past due	C to CC	0,77 %	28.782	213
91-120 days past due	D	0,90%	6.248	54
121-150 days past due	D	0,96%	3.820	35
More than 150 days past due	D	96,10 %	209.489	191.338
		-	1.261.049	194.440

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:

	2021 €	2020 €
Balance at 1 January	305.300	372.242
Reversal of Impairment recognised on receivables and contract assets	(110.859)	(66.942)
Balance at 31 December	194.441	305.300

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:

Bank group based on credit ratings by Moody's.	No of banks	2021 €	2020 €
B3	1	16.306	15.911
Caa1	2	616.785	135.652
	3	633.091	151.563

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 low credit risk based on the external credit ratings of the counterparties.

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

(i) ***Credit risk*** (continued)

The Company uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for trade receivables.

(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.

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 2021	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3-12 months €	Between 1-5 years €	More than 5 years €
Bank loans	2.871.175	3.251.337	110.079	331.360	2.043.497	766.401
Bank overdrafts	1.068.906	1.068.906	1.068.906	-	-	-
Trade and other payables	1.124.986	1.124.986	1.124.986	-	-	-
Payables to related parties	191.491	191.491	191.491	-	-	-
	5.256.558	5.636.720	2.495.462	331.360	2.043.497	766.401

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	-	-	-
	5.345.904	6.161.024	1.998.110	375.632	2.691.484	1.095.798

(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.

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

(iii) ***Market risk*** (continued)

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.

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

	2021 €	2020 €
Variable rate instruments		
Financial assets	633.091	10.189
Financial liabilities	(3.940.081)	(4.619.868)
	(3.306.990)	(4.609.679)

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 2021		
Variable rate instruments	39.400	(39.400)
31 December 2020		
Variable rate instruments	46.097	(46.097)

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.

39. Fair values

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

40. 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 34 to the financial statements.

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event did not exist in the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2021 as it is considered as a non-adjusting event.

The Group has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Group. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Group and has concluded that there is no significant impact in the Group's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the situation in case the crisis becomes prolonged.

On 5 May 2022 the Board of Directors of NETinfo Plc approved and authorised these financial statements for issue.