

**Unaudited Interim Condensed consolidated Financial statements 30  
June**

Unaudited Interim Condensed consolidated Financial statements 30 June

Attachments:

1. **Announcement**
2. **Unaudited Interim Condensed consolidated Financial statements 30 June**
3. **Ανακοίνωση**

**Non Regulated**

Publication Date: 29/09/2021

29 Σεπτεμβρίου 2021

Χρηματιστήριο Αξιών Κύπρου  
Λευκωσία

## ΑΝΑΚΟΙΝΩΣΗ

### Θέμα: Έγκριση των Μη Ελεγμένων Ενδιάμεσων Οικονομικών Καταστάσεων

Μετά από συνάντηση του Διοικητικού Συμβουλίου της NETinfo Plc (η «Εταιρεία») (το «Διοικητικό Συμβούλιο»), η Εταιρεία θα ήθελε να ενημερώσει το επενδυτικό κοινό ότι το Διοικητικό Συμβούλιο εξέτασε και ενέκρινε τις Μη Ελεγμένες Ενδιάμεσες Οικονομικές Καταστάσεις της Εταιρείας για την περίοδο 1 Ιανουαρίου 2021 μέχρι 30 Ιουνίου 2021 (οι «Ενδιάμεσες Οικονομικές Καταστάσεις 2021»).

Οι Ενδιάμεσες Οικονομικές Καταστάσεις 2021 επισυνάπτονται. Επίσης, οι Ενδιάμεσες Οικονομικές Καταστάσεις 2021 θα αναρτηθούν στην ιστοσελίδα της Εταιρείας [netinfo.eu/investors](https://netinfo.eu/investors) και στην ιστοσελίδα του Χρηματιστηρίου Αξιών Κύπρου [www.cse.com.cy](http://www.cse.com.cy). Αντίγραφα των Ενδιάμεσων Οικονομικών Καταστάσεων 2021 θα είναι διαθέσιμα δωρεάν στο εγγεγραμμένο γραφείο της Εταιρείας 23 Αγλαντζιάς, 2108 Λευκωσία, Κύπρος.

Με εκτίμηση,

Βάσος Αριστοδήμου  
Πρόεδρος και Εκτελεστικός Διευθυντής



Κοιν.: Επιτροπή Κεφαλαιαγοράς Κύπρου

29<sup>th</sup> September 2021  
Cyprus Stock Exchange  
Nicosia

## ANNOUNCEMENT

### Re: Approval of Unaudited Interim Financial Statements

Following the meeting of the board of directors of NETinfo Plc (the “Company”) (the “Board”), the Company would like to inform the investing public that the Board has examined and approved the unaudited interim financial statements for the period January 1<sup>st</sup>, 2021, to June 30<sup>th</sup> 2021 (the “Interim Financial Statements 2021”).

The Interim Financial Statements 2021 are hereby attached. Further, the Interim **Financial Statements** 2021 will be published on the Company’s website at [netinfo.eu/investors](http://netinfo.eu/investors) and the CSE website [www.cse.com.cy](http://www.cse.com.cy). Full copies of the Interim Financial Statements 2021 will also be available free of charge at the Company’s registered office, 23 Aglantzias Ave, 2108 Nicosia, Cyprus.

Kind regards,

Vassos Aristodemou  
Chairman and Chief Executive Officer



Cc: Cyprus Securities and Exchange Commission

**NETINFO PLC**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the period from 1 January 2021 to 30 June 2021**

## NETINFO PLC

### UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2021 to 30 June 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**

Pavlos Iosifides  
Michalis Kammas  
Ioannis Ninios  
Epaminondas Metaxas  
Constantinos Constantinou

## Secretary

Polykarpos Hadjikyriakos

## Independent Auditors

KPMG Limited

## Legal Advisors

D.Hadjinestoros & Co LLC  
16 Kyriacou Matsi, Eagle House, 8th floor  
1082, Agioi Omologites, Nicosia, Cyprus

## Bankers

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

## Registered Office

23 Aglantzias Avenue  
Netinfo Building  
2108, Nicosia  
Cyprus

## Registration number

HE110368

**NETINFO PLC**

**DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY  
OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE UNAUDITED INTERIM  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with Article 10 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the Unaudited Interim Condensed Consolidated financial statements of NETinfo PLC (the "Company") for the period from 1 January 2021 to 30 June 2021, on the basis of our knowledge, declare that:

(a) The annual Unaudited Interim Condensed Consolidated financial statements of the Group which are presented on pages 10 to 62:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 10, section (4) of the law, and

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

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

**Members of the Board of Directors:**

**Executive Directors**

Vassos Aristodemou

Polykarpos Hadjikyriakos

Orlando Castellanos

Andreas Petrides

Zoe Zafeiropoulou

**Non-Executive Directors**

Pavlos Iosifides

Ioannis Ninios

**NETINFO PLC**

Constantinos Constantinou

Epaminondas Metaxas

Michael Kammas



**Responsible for drafting the financial statements**



Andreas Petrides  
Finance Director/Deputy CEO

Nicosia, 28 September 2021



## NETINFO PLC

### MANAGEMENT REPORT

The Board of Directors of NETinfo PLC (the "Company") presents to the members its Report together with the Unaudited Interim Condensed Consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the period from 1 January 2021 to 30 June 2021.

#### **INCORPORATION**

NETinfo PLC (the "Company") is domiciled in Cyprus. The Company was incorporated 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 GROUP**

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

#### **FINANCIAL RESULTS**

The Group's financial results for the period from 1 January 2021 to 30 June 2021 are set out on page 10 to the Unaudited Interim Condensed Consolidated financial statements. The net profit for the period attributable to the owners of the Group amounted to €69,844 (2020: €378,799).

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

The current financial position as presented in the Unaudited Interim Condensed Consolidated financial statements is considered satisfactory.

Financial technology groups tend to invest heavily in developing a strong asset and service offering either through acquisitions or in house development. The Group is one of the leading financial technology companies in Cyprus with a strong in house development team which was further enhanced during the reporting period ending 30 June 2021. During the period, the Company invested heavily in the upgrade of its software platform product offerings compatible with current and next generation systems.

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

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

#### **REVENUE**

The Group's revenue for the period from 1 January 2021 to 30 June 2021 was €2,000,956 (2020: €2,642,013).

#### **DIVIDENDS**

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

**NETINFO PLC****MANAGEMENT REPORT** (continued)**MAIN RISKS AND UNCERTAINTIES**

The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in note 36 to the Unaudited Interim Condensed Consolidated financial statements.

**INTEREST RATE RISK**

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

**CREDIT RISK**

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

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

**LIQUIDITY RISK**

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

**FUTURE DEVELOPMENTS**

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

**RESEARCH AND DEVELOPMENT ACTIVITIES**

The Group continuously invests in developing and upgrading its main software library. This has been achieved by investing in an in-house R&D department who continuously develop its existing products according to business requirements. During the period, an amount of €394.803 (2020: €468.979) was capitalized.

**NETINFO PLC****MANAGEMENT REPORT (continued)****SHARE CAPITAL**

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

**Authorized Capital**

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

**Issued Capital**

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

**IMPLEMENTATION AND COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE**

The Group recognises the importance of implementing sound corporate governance policies, practices and procedures including the appointment of an Audit Committee and the appointment of a competent Internal Auditor responsible for the Internal Audit Function of the Group reporting directly to the Audit Committee. Through the Internal Audit relevant governance has been implemented for the preparation of the Consolidated Financial Statements and Interim Reporting.

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

**BRANCHES**

During the period from 1 January 2021 to 30 June 2021 the Group did not operate any branches.

**BOARD OF DIRECTORS**

The members of the Company's Board of Directors as at 30 June 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 period ended 30 June 2021. The appointment and replacement of Directors takes place at the Annual General Meeting.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.


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 38 to the Unaudited Interim Condensed Consolidated financial statements.

**NETINFO PLC****MANAGEMENT REPORT** (continued)

By order of the Board of Directors,



Vassos Aristodemou  
Director

Nicosia, 28 September 2021

## NETINFO PLC


UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30/06/2021 €	31/12/2020 €
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	20	3,168,354	3,238,272
Intangible assets	21	3,849,521	3,616,550
Contract assets	9	157,554	123,725
<b>Total non-current assets</b>		<u>7,175,429</u>	<u>6,978,547</u>
<b>Current assets</b>			
Inventories	23	61,840	62,106
Contract assets	9	135,250	438,035
Trade and other receivables	24	1,195,607	1,010,597
Other investments	25	304,000	304,000
Cash and cash equivalents	26	392,323	492,628
<b>Total current assets</b>		<u>2,089,020</u>	<u>2,307,366</u>
<b>Total assets</b>		<u>9,264,449</u>	<u>9,285,913</u>
<b>Equity</b>			
Share capital	27	2,820,547	2,820,547
Share premium		1,282,911	1,282,911
Reserves	28	(391,261)	(439,105)
<b>Total equity</b>		<u>3,712,197</u>	<u>3,664,353</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	29	3,075,194	3,288,861
Deferred tax liabilities	30	71,594	71,594
Deferred income	32	61,502	61,502
<b>Total non-current liabilities</b>		<u>3,208,290</u>	<u>3,421,957</u>
<b>Current liabilities</b>			
Bank overdrafts	26	1,262,263	829,176
Short term portion of long-term loans	29	328,525	448,843
Trade and other payables	31	746,323	915,155
Deferred income	32	4,731	4,731
Tax liability		2,120	1,698
<b>Total current liabilities</b>		<u>2,343,962</u>	<u>2,199,603</u>
<b>Total liabilities</b>		<u>5,552,252</u>	<u>5,621,560</u>
<b>Total equity and liabilities</b>		<u>9,264,449</u>	<u>9,285,913</u>

On 28 September 2021 the Board of Directors of NETinfo PLC approved and authorised these Unaudited Interim Condensed Consolidated financial statements for issue.

The notes on pages 13 to 62 are an integral part of these Unaudited Interim Condensed Consolidated financial statements.

**NETINFO PLC****UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**As at 30 Ιουτίου 2021  
.....  
Vassos Aristodemou  
CEO  
.....  
Andreas Petrides  
Finance Director/Deputy CEO

The notes on pages 13 to 62 are an integral part of these Unaudited Interim Condensed Consolidated financial statements.

## NETINFO PLC

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME

For the period from 1 January 2021 to 30 June 2021

	Note	30/06/2021 €	30/06/2020 €
<b>Revenue</b>	9	2,000,956	2,642,013
Cost of sales	10	<u>(886,970)</u>	<u>(1,075,804)</u>
<b>Gross profit</b>		1,113,986	1,566,209
Other operating income	11	6,776	8,967
Selling and distribution expenses	12	(57,166)	(130,465)
Administrative expenses	13	(909,473)	(968,430)
Other operating expenses	14	<u>-</u>	<u>(30,002)</u>
<b>Operating profit</b>	15	<u>154,123</u>	<u>446,279</u>
Finance income - total	17	175	6,088
Finance costs - total	17	<u>(84,402)</u>	<u>(68,473)</u>
<b>Net finance expenses</b>		<u>(84,227)</u>	<u>(62,385)</u>
<b>Operating profit after net finance expenses</b>		<u>69,896</u>	<u>383,894</u>
<b>Profit before tax</b>		69,896	383,894
Tax	18	<u>(52)</u>	<u>(5,095)</u>
<b>Profit for the period</b>		<u>69,844</u>	<u>378,799</u>
<b>Other comprehensive income</b>			
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		<u>(124)</u>	<u>(124)</u>
<b>Other comprehensive expense for the period</b>		<u>(124)</u>	<u>(124)</u>
<b>Total comprehensive income for the period</b>		<u>69,720</u>	<u>378,675</u>
<b>Basic earnings per share (cent)</b>	19	<u>0.54</u>	<u>2.95</u>
<b>Diluted earnings per share (cent)</b>	19	<u>0.52</u>	<u>2.82</u>

The notes on pages 13 to 62 are an integral part of these Unaudited Interim Condensed Consolidated financial statements.

## NETINFO PLC

## UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2021 to 30 June 2021

	Note	Share capital €	Share premium €	Fair value		Translation reserve €	Retained earnings €	Total equity €
				reserve-Land & Buildings €	Translation reserve €			
Balance at 1 January 2020		2,820,547	1,282,911	822,796	(372,119)	(1,253,920)	3,300,215	
<b>Comprehensive income</b>								
Profit for the period		-	-	-	-	378,799	378,799	
Other comprehensive income for the period		-	-	-	(124)	-	(124)	
Total comprehensive income for the period		-	-	-	(124)	378,799	378,675	
Balance at 30 June 2020		<u>2,820,547</u>	<u>1,282,911</u>	<u>822,796</u>	<u>(372,243)</u>	<u>(875,121)</u>	<u>3,678,890</u>	
Balance at 1 January 2021		2,820,547	1,282,911	825,895	(350,119)	(914,881)	3,664,353	
<b>Comprehensive income</b>								
Profit for the period		-	-	-	-	69,844	69,844	
<b>Other comprehensive income</b>								
Total comprehensive income for the period		-	-	-	-	69,844	69,844	
Special contribution to the defence fund on deemed distribution		-	-	-	-	(22,000)	(22,000)	
Balance at 30 June 2021		<u>2,820,547</u>	<u>1,282,911</u>	<u>825,895</u>	<u>(350,119)</u>	<u>(867,037)</u>	<u>3,712,197</u>	

The notes on pages 13 to 62 are an integral part of these Unaudited Interim Condensed Consolidated financial statements.



## NETINFO PLC

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 January 2021 to 30 June 2021

	Note	30/06/2021 €	30/06/2020 €
<b>Cash flows from operating activities</b>			
Profit for the period		69,844	378,799
Adjustments for:			
Depreciation of property, plant and equipment	20	75,876	80,424
Exchange difference arising on the translation of non-current assets in foreign currencies		1,250	1,250
Unrealised exchange profit		(391)	(4,607)
Amortisation of research and development	21	160,582	138,566
Loss from sale of financial assets at fair value through other comprehensive income		-	12,002
Interest income	17	(175)	(1,404)
Interest expense	17	68,968	57,410
Income tax expense		52	5,095
<b>Cash generated from operations before working capital changes</b>		<u>376,006</u>	<u>667,535</u>
Decrease/(increase) in inventories		266	(20,801)
Increase in trade and other receivables		(185,010)	(226,609)
Decrease in contract assets		268,956	173,433
Decrease in trade and other payables		(168,832)	(382,798)
Increase in contract liabilities		-	302,925
<b>Cash generated from operations</b>		<u>291,386</u>	<u>513,685</u>
Tax refunded/(paid)		7	(5,095)
<b>Net cash generated from operating activities</b>		<u>291,393</u>	<u>508,590</u>
<b>Cash flows from investing activities</b>			
Payment for acquisition of intangible assets	21	(394,803)	(146,655)
Payment for acquisition of property, plant and equipment	20	(15,386)	(77,536)
Proceeds from disposal of intangible assets		-	6,806
Proceeds from disposal of property, plant and equipment		10,000	-
Interest received		175	1,404
<b>Net cash used in investing activities</b>		<u>(400,014)</u>	<u>(215,981)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(333,985)	(537,994)
Proceeds from borrowings		-	145,063
Unrealised exchange profit		182	-
Interest paid		(68,968)	(57,410)
Special contribution to the defence fund on deemed distribution paid		(22,000)	-
<b>Net cash used in financing activities</b>		<u>(424,771)</u>	<u>(450,341)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(533,392)</u>	<u>(157,732)</u>
Cash and cash equivalents at beginning of the period		<u>(336,548)</u>	<u>(178,816)</u>
<b>Cash and cash equivalents at end of the period</b>	26	<u>(869,940)</u>	<u>(336,548)</u>

The notes on pages 13 to 62 are an integral part of these Unaudited Interim Condensed Consolidated financial statements.

**NETINFO PLC****NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
FINANCIAL STATEMENTS**

For the period from 1 January 2021 to 30 June 2021

**1. Reporting entity**

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

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

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

**2. Unaudited Interim Consolidated Financial Statements**

The Unaudited Interim Condensed Consolidated financial statements for the six months ended on 30 June 2020 and 2021 respectively, have not been audited by the external auditors of the Company.

The operational activities of the Group are not subject to seasonal fluctuations.

**3. Basis of accounting**

The Unaudited Interim Consolidated Financial Statements for the period from 1 January 2021 to 30 Ιουνίου 2021 consist of the financial statements of the Company and its subsidiaries (which together referred to as "the Group").

Users of these Unaudited Interim Condensed Consolidated Financial Statements of the parent company must read them together with the audited Consolidated Financial Statements of the Group for the year 2020 in order to obtain a better understanding of its financial position, financial performance and cash flows of the Company and of the Group.

**3.1 Statement of compliance**

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

In the previous years the Unaudited Interim Condensed Consolidated financial statements have been prepared on a going concern basis. This period's financial statements have been prepared on the basis that the Group will not continue as a going concern, since its members intent to liquidate the Group. Nevertheless, the preparation on this basis did not have any significant effect on the Group's accounting policies which continue to be in accordance with IFRSs.

**3.2 Basis of measurement**

These Unaudited Interim Condensed Consolidated financial statements have been prepared under the historical cost convention, except in the case of land, buildings and equipment, leases, and investments, which are measured at their fair value.

**NETINFO PLC****NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
FINANCIAL STATEMENTS**

For the period from 1 January 2021 to 30 June 2021

**3. Basis of accounting (continued)****3.3 Going concern basis**

Even though the Group has made a profit of €69,844 during the period from 1 January 2021 to 30 June 2021 as of that date the Group's current liabilities exceeded its current assets by €254,942. In addition, the events and impact of COVID19 as discussed in note 33 may increase the operational and financial pressures on the Group.

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

In particular, during the reporting period ending 30 June 2021 the Group has continued investing in software development, as evidenced by the software development costs capitalised, mainly in the upgrade of its software platform product offerings compatible with current and next generation systems and more importantly in the significant innovation of the Group with the development of cutting edge electronic payment and real time electronic wallet technology. It is expected that the new products will cut down implementation time and enhance our competitive position in the market. Already a number of existing clients have expressed an interest in upgrading their applications.

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

**4. Functional and presentation currency**

The Unaudited Interim Condensed Consolidated financial statements are presented in Euro (€) which is the functional currency of the Company.

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

During the current period the Group adopted all the changes to International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these Unaudited Interim Condensed Consolidated financial statements, Standards, Revised Standards and Interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the Unaudited Interim Condensed Consolidated financial statements of the Group.

**NETINFO PLC****NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
FINANCIAL STATEMENTS**

For the period from 1 January 2021 to 30 June 2021

**6. Use of estimates and judgements**

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

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

**6.1 Judgements**

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

Note 9: "Revenue Recognition" - maintenance income: whether revenue is recognized over time or at a point in time

Note 21: "Capitalization of software development costs" - determination whether the recognition criteria are met.

**6.2 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 non-financial assets". key assumptions underlying recoverable amounts and value in use.
- Note 24 - "Provision for bad and doubtful debts" - the Group reviews its trade and other receivables for evidence of their recoverability.
- Note 36 - "measurement of ECL allowance for trade receivables and contract assets": key assumptions in determining the weighted-average loss rate.

**6.3 Measurement of fair values**

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

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

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**6. Use of estimates and judgements (continued)**

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

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

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

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

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

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

- Note 20 - Property, plant and equipment
- Note 36 - Financial instruments

**7. Significant accounting policies****7.1 Basis of consolidation**

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

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

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

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
FINANCIAL STATEMENTSFor the period from 1 January 2021 to 30 June 2021**7. Significant accounting policies (continued)****7.2 Changes in the Group's ownership interests in existing subsidiaries**

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

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

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

**7.3 Business combinations**

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

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

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For the period from 1 January 2021 to 30 June 2021

**7. Significant accounting policies (continued)****7.3 Business combinations (continued)**

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

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**7. Significant accounting policies (continued)****7.3 Business combinations (continued)**

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

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

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

**7.4 Investments in associates**

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

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

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



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
FINANCIAL STATEMENTSFor the period from 1 January 2021 to 30 June 2021**7. Significant accounting policies (continued)****7.4 Investments in associates (continued)**

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

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

**7.5 Segmental reporting**

The Group is organised by business segments and this is the primary format for segmental reporting. Each business segment provides products or services which are subject to risks and returns that are different from those of other business segments. The Group operates only in Cyprus and for this reason operations are not analysed by geographical segment.

**7.6 Revenue recognition****Contracts identification**

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

**The transaction price**

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

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

**NETINFO PLC****NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
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For the period from 1 January 2021 to 30 June 2021

**7. Significant accounting policies (continued)****7.6 Revenue recognition (continued)****Identification of the performance obligations**

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

**Performance obligations and revenue recognition policies****Rendering of services - over time:**

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

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

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

**Rendering of services - at a point in time:**

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

**Sale of products:**

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

**Rental income**

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

**7.7 Employee benefits**

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

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For the period from 1 January 2021 to 30 June 2021

**7. Significant accounting policies (continued)****7.7 Employee benefits (continued)**

prior periods.

**7.8 Finance income**

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

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

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

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

**7.9 Finance costs**

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

**7.10 Foreign currency translation****(i) Functional currencies**

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

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

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

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
FINANCIAL STATEMENTSFor the period from 1 January 2021 to 30 June 2021**7. Significant accounting policies (continued)****7.10 Foreign currency translation (continued)****(ii) Transactions and balances**

Foreign currency transactions are translated into respective functional currencies of the Group companies 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.

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

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For the period from 1 January 2021 to 30 June 2021

**7. Significant accounting policies (continued)****7.10 Foreign currency translation (continued)**

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

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

**7.11 Tax**

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

**Current tax**

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

**Deferred tax**

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

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

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

**7.12 Dividends**

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

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
FINANCIAL STATEMENTSFor the period from 1 January 2021 to 30 June 2021**7. Significant accounting policies (continued)****7.13 Property, plant and equipment**

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

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

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

	%
Buildings	3
Computer Hardware	20
Plant and machinery	20
Motor vehicles	20
Furniture, fixtures and office equipment	10
Telephone center, mobile phones and cameras	10

No depreciation is provided on land.

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

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

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

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

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
FINANCIAL STATEMENTSFor the period from 1 January 2021 to 30 June 2021**7. Significant accounting policies (continued)****7.14 Deferred income from government grants**

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

**7.15 Intangible assets****(i) Internally-generated intangible assets - research and development**

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

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

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

**(ii) Computer software**

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within cost of sales.

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

**(iii) Other intangible assets**

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

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

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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.

**7.16 Leases**

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

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

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



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FINANCIAL STATEMENTSFor the period from 1 January 2021 to 30 June 2021**7. Significant accounting policies (continued)****7.16 Leases (continued)****The Group as lessor**

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

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

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

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

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

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

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FINANCIAL STATEMENTSFor the period from 1 January 2021 to 30 June 2021**7. Significant accounting policies (continued)****7.16 Leases (continued)****The Group as lessee**

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

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

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

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

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

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

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

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

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

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**7. Significant accounting policies (continued)****7.16 Leases (continued)****Short-term leases and leases of low-value assets**

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

**7.17 Financial instruments****7.17.1 Recognition and initial measurement**

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

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

**7.17.2 Classification and subsequent measurement****7.17.2.1 Financial assets**

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

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

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

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

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

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**7. Significant accounting policies (continued)****7.17 Financial instruments (continued)**

- 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.

**Cash and cash equivalents**

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

**Financial assets - Business model assessment**

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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FINANCIAL STATEMENTSFor the period from 1 January 2021 to 30 June 2021**7. Significant accounting policies (continued)****7.17 Financial instruments (continued)****Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest**

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

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

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

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

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

**7.17 Financial instruments** (continued)

**Financial assets - Subsequent measurement and gains and losses:**

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

**7.17.2.2 Financial liabilities - Classification, subsequent measurement and gains and losses**

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

The financial liabilities of the Group are measured as follows:

**(i) Borrowings**

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

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FINANCIAL STATEMENTSFor the period from 1 January 2021 to 30 June 2021**7. Significant accounting policies (continued)****7.17 Financial instruments (continued)****(ii) Trade and other payables**

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

**(iii) Convertible Bond**

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

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized 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 amortized 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 recognized in profit or loss. On conversion, the financial liability is reclassified.

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The Group recognises loss allowances for ECLs on:

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

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

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

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

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

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

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

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



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

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

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

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

- Measurement of ECLs

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

- Credit-impaired financial assets

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

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

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

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
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**7. Significant accounting policies (continued)****7.17 Financial instruments (continued)**

- *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.

- *Write-off*

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

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

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

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

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

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
FINANCIAL STATEMENTSFor the period from 1 January 2021 to 30 June 2021**7. Significant accounting policies (continued)****7.18 Derecognition of financial assets and liabilities (continued)****Financial liabilities**

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

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

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

**7.19 Offsetting financial instruments**

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

**7.20 Impairment of non-financial assets**

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

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

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

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

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**7. Significant accounting policies (continued)****7.20 Impairment of non-financial assets (continued)**

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.

**7.21 Inventories**

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

**7.22 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.

**7.23 Non-current liabilities**

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

**7.24 Comparatives**

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

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**8. 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.

<b>30/06/2021</b>	Cyprus €	Other countries €	Total €
Revenue	508,447	1,492,509	2,000,956
Assets	<u>8,861,009</u>	<u>403,440</u>	<u>9,264,449</u>
<b>30/06/2020</b>	Cyprus €	Other countries €	Total €
Revenue	605,680	2,036,333	2,642,013
Assets	<u>8,724,925</u>	<u>68,042</u>	<u>8,792,967</u>

Disaggregation of revenue from contracts with customers streams by primary geographical market and by revenue streams can be found in Note 9.

**9. Revenue**

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

	30/06/2021 €	30/06/2020 €
Software development and implementation	1,031,992	1,778,632
Maintenance services	889,581	782,696
Web design services	<u>79,383</u>	<u>80,685</u>
	<u>2,000,956</u>	<u>2,642,013</u>

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
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9.2 Disaggregation of revenue from contracts with customers streams: in the following table revenue from contracts with customers is disaggregated by primary geographical market.

	30/06/2021	30/06/2020
	€	€
<b>Primary Geographical markets</b>		
Europe	1,158,561	1,346,432
Africa	332,651	695,370
Asia	234,220	315,282
Other	<u>275,524</u>	<u>284,929</u>
	<u>2,000,956</u>	<u>2,642,013</u>

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

	30/06/2021	31/12/2020
	€	€
Contract liabilities	<u>419,631</u>	<u>461,494</u>
Contract assets	292,804	649,810
Less: Provision for impairment of contract assets	<u>-</u>	<u>(88,050)</u>
	<u>-</u>	<u>561,760</u>

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

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



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For the period from 1 January 2021 to 30 June 2021

**9. Revenue (continued)**

9.4 Performance obligations and revenue recognition policies:

<b>Type of product/ service</b>	<b>Nature and timing of satisfaction of performance obligations, including significant payment terms</b>	<b>Revenue recognition under IFRS 15</b>
Software development and implementation	The customer obtains control of the product once implementation is completed. Invoices are generated based on pre-agreed milestones set in the contracts. Invoices are usually payable within 30 days. The customer consumes the benefits of the maintenance service as the service is provided.	The transaction price of software and implementation contracts is allocated to the implementation activities and maintenance service based on the Group's pricing list. Revenue arising from implementation activities is recognised at a point in time, following completion of the pre-agreed milestones set in the contracts with customers. Contract assets are recognised for unbilled revenue where performance obligations have been completed. Revenue arising from maintenance services is recognised over the period during which the service is provided. (see Note 31) (see Note 23).
Maintenance services	The customer consumes the benefits of the maintenance service as the service is provided. Invoicing usually takes place monthly and in some cases annually, based on the pre-agreed annual fee. Invoices are usually payable within 30 days.	Revenue from maintenance services is recognised over the period during which the service is provided.
Outsourcing services	The customer consumes the benefit of the outsourcing services as the service is provided. Invoicing takes place on a monthly basis based on the pre-agreed annual fee.	Revenue from outsourcing services is recognised over the period during which the service is provided.
Web and design services	Web and design services relate to design services offered to customers for which there are pre-agreed milestones and maintenance and hosting services provided on an annual basis to customers. In respect of design services, the customer obtains control of the product once delivered and invoicing takes place once the performance obligation is completed. In respect of maintenance and hosting services provided, invoicing takes place annually, based on the pre-agreed annual fee. Invoices are usually payable within 30 days.	Revenue arising from design services are recognised at a point in time, following completion of the set milestones and delivery of the product to the customer. Revenue arising from maintenance and hosting activities is recognised over the period for which the service is provided.



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	30/06/2021	30/06/2020
	€	€
Staff costs	615,935	751,138
Subcontracted work	44,818	86,104
Software and domain registration	35,171	124,062
Amortization of software	160,583	138,566
Depreciation computer equipment	11,044	11,934
Sundry expenses	19,419	154,026
	<u>886,970</u>	<u>1,075,804</u>

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

**11. Other operating income**

	30/06/2021	30/06/2020
	€	€
Government grants	-	3,451
Rental income	6,776	5,516
	<u>6,776</u>	<u>8,967</u>

**12. Selling and distribution expenses**

	30/06/2021	30/06/2020
	€	€
Staff costs	10,565	20,956
Carriage and clearing	-	134
Advertising	17,796	65,114
Decoration	210	735
Commissions	7,000	18,043
Sundry expenses	4,460	1,900
Other selling and distribution expenses	599	2,084
Hosting/Internet access	14,714	20,140
Amortization of software	1,250	1,250
Depreciation	572	109
	<u>57,166</u>	<u>130,465</u>

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
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	30/06/2021	30/06/2020
	€	€
Staff costs	625,532	583,806
Rent	20,958	8,387
Licenses and taxes	2,220	10,118
Electricity	15,200	14,022
Water supply and cleaning	3,576	3,601
Insurance	28,375	24,707
Telephone and postage	9,913	10,343
Courier expenses	6	-
Stationery and printing	1,238	923
Subscriptions and contributions	16,453	17,052
Staff training	7,198	17,448
Computer supplies and maintenance	2,513	3,584
Computer software	2,416	9,597
Independent auditors' remuneration for the statutory audit of annual accounts	1,000	600
Legal fees	7,305	16,711
Other professional fees	42,897	65,098
Translation fees	827	-
Overseas travelling	15,016	76,934
Travelling	-	378
Entertaining	2,628	7,172
Motor vehicle running costs	17,074	16,888
Depreciation	64,260	68,381
Sundry expenses	22,868	12,680
	<u>909,473</u>	<u>968,430</u>

**14. Other operating expenses**

	30/06/2021	30/06/2020
	€	€
Commissions	-	18,000
Loss from sale of investments in joint ventures	-	12,002
	<u>-</u>	<u>30,002</u>

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For the period from 1 January 2021 to 30 June 2021

**15. Operating profit/(loss)**

	Note	30/06/2021 €	30/06/2020 €
Operating profit is stated after charging the following items:			
Amortisation of computer software	21	160,583	138,566
Depreciation of property, plant and equipment	20	75,876	80,424
Staff costs including Directors in their executive capacity	16	1,252,032	1,319,900
Independent auditors' remuneration for the statutory audit of annual accounts		<u>1,000</u>	<u>600</u>

**16. Staff costs**

	Note	30/06/2021 €	30/06/2020 €
Salaries		960,776	1,056,598
Wages		49,064	45,971
Social insurance contributions		179,700	162,977
Social cohesion fund contributions		26,090	23,484
Pensions cost		<u>36,402</u>	<u>30,870</u>
Total staff costs	15	<u>1,252,032</u>	<u>1,319,900</u>

The average number of employees (including directors in their executive capacity) employed by the Group during the period 2021 and 2020 were 95 and 75 respectively.

**17. Net finance income and costs**

	30/06/2021 €	30/06/2020 €
<b>Finance income</b>		
Bank interest	175	1,404
Unrealised foreign exchange profit	<u>-</u>	<u>4,684</u>
	<u>175</u>	<u>6,088</u>
<b>Finance costs</b>		
<b>Interest expense</b>		
Loan interest	46,519	50,903
Bank overdraft interest	13,684	7
Debenture interest	8,765	6,500
Bank charges	10,749	9,789
Realised foreign exchange loss	4,294	1,197
Unrealised foreign exchange loss	<u>391</u>	<u>77</u>
	<u>84,402</u>	<u>68,473</u>

## NETINFO PLC

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
FINANCIAL STATEMENTSFor the period from 1 January 2021 to 30 June 2021**18. Taxation**

	30/06/2021 €	30/06/2020 €
Overseas tax	-	4,674
Special contribution to the defence fund period	<u>52</u>	<u>421</u>
Charge for the period	<u>52</u>	<u>5,095</u>

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

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

**19. Earnings per share**

	30/06/2021	30/06/2020
Basic earnings attributable to owners (€)	<u>69.844</u>	<u>378.799</u>
Weighted average number of ordinary shares in issue during the period	<u>12.820.670</u>	<u>12.820.670</u>
Basic earnings per share (cent)	<u>0.54</u>	<u>2.95</u>
Diluted weighted average number of shares	13,420,670	13,420,670
Diluted earnings per share (cent)	<u>0.52</u>	<u>2.82</u>

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

## NETINFO PLC

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## 20. Property, plant and equipment

	Land and buildings	Plant and Machinery	Computer Hardware	Motor vehicles	Furniture, fixtures and office equipment	Telephone Center	Total
	€	€	€	€	€	€	€
<b>Cost or valuation</b>							
Balance at 1 January 2020	3,484,485	734	592,273	346,371	531,582	73,127	5,028,572
Additions	28,330	4,763	23,875	45,000	10,677	15,602	128,247
Balance at 31 December 2020	3,512,815	5,497	616,148	391,371	542,259	88,729	5,156,819
Balance at 1 January 2021	3,512,815	5,497	616,148	391,371	542,259	88,729	5,156,819
Additions	-	-	10,318	-	244	4,824	15,386
Disposals	(10,000)	-	-	-	-	-	(10,000)
Balance at 30 June 2021	3,502,815	5,497	626,466	391,371	542,503	93,553	5,162,205
<b>Depreciation</b>							
Balance at 1 January 2020	433,749	147	525,269	326,108	406,506	57,766	1,749,545
Depreciation for the year	86,805	1,138	27,260	20,851	24,268	8,680	169,002
Balance at 31 December 2020	520,554	1,285	552,529	346,959	430,774	66,446	1,918,547
Balance at 1 January 2021	520,554	1,285	552,529	346,959	430,774	66,446	1,918,547
Depreciation for the period	43,404	572	12,150	6,869	10,191	2,690	75,876
Balance at 30 June 2021	563,958	1,285	564,679	353,828	440,965	69,136	1,993,851
<b>Carrying amounts</b>							
Balance at 30 June 2021	2,938,857	4,212	61,787	37,543	101,538	24,417	3,168,354
Balance at 31 December 2020	2,992,261	4,212	63,619	44,412	111,485	22,283	3,238,272

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**20. Property, plant and equipment (continued)**

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

**Fair value hierarchy**

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

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

**Valuation technique and significant unobservable inputs**

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

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
Market comparison approach	Fair value per m2	€1.200 - €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 last year, in February 2020, following a valuation by the independent valuer. The Board of Directors does not believe that there is a significant change to the fair value of land and buildings as at the reporting date.

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

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

	30/06/2021	31/12/2020
	€	€
Cost	3,004,629	2,623,750
Accumulated depreciation	<u>(432,275)</u>	<u>(346,993)</u>
Net book amount	<u>2,572,354</u>	<u>2,276,757</u>

Bank borrowings are secured on land and buildings to the value of €3,803,612 (2020: €3,803,612) (Note 29).

## NETINFO PLC

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**21. Intangible assets****30 June 2021**

Computer  
software  
€

**Cost**

Balance at 1 January	6,427,519
Additions	<u>394,803</u>
Balance at 30 June	<u>6,822,322</u>

**Amortisation**

Balance at 1 January	2,810,969
Amortization for the period	160,582
Exchange differences	<u>1,250</u>
Balance at 30 June	<u>2,972,801</u>

**Carrying amounts**

Balance at 30 June	<u>3,849,521</u>
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**31 December 2020**

Computer  
software  
€

**Cost**

Balance at 1 January	5,958,540
Additions	<u>468,979</u>
Balance at 31 December 2020	<u>6,427,519</u>

**Amortisation**

Balance at 1 January	2,507,044
Amortisation for the year	<u>303,925</u>
Balance at 31 December 2020	<u>2,810,969</u>

**Carrying amounts**

Balance at 31 December 2020	<u>3,616,550</u>
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## NETINFO PLC

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CONSOLIDATED UNAUDITED  
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For the period from 1 January 2021 to 30 June 2021

**22. Investments in subsidiaries**

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	30/06/2021 Holding %	31/12/2020 Holding %
NETinfo Services Limited	Cyprus	Development of Software	100	100
NETinfoPay Limited	Cyprus	Electronic Money Institution	100	100
NETinfo CIS LLC	Russia	Development of Software	100	100
NETteller Solutions S.A.	Costa Rica	Development of Software	100	100
NETinfo Limited	United Kingdom	Development of Software	100	100

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

**23. Inventories**

	30/06/2021 €	31/12/2020 €
Finished products	61,840	49,495
Spare parts and other consumables	-	12,611
	<u>61,840</u>	<u>62,106</u>

The cost of inventories recognized during the period ending 30 June 2021 relates to software components for the development of NetInfo Pay platform.



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**24. Trade and other receivables**

	30/06/2021 €	31/12/2020 €
Trade receivables	1,428,553	1,243,260
Less: Provision for impairment of trade receivables	<u>(313,829)</u>	<u>(353,830)</u>
Trade receivables - net	1,114,724	889,430
Directors' current accounts - debit balances (Note 33 (ii))	160	60
Deposits and prepayments	16,104	41,207
Other receivables	23,259	79,900
Refundable VAT	<u>41,360</u>	<u>-</u>
	<u><u>1,195,607</u></u>	<u><u>1,010,597</u></u>

Ageing analysis of trade and other receivables:

	Gross amount 30/06/2021 €	Impairment 30/06/2021 €	Gross amount 31/12/2020 €	Impairment 31/12/2020 €
Past due 1-30 days	518,599	(3,776)	503,822	(3,776)
Past due 31-120 days	375,944	(15,320)	381,990	(15,320)
More than 120 days	<u>364,649</u>	<u>(294,733)</u>	<u>357,448</u>	<u>(334,734)</u>
	<u><u>1,259,192</u></u>	<u><u>(313,829)</u></u>	<u><u>1,243,260</u></u>	<u><u>(353,830)</u></u>

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

Movement in provision for impairment of receivables:

	2021 €	2020 €
Balance at 1 January	353,830	423,935
(Reversal of impairment)/Impairment losses recognised on trade receivables	(40,001)	(66,942)
Amount written off as uncollectible	<u>-</u>	<u>(3,163)</u>
Balance at 30 June	<u><u>313,829</u></u>	<u><u>353,830</u></u>

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 36 to the Unaudited Interim Condensed Consolidated financial statements.

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**25. Other investments**

	2021 €	2020 €
Balance at 1 January	<u>304,000</u>	<u>304,000</u>
Balance at 30 June	<u>304,000</u>	<u>304,000</u>

Other investments comprises of two apartments used as office spaces. The properties are located in a central location in Nicosia. Both properties are been disposed for the total sales consideration of €310.000. The transaction is expected to be completed at the Land Register in the first week of October.

The exposure of the Group to market risk in relation to financial assets is reported in note 36 to the Unaudited Interim Condensed Consolidated financial statements.

**26. Cash and cash equivalents**

	30/06/2021 €	Audited 31/12/2020 €
Cash in hand	5,644	2,063
Cash at bank	49,831	153,635
Current accounts	1,800	1,882
Bank deposits	351,799	351,799
Accumulated impairment losses on cash and cash equivalents	<u>(16,751)</u>	<u>(16,751)</u>
	<u>392,323</u>	<u>492,628</u>

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

	30/06/2021 €	31/12/2020 €
Cash and cash equivalents	392,323	492,628
Bank overdrafts	<u>(1,262,263)</u>	<u>(829,176)</u>
	<u>(869,940)</u>	<u>(336,548)</u>

The weighted average effective interest rate on bank overdrafts at the reporting date was 3,41% (2020: 3.53%).

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 36 to the Unaudited Interim Condensed Consolidated financial statements.

## NETINFO PLC

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**27. Share capital**

Share Capital

	2021 Number of shares	2021 €	2020 Number of shares	2020 €
<b>Authorised</b>				
Ordinary shares of €0.22 each	<u>38,461,538</u>	<u>8,461,538</u>	<u>38,461,538</u>	<u>8,461,538</u>
<b>Issued and fully paid</b>				
Balance at 1 January	<u>12,820,670</u>	<u>2,820,547</u>	<u>12,820,670</u>	<u>2,820,547</u>
Balance at 30 June/31 December	<u>12,820,670</u>	<u>2,820,547</u>	<u>12,820,670</u>	<u>2,820,547</u>

**28. Reserves**

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

Fair Value reserve

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

Translation reserve

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

**29. Loans and borrowings**

	2021 €	Audited 31/12/2020 €
Balance at 1 January	3,737,704	3,762,428
Repayments	(391,388)	(153,372)
Interest charged for the period/year	<u>57,403</u>	<u>128,648</u>
Balance at 30 June/31 December	<u>3,403,719</u>	<u>3,737,704</u>

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**29. Loans and borrowings (continued)**

	30/06/2021	Audited 31/12/2020
	€	€
<b>Non-current liabilities</b>		
Bank loans	2,604,474	2,685,141
Convertible bond	<u>470,720</u>	<u>603,720</u>
		<u>3,288,861</u>
	<u>3,075,194</u>	
<b>Current liabilities</b>		
Bank loans	<u>328,525</u>	<u>448,843</u>
Total	<u>3,403,719</u>	<u>3,737,704</u>
Maturity of borrowings:		
	30/06/2021	Audited 31/12/2020
	€	€
Within one year	<u>328,525</u>	<u>448,843</u>
Between one and five years	2,364,533	2,556,145
After five years	<u>710,661</u>	<u>732,716</u>
	<u>3,075,194</u>	<u>3,288,861</u>
	<u>3,403,719</u>	<u>3,737,704</u>

On 1 February 2018 NETinfo PLC issued €600.000 bonds of nominal value of €1 each. The Bonds bear interest at the rate of 6.5% per annum calculated by reference to the principal amount thereof and payable on a semi-annually basis on 1st of August and 1st of February in each year. The bonds are convertible at 20% discount on the average Market price of the Company's share price in January 2022. However, the bond holders have agreed not to exercise their right of conversion and to sell the total 600.000 bonds back to the company at their nominal value of €1 each. As of the Statement of Financial Position date, 120.000 bonds were purchased.

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

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

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

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FINANCIAL STATEMENTSFor the period from 1 January 2021 to 30 June 2021**29. Loans and borrowings (continued)**

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

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

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

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 effective interest rate on the convertible bond at the reporting date was 6,50% (2020: 6,80%).

The weighted average effective interest rate on bank loans at the reporting date was 3,03% (2020: 3.07%)

**30. Deferred tax**

	30/06/2021	Audited 31/12/2020
	€	€
Balance at 1 January	71,594	74,694
Temporary differences	-	(3.099)
Balance at 30 June/31 December	<u>71,594</u>	<u>71,594</u>

Deferred taxation liability arises as follows:

	30/06/2021	Audited 31/12/2020
	€	€
Temporary tax differences	<u>71,594</u>	<u>71,594</u>
	<u>71,594</u>	<u>71,594</u>

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 18). The applicable corporation tax rate in the case of tax losses is 12,5%.

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**31. Trade and other payables**

	30/06/2021	31/12/2020
	€	€
Trade payables	167,732	157,788
Prepayments from clients	172	172
Social insurance and other taxes	66,984	112,829
VAT	-	18,033
Directors' current accounts - credit balances (Note 33)	-	2,008
Accruals	2,084	91,776
Other creditors	44,001	26,669
Contract liabilities	419,631	461,494
Special contribution to the defence fund and GHS on deemed distribution	44,386	44,386
Payables to own subsidiaries (Note 33)	1,333	-
	<u>746,323</u>	<u>915,155</u>

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

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

**32. Deferred income**

	30/06/2021	Audited 31/12/2020
	€	€
Government grants	<u>66,233</u>	<u>66,233</u>
	<u>66,233</u>	<u>66,233</u>
Deferred income more than one year	61,502	61,502
Deferred income within one year	<u>4,731</u>	<u>4,731</u>
	<u>66,233</u>	<u>66,233</u>

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

**33. Related party transactions**

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**33. Related party transactions (continued)**

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

The transactions and balances with related parties are as follows:

**(i) Key Management compensation**

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

	30/06/2021	30/06/2020
	€	€
Executive Directors' and their related parties' remuneration	178,872	142,603
Non-Executive Directors' remuneration	29,000	46,613
Directors' insurance costs	4,057	4,057
	<u>211,929</u>	<u>193,273</u>

**(ii) Directors' current account balances (Note 24)**

	30/06/2021	31/12/2020
	€	€
Vassos Aristodemou	<u>183</u>	<u>(2,008)</u>
	<u>183</u>	<u>(2,008)</u>

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

**34. Participation of directors in the company's share capital**

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors (in accordance with Article (4) (b) of the Directive DI 190-2007-04), as at 30 June 2021 and 21 September 2021 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	30 June 2021	21 September 2021
	%	%
Orlando Castellanos	2.3	2.3
Polycarpos Hadjikyriacos	13.2	13.2
Vassos Aristodemou	30.4	30.4
Zoe Zafiropoulou	0.4	0.4
Constantinos Constantinou	0.4	0.4

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**35. Shareholders holding more than 5% of share capital**

The persons holding more than 5% of the share capital as at 30 June 2021 and 21 September 2021 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	30 June 2021	21 September 2021
	%	%
Demetrios Stylianou	11.7	11.7
GMM AIFLNP LTD-REAL INVESTMENT FUND	5.6	5.6
Demetra Investment Public Ltd	5.7	5.7
Polycarpos Hadjikyriacos	13.2	13.2
Vassos Aristodemou	30.4	30.4

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

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

- Credit risk
- Liquidity risk
- Market risk

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

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

**(i) Credit risk**

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



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**36. 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:

	30/06/2021	31/12/2020
	€	€
Trade and other receivables	1,137,983	969,330
Bank current accounts	1,800	155,517
Bank deposits	351,799	351,799
Contract assets	<u>292,804</u>	<u>575,168</u>
	<u>1,784,386</u>	<u>2,051,814</u>

**Trade receivables and contract assets**

**Expected credit loss assessment for corporate customers as at 1 January and 30 Ιουνίου 2021**

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

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

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

**(ii) Liquidity risk**

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

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

**(ii) Liquidity risk (continued)**

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

30 June 2021	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3-12 months €	Between 1-5 years €	More than 5 years €
Bank loans	2,932,999	3,481,990	402,392	318,015	1,823,858	937,725
Convertible bond	470,720	499,371	95,240	404,131	-	-
Bank overdrafts	1,262,263	1,262,263	1,262,263	-	-	-
Trade and other payables	631,536	631,536	631,536	-	-	-
	<u>5,297,518</u>	<u>5,875,160</u>	<u>2,391,431</u>	<u>722,146</u>	<u>1,823,858</u>	<u>937,725</u>
31 December 2020	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3-12 months €	Between 1-5 years €	More than 5 years €
Bank loans	3,133,984	3,616,625	112,211	336,632	2,071,984	1,095,798
Convertible bond	603,720	658,500	-	39,000	619,500	-
Bank overdrafts	829,176	829,176	829,176	-	-	-
Trade and other payables	646,123	646,123	646,123	-	-	-
	<u>5,213,003</u>	<u>5,750,424</u>	<u>1,587,510</u>	<u>375,632</u>	<u>2,691,484</u>	<u>1,095,798</u>

**(iii) Market risk**

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

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

**Interest rate risk**

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

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**37. Fair values**

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

**Fair value hierarchy**

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

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

**38. Events after the reporting period**

Significant events that occurred in the operating environment of the Group after the end of the reporting period are described in note to the Unaudited Interim Condensed Consolidated financial statements and below.

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

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

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

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

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

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**38. Events after the reporting period (continued)**

Following an earlier mandate given by the Board of Directors to Management, on the 20th of September 2021 the Company entered into an agreement for the sale of its 100% shareholding in NETInfoPay Ltd for a total consideration of €1.800.000 payable in two stages, €900.000 within five working days from the date of signature with the remaining 50% upon the approval of the new shareholders by the Central Bank of Cyprus (CBC). In the event of CBC not approving the new shareholders, the agreement becomes null and void with 70% of the 1st payment becoming refundable to the buyer.

On 28 September 2021 the Board of Directors of NetInfo PLC approved and authorized these unaudited Interim Condensed Consolidated Financial Statements.