

Registered number: 10878966

QUALCO HOLDCO LIMITED

ANNUAL FINANCIAL REPORT

For the financial year from 1 January to 31 December 2020



QUALCO HOLDCO LIMITED
Annual Financial Report
for the year from 1 January to 31 December 2020

COMPANY INFORMATION

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QUALCO HOLDCO LIMITED
Annual Financial Report

for the year from 1 January to 31 December 2020

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QUALCO HOLDCO LIMITED
Strategic Report
for the year from 1 January to 31 December 2020

STRATEGIC REPORT

The directors present their strategic report on the group for the year ended 31 December 2020.

This report sets out the performance of Qualco Holdco Limited (hereinafter "the company"), and its subsidiaries (together "the group") for the year ended 31 December 2020. The report also contains details of; the group's financial position at the year end, a report of the significant events during the year ended 2020, the significant events that occurred since the year end, the Group's future developments and a description of the principal risks and uncertainties.

The subsidiaries consolidated within the Qualco Holdco financial statements, and the proportion of share ownership within the group, are as follows:

Name	Registered office	Ownership
Qualco SA	Greece	100%
QQuant Master Servicer SA	Greece	100%
Qualco UK Limited	Great Britain	90%
Qualco Cyprus Ltd	Cyprus	100%
Qualco SAS (France)	France	100%
QRES Cyprus Ltd	Cyprus	100%
QQuant Master Servicer Cyprus	Cyprus	38,2%
Qualco FIN Limited	Great Britain	51%

General overview of the year

Throughout 2020 Qualco took steps to transform and enable its clients' success, in spite of the COVID 19 related headwinds. It maintained that spirit of innovation, constantly reimagining how technology should evolve to help businesses radically decrease non-performing exposures, bringing money back to the real economy. In parallel, its business engagement and delivery model has moved to full remote working bases, allowing Qualco Group to continue delivering to clients during this period without compromising on the quality of its solutions or delivery approach but tailoring it to a new way of working.

Qualco Group established a new entity in the UK in April 2020, in order to acquire 74.90% of the shares of Astrobank's non-performing loans (NPLs) servicing unit in Cyprus. The entity in the UK is named Qualco Fin and the entity in Cyprus was renamed to QQuant Master Servicer Cyprus (previously Trusset Asset Management), consistent with the brand name of the Group's servicing activity in Greece. QQuant Cyprus has entered into a long-term exclusive servicing agreement for the servicing of Astrobank's full NPL and Real Estate Owned book. This acquisition fits Qualco Group's strategic plans to increase and expand its servicing footprint into Cyprus in order to establish a holistic servicing platform and to create the basis for the acquisition of new third-party business either on the NPL and/or the REO space. At the same time Qualco Group aims to transfer and utilize the existing servicing knowledge, capabilities and systems into the Cypriot servicing market, capitalizing on its strong relationship with our institutional investor.

2020 was a significant year for the relationship with Public Power Company, considering PPC's strategy on securitization. Within the first five months of 2020, the earlier contract with PPC was concluded, after having consumed the budget of €15m and continued with a contractual extension of €4,5m at the beginning of May. In August, a new contract was signed, the Sub-Servicing Framework Agreement, which defines the principles and commercial terms of the relationship with Qualco as PPC's Sub-Servicer.

With the Framework Agreement a new pricing policy was adopted, to be applied in all Sub-Servicing projects with Public Power Company, with a rate card that takes into consideration the status and level of delinquency of each case and provides higher margins than the previous one. The Framework Agreement has no specific budget in the same sense as it was defined in the previous contracts with PPC, something that means that there is no longer a cap on Qualco fees, as these are calculated on a monthly basis according to the rate card and for the duration of the contract. This agreement was followed by a contract under which PPC assigned to Qualco the servicing of the Energia portfolio that was recently securitized.

Digital transformation is a top priority for Qualco Group's clients today and it adapted to that demand by introducing QUALCO 360, a constantly expanding technology ecosystem that enables creditors and collections functions to rapidly align operational activity with the ever-changing customer behavior, by combining predictive analytics and a comprehensive collections system with self-service and omnichannel capabilities.

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On the Business Development front, early in the year a new geographical Sales structure was introduced covering several European regions while establishing partnerships, either commercial or technical, with leading global organisations such as TechMahindra or Wipro. All the above laid the foundations for Qualco SA to complete a successful year, winning several new projects primarily in Europe and UK, with the most prominent ones being CABOT in Portugal, Perenna and RSM in the UK, and Hellenic Petroleum in Greece. 2020 was again a year of significant effort on the 'ONE Intrum' transformation program, a three-year project that started in 2019 and contributed to the improvement of the Group's financial position, giving the company huge prospects for further growth in the coming years.

During 2020, QQuant Master Servicer Single Member S.A. ('QQuant') a 100% subsidiary of Qualco SA, took over the management of an Attica Bank mixed asset in-house NPLs portfolio of €0.44bn, in the first-ever assignment of an on-balance sheet mortgage portfolio by a Greek bank to an independent servicer. The servicing perimeter of Attica Bank NPLs, increased later within the year to include a securitized transaction, reaching a total of €0.9bn in AuM. In total, on 31/12/2020, the portfolios under management by QQuant stood at €11,3bn.

QQuant proceeded with a share capital increase of €4.33m in December 2020, fully subscribed by the Group, in order to strengthen its capital base and fund its growth.

Qualco UK has been chosen as the single supplier in a new agreement set out from Crown Commercial Service, for the provision of debt resolution services for use by all UK public sector bodies, aimed at identifying and managing customers in financial difficulty.

In December 2020 the Convertible Preference Shares held by shareholder Amely Sarl were converted into ordinary shares, thus reversing the accounting treatment of 2019 and the €10m subscription being classified as equity.

In September 2020 all Group functions in Greece were relocated in a new building on 66, Kifissias Ave. in Maroussi. This state-of-the-art building will allow for greater efficiency, especially in the area of collaboration between Group entities, and will allow for economies of scale, compared to the previous situation of maintaining three different buildings.

The directors consider, with relative certainty, that the revenue growth rates seen in 2020 will be exceeded for the year 2021.

Financial Review

The financial position of the group and the performance during the year ended 31 December 2020 is presented in the accompanying statements and, taking into consideration the prevailing conditions in Greece where the main activity of the group is located, the directors consider the results to be satisfactory. The results of the group for the year ended 31 December 2020 are also in accordance with management's estimates.

At the end of the fiscal year 2019, the €10m capital investment by shareholder Amely S.a.r.l was reexamined under IAS 32. Because of certain provisions in the shareholder agreement regarding Convertible preference Shares, the reexamination led to the accounting treatment of classifying this €10m subscription as a liability, at an amount of €23m, based on the valuation of the Group, which had reached €120m. The valuation of the Group was reexamined at 31.12.2020 and was €145m, leading to an increase in the liability amount to €28m.

As per the agreement the Convertible preference shares were subject to mandatory conversion on 31.12.2020. Therefore, on 31.12.2020 an amount of €10m, representing the Investment Amount of Amely S.a.r.l was transferred to the Company's share capital.

The above transaction significantly changed the Equity position of the Company and therefore the Equity position of Group. It must be noted that majority of the retained losses is attributed to the aftereffects of the accounting treatment, even after the conversion of shares and the ensuing transaction. The effect of the conversion to the Company's Equity is shown below:

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	<u>Share Capital</u>	<u>Share premium</u>	<u>Retained Earnings</u>
31/12/2019	14,970	0	-18,254,045
Recognition of liability			-5,040,000
Interest expense			-825,730
Conversion of 3.743 preference shares into ordinary shares @ €1	3,743		
Recognition of share premium at conversion date		9,996,257	
De-recognition of Interest cost			1,137,778
De-recognition of liability			17,820,000
31/12/2020	18,713	9,996,257	-5,161,998

Key performance indicators

The directors consider the following to be the group's key performance indicators

	<u>31/12/2020</u>	<u>31/12/2019</u>
Total Current Assets/Total Assets	45.58%	60.50%
Total Current Assets/Total Current Liabilities	78.98%	43.07%
Total Equity/Total Liabilities	25.87%	(35.85)%
Total Equity/Total Assets	20.55%	(43.17)%

The first two ratios measure the liquidity of the group by reflecting the proportion of funds allocated to current and fixed assets. They are also an indication of the coverage of short-term liabilities by current requirements.

The total equity to total liabilities ratio measures the group's financial self-sufficiency, reflecting its dependence on borrowed funds.

The total equity to total assets ratio measures the extent of the group's equity financing.

Adjusted EBITDA

Management assesses the Group's profitability by calculating Adjusted EBITDA (Earnings before interest, taxes, depreciation, amortization and non-recurring expenditure). The non-recurring expenditure is defined as fines and increased surcharges for debt arrangements from the Greek state (taxes and liabilities to insurance funds) and fines from tax authorities including administrative checks.

	<u>Note</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Operating profit			
Earnings Before interest and taxes (EBIT)		10,662,255	3,949,963
Depreciation and amortization	5,6,7	5,897,399	3,433,525
Earnings before interest, taxes, depreciation and amortization (EBITDA)		16,559,654	7,383,488
Fines and surcharges	37	155,551	711,586
Fines and surcharges relating to previous years	37	-	9,895
Adjusted EBITDA		16,715,205	8,104,969

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Principal Risks and Uncertainties

Counterparty risk

The Group has relationships with both the end user of its products and services, as well as trading with a small number of key counterparties who are headquartered in a number of jurisdictions. The Group is, therefore, exposed to the risk of not collecting outstanding receivables in time or at all. The Group constantly monitors the collection of outstanding receivables which historically has been satisfactory.

Key employees

The Group's future development and prospects depend to a significant degree on the continuing contribution of key members of its Board and senior management. The Group relies on a core team of staff and is therefore exposed to any significant departures of key personnel. The Group operates in a highly competitive field with competition for talent. To seek to mitigate the potential risk of departures, the Group has adopted a competitive remuneration structure.

Technological development risk

Technological developments have a major impact on the competitiveness of companies active in the IT sector. Companies that are active in the IT industry must be constantly informed about changes and developments in existing technology and make the necessary investments to ensure the most up-to-date technology.

It is also necessary to regularly review the recoverability of the capitalized costs that have been implemented for the development of new software.

Based on the above and in order to reduce the negative impact of technological developments on the group, the following strategies have been adopted:

- ensuring the development of products on highly efficient and internationally recognized platforms
- providing regular training to the group's staff to educate them in potential technological issues, in cooperation with internationally recognized organizations, who specialize in technology
- offering innovative applications which meet the requirements of customers and ever-changing markets; and
- renewing and enriching the potential of the group's staff.

Through the adoption of the above strategies, management consider the risk of technological development not to be significant during the given time period, as its suite of products are well developed.

Brexit

In March 2017, the UK officially triggered Article 50 and notified the EU of its intention to leave the EU following the UK's June 2016 referendum vote (commonly known as Brexit). The triggering of Article 50 begins the process of withdrawal from the EU. In November 2018, the UK and the 27 other countries involved in Brexit negotiations. Subsequently, the UK Parliament passed the European Union (Withdrawal Agreement) Act 2020 which received Royal Assent on 23 January 2020, and included a transitional period until 31 December 2020, during which EU law will continue to apply in and to the UK. The United Kingdom formally left the European Union at 23:00 GMT on 31 January 2020. The impact on the group so far is minimal, and is being closely monitored by the board.

Investment strategy

The group's investment strategy includes investment both in new product development and in the business development of specific identified markets.

Research and development

The group, in its efforts to consolidate its position in the market for software and services products, has given particular priority to the research and development of new products. New products delivered during 2020 were:

- Online integrated system to manage billing, payments and expenses.
- Customizable data transformation and enrichment mechanism with automatic interdependence analysis

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Financial Risk management

The group is exposed to financial risks such as market risks, including changes in foreign exchange rates, interest rates and market prices, credit risk, liquidity risk, technological risk and macroeconomic risks. The group does not currently use derivative financial instruments to hedge certain risk exposures. The principal financial risks and uncertainties facing the group are set out below:

i) Liquidity and interest rate risk

The liquidity risk is kept low by maintaining sufficient available funds and sufficient credit lines with partner banks. Cash flow forecasting is performed in the operating entities of the group and monitored by the group finance function.

The group's policy is to minimize its exposure to interest rate cash flow risk with respect to long-term financing. Long-term financing is usually at a floating rate based on Euribor.

The Group monitors interest rate trends, as well as the duration and nature of the Group's financing requirements. Decisions on loan terms, as well as the extent of loans with variable or fixed interest rates, are considered separately on an individual case-by-case basis.

Foreign exchange risk

Currency risk arises from foreign currency transactions. The group is trading with foreign companies, and as a result, it is exposed to foreign exchange risk, although most of its transactions are in Euro (€).

Specifically, foreign exchange risk arises occasionally, particularly when consultants' fees and project costs are incurred in foreign currencies. The group periodically controls and evaluates its exposure to foreign exchange risk and will use derivative financial instruments, if required, to manage it.

ii) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations. Defaulted payments of trade receivables and other receivables could potentially adversely affect the liquidity of the Group.

Commercial trading is undertaken with a large customer base. Due to the prevailing market conditions, new contracts and investment in work in progress, invoices and receipts are closely monitored. Many of the customer receivables are insured against credit risk by receiving letters of credit from banking institutions.

Potential credit risk exists in both cash and cash equivalents. In such cases, the risk may arise from the counterparty's inability to meet its obligations to the group. To manage this credit risk, the group, within the framework of policies approved by the Board of Directors, collaborates with financial institutions with high investment grade credit ratings and continuously evaluates and sets limits on the extent of exposure to each individual financial institution.

In addition, most of the receivables comes from large organizations, (eg. Multinational companies, Banks, etc). In the judgment of management, appropriate provisions are recognized for impairment loss on the basis of specific credit risk.

The Group's risks and their management are mentioned in detail in note 3 of the financial statements.

Environmental and labour issues

Corporate social responsibility

Contributing to the progress and prosperity of society is one of Qualco's fundamental values and key operating principles, largely determining its sustainable business performance. Employees are being trained throughout their carrier in the Company. Well educated people promote society's progress, and the Company supports this through actions. In addition the Company offers psychological support to employees via professionals, to ensure well life balanced personalities.

Corporate social responsibility is about how we achieve our goals and leverage our business incentives, operating in a way that reflects company values in areas that include the market, employees, consumers, society and the environment.

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For us, the people of Qualco, actions relating to corporate social responsibility are an integral part of our culture and our overall philosophy as an organisation. Our focus on "humanity" and "support without compensation" are the main strategic structures of the group, and the active development of the above two points is a key priority for Qualco in Greece particularly, despite the difficult conditions we all face today.

The corporate social responsibility philosophy covers all the key strategic areas of Qualco in all countries. Firstly, it includes all the actions and initiatives that differentiate us from our competition. Secondly, it includes initiatives that support local communities, agencies and people who really need it. Finally, the third pillar of our strategy, is to ensure that all employees are able to participate in all actions and activities pertaining to corporate social responsibility.

Environmental issues

Qualco has shown great respect for the environment throughout the history of the group, and continuing this respect ranks very highly in the ethical practice that governs all of our business.

Our operations comply with all applicable regulations, and frameworks on good environmental practices. Office buildings meet the requirements of the legislation for the protection of the environment. All Entities participate in recycling programs and all Company cars have low carbon footprint.

Labour issues

Being fully aware of the prevailing economic conditions, we recognize that human resources are our most important asset and a key factor in achieving our strategic goals.

Through transparent and merit-based frameworks for selecting and evaluating the performance and rewards of our human resources, and utilising a set of appropriate processes and rational organisational structures, the group aims to achieve its goals with regards to employees. Opportunities for development and progression are part of our anthropocentric philosophy.

Finally, through the implementation of structured communication policies between hierarchical levels, we build trust between our employees at all levels.

Equal opportunities

Company executives, employees, and affiliates are required to treat their colleagues with respect, and every partner of the company fully complies with Equal Opportunity legislation. Any form of harassment against any employee, or a third party that deals with the group, is not acceptable.

The ability, qualifications and performance of individuals are the main reasons for assigning more complex and demanding employment roles, whilst traits related to gender, age, religion, origin, color, or beliefs are not reasons for their preference or exclusion compared to their colleagues.

Health and safety of staff

In the context of safeguarding the safety and health of its employees, a Safety Technician and Occupational Therapist has been designated to investigate potential hazards in the workplace and to propose measures to avoid them. Protecting health and safety in all areas of the group's activities are issues of paramount importance and priority as the directors wish to ensure the conditions of the working environment are appropriate and pleasant for all employees. As a result, the criteria set to ensure health and safety in the workplace are particularly high.

Society

The group ensures the implementation of minimum social standards and aims to continuously improve them. These minimum social standards are the foundation of its functioning, and include:

- Human dignity
- Law compliance
- Prohibition of working minors
- Prohibition of forced labor and disciplinary actions
- Freedom of association and assembly
- Environmental protection

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The implementation and monitoring of the aforementioned social standards is carried out through an intra-corporate social responsibility strategy and an associated intra-corporate process. The punishment or disadvantage of workers who report any violation of these social standards is not permitted.

Future developments

The significant amount and value of projects already underway in 2020 creates the expectation for further growth in 2021 for the group. Growth is driven by revenue from products and services from the expanding base of large and medium-sized customers.

In view of the strong international presence of the group, the prospects, results and forecasts for the year ended 31 December 2020 are directly related to the situation in both domestic markets and the world economy. From a domestic perspective, in Greece, unfavorable conditions still prevail in the economy, although there is evidence that after a long period of recession there is a return to growth, improved business conditions and increased business investment, with the hope that the end of closely monitored national budgeting can be a starting point for growth in the future and allow for a return to normality.

Although developments cannot be predicted with absolute certainty, and any estimation of the course and development of activities and financial figures is uncertain in nature, since the domestic trading conditions have not yet been restored, the group's management will focus its efforts on the following strategies going forward:

- Strengthening its activity abroad,
- Taking on board the contribution of new and qualified staff,
- Developing and introducing new features and innovative products to the domestic and international markets,
- Taking a targeted approach to new projects, in particular complex IT projects,
- Taking a targeted approach to obtain servicing portfolios as they become available in the market,
- Exploring M&A opportunities to attract additional growth.

The flexibility of the internal structure and organisation already created in the group enables it to adapt more rapidly and effectively to the new market conditions in order to exploit real growth opportunities.

In addition, the growth of the group's operations in sectors with high added value are expected to have a beneficial effect on profit margins and financial results.

The group has been systematically enhancing its presence and market activities in order to provide the most complete coverage and services to the banking and investment sector, in which it has significant expertise.

Qualco continues its well-defined plan to help clients do great things with its technology, re-investing a significant part of its annual revenue to optimize its offering and enhance QUALCO 360 with new capabilities covering areas such as cloud deployment options, explainable AI, and value-adding data services. And, all along the way, Qualco continues to work on driving sustainable growth with very good margins for another year by executing a demanding plan that aims to expand its client base across EMEA either organically or through an established partner network, while shifting its commercial model from being professional services dependent, to a more agile one, focusing on recurring license fees (AUF).

In the first months of 2021 the servicing of both the securitized and non securitized Portfolio of PPC continued. In April 2021 the Zeus securitization was signed, under which Qualco will retain its role as sub-servicer.

One of the Group's subsidiaries, QQuant, is already considered the leading independent debt management company in Greece. QQuant's strategy is to strengthen its position by the management of additional non-performing loan portfolios, providing strategic portfolio analysis services for portfolios under sale, as well as onboarding independent portfolio operations projects. The Company also aims to become the servicing partner of choice for investors who will participate in the upcoming securitization of non-performing loans by Greek Banks in the context of the Hercules Asset Protection Scheme of the Greek government.

Events after the reporting date

In March 2021, QQuant was selected by Pancreta Bank, the largest cooperative Bank in Greece, as the preferred servicer of circa €0.7bn NPEs to small and medium-sized businesses. This portfolio, will not only boost significantly QQuant's AuM, but will also become an important revenue driver for the Company, as per the respective Business Plan.

QUALCO HOLDCO LIMITED

Strategic Report

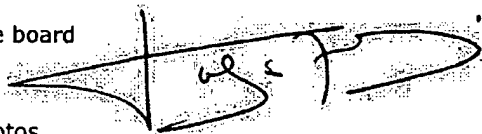
for the year from 1 January to 31 December 2020

In March 2021, Qualco SA entered into a facility agreement with NBG bank in Greece for a total amount of €2,000,000. The loan was funded from Hellenic Development bank of Investments (HDBI) in the context of supporting Greek economy due to COVID 19 pandemic.

In March 2021, QQuant Master Servicer SA entered into a facility agreement with Optima bank in Greece for a total amount of €1,000,000.

BoD had decided the Company, Qualco Holdco to reduce share premium: In April share premium was reduced by € 2,350,000 and in June by € 4,750,000. The sum of the amount was returned in cash to shareholders.

By order of the board



Orestis Tsakalotos

The Chairman of the Board of Directors

30th September 2021

QUALCO HOLDCO LIMITED
Director's Report
for the year from 1 January to 31 December 2020

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2020.

Principal activities

The principal activities of the group are as follows:

- a) the development, distribution and support of advanced software products and business solutions for the broader financial and construction sectors;
- b) the rendering of a wide range of services concerning Information Technology Infrastructure (IT Infrastructures);
- c) the design, implementation and support of complex Business Intelligence and Management Information Systems (MIS);
- d) the design and implementation of mission-critical, large-scale (line-of-business) IT projects;
- e) the design and implementation of risk calculation.

Future developments

Details of future developments are included in the Strategic Report.

Results and dividends

The results for the year are set out on pages 20-26.

Conversion of Preference Shares to Ordinary took place at year end.

No ordinary dividends were paid during the period.

Events after the reporting period

Details of events after the reporting period are included in the Strategic Report.

Directors

The directors who held office during the period and up to the date of approval of the financial statements were as follows:

- | | |
|---|------------------------------|
| 1) Orestis Tsakalotos, Executive Chairman | (appointed 27 July 2017) |
| 2) Eric Clause, Investor Director | (appointed 1 March 2018) |
| 3) Nils Melngailis, Independent non-executive Director | (appointed 29 March 2018) |
| 4) Steven Edwards, Independent non-executive Director | (appointed 29 November 2018) |
| 5) Miltiadis Georgantzis, Group Chief Executive Officer | (appointed 29 March 2018) |

Financial instruments

Details on the group's exposure to liquidity risk, foreign exchange risk and credit risk are shown in the Strategic Report.

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Provision of information to the auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern

The Directors have considered the applicability of the going concern basis in the preparation of the financial statements. This included the review of internal budgets, cash flow projections covering at least the going concern period and the financial results in the management accounts to date for 2021.

Taking into account reasonably probable changes in financial performance, the Group and Company will be able to operate within the level of its current funding arrangements (refer to note 2.1.1 for further information).

The Directors believe that the Group and the Company have adequate resources to continue in operation for the foreseeable future. For this reason, they have adopted the going concern basis in the preparation of the financial statements.

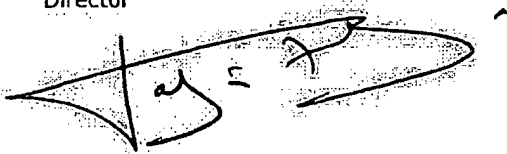
Auditor

Grant Thornton UK LLP were appointed as auditor to the group and company in accordance with section 485 of the Companies Act 2006. Grant Thornton UK LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 29th September 2021 and signed on its behalf.

Orestis Tsakalotos

Director

A handwritten signature in black ink, appearing to read 'Orestis Tsakalotos', is written over a horizontal line.

QUALCO HOLDCO LIMITED
Statement of Directors' Responsibilities

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUALCO HOLDCO LIMITED

Opinion

We have audited the financial statements of Qualco Holdco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020, which comprise the Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Profit or Loss and other Comprehensive Income, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual financial report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

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using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

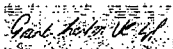
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting frameworks;
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and from inspection of the compliance meeting minutes and legal and regulatory correspondence;
- We have assessed compliance with laws and regulations throughout the engagement, including review of relevant transactions and related accounts;
- The engagement partner has assessed that the audit team collectively had the appropriate competences and capabilities to identify and recognize non-compliance with laws and regulations. The engagement partner considered the engagement team's understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation, knowledge of the industry in which the client operates, and understanding of the legal requirements specific to the entity in carrying out this assessment;
- There were no matters relating to non-compliance with laws and regulation or relating to fraud that were communicated to the audit team;
- In assessing the potential risks of material misstatement, we obtained an understanding of the entity's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
- We assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included checking the completeness of journal entries and identifying and testing journal entries, in particular manual journal entries processed for financial statements preparation. We also reviewed the financial statements disclosures and the corresponding supporting documentation.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

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Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Pearson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
30/9/2021

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		GROUP	
	Note	31/12/2020	31/12/2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,474,567	1,246,489
Right-of-use assets	6	10,819,394	1,819,266
Intangible assets	7	26,689,737	8,772,466
Investments in associates	9	-	99,272
Deferred tax assets	24	829,644	475,356
Other non-current assets	11	265,001	975,414
Total non-current assets		42,078,343	13,388,263
Current assets			
Trade and other receivables	12	12,561,598	6,224,551
Income tax assets	13	119,245	358,386
Contract assets	14	10,869,329	6,167,727
Financial assets	15	1,986,205	2,143,131
Other current assets	16	545,322	1,454,766
Other tax assets	17	473,418	686,539
Cash and cash equivalents	18	8,684,625	3,467,884
Total current assets		35,239,742	20,502,984
Total assets		77,318,085	33,891,247
EQUITY AND LIABILITIES			
Equity			
Share capital	20	10,014,970	14,970
Other reserves	21	4,280,953	3,332,689
Retained earnings		(8,088,214)	(22,506,051)
Translation reserve		17,988	(21,589)
Equity attributable to owners of the Company		6,225,697	(19,179,981)
Non-controlling interests		9,667,120	235,175
Total equity		15,892,817	(18,944,806)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	GROUP	
		31/12/2020	31/12/2019
Liabilities			
Non-current liabilities			
Borrowings	22	1,929,624	2,609,946
Lease liabilities	6	9,510,342	1,314,279
Deferred tax liabilities	24	3,555,798	195,372
Non-current tax liabilities	29	859,055	626,112
Retirement benefit obligation	25	953,292	480,526
Other non-current liabilities	26	-	16,854
Total non-current liabilities		16,808,111	5,243,089
Current liabilities			
Trade and other payables	27	11,205,847	8,504,655
Borrowings	22	8,924,466	15,136,441
Lease liabilities	6	1,366,660	536,886
Derivative financial liabilities	23	-	12,780,000
Financial liabilities	28	41,507	38,062
Other tax liabilities	29	3,956,394	4,036,105
Social security	30	1,754,245	767,672
Contract liabilities	32	1,406,905	1,169,599
Other liabilities	31	12,014,105	4,298,601
Income tax liabilities	33	3,947,028	324,943
Total current liabilities		44,617,157	47,592,964
Total liabilities		61,425,268	52,836,053
Total equity and liabilities		77,318,085	33,891,247

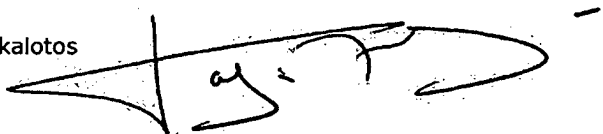
The notes on pages 27 to 81 are an integral part of these financial statements.

The financial statements were approved and authorized for issue by the Board of Directors on 30th September 2021, and were signed on its behalf by

Orestis Tsakalotos

Director

Registered number: 10878966



QUALCO HOLDCO LIMITED
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COMPANY STATEMENT OF FINANCIAL POSITION

		COMPANY	
	Note	31/12/2020	31/12/2019
ASSETS			
Non-current assets			
Investments in subsidiaries	8	8,334,325	8,324,325
Non-current financial assets	10	1,161,000	-
Total non-current assets		9,495,325	8,324,325
Current assets			
Trade and other receivables	12	16,468	561,750
Accrued interest income	42	59,018	-
Financial assets	15	4,643,800	129,167
Other current assets	16	708,000	179,776
Other tax assets	17	7,354	11,360
Cash and cash equivalents	18	106,895	134,100
Total current assets		5,541,535	1,016,153
Total assets		15,036,860	9,340,478
EQUITY AND LIABILITIES			
Equity			
Share capital and share premium	20	10,014,970	14,970
Other reserves	21	3,607,578	3,607,578
Retained earnings		(6,615,524)	(18,254,045)
Total equity		7,007,024	(14,631,497)
Liabilities			
Non-current liabilities			
Borrowings	22	2,226,000	-
Total non-current liabilities		2,226,000	-
Current liabilities			
Trade and other payables	27	1,087,303	868,470
Borrowings	22	4,643,800	10,312,047
Derivative financial liabilities	23	-	12,780,000
Social security	30	-	11,458
Other liabilities	31	72,733	-
Total current liabilities		5,803,836	23,971,975
Total liabilities		8,029,836	23,971,975
Total equity and liabilities		15,036,860	9,340,478

The notes on pages 27 to 81 are an integral part of these financial statements.

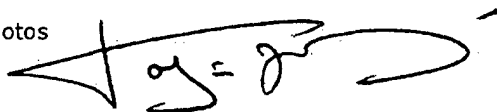
The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company Statement of Comprehensive Income.

The loss for the parent company for the year was €7,319,257 (2019: €8,687,977).

The financial statements were approved and authorized for issue by the Board of Directors on 30th September 2021, and were signed on its behalf by

Orestis Tsakalotos

Director



Registered number: 10878966

QUALCO HOLDCO LIMITED
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	GROUP	
		1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Revenue	34	77,192,747	51,194,916
Cost of sales	35	(46,062,870)	(33,855,878)
Gross profit		31,129,877	17,339,038
Administrative expenses	35	(17,798,409)	(11,208,030)
Marketing expenses	35	(2,143,255)	(1,746,235)
Other income	37	190,516	389,992
Other expenses	37	(716,474)	(824,802)
Operating profit		10,662,255	3,949,963
Finance income	38	1,005	154,035
Finance expenses	38	(1,782,390)	(1,715,481)
Finance expense - net		(1,781,385)	(1,561,446)
Bargain purchase gain	39	160	-
Other losses - net	40	(5,040,000)	(7,598,677)
Share of results of associates accounted for using the equity method	9	(100,934)	1,607
Profit / (loss) before income tax		3,740,096	(5,208,553)
Income tax	41	(2,949,969)	(1,115,547)
Profit / (loss) for the year		790,127	(6,324,100)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Foreign exchange differences on translation of foreign operations		43,975	(52,247)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit obligation	25	(57,344)	425,666
Deferred tax on remeasurements of defined benefit obligation	41	13,762	(103,070)
Other comprehensive (loss) / income for the year (net of tax)		393	270,349
Total comprehensive income / (loss) for the year		790,520	(6,053,751)
Loss for the year attributable to:			
- Owners of the parent company		780,060	(6,398,815)
- Non-controlling interests		10,067	74,715
		790,127	(6,324,100)
Total comprehensive loss for the year attributable to:			
- Owners of the parent company		776,055	(6,123,242)
- Non-controlling interests		14,465	69,491
		790,520	(6,053,751)

The notes on pages 27 to 81 are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributed to equity holders of the Parent					Non-controlling Interests	Total Equity
		Share Capital	Share Premium	Other Reserves	Retained Earnings	Translation Reserves		
Balance as at 1 January 2019		14,970	-	3,010,093	(16,107,236)	25,433	(13,056,740)	165,685
Loss for the year		-	-	-	(6,398,815)	-	(6,398,815)	74,715
Other comprehensive income for the year		-	-	322,596	-	(47,022)	275,574	(5,225)
Total comprehensive loss for the year		-	-	322,596	(6,398,815)	(47,022)	(6,123,241)	69,490
Balance as at 31 December 2019		14,970	-	3,332,689	(22,506,051)	(21,589)	(19,179,981)	235,175
Balance as at 1 January 2020		14,970	-	3,332,689	(22,506,051)	(21,589)	(19,179,981)	235,175
Profit for the year		-	-	-	780,060	-	780,060	10,067
Other comprehensive income/(loss) for the year		-	-	(43,582)	-	39,577	(4,005)	4,398
Total comprehensive income/(loss) for the year		-	-	(43,582)	780,060	39,577	776,055	14,465
Share capital increase	20	3,743	9,996,257	-	-	-	10,000,000	-
Subsidiary's share capital increase		-	-	-	-	-	-	98
Gain from de-recognition of host contract on conversion of convertible preference shares	22	-	-	-	1,137,778	-	1,137,778	-
Gain from de-recognition of embedded derivative on conversion of convertible preference shares	23	-	-	-	17,820,000	-	17,820,000	-
Movement in non-controlling interests from the acquisition / part-disposal of subsidiaries	39	-	-	-	(5,320,001)	-	(5,320,001)	9,210,501
Capital contributions by shareholders	21	-	-	991,846	-	-	991,846	332,381
Dividend distribution		-	-	-	-	-	-	(125,500)
Balance as at 31 December 2020		18,713	9,996,257	4,280,953	(8,088,214)	17,988	6,225,697	9,667,120

The notes on pages 27 to 81 are an integral part of these financial statements.

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COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Share Premium	Other reserves	Retained Earnings	Total Equity
Balance as at January 1, 2019		14,970	-	3,607,578	(9,566,068)	(5,943,520)
Loss for the year		-	-	-	(8,687,977)	(8,687,977)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(8,687,977)	(8,687,977)
Balance as at 31 December 2019		14,970	-	3,607,578	(18,254,045)	(14,631,497)
Balance as at 1 January 2020		14,970	-	3,607,578	(18,254,045)	(14,631,497)
Loss for the year		-	-	-	(7,319,257)	(7,319,257)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(7,319,257)	(7,319,257)
Share capital increase	20	3,743	9,996,257	-	-	10,000,000
Gain from de-recognition of host contract on conversion of convertible preference shares	22	-	-	-	1,137,778	1,137,778
Gain from de-recognition of embedded derivative on conversion of convertible preference shares	23	-	-	-	17,820,000	17,820,000
Balance as at 31 December 2020		18,713	9,996,257	3,607,578	(6,615,524)	7,007,024

The notes on pages 27 to 80 are an integral part of these financial statements.

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STATEMENT OF CASH FLOWS

	Note	GROUP		COMPANY	
		1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Profit/ (Loss) for the year before tax		3,740,097	(5,208,554)	(7,319,257)	(8,687,977)
Adjustments for:				-	-
Share of results of associates	9	100,934	(1,607)	-	-
Depreciation of property, plant and equipment	5	460,953	298,023	-	-
Depreciation of right-of-use assets	6	1,028,705	540,840	-	-
Amortisation of intangible assets	7	4,407,741	2,594,661	-	-
Provisions for employee benefits		414,928	277,313	-	-
Bargain purchase gain	39	(160)	-	-	-
FV losses on financial liabilities at FVTPL	40	5,040,000	6,197,066	5,040,000	6,197,066
Net loss on modification of host contract	40	-	1,401,611	-	1,401,611
Finance income	38	(1,005)	(153,946)	(149,394)	-
Finance expenses	38	1,782,390	1,713,423	983,978	921,574
Amortisation of government grants	37	(16,854)	(56,446)	-	-
Gain on termination of leases		(5,540)	-	-	-
		16,952,189	7,602,384	(1,444,673)	(167,726)
Changes in working capital:					
(Increase) / decrease in trade and other receivables		(14,438,509)	(2,435,101)	17,059	(253,018)
Increase in contract assets		(4,730,551)	(1,024,324)	-	-
Increase in trade and other payables		11,616,131	4,390,846	218,835	125,461
Increase / (decrease) in contract liabilities		240,347	(158,224)	-	(95,529)
Increase / (decrease) in other liabilities		2,754,668	1,300,847	7,116	(87,300)
Increase / (decrease) in social security liabilities		196,795	(2,242,496)	(11,458)	4,924
Increase / (decrease) in other tax liabilities		694,814	(808,645)	4,006	(6,848)
Cash flows from operating activities		13,285,884	6,625,287	(1,209,115)	(480,036)
Corporate income tax paid		(60,000)	-	-	-
Net cash flows generated from/(used in) operating activities		13,225,884	6,625,287	(1,209,115)	(480,036)
Cash flows from investing activities:					
Purchase of property, plant and equipment		(2,719,369)	(775,522)	-	-
Purchases of intangible assets		(2,199,993)	(2,027,902)	-	-
Acquisition of subsidiary	39	(5,804,750)	-	-	-
Increase in the investment cost of subsidiary		-	-	(10,000)	(150,000)
Increase in the investment cost of associate	9	(350)	-	-	-
Loans granted to related parties	42	(79,000)	(918,281)	(5,804,800)	(130,081)
Repayment of loans granted to related parties	42	235,926	-	129,167	-
Interest received		943	331	90,375	-
Net cash flows used in investing activities		(10,566,593)	(3,721,374)	(5,595,258)	(280,081)
Cash flows from financing activities:					
Participation of non-controlling interests in share capital increase of subsidiary		98	-	-	-
Capital contributions by shareholders	21	900,000	-	-	-
Proceeds from borrowings		6,643,800	7,000,000	4,643,800	-
Repayment of borrowings		(3,374,087)	(7,518,446)	-	-
Repayment of lease liabilities - principal		(1,114,490)	(539,843)	-	-
Proceeds from related parties borrowings	42	-	-	2,226,000	-
Interest paid		(380,179)	(405,042)	(92,631)	-
Proceeds from government grants		(1,243)	-	-	-
Dividends paid		(125,500)	-	-	-
Net cash flows generated from/(used in) financing activities		2,548,399	(1,463,331)	6,777,169	-
Net increase/(decrease) in cash and cash equivalents		5,207,690	1,440,582	(27,204)	(760,117)
Cash and cash equivalents at beginning of year		3,437,989	2,004,981	134,100	894,217
Effect of foreign exchange rate changes		38,946	22,321	-	-
Cash and cash equivalents at end of year		8,684,625	3,467,884	106,896	134,100

The notes on pages 27 to 81 are an integral part of these financial statements.

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Notes to the financial statements

1. General information

Qualco Holdco Limited (the "Company") is a private limited company that is domiciled and incorporated in England and Wales. The registered office address is Hersham Place Technology Park, Hersham, Walton-On-Thames, United Kingdom, KT12 4RZ.

Qualco Holdco Limited was incorporated in England and Wales on 21 July 2017. On 9 February 2018, Qualco Holdco Limited acquired the entire issued share capital of Qualco SA, a company incorporated in Greece, by way of a share for share exchange. This transaction has been treated as a group reorganisation and has been accounted for using the reverse merger accounting method given the same controlling parties before and after the reorganisation.

The Company is the direct holding company of Qualco France SAS, of which it has a 99% shareholding, Qualco SA, of which it has a 100% shareholding, Q RES Cyprus Limited of which it has a 100% shareholding and Qualco Fin Limited of which it has as 51% shareholding.

The principal activities of the Company's subsidiaries, as presented in note 9, are as follows:

- a) The development, distribution and support of software advanced products and business solutions for the broader financial and construction sectors,
- b) The rendering of a wide range of services concerning Information Technology Infrastructure (IT Infrastructures),
- c) Management of non- performing loan portfolios
- d) Real estate asset management.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively the "Group"). The interests held by the Group are presented in notes 8 and 9.

The Company is a subsidiary of Wokalon Finances Limited, which holds 80% of the Company's shares. Amely S.a.r.l. holds the remaining 20% of the Company's shares. The ultimate parent company into which these results are consolidated is Wokalon Finances Limited.

2. Summary of significant accounting policies

2.1. Basis of preparation of financial statements

The main accounting principles applied for the preparation of these financial statements are presented below. These principles have been applied with consistency for all the financial periods presented, except stated otherwise.

These separate and consolidated financial statements of Qualco Holdco Limited have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, except for financial instruments that are measured at fair value, and the going concern basis of accounting.

The Group and the Company present their financial statements in Euros since, despite the incorporation of the parent company in England and Wales, the majority of the Group's activities occur in Greece and EU countries and are therefore denominated in Euros. Monetary amounts in these financial statements are rounded to the nearest €. The functional currency of the parent company is British pounds.

The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies adopted. Actual results may differ from these estimates under different assumptions or conditions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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2.1.1 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Group has reported gains for the year of € 790,127.

The consequences of the COVID 19 pandemic are fully under control. All employees are appropriately trained, equipped and can work remotely when required. Taking advantage of all technological systems on which Group has been constantly investing since its incorporation, employee's efficiency was not decreased. Indeed, in some cases employee's efficiency was increased. Any impact on group's future development will come from the possible change on global economic development due to COVID 19. The increase in non-performing loans due to COVID 19 in the future will eventually be an opportunity for business growth for the Group.

The Directors believe that the Group and the Company have adequate resources to continue in operation for the foreseeable future. For this reason, they have adopted the going concern basis in the preparation of the financial statements.

2.2. New standards, amendments to standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years.

Standards and Interpretations effective for the current financial year

Conceptual Framework in IFRS standards

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support the transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

IFRS 3 (Amendments) "Definition of a business"

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. It further clarifies that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Finally, it introduces an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has adopted the amendments to IFRS 3 for the first time in the current year.

IAS 1 and IAS 8 (Amendments) "Definition of material"

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRSs. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRSs. The amendments had no effect at the Financial Statements of the Group and the Company.

IFRS 9, IAS 39 and IFRS 7 (Amendments) "Interest Rate Benchmark Reform"

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments had no effect at the Financial Statements of the Group and the Company.

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Standards and Interpretations effective for subsequent periods

A number of new standards and amendments to standards and interpretations are effective for subsequent periods and have not been applied in preparing these consolidated and separate financial statements. The Group is currently investigating the impact of the new standards and amendments on its financial statements.

IFRS 16 (Amendment) "Covid-19-Related rent concessions" (effective for annual periods beginning on or after June 1, 2020)

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. The amendment provides lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would for changes which are not considered lease modifications.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

In February 2021 the IASB issued a proposal to extend the relief period by another year, i.e. to apply the practical expedient on rent concessions to a change in lease payments originally due on or before 30 June 2022 from 30 June 2021.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date. The impact on accounting for changes in lease payments applying the exemption is shown in note 6.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) "Interest rate benchmark reform – Phase 2" (effective for annual periods beginning on or after January 1, 2021)

The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. More specifically, the amendments relate to how a company will account for changes in the contractual cash flows of financial instruments, how it will account for the change in its hedging relationships and the information it should disclose.

IAS 16 (Amendment) "Property, plant and equipment – Proceeds before intended use" (effective for annual periods beginning on or after January 1, 2022)

The amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also requires entities to separately disclose the amounts of proceeds and costs relating to such items produced that are not an output of the entity's ordinary activities. The amendment has not yet been endorsed by the EU.

IAS 37 (Amendment) "Onerous contracts – Cost of fulfilling a contract" (effective for annual periods beginning on or after January 1, 2022)

The amendment clarifies that "costs to fulfil a contract" comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The amendment has not yet been endorsed by the EU.

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IFRS 3 (Amendment) "Reference to the Conceptual Framework" (effective for annual periods beginning on or after January 1, 2022)

The amendment updated the standard to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, an exception was added for some types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. The amendment has not yet been endorsed by the EU.

IAS 1 (Amendment) "Classification of liabilities as current or non-current" (effective for annual periods beginning on or after January 1, 2023)

The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment has not yet been endorsed by the EU.

Annual Improvements to IFRS Standards 2018–2020 (effective for annual periods beginning on or after January 1, 2022)

The amendments set out below describe the key changes to certain IFRSs. The amendments have not yet been endorsed by the EU.

IFRS 9 "Financial instruments"

The amendment addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

IFRS 16 "Leases"

The amendment removed the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 of the standard in order to remove any potential confusion about the treatment of lease incentives.

IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments) (effective for annual periods beginning on or after January 1, 2023)

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The amendments have not yet been endorsed by the EU.

IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates (Amendments) (effective for annual periods beginning on or after January 1, 2023)

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The amendments have not yet been endorsed by the EU.

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2.3. Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control, either directly or indirectly through other subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred in a business combination for the acquisition of a subsidiary is measured at fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 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 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

The costs related to the acquisition of investments in subsidiaries (e.g. advisory, legal, accounting, valuation and other professional or consulting fees) are recognized as expenses through profit or loss over the period in which the costs are incurred.

Non-controlling interests in subsidiaries are identified separately from the Group's equity. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries are prepared as of the same reporting period as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All inter-company transactions, balances and any intercompany profit or loss between group companies are eliminated in the consolidated financial statements.

In the separate financial statements, investments in subsidiaries and associates are recognized at cost, adjusted for any impairment where necessary, which is the amount of cash or cash equivalents paid or the fair value of the other consideration given at the time of acquisition.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in change of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

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(c) Disposal of / loss of control over subsidiaries

When the Group disposes of or ceases to have control over a subsidiary, any retained interest in the subsidiary is remeasured to its fair value at the date of disposal or when control is lost, with the change in carrying amount recognized in profit or loss. Subsequently, this asset classified as an associate or financial asset and its acquisition cost equals that fair value. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

In case of sale of a holding in an associate on which the Group continues, however, to exercise significant influence, only a proportionate share of the amounts previously recognized directly in other comprehensive income will be reclassified to profit or loss.

The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share in the losses of an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has assumed further obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Gains and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4. Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and the acquisition date fair value of any previous equity interest held over the fair value of the identifiable net assets acquired. 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, the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Where goodwill forms part of a cash-generating unit and part of the operation of this unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

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2.5. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the parent company is Pounds sterling (£). The consolidated financial statements are presented in Euros, since the majority of the Group's activities occur in Greece and are therefore denominated in Euros.

Monetary amounts in these financial statements are rounded to the nearest €.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange gains and losses are presented in the income statement within "Other income/(expenses)".

(c) Group Companies

The financial statements of all Group entities that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities are translated using the rates in effect at the date of the statement of the financial position;
- ii) income and expenses are translated using the average rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- iii) all resulting exchange differences are recognized in other comprehensive income and are transferred to the income statement upon disposal of these companies.

2.6. Property, Plant and Equipment

Items of property, plant and equipment are measured at acquisition cost, less accumulated depreciation and any impairment in value (note 2.9). Acquisition cost includes all expenditure directly attributable to the acquisition of property plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

-	Leasehold property improvements	10 years
-	Machinery	5 years
-	Motor vehicles	10 years
-	Furniture and other equipment	3-10 years
-	Computer hardware	5 years

The residual values and useful economic life of property, plant and equipment are subject to reassessment, at each balance sheet date.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.9).

Upon the sale of PPE, any difference between the proceeds and the net book value is recorded as gain or loss in the income statement.

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2.7. Intangible assets

2.7.1. Intangible assets acquired separately

An acquired intangible asset is initially recognized at cost. Following initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Group's acquired intangible assets include computer software and software licenses, which are capitalized on the basis of the costs incurred to acquire and bring them into use. These costs are amortized over their estimated useful lives of five years.

Costs associated with maintaining computer software are recognized as an expense as incurred.

2.7.2. Internally – generated intangible assets (Software development) – research and development expenses

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

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Computer software development costs recognized as intangible assets are amortized over their estimated useful lives of 5 – 7 years, on a straight line basis.

Software under construction relates to costs capitalized in accordance to the same criteria as above, but where the software being developed is not yet available for use. Software under construction is not subject to amortization.

2.7.3. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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Derecognition of intangible assets

An intangible asset is derecognized 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 recognized in profit or loss when the asset is derecognised.

2.8. Leases

The Group assesses at contract inception 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.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases (including short-term leases and leases of low-value assets). The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets. If ownership of the leased asset is transferred to the Group at the end of the lease term or its cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The right-of-use assets are also subject to impairment, as described in note 2.9.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the statement of comprehensive income in the period in which the event or condition that triggers those payments occurs.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments that are not paid at that date. The lease payments will be discounted using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group will use the incremental borrowing rate.

At the commencement date of the lease period, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease period:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be paid by the lessee under the residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate because the interest rate implicit in the lease is not readily determinable.

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The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Lease liabilities are presented as a separate line in the consolidated statement of financial position.

Interest on the lease liability is allocated during the lease term in such a manner so that the amount produces a constant periodic rate of interest on the remaining balance of the lease liability.

After the commencement date of the lease period, the Group recognizes in profit or loss (unless the costs are included in the carrying amount of another asset applying other applicable Standards) both:

- (a) interest on the lease liability; and
- (b) variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

2.9. Impairment of non-current assets excluding goodwill

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Intangible assets not yet ready to use and not yet subject to amortization are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2.10. Financial instruments

i) Initial recognition

Financial assets or financial liabilities are recognized in the statement of financial position of the Group and Company when the Group or Company become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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ii) Classification and subsequent measurement

a) Financial assets

Financial assets at amortized cost

The classification of financial assets at initial recognition is based on the contractual cash flow of the financial assets and the business model within which the financial asset is held.

With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset that is not measured at fair value through profit or loss. Trade receivables are initially measured at transaction value as defined by IFRS 15.

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the 'solely payments of principal and interest' (SPPI) test and is performed at financial instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within (a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- (1) the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- (2) the contractual terms of the financial asset generating cash flows at specified dates only pertain to capital and interest payments on the balance of the initial capital.

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate Method (EIR) and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

b) Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. Financial liabilities measured at amortized cost using the effective interest rate method include current borrowings and trade and other payables that are short term in nature.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR"). The EIR amortization is included as finance costs in profit or loss. Trade payables other payables are non-interest bearing and are stated at amortized cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

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- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains / (losses) - net' line item (note 38) in profit or loss.

Fair value is determined in the manner described in note 3.3.

iii) Derecognition of financial assets and financial liabilities

a) A financial asset is derecognized when:

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

When the Group or the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group or the Company also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained

b) Financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled. When an existing financial liability is replaced by another to the same lender but under substantially different terms or the terms of an existing liability are significantly modified, such exchange or amendment is treated as a recognition of the original liability and recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as gain or loss on modification within "other gains/(losses) - net".

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iv) Impairment of financial assets

The Group assesses at each reporting date, whether a financial asset or group of financial assets is impaired and recognizes, if necessary, an allowance for Expected Credit Losses (ECLs) regarding all financial assets not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss in relation to contract assets, is measured based on the expected early contract termination rate, the penalty for early termination and its collectability rate.

For all other Group's financial assets at amortized cost, the general approach is applied.

v) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Group or the Company has a legal right to set off the recognized amounts and intends either to settle such asset and liability on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11. Derivative financial instruments

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the Group's or Company's financial statements unless the Group or Company has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortized cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

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An embedded derivative is separated from the host contract and accounted for as a derivative instrument if, and only if, all of the followings criteria are met:

- the economic characteristics and risks of the embedded derivative are not clearly and closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss (i.e. a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months.

2.12. Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, except if the discount outcome is not material, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant difficulties of the debtor, the possibility of bankruptcy or financial reorganization and the inability of scheduled payments are considered evidence that the value of the receivable has been impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate, and is charged as an expense in the Statement of Comprehensive Income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the income statement.

2.13. Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits.

2.14. Restricted cash

Restricted cash is cash not available for immediate use. Such cash cannot be used by a company until a certain point or event in the future. In cases when restricted cash is expected to be used within one year after the reporting date, it is classified as a current asset. However, if restricted cash is not expected to be used within one year after the reporting date, it is classified as a non-current asset. Restricted cash is not included in line "Cash and cash equivalents".

2.15. Share capital and share premium

Share capital consists of ordinary shares. Share premium account represents the excess of the issue price over the par value on shares issued. Direct expenses for the issue of shares appear net of any tax, as a reduction from share premium.

2.16. Capital contributions

Capital contributions are recognized separately within other reserves.

Capital contributions are not defined in IFRSs but is generally accepted as meaning a contribution by owner, which increases the entity's equity without any obligation for the entity to make repayment or to do anything in consideration for receiving it.

Since, there is no guidance in IFRSs as to where in equity capital contributions shall be recognized, the Group, has implemented the guidance of IAS 8 "Accounting policies, changes in accounting estimates and errors", which requires entities to use their judgement to develop and apply an accounting policy for transactions for which no specific standard or interpretation exists. The accounting policy developed should reflect the economic substance of the transaction and not merely the legal form and be relevant and reliable to the users.

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According to IAS 1 para 106 (d) (iii), transactions with owners in their capacity as owners, such as contributions by owners, are recognized directly in the statement of changes in equity. Whether a particular transaction should be recognised as a capital contribution is a matter of judgement in the context of the particular facts and circumstances.

Capital contributions are not considered income, which is defined in the Conceptual Framework for Financial Reporting as increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants. Therefore, capital contributions cannot be included in profit or loss for the period, nor within other comprehensive income.

2.17. Current and deferred tax income

Income tax comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax is measured on the taxable income for the year using enacted or substantively enacted tax rates at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is intention to settle the balances on a net basis.

2.18. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. After initial recognition, loans are measured at the amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

Compound financial instruments (Convertible Preference Shares)

An issuer should account for the components of a compound financial instrument separately as financial liabilities and equity instruments. This is commonly referred to as split accounting. The liability and the equity components should be presented separately on the financial position.

On initial recognition, the issuer of a compound instrument first measures the liability component at its fair value. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. Preference shares is a financial instrument that shall be examined if it is a financial liability or an equity instrument based on holders' contractual rights. If there is a contractual obligation to deliver cash

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(for both dividends and repayment of principal, e.g. a fixed amount at a fixed future date) to the shareholder that cannot be avoided, the instrument is a financial liability.

The equity component is measured as the residual amount that results from deducting the fair value of the liability component from the initial carrying amount of the instrument as a whole. The initial classification of the liability and equity components is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when the option's exercise might appear to have become economically advantageous to some holders. The entity's contractual obligation to make future payments remains outstanding until it is extinguished through conversion, the instrument's maturity or some other transaction. The equity component in a convertible instrument arises from the embedded option to convert the liability into the issuer's equity. However, a convertible instrument might contain non-equity derivative features. It is necessary to assess whether such embedded derivative features are closely related to the host debt contract (see note 2.11).

In general, borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss within "other gains / (losses) – net.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.19. Employee benefits

According to Greek laws 2112/20 and 4093/2012, Group entities incorporated in Greece must pay to their personnel benefits at their termination of employment or retirement. The benefits are related to, employment years, remuneration amount and whether the employment was terminated or left employment due to retirement. The maturity of the right to participate in these schemes usually depends upon service years of the employee before retirement.

(a) Post-employment benefits

The Group contributes to both defined benefit and defined contribution plans. The Group operates various postemployment schemes. Payments are defined by the applicable local legislation and the fund's regulations.

Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

Defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The liability of the defined benefit plan is calculated annually by an independent actuary with the use of the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan which is recognized in the income statement in employee benefit expense reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognized immediately in the income statement.

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The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in the income statement.

(b) Employment termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Termination benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

In case of termination of employment where the number of employees who will use such benefits cannot be determined, the benefits are disclosed as contingent liabilities and are not accounted for.

2.20. Trade payables and other payables

Trade payables are usually obligations to make payment for products or services acquired during the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the payment is due within no more than one year. If not, they are classified as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.21. Provisions

Provisions are recognized when: there is a present obligation (legal or constructive) as a result of past events, when it is highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments for the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. Provisions are reviewed at each reporting date, and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, they are reversed. Provisions are used only for expenditures for which they were originally recognized. No provisions are recognized for future operating losses.

2.22. Revenue recognition

(a) Revenue from contracts with customers

Revenue comprises the fair value of the sale of goods and services, net of value-added tax, discounts and returns. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Control over goods sold and services rendered is transferred to the customer upon delivery of the respective products or service respectively. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Under IFRS 15 there is a five-step approach to revenue recognition which is adopted across all revenue streams.

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The process is:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue as and when the entity satisfies the performance obligation.

The basis for the recognition of revenue for the key revenue streams is as follows:

Provision of services

For sales of services, revenue is recognized in the accounting period in which the services are rendered, as the customer obtains control over the promised services, by reference to stage of completion of each specific performance obligation and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Sales of goods

Revenue is recognized when a contractual promise to a customer (performance obligation) is fulfilled by transferring the promised goods (which is when the customer obtains control over the promised goods).

Contract assets

When the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the contract as a contract asset, excluding any amounts presented as a receivable. A contract asset is the Group's right to consideration in exchange for goods or services that the entity has transferred to a customer.

Contract liabilities

When customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier). Incremental costs of obtaining a contract are expensed as incurred.

(b) Interest income

Interest income is recognized on the accruals basis using the effective interest method. In the case of impairment of borrowings and receivables, interest income is recognized using the rate which discounts future flows for impairment purposes.

2.23. Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the period they are approved by the General Assembly of the Company's shareholders.

2.24. Government grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all stipulated conditions of the grant.

(a) Grants relating to assets

Government grants relating to the purchase of fixed assets or the construction of projects are included in non-current liabilities as deferred government grants and are recognized as income through profit or loss using the straight line method according to the asset's expected useful life.

(b) Grants relating to costs

Government grants relating to costs are deferred and recognized in profit or loss to match with the costs that they are intended to compensate.

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2.25. Reclassifications

Certain reclassifications have been made to prior year balances to conform to current year classifications.

The reclassification that was performed in the Group's statement of financial position as of 31.12.2019, is as follows:

- An amount of €18,920 was reclassified from "Other current assets" to "Financial assets".

In addition certain reclassifications have been made within the notes for comparability purposes. The above reclassifications did not have any impact on the Group's equity or results.

3. Financial risk management

3.1. Financial risk factors

The Group is exposed to various financial risks, such as market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Financial risks are associated with the following financial instruments: accounts receivable, cash and cash equivalents, accounts payable, other liabilities and borrowings. The accounting principles referred to the above financial instruments are presented in Note 2.

The Group's risk management plan seeks to limit the negative impacts on Group financial results arising from inability to predict how financial markets will perform and from fluctuations in costs and sales variables.

The procedure followed is outlined below:

- assessment of risks relating to the Group's activities and functions;
- planning of the methodology and selection of adequate financial instruments for risk mitigation; and
- the application and execution of the risk management procedures, in accordance with those approved by Management.

(a) Market Risk

Market risk is the risk related to the business sectors in which the Group operates. The Group operates, as is well known, in a competitive and highly demanding international environment, which is subject to significant and rapid changes. Over the last few years, the Group has been systematically reinforcing and furthering its outward-looking approach in geographically strategic areas. The focus in these areas has been on up-to-date technologies and on the continuous technological upgrade of its products and solutions, whilst also developing new activities and promoting entry into new markets, with a view to further enhancing the group's competitiveness.

The Group remains competitive despite inherent problems faced by the industry which have been caused due to the Greek economic crisis. This is because of its specialized expertise, its many years of experience and presence in the field, the organization and structure of the group allowing for the strong engagement of all its executives, its wide recognition in connection with the research, development and marketing of new products, as well as the continuous improvement and upgrading of existing products, whilst also focusing on the quality of the product and the ability to meet demand directly and changing the needs of end customers.

The Group's significant qualitative diversification, combined with the continuous development and upgrading of its products, are the main means available in order to minimize the negative consequences of the unprecedented economic crisis. However, it is expected that in the current period, the revenues and the overall results will inevitably be affected due to the continuation of the above mentioned economic crisis and the lack of liquidity in the market, which has led to a wide customer base on which the Group relies, the suspension of investment plans and the postponement of programmes for business transformation.

(i) Foreign currency risk

Foreign current risk is the risk that the fair values of the cash flows of a financial instrument fluctuate due to foreign currency changes. The Group mainly operates in the EU, and most of its transactions are settled in Euros, however there are also transactions in British pounds. As a result, the Group is exposed to foreign exchange rate risk.

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In particular, foreign currency risk arises when advisory fees, as well as project costs, are incurred in foreign currencies. The Group does not make use of currency forward contracts but it verifies and evaluates on a periodic basis its exposure to foreign exchange risk and its significance in order to take appropriate actions if required to mitigate its risk.

The financial assets and the respective liabilities in foreign currency are broken down as follows:

	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Assets in foreign currency	902,651	877,893	-	14,490
Liabilities in foreign currency	(433,674)	(762,580)	40,728	-
Total Exposure	468,977	115,313	40,728	14,490

The table below presents the changes in the operating result and equity in relation to the financial assets and financial liabilities, if floating rates with British pound sterling (GBP) were to vary by 10%. This sensitivity analysis has been calculated for the financial instruments in foreign currency held by the Group for each reporting period.

Sensitivity analysis to foreign exchange changes:

	GROUP			
	+10%	-10%	+10%	-10%
	31/12/2020		31/12/2019	
	GBP		GBP	
Impact on profit/(loss) before tax	53,545	(53,545)	13,555	(13,555)
Impact on equity	53,545	(53,545)	8,773	(8,773)

	COMPANY			
	+10%	-10%	+10%	-10%
	31/12/2020		31/12/2019	
	GBP		GBP	
Impact on profit/(loss) before tax	4,792	(4,792)	1,705	(1,705)
Impact on equity	4,792	(4,792)	1,705	(1,705)

The Group's exposure to foreign exchange risk varies during the year depending on the volume of transactions in foreign currency. Yet, the above analysis is considered representative of the Group's foreign exchange exposure and is considered to be highly immaterial to the Group.

(ii) Cash flow risk and risk arising from fair value change due to a change in interest rates

The Group is exposed to risk from the fluctuations of interest rates, arising from bank loans with floating rates. The Group is therefore exposed to the floating interest rates prevailing in the market, which affect both the financial position and the cash flows. The cost of borrowings may increase, or decrease, as a result of these changes creating profit or losses. It should be noted that the fluctuation in interest rates in recent years has been a result of extremely high spreads in Greek government bonds, due to the lack of liquidity in the Greek banking market and the estimated risk of Greek companies, and, to a lesser extent, due to the increase in base interest rates (eg. Euribor).

With regards to long-term borrowings, the Group's management regularly monitors interest rate fluctuations and assesses the need to take relevant positions to hedge risks, when and if necessary. A significant part of the Group's borrowings is linked to floating rates, and all borrowings are denominated in Euros.

The Group monitors interest rate trends, as well as the duration and nature of the Group's financing requirements. Decisions on loan terms, as well as the extent of loans with variable or fixed interest rates, are considered separately on an individual case-by-case basis.

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The Group is exposed to the risk of variances in future cash flows due to changes in interest rates. The sensitivity analysis showing the impact of a change in the variable rate of interest is shown below:

As at 31/12/2020	+0,5%	-0,5%
Impact on Equity	16,140	(16,140)
Impact on Profit and Loss	(16,140)	16,140

As at 31/12/2019	+0,5%	-0,5%
Impact on Equity	2,250	(2,250)
Impact on Profit and Loss	(2,250)	2,250

(b) Credit risk

Risk management

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations. Defaulted payments of trade receivables and other receivables could potentially adversely affect the liquidity of the Group.

Trade receivables are due from a large customer base, therefore there is no significant concentration of receivables from an individual counterparty. As a result of the current market conditions, management ensure that procedures are being followed to monitor work in progress, ensuring invoicing and receipts are strictly controlled, particularly in relation to new contracts. For several customers, the Group is protected against credit risk by management obtaining letters of guarantee from a bank to ensure the execution and full payment of the contracts in place.

In addition, most of the receivables comes from large organizations, (eg. Multinational companies, Banks, etc). In the judgment of management, appropriate provisions are recognized for impairment loss on the basis of specific credit risk.

Potential credit risk also exists in relation to cash and cash equivalents. In such cases, the risk may arise from counterparty failure to fulfil their obligations towards the Group. In order to manage this credit risk, the Group sets limits to the degree of exposure for each financial institution, within the scope of the policies of the Board of Directors.

Impairment of financial assets

The Group has the following assets that are subject to the expected credit loss model:

- Trade receivables for sales and from the provision of services; and
- Contract assets relating to customer contracts.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery.

The ageing analysis of trade receivables and the provision recognized are disclosed in note 12.

There are no contract assets which are overdue and non-impaired, and no impairment losses have been recognized in respect of these assets for the year ended 31 December 2020.

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Whilst cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company has no receivables other than those from Group entities, which are eliminated during the consolidation process.

(c) Liquidity risk

The Group manages its liquidity needs by carefully monitoring its debts, long-term and short-term financial liabilities, monitoring available funding and maintaining sufficient cash to meet the Group's obligations. Liquidity requirements are monitored in various time zones on a daily and weekly basis and on a rolling 30-day basis. Long-term liquidity requirements for the 6 months ahead and the following year are calculated on a monthly basis.

The tables below analyze the Group's and Company's financial liabilities as at 31 December 2020 and 2019 respectively into relevant maturity groupings based on their contractual maturities for:

- a) all non-derivative financial liabilities; and
- b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

GROUP				
31/12/2020				
	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	11,205,847	-	-	11,205,847
Lease liabilities	1,362,478	5,005,136	4,509,388	10,877,002
Borrowings	8,924,466	1,929,624	-	10,854,090
Other liabilities	12,014,105	-	-	12,014,105
Total non-derivatives	33,506,896	6,934,760	4,509,388	44,951,044
GROUP				
31/12/2019				
	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	8,504,655	-	-	8,504,655
Lease liabilities	536,886	1,261,802	52,477	1,851,165
Borrowings	15,136,441	2,609,946	-	17,746,387
Other liabilities	4,298,601	-	16,854	4,315,455
Total non-derivatives	28,476,583	3,871,748	69,331	32,417,662
Derivatives				
Embedded derivatives	12,780,000	-	-	12,780,000
Total derivatives	12,780,000	-	-	12,780,000
COMPANY				
31/12/2020				
	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,087,303	-	-	1,087,303
Borrowings	4,643,800	-	2,226,000	6,869,800
Other liabilities	72,733	-	-	72,733
Total non-derivatives	5,803,836	-	2,226,000	8,029,836

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	31/12/2019			
	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	868,470	-	-	868,470
Borrowings	10,312,047	-	-	10,312,047
Total non-derivatives	11,180,517	-	-	11,180,517
Derivatives				
Embedded derivatives	12,780,000	-	-	12,780,000
Total derivatives	12,780,000	-	-	12,780,000

3.2. Capital management

Regarding cash management, the Group's intention is to ensure its ability to continue its operations unhindered so as to secure returns for shareholders and benefits for other parties associated with the Group, whilst maintaining an optimal capital structure in order to achieve capital cost reductions.

In line with industry practice, the Group monitors the capital structure using the leverage ratio. Leverage is calculated as the ratio of net debt to equity. Net debt includes interest bearing loans, as well as long-term and short-term lease liabilities, less cash and cash equivalents.

The Group's and Company's gearing ratios as at 31 December 2020 and 31 December 2019 are presented in the following table:

	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Long-term borrowings	1,929,624	2,609,946	2,226,000	-
Short-term borrowings	8,924,466	15,136,441	4,643,800	10,312,047
Long-term lease liabilities	9,510,342	1,314,279	-	-
Short-term lease liabilities	1,366,660	536,886	-	-
Cash and cash equivalents	(8,684,625)	(3,467,884)	(106,895)	(134,100)
Net debt	13,046,467	16,129,668	6,762,905	10,177,947
Total equity	15,942,817	(18,944,806)	7,007,024	(14,631,497)
Net debt to equity	0.82	-	0.97	-

3.3. Fair value estimation

(i) Fair value hierarchy

The fair value hierarchy levels 1 to 3, prescribed under the accounting standards, are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from 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); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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The table below presents the Group's and Company's financial liabilities at fair value as of 31 December 2020 and 31 December 2019:

	GROUP AND COMPANY	
	31/12/2020	31/12/2019
	Level 3	Level 3
Recurring fair value measurements		
Financial liabilities		
Embedded derivatives	-	12,780,000
Total financial liabilities	-	12,780,000

(ii) Valuation techniques used to determine fair values

As of 31 December 2020 and 2019, the valuation technique used to value the embedded derivative is the discounted cash flow method as described below, since the optionality of the convertible was waived in 2019 (Note 22) and therefore it is valued as straight equity.

• Discounted cash flows method

The discounted cash flow method is widely regarded as the most acceptable and appropriate method for valuing high growth companies in early stages of their development, as it takes into account both their past performance, but gives particular emphasis on their potential for future growth and its ability to generate profits and cash flows for its shareholders. It is noted that the estimation of the Issuer's market value, as of the valuation dates, was conducted on an "as is; stand-alone" and "going-concern" basis, based on projections that were provided to us by the Company's management.

The Discounted Cash Flows method is based on the premise that the value of the business enterprise or unit is the present value of the future economic income to be derived by the owner of the business. The discounted net cash flows method requires the following analyses:

- The revenue and expense analysis, which requires a forecast of prospective revenues of the Company, from the sale of products or provision of services and the respective expenses. This analysis takes also into consideration the market dynamics, competitive pressures, regulatory changes, etc., for the industry in which the entity participates;
- The investment analysis, which requires consideration of the following aspects: required minimum cash balances, capital expenditure budgets, investment policies, etc;
- The capital structure analysis, which requires consideration of the following aspects: current capital structure, optimal capital structure, cost of various capital components, weighted-average cost of capital and systematic and unsystematic risk factors;
- The terminal (residual) value analysis, which requires the determination of the value of the prospective cash flows generated by the business, after the conclusion of an explicit forecast period.

Based on the results of the above-mentioned analyses, a forecast of free cash flows from business operations is made for a reasonable explicit forecast period. The cash flows forecast is discounted at an appropriate discount rate, to determine the present value. The terminal (residual) value of the business enterprise is determined at the end of the explicit forecast period. This terminal (residual) value is also discounted to determine the present value.

The present value of the explicit net cash flows forecast is summed with the present value of the residual value. This summation represents the value of the business enterprise, which is estimated for each individual business unit of the Issuer. Since the future cash flows are those relating to the normal business operations, (and thus the business assets used in generating those cash flows) the value of any "non-operating" assets (i.e. excess cash, etc.) and the value of any subsidiary must be added to the value derived under the cash flows method, and the value of any financial and other long-term liabilities must be subtracted from this value, to arrive at the final conclusion of value.

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(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2020 and 31 December 2019:

	Note	Embedded derivative
Opening balance 1 January 2019		(6,582,934)
Net gains / (losses) recognized in profit or loss	40	(6,197,066)
Closing balance 31 December 2019	23	(12,780,000)
Net gains / (losses) recognized in profit or loss	40	(5,040,000)
Transferred to retained earnings	23	17,820,000
Closing balance 31 December 2020	23	-

(iv) Valuation inputs and relationships to fair value

Description	Fair value at		Un-observable inputs			Relationship of unobservable inputs to fair value
	31/12/2020	31/12/2019		2020	2019	
Embedded derivative	-	12,780,000	Weighted average cost of capital (WACC)	7.9%	9.2%	The higher the weighted average cost of capital, the lower the fair value. If the weighted average cost of capital was 1% per cent higher/lower while all other variables were held constant, the carrying amount would decrease/increase by €3,780,000/€5,280,000 respectively (2019: decrease/increase by €780,000/€840,000 respectively).
			Growth rate to perpetuity	1.4%	1.4%	The higher the growth rate to perpetuity, the higher the fair value. If the growth rate to perpetuity was 1% per cent higher/lower while all other variables were held constant, the carrying amount would increase/decrease by €4,660,000/€3,340,000 respectively (2019: increase/decrease by €2,140,000/€2,860,000 respectively).

4. Significant estimates and judgements of the management

Annual financial statements along with the accompanying notes and reports may involve certain judgements and calculations that refer to future events regarding operations, developments and financial performance of the Company and the Group. Despite the fact that such assumptions and calculations are based on the best possible knowledge of the Company's and the Group's management with regard to current conditions and actions, the actual results may eventually differ from calculations and assumptions taken into consideration in the preparation of the Group's and the Company's annual financial statements.

Significant accounting estimates and assumptions that involve important risk of causing future material adjustments to the assets' and liabilities' carrying values are discussed below:

(a) Judgement used to develop and apply an accounting policy

There might be no standard or interpretation that specifically applies to a transaction, other event or condition. In such cases, management uses its judgement to develop and apply an accounting policy that is both relevant and reliable to the users. In exercising its judgement to develop and apply an accounting policy, management considers other guidance by referring to the following sources and considering their applicability in descending order:

- Requirements in IFRSs and interpretations that deal with similar and related issues;
- The definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

Management has exercised its judgement based on the above to develop an accounting policy for capital contributions by owners, as described in Note 2.16.

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(b) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (note 2.10). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(c) Control over subsidiary

The directors of the Company assess whether or not the Group has control over a subsidiary based on whether the Group has the practical ability to direct the relevant activities of the subsidiary unilaterally. In making their judgement, the directors consider the Group's absolute size of holding in a subsidiary and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of its subsidiary Qualco Fin Limited and therefore the Group has control over Qualco Fin Limited.

(d) Impairment of investments in subsidiaries

The Company's Management evaluates on a yearly basis whether there are indications of impairment of its investments in subsidiaries. The assessment includes both external and internal factors which include inter-alia, significant changes with an adverse effect in the regulatory or technological environment or evidence available from internal reporting that indicates that the economic performance of subsidiaries is or will be worse than expected. If there are such indications, the Company tests for impairment the value of its investments in subsidiaries by comparing the recoverable amount of each investment with its book value. Management calculates the recoverable amount as the higher of value in use and fair value less selling costs. The key estimates used by Management for the purposes of determining the recoverable amount of investments relate to future cash flows and performance based on the business plans of the companies tested for impairment, the perpetual growth rate, future working capital as well as the discount rate. There is a high level of subjectivity involved in the key assumptions used by Management.

(e) Capitalization of software development costs

The expenses attributed to the development of the Group's software programs are recognized as intangible assets only when it is likely that the future economic benefits arising from the intangible assets will accrue to the entity. When estimating the future economic benefits, the group takes also into account the technical capability to complete the intangible asset and make it available for sale or use, the existence of a market for the product producing the intangible asset or, in case it will be internally used, the usefulness of the intangible assets as well as the capability to measure reliably the expenses attributable to the intangible asset during its development.

The useful economic life over which intangible assets are amortized is based on management's estimate of the period over which revenue will be received, and the expected technical obsolescence of such assets. However, the actual useful economic life might be different, depending on technical innovations and competitor actions. The Group estimates the useful economic life of computer software development intangible assets to be at least five years. As at 31 December 2020, the carrying amount of this software was €6,942,714 (2019: €7,583,642).

(f) Impairment of intangible assets

The carrying values of intangible assets are assessed for indications of impairment on an annual basis. The assessment includes both external and internal sources of information, such as significant adverse changes that have taken place, or are about to take place, in the technological, market, economic or legal environment, evidence of obsolescence or poor performance of an asset. To assess impairment, the recoverable amount of the asset is estimated based on value in use calculation. The calculations estimate future cash flows, discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money. This calculation includes estimations and assumptions about the future cash flows, and about the appropriateness of the discount rate applied.

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(g) Uncertain tax positions

In recognizing income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying values of income tax assets and liabilities are disclosed separately in the consolidated statement of financial position.

(h) Deferred tax assets

The Group recognizes deferred taxes on provisional tax differences, taking into consideration the applicable tax rates, and estimating the future benefits and future liabilities from taxes. When recognising deferred tax assets on unutilised tax losses, as well as during the evaluation of their recoverability, the best possible estimates by management are taken into consideration for the progress of the tax results of the group companies in the foreseeable future.

(i) Retirement benefit obligation

As at 31 December 2020, the Group recognized a retirement benefit obligation of €953,292 (2019: €480,526) in relation to Greek registered entities, as required by local law. The present value of the pension obligations for the Group's defined benefit plans is calculated on the basis of financial and actuarial assumptions that require management to make assumptions regarding discount rates, pay increases, mortality and disability rates, retirement ages and other factors. Changes in these key assumptions can have a significant impact on the obligation and pension costs for the period. The methods and types of assumptions used in calculating this obligation did not change compared to the prior period. Due to the long term nature of these defined benefit plans, these assumptions are subject to a significant degree of uncertainty.

(j) Recoverability of trade receivables

Provisions for bad debts within trade receivables are based on assumptions using historical data on recoverability of individual trade receivables, the risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward looking estimates at the end of each reporting period. The movement in the provision for bad debts has been included in note 12.

(k) Useful lives - Depreciation rates

The Group's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual lives of these assets can vary depending on a variety of factors such as technological innovation and maintenance programs.

(l) Revenue from contracts with customers – determining the timing of meeting performance obligations

The accounting policy for revenue is set out in note 2.20. With regards to the recognition of revenue under contracts with customers, management's judgement in determining whether performance obligations have been met affects the amount and timing of revenue from contracts. The Group determined that the percentage completion basis is the best method for measuring progress because there is a direct relationship between the Group's effort and the transfer of services to the customer. The judgment used in applying the percentage completion basis affects the amount and timing of revenue from contracts.

(m) Determination of lease term – Accounting by lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant: If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate). If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate). Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption. The lease term is reassessed if an option is actually

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exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(n) Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Board of Directors (BoD) and Chief Financial Officer (CFO) of the Company determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group and Company engage third party qualified valuers to perform the valuation. The BoD and CFO work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The valuations of embedded derivatives closely related to private equity instruments are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on the carrying amounts of these liabilities and the sensitivity of those amounts to changes in unobservable inputs are provided in note 3.3.

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5. Property, plant and equipment

		GROUP						
	Note	Installations of buildings in third- party properties	Machinery	Motor vehicles	Furniture and other equipment	Computer hardware	Leased assets under finance leases*	Total
Cost								
Balance at 1/1/2019		508,127	105,041	21,680	2,645,467	9,027	281,164	3,570,506
Adjustment on initial application of IFRS 16	6	-	-	-	-	-	(281,164)	(281,164)
Additions		200,829	-	-	639,867	10,368	-	851,064
Balance at 31/12/2019		708,956	105,041	21,680	3,285,334	19,395	-	4,140,406
Accumulated depreciation								
Balance at 1/1/2019		(396,226)	(96,804)	(13,779)	(2,082,018)	(7,067)	(158,221)	(2,754,115)
Adjustment on initial application of IFRS 16	6	-	-	-	-	-	158,221	158,221
Depreciation	35	(64,572)	(2,339)	(2,168)	(223,900)	(5,044)	-	(298,023)
Balance at 31/12/2019		(460,798)	(99,143)	(15,947)	(2,305,918)	(12,111)	-	(2,893,917)
Net book amount 31/12/2019		248,158	5,898	5,733	979,416	7,284	-	1,246,489
Cost								
Balance at 1/1/2020		708,956	105,041	21,680	3,285,334	19,395	-	4,140,406
Additions		1,515,166	-	-	1,238,866	24,241	-	2,778,273
Write offs		(157,789)	-	-	-	-	-	(157,789)
Balance at 31/12/2020		2,066,333	105,041	21,680	4,524,200	43,636	-	6,760,890
Accumulated depreciation								
Balance at 1/1/2020		(460,798)	(99,143)	(15,947)	(2,305,918)	(12,111)	-	(2,893,917)
Write offs		68,547	-	-	-	-	-	68,547
Depreciation	35	(131,049)	(1,325)	(2,168)	(319,258)	(7,153)	-	(460,953)
Balance at 31/12/2020		(523,300)	(100,468)	(18,115)	(2,625,176)	(19,264)	-	(3,286,323)
Net book amount 31/12/2020		1,543,033	4,573	3,565	1,899,024	24,372	-	3,474,567

* Upon initial application of IFRS 16 at 1.1.2019, leased assets under finance leases in respect of IAS 17 were transferred in right-of-use assets.

There is no property, plant and equipment pledged as security.

The Company has no property, plant and equipment as at 31 December 2020 and 2019.

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6. Leases

Right-of-use assets are analyzed as follows:

		GROUP					
				IT	Telecommu-	Motor	
Note	Land	Buildings	equipment	nications	Vehicles	Total	
				network and			
				Equipment			
Cost							
01/01/2019 - Impact of IFRS 16 implementation	214,506	1,585,196	281,164	29,409	408,052	2,518,327	
Balance at 31/12/2019	214,506	1,585,196	281,164	29,409	408,052	2,518,327	
Accumulated depreciation							
01/01/2019 - Impact of IFRS 16 implementation	-	-	(158,221)	-	-	(158,221)	
Depreciation	(71,502)	(387,733)	(32,067)	(6,076)	(43,462)	(540,840)	
Balance at 31/12/2019	(71,502)	(387,733)	(190,288)	(6,076)	(43,462)	(699,061)	
Net book amount 31/12/2019	143,004	1,197,463	90,876	23,333	364,590	1,819,266	
Cost							
Balance at 1/1/2020	214,506	1,585,196	281,164	29,409	408,052	2,518,327	
Additions	-	10,291,564	-	-	178,775	10,470,339	
Termination of leases	(214,506)	(548,285)	-	-	-	(762,791)	
Balance at 31/12/2020	-	11,328,475	281,164	29,409	586,827	12,225,875	
Accumulated depreciation							
Balance at 1/1/2020	(71,502)	(387,733)	(190,288)	(6,076)	(43,462)	(699,061)	
Depreciation	-	(855,601)	(31,848)	(6,863)	(134,393)	(1,028,705)	
Termination of leases	71,502	249,783	-	-	-	321,285	
Balance at 31/12/2020	-	(993,551)	(222,136)	(12,939)	(177,855)	(1,406,481)	
Net book amount 31/12/2020	-	10,334,924	59,028	16,470	408,972	10,819,394	

The Company has no right-of-use assets as at 31 December 2020 and 2019.

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The consolidated statement of financial position as of 31 December 2020 and 2019 includes the following amounts related to lease liabilities:

	31/12/2020	31/12/2019
Lease liabilities (short-term portion)	1,366,660	536,886
Lease liabilities (long-term portion)	9,510,342	1,314,279
Total lease liabilities	10,877,002	1,851,165

As referred to in note 2.2 the Group has applied the practical expedient provided by the IFRS 16 amendment to all rent concessions occurring as a direct consequence of the Covid-19 pandemic, which all meet the conditions provided in the amendment.

Qualco SA has benefited from a 40% reduction of lease payments on buildings for the months from April to May 2020 and for December 2020. The effect of the 40% discount of lease payments of €15,875 has been accounted for as a negative variable lease payment in profit or loss (Note 37). The Group has derecognized the part of the lease liability that has been extinguished by the reduction of lease payments, consistent with the requirements of IFRS 9:3.3.1.

The maturity analysis of lease liabilities is presented below:

	31/12/2020	31/12/2019
Lease liabilities-minimum lease payments		
Up to 1 year	1,773,022	667,453
1 to 5 years	6,250,772	1,447,176
Over 5 years	4,567,200	56,480
Total	12,590,994	2,171,109
Less: Future finance cost of lease liabilities	(1,713,992)	(319,944)
Present value of lease liabilities	10,877,002	1,851,165

The present value of lease liabilities is analyzed below:

	31/12/2020	31/12/2019
Up to 1 year	1,366,659	536,887
1 to 5 years	5,219,551	1,261,802
Over 5 years	4,290,792	52,476
Total	10,877,002	1,851,165

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7. Intangible assets

	Note	GROUP				
		Service contract	Software development costs	Software	Licenses	Software under construction
Cost						
Balance at 1/1/2019		-	14,516,875	1,983,013	71,553	114,698
Additions		-	1,755,079	707,153	-	43,200
Transfers		-	-	157,898	-	(157,898)
Balance at 31/12/2019		-	16,271,954	2,848,064	71,553	-
Accumulated amortisation						
Balance at 1/1/2019		-	(6,373,301)	(1,379,591)	(71,553)	-
Amortisation	35	-	(2,315,011)	(279,650)	-	-
Balance at 31/12/2019		-	(8,688,312)	(1,659,241)	(71,553)	-
Net book amount 31/12/2019		-	7,583,642	1,188,823	-	-
Cost						
Balance at 1/1/2020		-	16,271,954	2,848,064	71,553	-
Recognized on acquisition of subsidiary	39	19,136,000	-	-	-	-
Additions		-	1,993,552	1,195,461	-	-
Balance at 31/12/2020		19,136,000	18,265,506	4,043,525	71,553	-
Accumulated amortisation						
Balance at 1/1/2020		-	(8,688,312)	(1,659,241)	(71,553)	-
Amortisation	35	(1,240,296)	(2,634,480)	(532,965)	-	-
Balance at 31/12/2020		(1,240,296)	(11,322,792)	(2,192,206)	(71,553)	-
Net book amount 31/12/2020		17,895,704	6,942,714	1,851,319	-	-

The Company has no intangible assets as at 31 December 2020 and 2019.

The identifiable intangible asset recognized on acquisition of subsidiary QQuant Cyprus Master Servicer Cyprus Limited, as described in note 39, is the Service Contract, according to which QQuant Cyprus will service a portfolio of non-performing loans and real estate assets under a 9-year period.

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8. Investments in subsidiaries

The change in the carrying value of Company's investments in subsidiaries is as follows:

	COMPANY	
	31/12/2020	31/12/2019
Opening balance	8,324,325	8,174,325
Additions	10,000	150,000
Closing Balance	8,334,325	8,324,325

During 2020, additions relate to the Company's payment for the acquisition of 100% of Qres Cyprus Limited acquired in 2019.

The acquisition cost and the accumulated impairment losses consisting the carrying value of the Company's investments in subsidiaries as of 31 December 2020 are as follows:

Company	Acquisition cost	Accumulated impairment losses	Carrying value
Qualco SA	10,407,578	(2,233,253)	8,174,325
Qualco SAS (France)	1,850,000	(1,700,000)	150,000
Qres Cyprus Ltd	10,000	-	10,000
	12,267,578	(3,933,253)	8,334,325

Principal subsidiaries

The Group's subsidiaries as at 31 December 2020 and 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Non-controlling interest in Qualco Group at 31 December 2020 are as follows:

Qualco UK Limited 10% (2019:10%)

Qualco FIN Limited 49% (2019:-)

Company Name	Registered office	Direct ownership		Indirect ownership		Non-controlling interests	
		2020	2019	2020	2019	2020	2019
QUALCO SA	Greece	100%	100%	-	-	-	-
QQUANT MASTER							
SERVICER SA	Greece	-	-	100%	100%	-	-
QUALCO UK LIMITED	United Kingdom	-	-	90%	90%	10%	10%
QUALCO CYPRUS LTD	Cyprus	-	-	100%	100%	-	-
QUALCO SAS (FRANCE)	France	99%	99%	1%	1%	-	-
QRES CYPRUS LTD*	Cyprus	100%	-	-	-	-	-
QUALCO FIN LIMITED**	United Kingdom	51%	-	-	-	49%	-
QQUANT MASTER							
SERVICER CYPRUS							
LIMITED***	Cyprus	-	-	38.20%	-	61.8%	-

* During 2020 a branch of Qres Cyprus Ltd was established in Greece. The registered office address of the branch is Ag. Konstantinou 40, Marousi, 151 24, Greece.

** Qualco FIN was incorporated in April 2020.

On October 5, 2020 Qualco Holdco and Fixtolo Holdings Limited ("FHL") entered into a subscription and shareholders' agreement (the "SHA") relating to Qualco Fin Limited ("QFIN"). According to the SHA: i) QFIN agreed to issue and allot to FHL 98 ordinary shares of €1.00 each in its capital, ii) QFIN agreed to issue and allot to Qualco Holdco ordinary shares of €1.00 each in its capital and iii) following the Completion of the transaction the Company would hold 51% of the entire issued share capital of QFIN and FHL would hold 49% of the entire issued share capital of QFIN. Since the issuance and allotment of shares to FHL was completed on December 17, 2020, the Group has consolidated its subsidiary QFIN as a wholly owned subsidiary in 2020.

*** On 31 December 2019, the Company (as the "Buyer") entered into a Share Purchase Agreement (the "SPA") with Astrobank Public Company Limited (the "Seller") to acquire 749 ordinary shares of €1.00 in Trusset

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Asset Management Limited (the "Acquiree"), representing 74.9% of the issued share capital of the Acquiree for a total consideration of €11,609,500 (the "Purchase Price"). The SPA parties agreed that 50% of the Purchase Price amounting to €5,804,750 (the "Deferred Consideration") will be deferred and payable within 12 months of the Completion Date (the "Deferred Consideration Payment Date") and that such deferred payment shall be subject to interest at a rate of 3% per annum accruing on a daily basis from the Completion Date until the Deferred Consideration Payment Date.

On 21 August 2020, the Company entered into a Deed (the "SPA Novation Deed") with the Seller, the Acquiree and its subsidiary Qualco Fin Limited, according to which the Company novates and otherwise assigns and transfers to Qualco Fin Limited all of its rights, benefits, titles, interests and obligations under the SPA and Qualco Fin Limited agrees to perform all of the Company's obligations under the SPA, including payment of the Purchase Price and Deferred Consideration Interest.

The acquisition of the 74.9% of Trusset Asset Management Limited by Qualco Fin Limited was completed on May 31, 2020 (Note 39). Based on the Certificate of Change of Name dated on September 14 2020, Trusset Asset Management Limited was renamed to QQuant Master Servicer Cyprus Limited.

The registered office address of the subsidiary undertakings are as follows:

Qualco SA - 40 Ag. Konstantinou st. Maroussi, 151 24, Greece

QQuant Master Servicer SA- 66, Kifisias str., Marousi, P.C. 151 24, Greece

Qualco (UK) - 15 Westferry Circus, Canary Wharf, London E14 4HD, United Kingdom

Qualco Cyprus - 66, Acropolis Tower, Strobalos 2012, Nicosia, Cyprus

Qualco SAS - 9 Rue Anatole de la Forge, 75017 Paris, France

QRES Cyprus Ltd - 66, Acropolis Tower, Strobalos 2012, Nicosia, Cyprus

Qualco Fin Ltd - Hersham Place Technology Park, Hersham, Walton-on-Thames, KY12 4RX, United Kingdom

QQuant Master Servicer Cyprus Limited - 1 Spyrou Kyprianou, 1065, Nicosia, Cyprus

All subsidiaries are included in the consolidation share the same principal activity.

Subsidiaries with a significant percentage of non-controlling interests

The following tables present summary financial information regarding non-wholly owned subsidiaries in which non-controlling interests hold a significant percentage.

SUMMARY STATEMENT OF FINANCIAL POSITION

	QQUANT MASTER SERVICER CYPRUS LIMITED*
Proportion of ownership interests and voting rights held by non-controlling interests	25.10%
	31/12/2020
Non-current assets	17,902,326
Current assets	2,716,309
Total assets	20,618,635
Non-current liabilities	3,400,184
Current liabilities	1,038,001
Total liabilities	4,438,185
Equity	16,180,450
<u>Corresponding to:</u>	
Non-controlling interests	4,061,293
Bargain purchase gain	(40)
Total non-controlling interests	4,061,253

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SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	QQUANT MASTER SERVICER CYPRUS LIMITED*
Proportion of ownership interests and voting rights held by non-controlling interests	25.10%
	31/5/2020 - 31/12/2020
Revenue	2,591,380
Loss for the period	(143,937)
Other comprehensive income for the period	-
Total comprehensive loss for the period	(143,937)
Loss for the period attributable to non-controlling interests	(36,128)
Dividends attributable to non-controlling interests	125,500

SUMMARY STATEMENT OF CASH FLOWS

	QQUANT MASTER SERVICER CYPRUS LIMITED*
Proportion of ownership interests and voting rights held by non-controlling interests	25.10%
	31/5/2020 - 31/12/2020
Net cash flows from operating activities	287,342
Net cash flows used in investing activities	(6,765)
Net cash flows from financing activities	398,852
Net increase in cash and cash equivalents	679,429

* The amounts disclosed do not reflect eliminations with the larger Qualco Holdco Group.

9. Investments in associates

The movement of investments in associates is as follows:

	GROUP	
	31/12/2020	31/12/2019
Opening balance	99,272	112,648
Additions-increase in investment cost	350	-
Share of (loss) / profit	(100,934)	1,607
Other movements	1,312	(14,983)
Closing balance	-	99,272

The Group's investments in associates are as follows:

Entity Name	Activity	Country of establishment	% holding
PQH Single Special Liquidation SA ("PQH")	Single Special Liquidator in Greece	Greece	33.33%
Inqubator Laboratory Holding Company AE	Holding Company	Greece	50.00%

The address of the registered office of PQH is Gravias 3 & Granikou, 15125 Maroussi, Greece.

PQH is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associate.

The address of Inqubator is Agiou Konstantinou 40, 15124, Marousi, Greece

The Group's investment in Inqubator is fully impaired since the company is inactive and under liquidation.

The following tables present summary financial information of associate PQH, which is material to the Group.

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Summarised financial information for associate

Set out below is the summarised financial information in respect of the Group's associate, which is accounted for using the equity method.

	PQH	
	31/12/2020	31/12/2019
Summarized statement of financial position		
Current assets	4,751,789	5,153,820
Non - current assets	1,538	2,128
Total liabilities	(4,864,125)	(4,858,100)
Net assets	(110,798)	297,848
	1/1/2020 -	1/1/2019 -
Summarized statement of comprehensive income	31/12/2020	31/12/2019
Revenue	7,997,943	8,688,748
(Loss) / profit for the year	(413,631)	4,821
Other comprehensive income	-	-
Total comprehensive (loss) / income	(413,631)	4,821

The reconciliation of the above summarized financial information to the carrying amount of the interest in PQH recognized in the consolidated financial statements is as follows:

	31/12/2020	31/12/2019
Opening net assets	297,848	333,197
(Loss) / profit for the year	(413,631)	4,821
Share capital increase	1,050	-
Other movements	3,935	(40,170)
Closing net assets of associate	(110,798)	297,848
Group's ownership interest in the associate	33.33%	33.33%
Proportion of the Group's ownership interest in the associate	(36,929)	99,272
Unrecognized share of losses	(36,929)	-
Carrying amount of the Group's interest in the associate	-	99,272

The unrecognized share of losses are as follows:

	31/12/2020
Unrecognized share of loss of the associate from previous years	-
Unrecognised share of loss of the associate for the year	(36,929)
Cumulative unrecognized share of loss of an associate	(36,929)

10. Non-current financial assets

Non-current financial assets of €1,161,000 for the Company pertains to amounts receivable from related parties. Further details are included in note 42.

11. Other non-current assets

Other non-current assets are analyzed as follows:

	GROUP	
	31/12/2020	31/12/2019
Rent guarantees	248,036	110,292
Restricted cash	16,965	865,122
Total	265,001	975,414

The Company has no other non-current assets as at 31 December 2020 and 2019.

Restricted cash of €16,965 (2019: €865,122) pertains to QSA's receivable from NBG Factors arising from a contract signed on 14 August 2018.

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12. Trade and other receivables

Trade and other receivables are analyzed as follows:

	Note	GROUP		COMPANY	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
Trade receivables		13,466,274	5,505,038	-	-
Trade receivables - Related parties	42	567,881	25,462	16,468	561,750
Less: Provision for impairment		(1,925,784)	(1,401,473)	-	-
Net trade receivables		12,108,371	4,129,027	16,468	561,750
Receivables under factoring agreement		-	2,070,524	-	-
Receivables from Astrobank (GAP Fee)	21	424,227	-	-	-
Other debtors		29,000	25,000	-	-
Total		12,561,598	6,224,551	16,468	561,750
Non-current assets		-	-	-	-
Current assets		12,561,598	6,224,551	16,468	561,750
Total		12,561,598	6,224,551	16,468	561,750

The amount of €2,070,524 in 2019 pertains to QSA's receivable from NBG Factors.

Due to the short-term nature of trade receivables, their carrying amount is considered to be the same as the fair value.

The ageing analysis of trade receivables as of December 31, 2020 and 2019 is the following:

	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Not overdue, nor impaired	10,397,393	3,112,032	16,468	561,750
Overdue:				
< 3 months	1,192,141	740,270	-	-
3 - 6 months	959,379	57,351	-	-
6 months - 1 year	263,376	593,400	-	-
More than 1 year	1,221,866	1,027,448	-	-
	14,034,155	5,530,501	16,468	561,750
Less: Provision for impairment	(1,925,784)	(1,401,473)	-	-
Net trade receivables	12,108,371	4,129,028	16,468	561,750

The Group's and Company's maximum exposure to credit risk on 31 December 2020 and 2019 is the fair value of the above trade and other receivables. The Group does not hold any collateral as security.

The movement in the provision for impairment of trade receivables stands as follows:

Opening balance at 1/1/2019	(1,041,510)
Provision during the year	(359,963)
Closing Balance at 31/12/2019	(1,401,473)
Opening balance at 1/1/2020	(1,401,473)
Provision during the year	(527,807)
Currency translation differences	3,496
Closing Balance at 31/12/2020	(1,925,784)

The Group applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and the days past due.

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13. Income tax assets

	GROUP	
	31/12/2020	31/12/2019
Income tax advance	103,093	347,268
Withholding income tax	16,152	11,118
Total	119,245	358,386

The Company has no current income tax assets as at 31 December 2020 nor did the Company hold a current income tax asset as at 31 December 2019.

14. Contract assets

Group contract assets in 2020 and 2019 of €10,869,329 and € 6,167,727 respectively, relate to services that have been rendered to customers during 2020 and 2019 respectively and invoiced in 2021 and 2020 respectively, according to the relevant contracts.

15. Financial assets

Financial assets of €1,986,205 (2019: €2,143,131) for the Group and €4,643,800 (2019: €129,167) for the Company pertain to amounts receivables from related parties. Further details are included in note 42.

16. Other current assets

Other current assets are analyzed as follows:

	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Personnel advances	40,000	77,428	-	-
Vendor debit balances	-	203,469	-	-
Other receivables	22,006	75,654	708,000	-
Prepaid expenses	483,316	403,815	-	179,776
Restricted cash	-	694,400	-	-
	545,322	1,454,766	708,000	179,776

Due to the short term nature of other current assets, their carrying amount is considered to be the same as their fair value.

Restricted cash in 2019 of €694,400 pertained to QSA's receivable from ABC Factors arising from a contract signed on 1 March 2016. Restricted cash was released in January 2020.

17. Other tax assets

	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
VAT recoverable	473,418	686,539	7,354	11,360
	473,418	686,539	7,354	11,360

18. Cash and cash equivalents

	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Cash on hand	886	812	-	-
Cash at bank	8,683,739	3,467,072	106,895	134,100
Total	8,684,625	3,467,884	106,895	134,100

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19. Financial instruments

The Group and the Company hold the following financial instruments:

	GROUP		COMPANY	
Financial assets:	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Trade and other receivables	12,561,598	6,224,551	16,468	561,750
Other financial assets at amortised cost	2,313,212	2,406,505	6,512,800	129,167
Cash and cash equivalents	8,684,625	3,467,883	106,895	134,100
Total	23,559,435	12,098,939	6,636,163	825,017
Financial liabilities:				
Trade payables	11,205,847	8,504,656	1,087,303	868,470
Other financial liabilities at amortised cost	12,055,612	4,336,663	72,732	-
Borrowings	10,854,089	17,746,386	6,869,800	10,312,047
Derivative financial liabilities	-	12,780,000	-	12,780,000
Lease liabilities	10,877,002	1,851,165	-	-
Total	44,992,550	45,218,870	8,029,835	23,960,517

20. Share capital and share premium

	COMPANY		
	Share capital	Share Premium	Total
Fully paid ordinary shares	(i) 18,713	9,996,257	10,014,970
Total share capital and share premium	18,713	9,996,257	10,014,970

(i) Movements in ordinary shares:

	COMPANY				
	Number of shares	Par Value	Share capital	Share Premium	Total
Balance as at 1 January 2019	14,970	1.00	14,970	-	14,970
Balance as at 31 December 2019	14,970	1.00	14,970	-	14,970
Balance as at 1 January 2020	14,970	1.00	14,970	-	14,970
Share capital increase	3,743	1.00	3,743	9,996,257	10,000,000
Balance as at 31 December 2020	18,713	1.00	18,713	9,996,257	10,014,970

On 9 February 2018, Qualco Holdco issued 14,970 ordinary shares to purchase the issued share capital of Qualco SA by way of a share for share exchange, which has been treated as a group reconstruction and accounted for using the reverse merger accounting method.

Share capital increase pertains to the conversion of the Convertible Preference Shares on December 31, 2020.

As described in note 22, at March, 1 2018 and subject to an Investment and Shareholders' Agreement dated on August, 8 2017, the Company issued and Amely S.a.r.l. (the "Investor") subscribed for 3,743 Convertible Preference Shares for a total amount of €10m. On December, 31 2020, according to the Written Resolutions of the members of the Company signed on December, 21 2020, the 3,743 Convertible Preference Shares of €1.00 each in the capital of the Company (being all of the Convertible Preference Shares in issue) were redesignated as 3,743 Ordinary Shares of €1.00 each in the capital of the Company.

Ordinary shares have a par value of €1. They entitle the holder to participate in dividends, and to share in the process of winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder shall have one vote; and, on a poll, each share is entitled to a vote.

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21. Other reserves

21.1 Group's other reserves

The following table shows a breakdown of Group's statement of financial position line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided in the table below:

		GROUP			
	Note	Shareholders' capital contributions	Merger reserve	Actuarial gains / (losses) reserve	Total other reserves
Balance as at 1 January 2019			2,948,758	61,335	3,010,093
Actuarial gains	41	-	-	322,596	322,596
Balance as at 31 December 2019		-	2,948,758	383,931	3,332,689
Balance as at 1 January 2020		-	2,948,758	383,931	3,332,689
Actuarial losses	41	-	-	(43,582)	(43,582)
Capital contributions by shareholders		991,846	-	-	991,846
Balance as at 31 December 2020		991,846	2,948,758	340,349	4,280,953

Capital contributions

Capital contributions of €991,846 represents the 74.9% of a total GAP Fee of €1,324,227 contributed to Company's indirect subsidiary QQuant Master Servicer Cyprus Limited (QQuant Cyprus) by its former parent company Astrobank Public Company Limited (the "Bank").

Following a competitive bidding process initiated by the Bank within the year 2019, the Bank and Qualco Group reached an agreement, according to which:

- the Bank transferred to QQuant Cyprus the management of its internal non-performing loans recovery and real estate assets;
- the Bank and QQuant Cyprus entered into a Servicing Agreement, according to which QQuant Cyprus undertook to service the aforementioned portfolio and
- Qualco Group, through its subsidiary Qualco Fin Limited ("Qualco Fin"), acquired the 74.9% of QQuant Cyprus for a total consideration of €11,609,500.

The term of the above mentioned Servicing Agreement is deemed to have commenced on the Effective Date, being the May 31, 2020. The GAP Fee represents the aggregate Success Fees which would have been paid to QQuant Cyprus for the period from October 1, 2019 up to May 31, 2020 had the Servicing Agreement been effective on and from October 1, 2019. The GAP Fee was included in the Servicing Agreement as the consideration of €11,609,500 was determined as part of the competitive bidding process in 2019 and was based on expectations, around the fees that QQuant Cyprus would be able to generate on the basis of the above portfolio for the period from October 1, 2019 up to May 31, 2020.

Based on the above, the GAP Fee appears to be based on recoveries made from the Assets during a period in which no services were rendered by QQuant Cyprus to the Bank as the Servicing Agreement was not effective and therefore it cannot be recognized as revenue.

With the GAP Fee the Bank and Qualco Fin aimed to adjust the total consideration of €11,609,500 payable by Qualco Fin. Therefore, instead of reducing the amount of consideration, the Bank contributed an amount of €1,324,227, being the total of GAP Fee, to QQuant Cyprus, out of which an amount of €335,381 is attributed to the Bank through its 25.1% equity holding in QQuant Cyprus, while the remaining €991,846, being the 74.9% of the total GAP Fee represents a contribution by Qualco Fin to QQuant Cyprus.

Based on the above the overall substance of the GAP Fee is that of a capital contribution made to QQuant Cyprus for no consideration by its equity holders, in their capacity as owners and according to the policy described in Note 2.16 has been recognized directly in equity under the reserve "Shareholders' capital contributions".

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As of December 31, 2020 an amount of €900,000 has been received. The remaining balance of €424,227 is presented in "Trade and other receivables" (Note 12).

Merger reserve

A merger reserve was created on purchase of the entire share capital of Qualco SA in 2018, which was completed by way of a share for share exchange and which has been treated as a group reconstruction and accounted for using the reverse merger accounting method.

21.2. Company's other reserves

Company's other reserves of €3,607,578 were recognized on February 9, 2018, when the Company acquired the entire issued share capital of its subsidiary Qualco SA, by way of a share for share exchange. On acquisition date, Qualco Holdco issued 14,970 ordinary shares to purchase the issued share capital of Qualco SA by way of a share for share exchange. Additionally, according to a valuation performed for QSA at acquisition date, the fair value of its net assets and liabilities amounted to €3,622,548. The amount of €3,607,578, being the difference of QSA's fair value on acquisition date of €3,622,548 and the amount of share capital of €14,970 (Note 20) was recognized in other reserves with a corresponding increase in Company's investment in QSA.

22. Borrowings

	Note	GROUP		COMPANY	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
Long-term debt					
Bond loan (i)		-	2,609,946	-	-
Bank loans (ii)		1,929,624	-	-	-
Loan from related parties	42	-	-	2,226,000	-
Total long-term debt		1,929,624	2,609,946	2,226,000	-
Short-term debt					
Bond loan (i)		2,767,500	-	-	-
Bank loans (ii)		1,494,114	4,778,275	-	-
Loan from third party (iii)		4,643,800	-	4,643,800	-
Host contract (iv)		-	10,312,047	-	10,312,047
Credit cards		19,052	46,119	-	-
Total short-term debt		8,924,466	15,136,441	4,643,800	10,312,047
Total		10,854,090	17,746,387	6,869,800	10,312,047

All borrowings are expressed in Euros.

(i) Bond loan

On November 6, 2019, Qualco SA entered into a loan agreement for the refinancing of its bond loan of €3,000,000. The loan is at a rate of 4% plus Euribor. According to the terms of this agreement, the loan is repayable through 31 October 2023 into seven six-month installments. As of 31 December 2020, QSA was in breach of certain performance indicators set by the loan agreement for which no waiver has been received from the bank. As a result, the total outstanding amount of the loan of €2,767,500 has been classified in short-term borrowings. The relationship with the Bank continues in good standing and a waiver and / or restatement of some performance indicators are expected.

(ii) Bank loan agreements advanced to the Group during the year:

On September 10, 2020, Qualco SA entered into a facility agreement with Alpha Bank (the "Lender") for a total amount of €2,000,000. According to the terms of this agreement, the loan is repayable in 16 installments of €125,000 payable every three months, starting December 2021. Interest is charged at 3.85% (3.25 % spread + 0.60% L.128/75 Levy) per annum.

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(iii) Loan from third party

On August 14, 2020, the Company entered into a facility agreement with Anmalou Holdings Sarl (the "Lender") for a total amount of €4,643,800. The loan facility was used by the Company towards payment to Astrobank Public Company Limited of the purchase price for the acquisition of 74.9% of Trusset Asset Management Limited under the SPA Novation Deed (by on lending such amounts to its subsidiary Qualco Fin Ltd). According to the terms of this agreement, the loan is repayable in full, together with all interest accrued but not paid thereon, on August 1, 2021. The loan bears an interest at 7.5%.

(iv) Host contract

On 8 August 2017, an Investment and Shareholders' Agreement (the "Agreement") was entered into between the Company (the "Issuer"), Amely S.a.r.l. (the "Investor") and other parties. At 1 March 2018 (the "closing date"), the Investor subscribed for, the Convertible preference Shares issued by the Company in exchange of €10m, with inter alia, the following main characteristics:

- It can be converted at any date until 31.12.2020, in whole (but not less than whole), to ordinary shares representing more than 20% of the outstanding shares of the Issuer on a fully diluted basis;
- The holder receives ordinary dividends on a converted basis;
- It has an "Investment Amount" of € 10m and it accumulates preferred dividends of 8% annually, less any ordinary dividends received during the period. The sum of the net accumulated preferred dividends and the Investment Amount constitute the "Investor Liquidity Preference";
- It can be converted to a "Fixed Bond" of a 3-year maturity and annual coupon of 8% with par value the Investor Liquidity Preference'
- If the Convertible is not converted by 31.12.2020, the conversion becomes mandatory.

The agreement signed constituted a hybrid contract embodying both a non-closely related embedded derivative (note 22) and a host contract, since all the criteria for separating the embedded derivative from the host contract described in note 2.12 were met.

As at 7.8.2019, the Investor signed a Waiver agreement, whereby he forfeited its right to convert the Convertible into a Fixed Bond (the "Waiver"). The net loss on the modification of the host contract in 2019 is presented in note 39.

As of 31 December 2020, following the redesignation of the 3,743 Convertible Preference Shares into Ordinary Shares, as described in note 19, the host contract has been derecognized. An amount of €10m, representing the Investment Amount of Amely S.a.r.l was transferred to the Company's share capital (Note 20). The remaining amount of €1,137,778 constituting the accrued interest capitalized in the host contract up to 31 December 2020 has been transferred to retained earnings.

The maturity of long-term debt is as follows:

	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Between 1 and 2 years	500,000	709,946	-	-
2 to 5 years	1,429,624	1,900,000	2,226,000	-
	1,929,624	2,609,946	2,226,000	-

23. Derivative financial liabilities

	GROUP AND COMPANY	
	31/12/2020	31/12/2019
Embedded derivative	-	12,780,000
	-	12,780,000

The embedded derivative is a component of the hybrid contract, signed on 8 August 2017 (Note 22), which has been treated as a separate derivative since all the criteria for separating the embedded derivative from the host contract described in note 2.11 are met.

The amounts recognized in profit or loss during the year amount to loss of €5,040,000 (2019: loss of €6,197,066), as presented in note 40.

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The valuation methodology and inputs used for the valuation of the embedded derivative are disclosed in note 3.3.

As of 31 December 2020, following the redesignation of the 3,743 Convertible Preference Shares into Ordinary Shares, as described in note 20, the embedded derivative amounting to €17,820,000 has been derecognized and transferred to retained earnings.

24. Deferred taxation

The deferred tax assets and liabilities recognized by the Group are as follows:

	GROUP	
	31/12/2020	31/12/2019
Deferred tax assets		
Property, plant and equipment	69,856	69,856
Intangible assets	306,102	185,087
Retirement benefit obligation	453,686	220,413
Total Deferred tax assets	829,644	475,356
Deferred tax liabilities		
Other current liabilities	-	(151,569)
Intangible assets	(3,555,798)	(43,803)
Total Deferred tax liabilities	(3,555,798)	(195,372)

The movement of deferred tax is as follows:

	Note	GROUP				
		Property, plant and equipment	Intangible assets	Other current liabilities	Retirement benefit obligation	Tax losses
At 1 January 2019		72,766	237,424	(157,884)	156,966	971,621
(Charge) / credit to profit or loss		(2,910)	(96,140)	6,315	166,516	(971,621)
Charge to other comprehensive income		-	-	-	(103,070)	-
At 31 December 2019		69,856	141,284	(151,569)	220,412	-
At 1 January 2020		69,856	141,284	(151,569)	220,412	-
(Charge) / credit to profit or loss		-	400,475	(4,045)	219,512	-
Charge to other comprehensive income		-	-	-	13,762	-
Recognized on acquisition of subsidiary	39	-	(3,635,840)	-	-	-
At 31 December 2020		69,856	(3,094,081)	(155,614)	453,686	-

The Company has no deferred tax assets or liabilities as at 31 December 2020 and 2019.

25. Retirement benefit obligations

The amounts recognized in the statement of financial position are the following:

	GROUP	
	31/12/2020	31/12/2019
Liabilities in the Statement of Financial Position for:		
Present Value of obligations	953,292	480,526
Total	953,292	480,526

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The amounts recognized in the profit or loss are as follows:

	GROUP	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Charge / (credit) for:		
Current service cost	197,974	264,481
Interest cost	3,740	9,794
Past service cost	221,928	3,644
Settlement/curtailment/termination loss	79,215	4,200
Total charged to profit or loss	502,857	282,119

The amounts recognized in other comprehensive income are as follows:

	GROUP	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
(Charge) / credit for:		
Actuarial losses due to changes in assumptions	(80,532)	(74,530)
Actuarial gains due to experience adjustments	23,190	45,385
Total actuarial (losses) / gains recognized in OCI	(57,342)	(29,145)
Other adjustments recognised in OCI	-	454,811
Total amount recognised in OCI	(57,342)	425,666

The movement in the liability recognized in the statement of financial position is as follows:

	GROUP	
	31/12/2020	31/12/2019
Defined benefit obligation at start of the period	480,526	627,865
Current service cost	197,974	264,481
Interest cost	3,740	9,794
Benefits paid directly by the Group	(87,432)	(3,792)
Settlement/curtailment/termination loss	79,214	4,200
Defined benefit obligation adjustments (through OCI)	-	(454,811)
Past service cost	221,928	3,644
Actuarial losses due to changes in financial assumptions	80,532	74,530
Actuarial gains due to experience adjustments	(23,190)	(45,385)
Defined benefit obligation at end of period	953,292	480,526

The defined benefit plans are in respect of Greek companies, which are subject to the local legislation. Under Greek labor law, employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's compensation, length of service and manner of termination (dismissal or retirement). The policy of the Greek companies in the Group is in alignment with L.4093/12, according to which:

- 40% of the compensation is paid upon normal retirement
- 100% of the compensation is paid upon dismissal
- No indemnities are paid upon death, voluntarily withdrawal or retirement due to permanent disability
- No maximum limit on the pensionable monthly salary is applied by the companies

These are unfunded plans with obligation of payment at the date when they fall due. In the following 12 months no significant cash outflows are expected.

These benefits are valued using the Projected Unit Credit ("PUC") method. This method sees each period of service as giving rise to an additional unit of benefit entitlement (meaning that the employee gains an additional retirement benefit by each year of employment) and measures each unit separately to build up the final obligation. The assumptions used are decomposed in Economic and Demographic.

The assumptions used for 2020 and 2019 results are as follows:

Economic assumptions:

- Discount rate: The index of European Corporate bonds AA iBoxx EUR 10 +index, has been used, as at 31 December 2020 and 2019, as shown in the table below,

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- Price inflation (CPI): Following the companies' long-term expectation, CPI is set annually in line with the long-term CPI for the Eurozone. The CPI for 2020 and 2019 is presented in the table below,
- Salary increase: The rate of annual salary increase is based on companies' view and it has been the same for both years

Demographic assumptions:

- Mortality: The Swiss mortality table EVK2000 for males and females,
- Entry age at social security: When no data are available, the first occupation date is considered at the age of 28 years old,
- Age at normal retirement – The following assumptions have been considered:
 - Expected retirement ages are determined based on the rules of the main social security pension plan and in alignment with L.4093/12.
 - 2 years of notional service is assumed

Limitations

Since projections of the future for valuation purposes are based on many assumptions, it is unlikely that future experience will match exactly what has been projected, even though these projections are carried out on a central estimate basis.

The principal actuarial assumptions used for accounting purposes are:

	GROUP	
	31/12/2020	31/12/2019
Discount Rate	0.35%	0.78%
Inflation rate	1.6%	1.7%
Annual salary increase	2.0%	2.0%
Average future working life (years)	24.86 - 25.73	25.58 - 25.92
Duration (years)	19.96 - 20.81	20.22 - 22.20

The following table shows the change in actuarial liability of the Group if the discount rate was 0.5% higher or lower than that which has been used and the corresponding change if the expected rate of salary increase was 0.5% higher or lower than the one used:

Sensitivity analysis	Actuarial liability	Percentage change
Increase in discount rate by 0.1%	933,877	(2.04%)
Decrease in discount rate by 0.1%	973,161	2.08%
Increase of the expected salaries by 0.1%	972,817	2.05%
Decrease of the expected salaries by 0.1%	934,170	(2.01%)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the consolidated statement of financial position.

26. Other non-current liabilities

	GROUP	
	31/12/2020	31/12/2019
Government grants	-	16,854
Total	-	16,854

The Company has no government grants as at 31 December 2020 and 2019.

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27. Trade and other payables

	Note	GROUP		COMPANY	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
Trade payables		9,153,580	7,659,551	73,611	147,806
Trade payables - Related parties	42	929,343	99,990	1,013,692	720,664
Advances from customers - Related parties	42	289,011	-	-	-
Checks payable		833,913	745,114	-	-
Total		11,205,847	8,504,655	1,087,303	868,470

The carrying amounts of financial liabilities are considered to be the same as the fair values, due to their short-term nature.

28. Financial liabilities

	GROUP	
	31/12/2020	31/12/2019
Staff salaries	1,164	792
Other liabilities	40,343	37,270
Total	41,507	38,062

The carrying amounts of financial liabilities are considered to be the same as the fair values, due to their short-term nature.

The Company has no financial liabilities as at 31 December 2020 and 2019.

29. Other tax liabilities

	GROUP	
	31/12/2020	31/12/2019
VAT	230,928	166,874
Taxes in relation to staff remuneration	958,935	499,093
Taxes - Fees for third parties	422,834	307,773
Other fees-taxes	68,008	12,418
Tax settlements	3,133,053	3,674,368
Taxes-cess from previous years	1,691	1,691
Total	4,815,449	4,662,217
Current tax liabilities	3,956,394	4,036,105
Non-current tax liabilities	859,055	626,112
	4,815,449	4,662,217

The Company has no tax liabilities as at 31 December 2020 and 2019.

30. Social security

	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Social security	1,754,245	767,672	-	11,458
Total	1,754,245	767,672	-	11,458

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31. Other liabilities

	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Personnel fees	18,792	18,792	-	-
Accrued expenses	6,056,549	4,131,665	72,733	-
Other creditors	5,938,764	148,144	-	-
Total	12,014,105	4,298,601	72,733	-

Other creditors include deferred consideration of €5,804,750, representing the 50% of the total purchase price of €11,609,500 for the acquisition of Group's subsidiary QQuant Cyprus, as described in note 8. Deferred consideration is payable within 12 months of acquisition date.

The carrying amounts of other liabilities are considered to be the same as the fair values, due to their short-term nature.

32. Contract liabilities

Contract liabilities represent Group's right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer.

33. Income tax liabilities

	GROUP	
	31/12/2020	31/12/2019
Corporate income tax payable	3,947,028	324,943
Total	3,947,028	324,943

The Company has no income tax liabilities as at 31 December 2020 and 2019.

34. Revenue

	GROUP	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Sales of goods (Software)	13,390,877	11,628,557
Services	44,698,904	20,463,393
Services of portfolio management (Energy Sector)	19,102,966	19,102,966
Total	77,192,747	51,194,916

The Company had no revenue for the years ended 31 December 2020 and 2019.

35. Expenses per category

	GROUP			
	1/1/2020 - 31/12/2020			
	Cost of sales	Administrative expenses	Marketing expenses	Total
Remuneration and other benefits to employees	15,012,557	8,100,373	1,319,798	24,432,728
Tax and duties	351,396	192,456	-	543,852
Other expenses	1,763,646	1,455,223	12,942	3,231,811
Depreciation & amortisation	4,489,065	1,407,968	-	5,897,033
Professional services & legal costs	5,008,700	4,652,612	256,200	9,917,512
Outsourcing	19,103,715	493,317	15,642	19,612,674
Facilities	-	614,692	-	614,692
Marketing - Advertising	175	350,383	507,657	858,215
Travelling	52,616	531,385	31,016	615,017
Inventories used	281,000	-	-	281,000
Total	46,062,870	17,798,409	2,143,255	66,004,534

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GROUP				
1/1/2019 - 31/12/2019				
	Cost of sales	Administrative expenses	Marketing expenses	Total
Remuneration and other benefits to employees	11,658,193	5,300,235	819,828	17,778,256
Tax and duties	155,764	22,114	464	178,342
Other expenses	1,274,541	1,214,277	13,688	2,502,506
Depreciation & amortisation	2,519,329	914,196	-	3,433,525
Professional services & legal costs	2,136,407	2,002,642	49,292	4,188,341
Outsourcing	15,503,358	53,212	185,500	15,742,070
Facilities	-	505,260	-	505,260
Marketing - Advertising	29,839	417,697	470,160	917,696
Travelling	333,881	778,397	207,303	1,319,581
Inventories used	244,566	-	-	244,566
Total	33,855,878	11,208,030	1,746,235	46,810,143

COMPANY				
1/1/2020 - 31/12/2020				
	Cost of sales	Administrative expenses	Marketing expenses	Total
Remuneration and other benefits to employees	-	141,217	-	141,217
Other expenses	-	1,200	-	1,200
Professional services & legal costs	-	1,531,856	-	1,531,856
Facilities	-	6,185	-	6,185
Travelling	-	2,026	-	2,026
Total	-	1,682,484	-	1,682,484

COMPANY				
1/1/2019 - 31/12/2019				
	Cost of sales	Administrative expenses	Marketing expenses	Total
Remuneration and other benefits to employees	-	455,491	-	455,491
Other expenses	-	2,378	-	2,378
Professional services & legal costs	-	274,759	-	274,759
Facilities	-	3,252	-	3,252
Travelling	-	30,405	-	30,405
Total	-	766,285	-	766,285

Auditors' remuneration

During the year, the Group, including its overseas subsidiaries, obtained the following services from the company's auditor:

	31/12/2020	31/12/2019
Fees payable to the company's auditor and its associates for the audit of the parent company and consolidated financial statements	155,295	72,800
- The provision of corporation tax services	22,000	16,600
Total	177,295	89,400

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36. Employee benefits

	GROUP		COMPANY	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Wages and salaries	20,450,320	14,662,490	135,843	360,753
Social Security	3,669,124	2,744,865	5,374	35,773
Cost of defined benefit plans	186,359	271,665	-	-
Other employee benefits	126,925	99,235	-	58,965
Total	24,432,728	17,778,255	141,217	455,491

Average number of employees

	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Directors	11	5	2	2
Other staff	500	342	-	-
Total	511	347	2	2

37. Other income / (expenses)

	GROUP		COMPANY	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Miscellaneous operating income				
Credit exchange differences	52,515	58,150	1,710	-
Extraordinary income	6,183	22	-	-
Other income	114,364	275,374	236,102	596,353
Rentals	600	-	-	-
Investment-related grants	16,854	56,446	-	-
Total	190,516	389,992	237,812	596,353
Miscellaneous operating expense				
Other fines & surcharges	(212,993)	(711,586)	-	-
Other fines & surcharges from previous years	-	(9,895)	-	-
Extraordinary expenses	(89,837)	(20,639)	-	-
Debit exchange differences	(405,390)	(39,191)	-	(1,865)
Other expenses from previous years	(8,254)	(43,491)	-	-
Total	(716,474)	(824,802)	-	(1,865)

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38. Finance income and expenses

	GROUP		COMPANY	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Finance income				
Interest income	1,005	420	149,394	4,069
Income from loan modification	-	153,615	-	-
	1,005	154,035	149,394	4,069
Finance expense				
Interest expense on host contract	(825,730)	(920,658)	(825,730)	(920,658)
Interest and bank expenses on bank loans	(581,022)	(465,213)	(153,404)	-
Commissions of letters of guarantee and other related bank charges	(93,808)	(149,768)	(4,844)	(916)
Interest and leasing costs	(281,830)	(179,842)	-	-
	(1,782,390)	(1,715,481)	(983,978)	(921,574)
Finance (expenses) / income, net	(1,781,385)	(1,561,446)	(834,584)	(917,505)

39. Bargain purchase gain

As described in note 8, on May 31, 2020 the Group through its subsidiary Qualco Fin Limited acquired from Astrobank Public Company Limited (the "Bank") a 74.9% interest in QQuant Master Servicer Cyprus Limited ("QQuant Cyprus"), a company specializing in debt recovery servicing functions of non-performing loans and real estate assets acquired by banks and financial institutions through enforcement proceedings or payment in lieu of credit rights arising from loans granted to individuals and corporations, under servicing agreements with the counterparty banks and financial institutions. The total consideration for the acquisition of the subsidiary amounted to €11,609,500 payable in two instalments.

Consideration transferred

	Euros
Cash paid	5,804,750
Deferred consideration (Note 31)	5,804,750
Total consideration	11,609,500

Non-controlling interests

The non-controlling interest (25.1%) in QQuant Master Servicer Cyprus Limited recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to €3,890,500. This fair value was estimated by applying the Multi-period Excess Earnings Method. In determining the fair value a discount rate of 13.2% was used.

Bargain purchase gain arising on acquisition

(1) Cost of investment (74.9%)	11,609,500
(2) FV of non-controlling interest (25.1%)	3,890,500
(3) Net Assets Value acquired (NAV)	-
Initial Goodwill to be allocated (1)+(2)-(3)	15,500,000
SLA Contract	19,136,000
DTL arising from SLA Contract	(3,635,840)
Bargain purchase gain	160

The main intangible asset recognized on business combination is the Servicing Contract between the Bank and QQuant Cyprus, according to which the Bank transferred to QQuant Cyprus the management of its internal non-performing loans recovery and real estate assets and QQuant Cyprus undertook to service the Reference Portfolio under a 9 year period. The Service Contract will generate cash flows through the management of all

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receivables arising from non-performing loans and real estate owned assets (REOs) of €750 mil. The valuation of the Service Contract was performed by discounting future receivables (cash flows) arising from the Service Contract. The Multi-period Excess Earnings Method was used to determine the fair value of this intangible asset. The cost of equity was used as a discount rate which was estimated using the Capital Asset Pricing Model at 13.2%. The cost of equity was deemed the most appropriate discount rate for the intangible asset under consideration as it better reflects investors expected returns from such investments.

Subsumed into goodwill is the value of assembled workforce, which does not meet the identifiability criterion for separate recognition as an intangible asset according to IAS 38. As part of the acquisition, investor acquired fully trained personnel thereby avoiding the expenditure that would have been required to hire and train equivalent personnel. Therefore, the assemblage cost avoided method was considered the most appropriate method for the valuation of the assembled workforce. The assembled workforce was valued at €616,900 and it has been included into goodwill.

40. Other losses - net

	GROUP AND COMPANY	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
FV losses on financial liabilities at FVTPL	(5,040,000)	(6,197,066)
Net loss on modification of host contract	-	(1,401,611)
	(5,040,000)	(7,598,677)

41. Income tax

	GROUP	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Current tax expense	(3,565,910)	(217,707)
Deferred Tax	615,941	(897,840)
	(2,949,969)	(1,115,547)

The tax on the Group's profit before tax is different from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as, follows:

	GROUP	
	31/12/2020	31/12/2019
Accounting loss before tax	3,740,097	(5,208,554)
Tax rate applicable in Greece	24%	24%
Tax based on applicable tax rate	(897,623)	1,250,053
Adjustments		
Remeasurement of deferred tax - change of tax rate	-	(79,749)
Tax effect of non-deductible expenses in determining taxable profit	(931,531)	(517,201)
Tax losses for which no deferred tax is recognized	(1,464,242)	(1,437,749)
Tax effect of deduction: R&D expenses	498,674	129,078
Effect from different tax rates applying in other countries where the Group operates	(280,144)	(459,979)
Other differences	124,897	-
Tax charge	(2,949,969)	(1,115,547)

The tax corresponding to Other Comprehensive Income is as follows:

	GROUP			GROUP		
	1/1/2020 - 31/12/2020			1/1/2019 - 31/12/2019		
	Before tax	Tax debit	After tax	Before tax	Tax debit	After tax
Actuarial gains	(57,344)	13,762	(43,582)	425,666	(103,070)	322,596
	(57,344)	13,762	(43,582)	425,666	(103,070)	322,596

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42. Related party transactions and balances

The aggregate amounts of sales and purchases from the beginning of the year, as well as the closing balances of receivables and liabilities at year end, which have resulted from transactions with related parties under IAS 24, are as follows:

(a) Transactions with related parties

	GROUP		COMPANY	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Sales of goods and services				
Sales to subsidiaries				
Other operating income	-	-	236,102	596,353
Total	-	-	236,102	596,353
Sales to associate				
Sales	2,634,311	4,150,666	-	-
Total	2,634,311	4,150,666	-	-
Sales to other related parties				
Other operating income	600	-	-	-
Total	600	-	-	-
	GROUP		COMPANY	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Finance income				
From subsidiaries	-	-	149,394	4,069
Total	-	-	149,394	4,069
	GROUP		COMPANY	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Purchases of goods and services				
Purchases from subsidiaries				
Purchases of services	-	-	277,895	19,480
Total	-	-	277,895	19,480
Purchases from other related parties				
Purchases of services	1,870,602	1,036,716	-	-
Total	1,870,602	1,036,716	-	-
	GROUP		COMPANY	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Finance expense				
To subsidiaries	-	-	25,540	-
Total	-	-	25,540	-
	GROUP		COMPANY	
	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
Key management compensation				
	2,229,423	1,532,810	98,744	98,744
Total	2,229,423	1,532,810	98,744	98,744

[illegible]

(c) Loans granted to subsidiary

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(d) Loans granted to other related parties

The movement of loans granted to other related parties is as follows:

	GROUP	
	31/12/2020	31/12/2019
At 1 January	2,143,163	1,182,182
Loans advanced during the year	79,000	960,981
Loan repayments received	(235,926)	-
At 31 December	1,986,237	2,143,163

Loans granted to other related parties pertains mainly to loans granted to key management personnel.

Terms and conditions

Loans to key management personnel

On 8 January 2018, a security dividend assignment agreement was signed by those key management personnel who have received loans from the Group. Under the terms of this agreement, collateral has been provided to the Group by the transfer of rights to dividends, as security for the full discharge of the amounts due. No interest is due on the loans receivable from key management personnel.

No provision has been required in 2020 for loans to key management personnel.

Other related party balances

Outstanding balances other than loans to key management personnel are unsecured and repayable on demand.

(e) Loans granted from subsidiary

On August 13, 2020, the Company entered into a loan agreement with its subsidiary Qualco SA for an amount of €1,161,000. The Company utilized the loan for the purposes of funding the acquisition of shares by its subsidiary Qualco Fin Limited in Trusset Asset Management Limited. According to the terms of the agreement, the loan is repayable in full on August 13, 2025, together with all interest accrued and capitalized thereon at a rate of 4.5%.

On December 23, 2020, the Company entered into a loan facility agreement with its subsidiary Qualco SA for an amount of €1,065,000. The loan granted will be utilized by the Company to cover its short term liabilities and operational needs. According to the terms of the agreement, the loan is repayable in full on December 31, 2023, together with all interest accrued and capitalized thereon at a rate of 4.5%.

43. Contingencies

(a) Legal cases

No legal proceedings have been initiated against the Group or the Company that are expected to have a significant effect on the financial position or the operations of the Group or the Company.

(b) Guarantees

The Group has issued letters of guarantee to various beneficiaries to assure their liabilities. As at December 31, 2020 issued letters of guarantee amounted to €815,858.

44. Events after the reporting date

In March 2021, QQuant was selected by Pancreta Bank, the largest cooperative Bank in Greece, as the preferred servicer of circa €0.7bn NPEs to small and medium-sized businesses. This portfolio, will not only boost significantly QQuant's AuM, but will also become an important revenue driver for the Company, as per the respective Business Plan.

In March 2021, Qualco SA entered into a facility agreement with NBG bank in Greece for a total amount of €2,000,000. The loan was funded from Hellenic Development bank of Investments (HDBI) in the context of supporting Greek economy due to COVID 19 pandemic.

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In March 2021, QQuant Master Servicer SA entered into a facility agreement with Optima bank in Greece for a total amount of €1,000,000.

BoD had decided the Company, Qualco Holdco to reduce share premium. In April share premium was reduced by € 2,350,000 and in June by € 4,750,000. The sum of the amount was returned in cash to shareholders.