Softline Holding PLC

Consolidated financial statements

Year ended 31 March 2022

Softline Holding PLC

Consolidated financial statements

31 March 2022

Contents

Softline Holding PLC

Board of Directors and other corporate information

Board of Directors

Jacques Guers (The Chairman, appointed on 15 December 2020);
Igor Borovikov (Appointed on 3 December 2008);
Sergey Chernovolenko (Appointed on 8 September 2021);
Royston Charles Harding (Appointed on 4 March 2022);
Karl Robb (Appointed on 29 September 2021);
Marc William Kasher (Appointed on 8 September 2021).
Katerina Havatzias Berou (Appointed on 4 January 2019, resigned on 8 September 2021)
Nikolas Paphitis (Appointed on 18 March 2019, resigned on 8 September 2021)
Alexander Galitskiy (Appointed on 18 March 2019, resigned on 4 March 2022)
Procopi Maria (Appointed on 15 December 2020, resigned on 18 June 2021)
Anastasia Christofi (Appointed on 31 December 2019, resigned on 8 September 2021)
Maria Pieridou (Appointed on 31 December 2019, resigned on 1 March 2021)
Alexis Constantinou (Appointed on 18 June 2021, resigned on 8 September 2021)
Oleg Zhelezko (Appointed on 29 July 2016, resigned on 4 March 2022)
Maria Mylona (Appointed on 1 March 2021, resigned on 8 September 2021)

Company Secretary

IONICS SECRETARIES LIMITED
20 Vasilissis Freiderikis, El Greco House
1st floor, Apt. 104, 1066, Nicosia, Cyprus

Independent Auditors

Ernst & Young Cyprus Ltd
Certified Public Accountants and Registered Auditors
Jean Nouvel Tower
6 Stasinou Avenue
P.O. Box 21656
1511 Nicosia
Cyprus

Registered office

Kosta Charaki 11, Office 302, 3041
Limassol, Cyprus

Registration Number HE 242943

Management report

The Board of Directors presents its report and audited consolidated financial statements of Softline Holding PLC (the "Company") and its subsidiaries (the "Group" of Softline companies) for the year ended 31 March 2022. Softline's Environmental, Social and Governance (ESG) Statement is presented on the official website https://softline.com/about/esg/esg-statement.

Principal activities

Softline (www.softline.com) is a leading global IT solutions and services provider focused mostly on emerging markets. Softline offers a broad range of services, including software, hardware, as well as cloud, security and IT consulting. Softline operates in almost 60 countries across Central and Eastern Europe, Asia and Latin America. Softline Holding PLC is a public company, listed on London Stock Exchange with the secondary listig on Moscow Stock Exchange.

Review of current position, future developments and significant risks

The financial position, development and performance of the Group as presented in the consolidated financial statements are considered sufficient. Directors do not anticipate any changes in the Group's operations in the foreseeable future.

Material risks and uncertainties were faced by the Group as described in Note 29 and in Note 31 to the financial statements.

Results and dividends

The Group's results for the period are set out on page 9. The Company declared dividends during the years ended 31 March 2021, the details are presented in Note 15 to the Consolidated financial statements. No dividends were declared for the year ended 31 March 2022.

Share capital

Authorised capital

Under its Memorandum of Association the Company fixed its nominal share capital as at 31 March 2022 at 118,235 US dollars divided into 500,000,000 ordinary shares of 0,00023647 US dollars each. Movements of authorized share capital during the year ended 31 March 2022 are disclosed in Note 15 to the Consolidated financial statements.

Issued capital

The Company issued share capital is 43,437.84 US dollars divided into 183,692,834 ordinary shares of 0,00023647 US dollars each.

During the year ended 31 March 2022 the Group repurchased 1,132,188 ordinary shares of the Company with nominal value of 0,00023647 US dollars each. The details are presented in Note 15 to the Consolidated financial statements.

Board of Directors

The members of the Company's Board of Directors as at 31 March 2022 and at the date of this report, as well as details of their appointment and resignation, are presented on page 1.

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

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Branches

The Company did not operate any branches. All operations are held through subsidiaries.

Events after the reporting period

Any significant events that occurred after the reporting period are described in Note 35 to the financial statements.

Corporate Governance Statement

The Company is not required to comply with the U.K. Corporate Governance Code. In addition there are no compulsory corporate governance rules applicable to the Company either under Cyprus law or Russian law. The Company is principally governed by the Board of Directors and general meetings of the shareholders. The Board of Directors has, however, put in place a corporate governance framework which it considers appropriate taking into account the nature of its business. The Board of Directors has established an audit and risk committee, a nomination and remuneration committee, and a disclosure committee each with formally delegated duties and responsibilities and written terms of reference.

Independent auditors

The independent auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office. A resolution proposing their reappointment and authorizing the Board of Directors to set their remuneration will be proposed at the Annual General Meeting of the Company.

By order of the Board of Directors,

Nicosia, Cyprus

6 July 2022

R. G. Harding

Director
ROYSTON CHARLES HARDING

Director
SERGEY CHERNOVOLENKO

Board of Directors' responsibility statements

The Board of Directors is responsible for the preparation of the Consolidated financial statements that give a true and fair view of the financial position of Softline Holding PLC (the "Company") and its subsidiaries (the "Group" of Softline companies) for the year ended 31 March 2022 and of the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In preparing the consolidated financial statements, the Board of Directors is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in the International Financial Reporting Standards ("IFRS") are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- making an assessment of the Group's ability to continue as a going concern.

The Board of Directors, within its competencies, is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls over financial reporting, throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions;
- taking such steps as are reasonably available to them to safeguard the assets of the Group;
- preventing and detecting fraud and other irregularities.

In accordance with DTR4.1 on Annual Financial Reporting, providing for the disclosure and transparency requirements for issuers whose transferable securities are admitted to trading on a UK Recognised Investment Exchange, we, the members of the Board of Directors, responsible for the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2022, hereby declare that to the best of our knowledge:

(a) the consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group taken as a whole; and

(b) the management report includes a fair review of the development and performance of the business and the position of the Group taken as a whole, together with a description of the principal risks and uncertainties it faces.

The consolidated financial statements of the Group as of and for the year ended 31 March 2022 were authorized for issue by the Board of Directors on 6 July 2022.

On behalf of the Board:

R. G. Harding

Director
ROYSTON CHARLES HARDING

Director
SERGEY CHERNOVOLENKO

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Independent Auditor's Report

To the shareholders and the Board of Directors of Softline Holding PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Softline Holding PLC (the "Company"), and its subsidiaries (the "Group"), which are presented in pages 9 to 109 and comprise the consolidated statement of financial position as at 31 March 2022 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
We focused on this area because of the significance of revenue and the risks related to the many inherent complexities and critical judgements in assessing whether the Group acts as an agent or a principal, timing and presentation of revenue recognition from multi-element contracts. In 2021, revenue amounted up to USD 1,966 million as reported by the Group. Transactions with customers often have "bundled" components that typically include license, implementation and/or development services and maintenance elements. The separation of these elements requires management to use significant estimates in relation to the determination of the fair value of each component. There is a risk that revenue is overstated or recognised prematurely due to uncertainties involved and/or inaccurate allocation among the various components. There is also a risk that judgements or estimates in relation to revenue are not free from bias or that revenue booked is manipulated to achieve financial targets.	We evaluated the Group's accounting policies, including assessment of gross versus net accounting for significant types of revenue as disclosed in Note 3. We performed testing of revenue transactions in excess of a certain threshold and a random sample. For each of the sample selected, we performed the following: - Inspected the existence of a signed version of the customer contract together with evidence of delivery and analyzed the terms to conclude on whether the Group acts as an agent or a principal. - For those contracts comprising multiple elements, we analysed the determination of performance obligations and fair value allocations among the various components in accordance with the Group's accounting policy and terms of a contract. We also selected sales transactions before and after year-end to assess whether revenue was recognized in the correct period by reference to the contract and evidence of delivery. We identified and tested high-risk journal entries that were based on specific characteristics surrounding the risk of an overstatement of revenues.
Business combinations	
During the financial year ended 31 March 2022, the Group completed nine acquisitions that have resulted in the Company acquiring control in NCPR LLC, SOOO Belitsoft, SIA Squalio Group, Digitech for Information Technology S.A.E, MMTR Group, JSC "Technical Center "Engineer" SCGroup Investments Limited, Umbrella Infocare Private Limited and Academy IT Group as disclosed in Note 5. We considered the audit of accounting for these acquisitions to be a key audit matter as these are significant transactions during the year which require significant management judgement regarding the allocation of the purchase price to the assets and liabilities acquired and adjustments made to align accounting policies of the newly acquired entities with those of the Group. This exercise also require management to determine the fair value of the assets and liabilities acquired and to identify intangible assets acquired in the acquisition.	We have read the sales and purchase agreements in relation to these acquisitions to obtain an understanding of the transactions and the key terms; we evaluated the Group's accounting policies for these transactions; assessed the valuation for the considerations paid. We corroborated the identification of the acquired assets based on our discussion with management and understanding of the acquired businesses. We involved our internal specialist to assist us in analysing the valuation methodologies used by management and the external valuation expert in the fair valuation of acquired assets and liabilities. We assessed the valuation assumptions such as discount, growth rates and multiples applied to derive valuations based on comparable companies valuations by comparing these assumptions to source data and market data. We have also assessed the competence and relevant experience of the experts engaged by management. We also assessed the adequacy of the related disclosures in the financial statements regarding these acquisitions in Note 5.

Other information

Management is responsible for the other information. The other information comprises the information included in the Management report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information that we obtained prior to the date of this auditors report, 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.

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When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Board of Directors and those charged with governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the consolidated management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Avraamides.

Andreas Avraamides
Certified Public Accountant and Registered Auditor
for and on behalf of
Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, Cyprus

6 July 2022

Softline Holding PLC

Consolidated statement of profit or loss and other comprehensive income

For the years ended 31 March 2022 and 31 March 2021

(in thousands of US dollars except for per share data)

	Notes	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from contracts with customers	22	1,966,271	1,516,911
Cost of sales	23	(1,660,024)	(1,290,982)
Gross profit		**306,247**	**225,929**
Selling, general and administrative expenses	24	(272,192)	(192,218)
Other operating income	25	4,425	1,966
Other operating expenses	26	(1,260)	(10,464)
Operating profit		**37,220**	**25,213**
Gain on bargain purchase	5 (b)	-	1,892
Foreign exchange loss		(503)	(1,721)
Finance income		2,304	2,266
Finance costs	27	(22,696)	(13,222)
Change in fair value of financial instruments		(1,372)	-
Profit before profit tax		**14,953**	**14,428**
Income tax expense	28	(3,844)	(16,618)
Net profit /(loss) for the year		**11,109**	**(2,190)**
Attributable to holders of the parent		11,361	(2,135)
Non-controlling interests		(252)	(55)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Translation difference		(8,928)	301
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):			
Fair value reserve of equity instrument designated at FVOCI	7	8,768	-
Share in OCI of a joint venture	7	2,778	85,493
Total comprehensive income for the year net of tax of zero		**13,727**	**83,604**
Attributable to holders of the parent		14,420	84,181
Non-controlling interest		(693)	(577)
Earnings per share	37		
Basic earnings/(loss) per share, US dollars		0.08	(0.02)
Diluted earnings/(loss) per share, US dollars		0.08	(0.02)

Softline Holding PLC

Consolidated statement of financial position

As at 31 March 2022 and 31 March 2021

(in thousands of US dollars)

	Notes	31 March 2022	31 March 2021
Assets			
Non-current assets			
Long-term deposits		487	-
Long-term loans issued	12	3,203	46
Property and equipment	6	13,497	7,845
Intangible assets	8	69,207	44,371
Goodwill	8	124,648	46,497
Right-of-use assets	20	11,952	13,751
Investments in joint ventures	7	91	120,059
Equity investment at FVOCI	7	62,173	-
Other non-current assets		2,930	1,691
Deferred tax assets	28	10,157	7,749
		298,345	**242,009**
Current assets			
Software licenses and other inventory	9	54,027	32,352
Income tax receivable		8,714	6,201
Trade receivables, net	10	276,429	199,037
Advances issued and other current assets	14	38,625	34,070
Tender guarantees and deposits		4,274	4,006
Other receivables	11	131	60
Other taxes receivable	11	30,647	23,092
Loans issued	12	18,414	3,773
Cash and cash equivalents	13	334,049	89,615
		765,310	**392,206**
Total assets		**1,063,655**	**634,215**
Equity			
Share capital	15	43	1
Retained earnings		46,641	10,249
Share premium	15	414,201	45,627
Other reserves	15	(29,151)	(26,270)
Treasury shares	15	(6,371)	-
Other components of equity		55,055	106,794
Translation reserve		(45,103)	(36,616)
Equity and assets attributable to owners		**435,315**	**99,785**
Non-controlling interests	1	(7,728)	(6,718)
Total equity		**427,587**	**93,067**
Non-current liabilities			
Long-term borrowings	17	49,197	84,420
Long-term lease liabilities	20	5,874	9,877
Long-term payables for acquisitions	31	22,448	-
Long-term deferred payment for acquisitions	5	7,373	9,637
Other long-term creditors	19	8,056	-
Long-term tax payable		939	900
Deferred tax liabilities	28	5,337	3,596
		99,224	**108,430**
Current liabilities			
Trade and other payables	18	305,993	255,108
Contract liabilities	22	60,692	37,852
Short-term borrowings	17	89,208	100,297
Short-term lease liabilities	20	4,495	4,905
Other taxes payable		24,729	13,610
Short-term deferred payment for acquisitions	5	18,924	16,442
Short-term payables for acquisitions	31	29,791	2,129
Income tax payable		3,012	2,375
		536,844	**432,718**
Total liabilities		**636,068**	**541,148**
Total equity and liabilities		**1,063,655**	**634,215**

On 6 July 2022 the Board of Directors of Softline Holding PLC authorised these financial statements for issue.

R. G. Harding

Director
ROYSTON CHARLES HARDING

Director
SERGEY CHERNOVOLENKO

Consolidated statement of cash flows

For the years ended 31 March 2022 and 31 March 2021

(in thousands of US dollars)

	Notes	Year ended 31 March 2022	Year ended 31 March 2021
Operating activities			
Profit before profit tax		**14,953**	**14,428**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortization	6, 8, 20	22,251	14,805
Loss/(gain) on non-current assets disposal		75	(99)
Foreign exchange loss		503	1,721
Inventory write-offs to net realizable value	9	(7)	554
Expected credit losses	24	3,754	4,785
Finance costs	27	22,696	13,222
Finance income		(2,304)	(2,266)
Share-based payments	16	70	380
Gain on bargain purchase	5 (b)	-	(1,892)
Change in fair value of financial instruments		1,372	-
Operating profit before working capital changes		**63,363**	**45,638**
Working capital adjustments:			
Increase in software licenses and other inventory		(28,511)	(1,283)
Increase in advances issued, trade and other receivables		(106,359)	(34,518)
Increase in contract liabilities, trade and other payables		51,936	45,485
Cash generated from operations		**(19,571)**	**55,322**
Income tax paid		(2,523)	(16,213)
Net cash generated from/ (used in) operating activities		**(22,094)**	**39,109**
Investing activities			
Acquisition of subsidiaries, net of cash acquired	5 (a)	(51,845)	(16,582)
Disposal of subsidiaries	5 (c)	(3,985)	(545)
Purchase of property, plant and equipment	6	(7,943)	(4,784)
Purchases of intangible assets, including amounts of costs capitalized	8	(15,158)	(16,857)
Treasury shares	15	(6,371)	-
Sale of Crayon shares		68,891	-
Loans issued		(19,511)	(3,702)
Interest received (loans and deposits)		2,698	1,727
Loans collected		4,301	3,280
Net cash used in investing activities		**(28,923)**	**(37,463)**
Cash flows from financing activities			
Repayment of borrowings		(668,771)	(269,153)
Proceeds from borrowings		619,163	348,469
Proceeds from Initial Public Offer		400,000	-
IPO related costs		(31,413)	-
Overdrafts and revolving credit lines cash turnover, net		6,092	3,626
Payment of principal portion of lease liabilities	20	(8,237)	(8,740)
Interest paid		(16,518)	(14,908)
Redemption of shares	15	(2,707)	(16,899)
Distributions to shareholders		(58)	(61)
Dividends paid	15	(567)	(7,525)
Net cash generated from financing activities		**296,984**	**34,809**
Foreign exchange difference		(1,533)	(1,820)
Net increase in cash and cash equivalents		**244,434**	**34,635**
Cash in banks and on hand at beginning of the year		89,615	54,980
Cash in banks and on hand at end of the year	13	**334,049**	**89,615**

Softline Holding Plc.

Consolidated statement of changes in equity

For the years ended 31 March 2022 and 31 March 2021

(in thousands of US dollars)

	Share capital	Retained earnings	Share premium	Other reserves	Treasury shares	Revaluation of equity instrument designated at FVOCI	Share in OCI of a joint venture	Translation reserve	Equity attributable to shareholders of Softline	Non-controlling interests	Total equity
Balance as at 01 April 2020	**1**	**53,815**	**45,627**	**(26,634)**	**–**	**4,458**	**16,843**	**(37,439)**	**56,671**	**(7,781)**	**48,890**
Profit for the year	–	(2,135)	–	–	–	–	–	–	**(2,135)**	(55)	**(2,190)**
Exchange loss on translation of foreign operations	–	–	–	–	–	–	–	823	**823**	(522)	**301**
Share in OCI of a joint venture	–	–	–	–	–	–	85,493	–	**85,493**	–	**85,493**
Total comprehensive income	**–**	**(2,135)**	**–**	**–**	**–**	**–**	**85,493**	**823**	**84,181**	**(577)**	**83,604**
Redemption of shares (Note 15)	–	(16,899)	–	–	–	–	–	–	**(16,899)**	–	**(16,899)**
Dividends (Note 15)	–	(10,239)	–	–	–	–	–	–	**(10,239)**	(61)	**(10,300)**
Acquisition of subsidiary (Note 5 (b))	–	–	–	–	–	–	–	–	**–**	1,688	**1,688**
Other distribution	–	(847)	–	–	–	–	–	–	**(847)**	–	**(847)**
Subsidiary disposal (Note 5 (c))	–	(13,446)	–	–	–	–	–	–	**(13,446)**	–	**(13,446)**
Share-based payments (Note 16)	–	–	–	380	–	–	–	–	**380**	–	**380**
Other	–	–	–	(16)	–	–	–	–	**(16)**	13	**(3)**
Balance as at 31 March 2021	**1**	**10,249**	**45,627**	**(26,270)**	**–**	**4,458**	**102,336**	**(36,616)**	**99,785**	**(6,718)**	**93,067**
Profit for the year	–	11,361	–	–	–	–	–	–	**11,361**	(252)	**11,109**
Exchange loss on translation of foreign operations	–	–	–	–	–	–	–	(8,487)	**(8,487)**	(441)	**(8,928)**
Fair value reserve of equity instrument designated at FVOCI (Note 7)	–	–	–	–	–	8,768	–	–	**8,768**	–	**8,768**
Share in OCI of a joint venture (Note 7)	–	–	–	–	–	–	2,778	–	**2,778**	–	**2,778**
Total comprehensive income	**–**	**11,361**	**–**	**–**	**–**	**8,768**	**2,778**	**(8,487)**	**14,420**	**(693)**	**13,727**
Increase of share capital (Note 15)	29	–	–	–	–	–	–	–	**29**	–	**29**
IPO proceeds (Note 15)	13	–	399,987	–	–	–	–	–	**400,000**	–	**400,000**
IPO-related costs (Note 15, Note 33)	–		(31,413)	–	–	–	–	–	**(31,413)**	–	**(31,413)**
Dividends (Note 15)	–	(567)	–	–	–	–	–	–	**(567)**	–	**(567)**
Profit distribution	–	(58)	–	–	–	–	–	–	**(58)**	–	**(58)**
Subsidiary disposal under common control (Note 5 (c), Note 15)	–	(37,684)	–	–	–	–	–	–	**(37,684)**	(78)	**(37,762)**
Reclassification of OCI to retained earnings (Note 7)	–	63,285	–	–	–	–	(63,285)	–	**–**	–	**–**
Purchase of treasury shares (Note 15)	–	–	–	–	(6,371)	–	–	–	**(6,371)**	–	**(6,371)**
Acquisition of non-controlling interest (Note 15)	–	–	–	(2,476)	–	–	–	–	**(2,476)**	(231)	**(2,707)**
Acquisition of subsidiary (Note 5 (a), Note 31)	–	–	–	(443)	–	–	–	–	**(443)**	–	**(443)**
Share-based payments (Note 16)	–	–	–	70	–	–	–	–	**70**	–	**70**
Other	–	55	–	(32)	–	–	–	–	**23**	(8)	**15**
Balance as at 31 March 2022	**43**	**46,641**	**414,201**	**(29,151)**	**(6,371)**	**13,226**	**41,829**	**(45,103)**	**435,315**	**(7,728)**	**427,587**

1. Corporate information

The Group is a leading solutions provider in global digital transformation and cyber security. The Group marshals the digital transformation of its customers' businesses, connecting over 150,000 enterprise customers in every vertical industry with over 6,000 best-in-class IT vendors and delivering its own services and proprietary solutions. Considering its broad vendor relationships, own capabilities and services portfolio, the Group is located at the heart of the digital transformation megatrend and caters to the full range of customers' IT needs.

The consolidated financial statements of Softline Holding PLC ("the Company") and its subsidiaries (collectively, "the Group") for the year ended 31 March 2022 were authorized for issue in accordance with an unanimous written resolution of the Board of Directors on 6 July 2022.

Prior to 29 July 2016 when Da Vinci Private Equity Fund II L.P. and Investment Partnership Da Vinci Pre-IPO Fund (hereinafter the "Investor") became shareholders of the Group, the Group's ultimate controlling party was Mr. Igor Borovikov (through Softline Group Inc. (BVI)), who is also the Member of the Board of Directors. Subsequent to that, the Group has no ultimate controlling party.

On 23 December 2017 Zubr Capital Fund I L.P. (Zubr) acquired a non-controlling interest in the Group's subsidiary, representing 33% in equity of Lagembor Holdings Limited (Lagembor), holding company of ActiveHost Limited, SoftLineBel Ltd and AxoftBel Ltd. for $5,638, less transaction cost of $313.

On 26 April 2021, the Company purchased additional 33% stake in Lagembor in exchange for cash consideration of $2,707 and 5,704 Softline Holding shares (4,278 issued and 1,426 transferred from Softline Group Inc) and as a result Lagembor became a wholly owned subsidiary. As part of initial swap agreement 1,426 Softline Holding PLC shares were transferred by the Group's shareholder Softline Group Inc.

On 1 November 2021, the Company had its Global Depository Receipts (GDR) listed on the main market of the London Stock Exchange and subsequently, had its secondary listing on Moscow Exchange. The Company raised gross funds in the amount of $400,000 million for its future development and growth (refer to Note 15). A number of international funds and a significant number of retail investors became GDR holders through the process of the IPO. The IPO was arranged with a consortium of global banks, whereby Credit Suisse, J.P. Morgan were amongst Joint Global Coordinators and Citigroup was one of the Joint Bookrunners.

The Group's subsidiaries are directly or indirectly controlled by the ultimate holding company of the Group, Softline Holding PLC through ownership, by contract or by other means.

The registered office is located in Office N302, 11 Kosta Charaki Street, Limassol, CY-3041, Cyprus. Softline Holding PLC was incorporated in Cyprus on 3 December 2008 as Axion Holdind Cyprus Ltd. and renamed on 11 October 2021.

1. Corporate information (continued)

The Group operates across a broad range of geographies, with representation in almost 60 countries in high-potential emerging markets (including Brazil, India, Malaysia and Russia). The Group's account managers, service engineers, developers and other IT specialists help customers navigate the complexity at every stage of the customer cycle with its solution-driven end-to-end approach. Taking vendors' capabilities and matching with own services in the most efficient way, Softline creates, delivers, continuously develops and secures for its customers various types of infrastructure required for digital transformation. The Group's portfolio is based on its comprehensive global relationships with major IT technology providers and includes solutions to facilitate customer transition to or management of public and private clouds, management and development of the software estate and hardware provisioning.

The Group's IT solutions and services are delivered through three business lines:

- Software & Cloud, comprising (i) software offerings, which incorporate traditional on-premises licensing and modern subscription agreements for a full range of software products, including operating systems, virtualisation, cybersecurity, business productivity, creativity, education and other, from many blue-chip software vendors (such as Microsoft, Adobe, Cisco, IBM and Oracle); and (ii) cloud offerings, a diverse portfolio of cloud computing services, including public cloud, dedicated private cloud and hybrid cloud solutions based on leading vendor technologies and services (including Amazon Web Services, Google Cloud Platform and Microsoft Azure) and the Group's own multi-cloud management platform, CloudMaster.
- Hardware, offering advice, design, resale, lease, hardware-as-a-service, installation and support for a full range of workplace, data centre and network infrastructure, with hardware offerings from leading vendors such as Apple, Cisco, Dell, Hewlett Packard Enterprise and HP Inc.
- Services, offering a range of value-rich services, including cybersecurity services, future workplace services, IT infrastructure, digital solutions, Software Asset Management ("SAM") and the Group's own public cloud services (Softline Cloud), as well as next generation services offerings, such as software, application development and engineering, co-innovation with customers on horizontal or their vertical cases using AI/ML, RPA, IoT and other technologies.

The financial statements of the Group are prepared on a going concern basis. The Group has historically generated sufficient cash flows from operations and re-financed its borrowings to meet its obligations as they become due and expects to continue to do so.

1. Corporate information (continued)

The consolidated financial statements of the Group for the years ended 31 March 2022 include the following significant subsidiaries:

Legal entities	Business activity	Country of incorporation	Effective economic interest** As at 31 March 2022*	As at 31 March 2021*
Softline Trade JSC	Sales of software and IT maintenance	Russia	100%	100%
Soft Logistic LLC	Logistics company	Russia	100%	100%
Axoft JSC	Sales of software	Russia	100%	100%
Softline Internet Trade LLC	Sales of software	Russia	100%	100%
SoftlineBel Ltd	Sales of software	Belorussia	70%	53.17%
Softline International,S.A.	Sales of software	Argentina	100%	100%
Softline International Peru S.A.C.	Sales of software	Peru	100%	100%
Softline International De Venezuela SLI., SA	Sales of software	Venezuela	100%	100%
NiltaSoft Ltd	Logistics company	Cyprus	100%	100%
Softline Trade TOO	Sales of software and IT maintenance	Kazakhstan	100%	100%
Softline International De Columbia Sas	Sales of software	Colombia	100%	100%
Non-commercial organization Softline Education	Educational services	Russia	100%	100%
Aflex Distribution LLC**	Sales of software	Russia	-	100%
Softline Software Services Trading LLC	Sales of software and IT maintenance	Turkey	100%	100%
Softline Services India Private Limited	Sales of software	India	100%	100%
Softline Overseas Limited	Holding Company	Cyprus	100%	100%
Novacom Group Ltd	Software development	Belorussia	100%	100%
Novacom Project Ltd	Advice on computer hardware	Belorussia	100%	100%
Softline International BE	Sales of software	Uzbekistan	100%	100%
Softline International Ltd	Sales of software	Azerbaijan	80%	80%
Softline International SRL.	Sales of software	Romania	100%	100%
Softline International Chile SpA	Sales of software	Chile	100%	100%
Softline International USA, Inc	Sales of software	USA	100%	100%
Softline Solutions International SDN. BHD	Sales of software	Malaysia	100%	100%
Softline International, SOCIEDAD ANÓNIMA	Sales of software	Costa Rica	100%	100%
Sofline International Brasil Comercio e Licenciamento de Software Ltda	Sales of software	Brazil	100%	100%
ActiveHost Ltd*	Cloud services	Cyprus	51%	34.17%
ActiveHost RU LLC*	Cloud services	Russia	51%	34.17%
ActiveCloud Development LLC*	Cloud services	Russia	51%	34.17%
Activnie technologii LLC*	Cloud services	Belorussia	51%	34.17%
Active technologies LLC*	Cloud services	Belorussia	51%	34.17%
Centre of engineering technologies and modelling Exponenta LLC	Sales of software	Russia	70%	70%
Lagembor Holdings Limited***	Holding Company	Cyprus	100%	67%
Infosecurity LLC***	Services	Russia	100%	94%
Freshstore LLL	Sales of software	Russia	100%	100%
Softline Enterprice Solution LLC (previously – Insight Technology Solution LLC)**	Sales of software	Russia	-	100%
High Technologies center LLC (HTC)	Services	Russia	100%	100%
EMBEE SOFTWARE PRIVATE LIMITED	Sales of software	India	100%	100%
Develonica, Inc.	Services	Russia	100%	100%
Aplana International projects LLC	Services	Russia	100%	90%
Aplana. Development center LLC	Services	Russia	100%	100%
Software Development Center LLC	Services	Russia	100%	100%
Softline AG	Services	Germany	63%	63%
Softline Solutions B.V.	Services	Netherlands	63%	63%
Softline Solutions Ltd.	Services	United Kingdom	63%	63%
SoftClub LLC****	Services	Belorussia	100%	-
Digitech for Information Systems**** Technologies S.A.E.	Sales of software	Egypt	100%	-
Belitsoft international JLLC****	Services	Belorussia	100%	-
MMTR Technologies LLC	Services	Russia	100%	-
TC Engineer JSC	Services	Russia	100%	-
Academy IT ANPO APE	Educational services	Russia	100%	-
Umbrella Infocare Private Limited	Sales of software	India	100%	-
SIA Squalio Group****	Sales of software	Latvia	100%	-

** Some Group entities are controlled by the Group indirectly through a chain of subsidiaries thus effective interest is 51%.*

*** Please refer to Note 5 (c)*

**** Please refer to Note 15*

***** Some Group entities are controlled by the Group by means of a combination of ownership interest and contract giving the Group the power to control and present access to economic benefits of these legal entities. In combination, ownership and contractual rights give the Group access to substantially all benefits of these subsidiaries, except for the non-controlling interest not owned by the Group*

1. Corporate information (continued)

Information on related party transactions is presented in Note 33.

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	As at 31 March 2022	As at 31 March 2021
Softline AG (Note 5 (b))	Germany	37%	37%
Active technologies LLC	Belarus	49%	66%

	As at 31 March 2022	As at 31 March 2021
Accumulated balances of non-controlling interest:		
Softline AG	1,389	1,543
Active technologies LLC	(9,054)	(8,002)
Activnie technologii LLC	(228)	34
SoftLineBel Ltd	16	(516)
Other subsidiaries	149	223
	(7,728)	**(6,718)**
Total comprehensive income/(loss) allocated to non-controlling		
Softline AG	(282)	(145)
Active technologies LLC	(795)	1,409
Activnie technologii LLC	(245)	(2,506)
SoftLineBel Ltd	542	574
Other subsidiaries	87	91
	(693)	**(577)**

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Softline AG's summarised statement of profit or loss and other comprehensive income for the years ended 31 March 2022 and 31 March 2021:

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from contracts with customers	39,728	6,908
Cost of sales	(17,962)	(2,743)
Selling, administrative and other operating expenses	(22,194)	(4,330)
Finance costs	(230)	(25)
Loss before tax	**(658)**	**(190)**
Income tax	78	-
Loss for the year	**(580)**	**(190)**
Translation difference	(191)	(205)
Total comprehensive loss	**(771)**	**(395)**
Attributable to non-controlling interests	(282)	(145)

1. Corporate information (continued)

Active technologies LLC's summarised statement of profit or loss and other comprehensive income for the years ended 31 March 2022 and 31 March 2021:

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from contracts with customers	2,270	1,340
Administrative and other operating income and expenses	(2,973)	(2,216)
Finance costs	(507)	(591)
Loss before tax	**(1,210)**	**(1,467)**
Income tax	(2)	(40)
Loss for the year	**(1,212)**	**(1,507)**
Translation difference	(411)	3,647
Total comprehensive (loss)/income	**(1,623)**	**2,140**
Attributable to non-controlling interests	(795)	1,409

Softline AG's summarised statement of financial position as at 31 March 2022 and 31 March 2021:

	As at 31 March 2022	As at 31 March 2021
Cash and cash equivalents	893	2,938
Trade and other receivables	6,961	4,316
Inventory and other current assets	1,163	4,267
Non-current assets	2,672	3,345
Trade and other payables (current)	(7,726)	(10,350)
Interest-bearing loans and borrowing and deferred tax	(169)	(302)
Total equity	**3,794**	**4,214**
Attributable to:		
Equity holders of parent	2,405	2,671
Non-controlling interest	1,389	1,543

Active technologies LLC's summarised statement of financial position as at 31 March 2022 and 31 March 2021:

	As at 31 March 2022	As at 31 March 2021
Cash and cash equivalents	437	238
Trade and other receivables	354	149
Non-current assets	18,120	16,763
Trade and other payables (current)	(603)	(925)
Interest-bearing loans and borrowing	(4,622)	(4,041)
Other payables (non-current)	(26)	(29)
Total equity	**13,660**	**12,155**
Attributable to:		
Equity holders of parent	4,606	4,153
Non-controlling interest	9,054	8,002

Softline AG's summarised cash flow information for year ended 31 March 2022 and 31 March 2021:

	Year ended 31 March 2022	Year ended 31 March 2021
Operating	(1,717)	(165)
Investing	(284)	-
Financing	(44)	(25)

1. Corporate information (continued)

Active technologies LLC’s summarised cash flow information for years ended 31 March 2022 and 31 March 2021:

	Year ended 31 March 2022	Year ended 31 March 2021
Operating	(382)	153
Investing	-	-
Financing	581	21

2. Basis of preparation

General

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

The consolidated financial statements have been prepared on a historical cost basis, except for specific financial assets and liabilities that have been measured at fair value, as detailed in Note 4.

The accompanying financial statements for the year ended 31 March 2022 are the seventh the Group has prepared in accordance with IFRS. The date of transition to IFRS is 1 April 2015. For periods up to and including the year ended 31 March 2015, the Group did not prepare the consolidated financial statements.

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as of 31 March 2022, together with the comparative periods data for the year ended 31 March 2021, as described in the summary of significant accounting policies (Note 4). In preparing the financial statements, the Group’s opening consolidated statement of financial position was prepared as of 1 April 2015, the Group’s date of transition to IFRS. Prior to transition to IFRS, the Group’s subsidiaries did not prepare IFRS financial statements, other than for the purposes of consolidation by Softline Group Inc., a holding company controlling the Company until 29 July 2016. The IFRS financial statements of the Company are based on these IFRS financial statements by Softline Group Inc. The Group did not apply any IFRS 1 exemption on its first-time adoption.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

The consolidated financial statements are presented in US dollars and all values are rounded to the nearest thousand ($’000), except when otherwise indicated.

2. Basis of preparation (continued)

Changes in accounting policies and disclosures

New and revised standards

<u>*Standards issued but not yet effective*</u>

Up to the date of approval of the financial statements, certain new Standards, Interpretations and Amendments to existing standards have been published that are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

Issued by the IASB and adopted by the European Union

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022);
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022);
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022);
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022);
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023).

Issued by the IASB but not yet adopted by the European Union

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023)
- IFRS 17 Insurance (effective for annual periods beginning on or after 1 January 2023).

The above are expected to have no significant impact on the Group’s financial statements when they become effective, other than the effect from the application of IFRS 16 *Leases* has not yet been assessed.

2. Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

New and revised standards (continued)

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

• What is meant by a right to defer settlement.
• That a right to defer must exist at the end of the reporting period.
• That classification is unaffected by the likelihood that an entity will exercise its deferral right.
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

2. Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards.* The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

2. Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.
The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group’s accounting policy disclosures.

The amendments are not expected to have a material impact on the Group.

2. Basis of preparation (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Foreign currency transactions

The accompanying consolidated financial statements are presented in US dollars, which is the Group's presentation currency, because presentation in US dollars, is convenient for the major current and potential users of the financial statements.

2. Basis of preparation (continued)

Foreign currency transactions (continued)

Items included in the consolidated financial statements are measured using the currency in which the Group's subsidiaries mainly operate ("the functional currency"). The functional currency of all the Group's subsidiaries are their local currencies. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

The majority of the Group's subsidiaries have performed significant operations in Russian rubles (RUB), Indian rupees (INR), Argentine peso (ARS), Kazakh tenge (KZT), Belarussian ruble (BYR), Brazilian real (BRL). At 31 March 2022, official rates of exchange, as determined by central banks of respective countries, were $1 = RUB 84.0851 (31 March 2021: $1 = RUB 75.7023), $1 = INR 75.8385 (31 March 2021: $1 = INR 73.13), $1 = ARS 116 (31 March 2021: $1 = ARS 97.50), $1 = KZT 458.20 (31 March 2021: $1 = KZT 424.34), $1 = BYN 2.9732 (31 March 2021: $1 = BYN 2.6242), $1 = BRL 5.2359 (31 March 2021: $1 = BRL 5.6973).

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured into the functional currency at the rate of exchange ruling at the reporting date. All resulting differences are taken to the consolidated statement of profit or loss and other comprehensive income and included in the determination of net profit as "Foreign exchange gain/(loss)". Non-monetary items that are measured in terms of historical cost in a foreign currency are measured using the exchange rate as at the date of initial transaction and are not re-measured subsequently.

As at the reporting date, the assets and liabilities of the Company and its subsidiaries with functional currencies other than the presentation currency is translated into the presentation currency of the Group (US dollars) at the rate of exchange ruling at the reporting date and their operations are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into US dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange at the reporting date.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Preferred shares

The Company issued preferred shares to some of its shareholders. The shares have preferences in the event of liquidation, but do not entitle the holders to put them back to the Company or to otherwise require redemption at any event outside of control of the Company. The Company used judgment to conclude that these preference shares should be accounted for as equity, not as debt.

Taxation

The calculation and disclosure of tax provisions, uncertain tax positions and deferred tax assets and liabilities involve the use of assumptions about future events and the way in which the tax authorities will interpret legislation. Management uses significant judgment in making such assumptions. In particular, management applied significant judgment in determining the likelihood and magnitude of potential tax risks arising from its operations (see Note 31). In making its conclusions, the management considers past tax audit results, current and emerging tax enforcement practices and its own tax risk management approaches.

Consolidation

Some of the Group's subsidiaries are consolidated based on a combination of ownership interest and contractual rights to acquire control over them or otherwise giving power to control and present access to substantially all economic benefits of these legal entities, except for the non-controlling interest not owned by the Group. The Group exercised significant judgment to come to this conclusion, especially in analyzing existing voting rights, contractual rights and specific instruments giving present access to economic benefits.

Revenue recognition

The main source of revenue for the Group is sale of software licenses, hardware and provision of a range of services. Management of the Group uses significant judgment to determine if it acts as a principal or an agent in its transactions with customers, and determines if gross or net revenue recognition is appropriate for each significant class of transactions.

Assessing agent/principal consideration depends on the nature of the contract with vendor. The Group determines two types of reselling arrangements – direct (revenue recognised on a net basis) and indirect (Group acts as a value-added partner and recognises gross revenue).

3. Significant accounting judgments, estimates and assumptions (continued)

Judgments (continued)

Determining the nature of the performance obligation affects both gross versus net accounting, as well as the timing of the revenue recognition – at a point in time or over a period of time. See relevant policy for more details.

Functional currency

The management makes judgment in determining the functional currency for each entity in the Group, mainly in determining the major factors that could influence selection of functional currency. The key factor is the prevailing currency in which the products and services it sells are generally priced in the local markets in which a particular subsidiary operates.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Allowance for expected credit losses

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date including ageing analysis and analysis of subsequent payments. The Group’s exposure to concentration of credit risk is limited due to their customer base being large and diverse. The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography and rating). The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables disclosed in Note 10.

Fair value of assets and liabilities in business combinations

At the acquisition date the Group recognises separately the identifiable assets, liabilities and contingent liabilities acquired or assumed in a business combination at their fair values, which involves estimates. Such estimates are based on valuation methods that require considerable judgment in forecasting future cash flows and developing other assumptions.

3. Significant accounting judgments, estimates and assumptions (continued)

Estimates (continued)

Deferred tax assets and uncertain tax positions

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits and the existence of taxable temporary differences (Note 28). Various factors are considered to assess the probability of the future utilization of deferred tax assets, including past operating results, operational plans, expiration of tax losses carried forward and tax planning strategies. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected. In the event that the assessment of future utilization of deferred tax assets must be reduced, this reduction will be recognised in the consolidated statement of profit or loss and other comprehensive income.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and when circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details of the assumptions used in estimating the value in use of the cash-generating units to which goodwill is allocated are provided in Note 8.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generated unit being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. There were no indicators of impairment of non-financial assets as at 31 March 2022 and 31 March 2021. For goodwill impairment, see above.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 30 for further disclosures.

3. Significant accounting judgments, estimates and assumptions (continued)

Estimates (continued)

Payables for acquisitions, resulting from business combinations, are valued at fair value at the acquisition date as part of the business combination. When the payables for acquisitions meet the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Development costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. As at 31 March 2022 the carrying amount of capitalised development costs was $31,007 (31 March 2021: $29,734), and amount capitalised for the year ended 31 March 2022 is equal to $9,027 (2021: $7,575).

Leases

The likelihood of extension and termination options being exercised, the separation and estimation of non-lease components of payments, the identification and valuation of in-substance fixed payments, the determination of the incremental borrowing rate relevant in calculating lease liabilities are assessed for recognition of right-of-use assets and lease liabilities.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option, if any, to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The renewable lease contracts that specify an initial period, and renew indefinitely at the end of the initial period unless terminated by either of the parties to the contract are considered enforceable beyond the date on which the contract can be terminated taking into account the broader economics of the contract, and not only contractual termination payments. Lease terms are determined based on the contract terms, production need to lease the specialised asset and terms of rehabilitation obligations.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

4. Significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any payables for acquisitions to be transferred by the acquirer will be recognised at fair value at the acquisition date. Payables for acquisitions classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

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.

Business combinations under common control are accounted for at carrying value to the parent company or individual retrospectively with results of operations consolidated for all periods presented, as if effected on the first date the common control was established. Disposals of subsidiaries under common control are accounted for at fair value and recognised as equity transactions.

(b) Property and equipment

Property and equipment are stated at historic cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of assets. Depreciation is calculated using the straight-line method to write off their cost to their residual values over their estimated useful lives, as follows:

Type of equipment	Useful life, years
Buildings	30
Furniture for storage	10
Climatic equipment	5
Network hardware	6
Transportation	6
Climatic equipment	5
Computer and computer equipment	4
Furniture for daily use and office equipment	3
Other	5

The gain or loss arising on the disposal or liquidation of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss and other comprehensive income when asset is derecognised.

4. Significant accounting policies (continued)

(b) Property and equipment (continued)

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is calculated using the straight-line method to write off their cost to their residual values over their estimated useful lives, as follows:

Type of asset	Useful life, years
Goodwill	Indefinite
Customer base	5-10 years
Brand	5-10 years
Software and licenses	The period of validity for a license or 5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

4. Significant accounting policies (continued)

(d) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in general and administrative expenses. During the period of development, the asset is tested for impairment annually.

Amortisation of developments expenditurs recognised as an asset is calculated using a straight-line method or on a units-of-production basis over the period of expected future sales from the related project.

(e) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash generated unit (CGU) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss and other comprehensive income in categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income.

4. Significant accounting policies (continued)

(e) Impairment of non-financial assets (continued)

For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(f) Software licenses

Software licenses consist primarily of software purchased for resale to customers.

Net realizable value is the estimated selling price in the ordinary course of business, less related selling expenses.

Cost of purchase includes purchase price and other non-recoverable taxes. Contractual trade discounts, rebates and other similar items which the Group reasonably expect to receive are deducted in determining the cost of purchase. Net realizable value is the estimated selling price in the ordinary course of business, less related selling expenses.

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

4. Significant accounting policies (continued)

(h) Financial instruments − initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, fair value through other comprehensive income (FVOCI), and as subsequently measured at amortised cost. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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 recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at fair value through profit or loss;
- Financial assets carried at amortised cost;
- FVOCI financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as Change in fair value of financial instruments in the consolidated statement of profit or loss and other comprehensive income.

Financial assets carried at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost are presented in Note 30.

4. Significant accounting policies (continued)

(h) Financial instruments − initial recognition and subsequent measurement (continued)

FVOCI financial assets

FVOCI financial assets include equity investments and debt securities. Equity investments classified as FVOCI are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, FVOCI financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income (OCI) and credited in the FVOCI reserve until the investment is derecognised, at which time, the cumulative gain or loss is reclassified to Retained earnings, or the investment is determined to be impaired, when the cumulative loss is reclassified from the FVOCI reserve to the consolidated statement of profit or loss and other comprehensive income in Change in fair value of financial instruments whilst holding FVOCI financial assets is reported as finance income using the EIR method.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

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

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (Note 3);
- Trade receivables (Note 10).

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4. Significant accounting policies (continued)

(h) Financial instruments − initial recognition and subsequent measurement (continued)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities are presented in the Note 30.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income. This category generally applies to interest-bearing loans and borrowings (Note 17).

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

4. Significant accounting policies (continued)

(h) Financial instruments − initial recognition and subsequent measurement (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 − quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 − valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 − valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

4. Significant accounting policies (continued)

(j) Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions – Note 3, Note 29;
- Quantitative disclosures of fair value measurement hierarchy – Note 29;
- Financial instruments (including those carried at amortised cost) – Note 29.

(k) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Uncertain tax positions

The Group's policy is to comply fully with the applicable tax regulations in the jurisdictions in which its operations are subject to income taxes. The Group's estimates of current income tax expense and liabilities are calculated assuming that all tax computations filed by the Group's subsidiaries will be subject to a review or audit by the relevant tax authorities. The Group and the relevant tax authorities may have different interpretations of how regulations should be applied to actual transactions. Such uncertain tax positions are accounted for in accordance with IAS 12 *Income Taxes* and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The Group applies single most likely outcome method of uncertain tax positions estimation.

Deferred taxes

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

4. Significant accounting policies (continued)

(k) Taxes (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Value added tax

Output value added tax (VAT) is payable to the tax authorities on the earlier of (a) advances received from customers or (b) revenue from delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. Net VAT payable to tax authorities as on the reporting date is recognised separately from the input VAT not submitted for reimbursement to tax authorities by that date. Where provision has been made for impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT. VAT is excluded from revenue.

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Group records revenue from sales transactions as performance obligations being satisfied, as control is passed, either over time or at a point in time.

The Group recognises revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes all of the benefits provided by the Group as the entity performs;
- The Group’s performance creates or enhances an asset that the customer controls as the asset is created;
- Or the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

4. Significant accounting policies (continued)

(l) Revenue recognition (continued)

Revenue will be recognised in a point of time when control is passed at a certain moment. Factors that may indicate the point in time at which control passes include, but are not limited to:

- The Group has a present right to payment for the asset;
- The customer has legal title to the asset;
- The Group has transferred physical possession of the asset;
- The customer has the significant risks and rewards related to the ownership of the asset; and
- The customer has accepted the asset.

The Group classifies accounting units of performance obligations under agreements with customers as Contract Liabilities Units. Contract liabilities unit is the least contract liability and recording revenue in time depends on type of contract liabilities unit.

Assessing revenue consideration on a net or gross basis depends on the nature of the contract with vendor. The Group determines two types of reselling arrangements – Direct and Indirect.

To determine revenue recognition approach under types of agreements with vendors the Group considers relevant indicators of acting as a principal. The list of indicators, determining that the Group should account for a transaction as a principal, are following:

- The Group has the primary responsibility for providing the goods or services to the customer or for fulfilling the order;
- The Group bears inventory risk before or after the goods have been ordered, during shipping or on return;
- The Group has discretion to establish pricing for the other party’s goods;
- The Group is exposed to credit risk for the amount receivable in exchange for the goods or services.

Under Direct agreements the Group's performance obligation is to arrange for the provision of the specified item of goods or service by vendor. It does not control them before that item of goods or service is transferred to the customer and provides only basic technical support. The Group acts as an agent here and recognises revenue in the net amount that it retains after its agent services.

Under Indirect agreements the Group acts as a value-added partner of vendor and provides the complex of customized solutions and consulting services for its clients, which are not distinct from the sale of software products or other goods (as part of complex contract) and also acts as a main source of technical support. The Group is primarily responsible for fulfilling the promise under the contract with its clients. It has discretion in establishing prices and bears inventory and credit risks. The Group acts as a principal in these arrangements and recognises revenue on a gross basis (that is equal to turnover).

The Group determines the product groups as combinations of Contract liabilities units and defines recognizing revenue in time according to definition of Contract liabilities units. Combinations of contract liabilities units in one product group could be presented in different ways according to type of Group`s contracts with vendor.

4. Significant accounting policies (continued)

(l) Revenue recognition (continued)

(1) Revenue for retail packaged products and licenses is generally are recognised as products are shipped or made available.

Revenues from the sales of hardware products and software licenses are recognised on a gross basis with the selling price to the customer recorded as revenue and the acquisition cost of the product or service recorded as cost of sales. The Group determined that it generally acts as a principal in the above transactions being ultimately responsible for delivery of products to the end customers; has latitude in establishing prices; bears inventory and credit risks.

(2) The Group also resells third party software subscription arrangements that include term-based licenses for current products with the right to use unspecified future versions of the software during the coverage period, and with payments terms generally extended to match the service periods; third party Software Assurance (SA) arrangements that allow for upgrade to unspecified future versions and other additional benefits to the customers; third party cloud-based service arrangements that allow for the use of a hosted software product or service over a contractually determined period; and other third party product maintenance services including third party anti-virus software.

Under indirect model, which is the majority of cases, the Group provides significant integration service while it configures and customizes software elements as part of an IT solution to its customers. It provides to its customers access to the ready IT solution. It also provides subsequent support. Therefore, related revenues are recognised gross at a time of providing access to the solution. Any subsequent consideration related to annual renewal is recorded only when is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the renewal consideration is subsequently resolved, usually upon renewal.

In case when the Group is not responsible for providing the goods or services to the customer, it either records only its commission as revenue, or reduces the amount of revenue received from the customers by the amount of cost of paid to the vendors. Resulting revenue is equal to the gross profit on the transaction, and there is no corresponding cost of sales. In other cases, the Group records the full amount of revenue.

The annual amount of related software subscription and SA revenues are recognised upon initial subscription and any time a customer renews them. Revenues from third party cloud and product maintenance are recorded when earned, based on the nature of the arrangements.

(3) The Group records gross revenues from its own cloud and product maintenance services, where it bears ultimate responsibility for such services and acts as a principal. Relevant revenues are recognised ratably over contractual period or otherwise based on usage pattern.

(4) Revenue from information technology (IT) and related services is either recognised as provided for services billed at an hourly rate or, for projects designed to deliver a turnkey IT infrastructure solution, percentage of completion.

4. Significant accounting policies (continued)

(l) Revenue recognition (continued)

(5) The Group sells some of its products and services as part of bundled contract arrangements containing multiple deliverables, which may include a combination of products and services. For each deliverable that represents a separate unit of accounting, total arrangement consideration is allocated based upon the relative selling prices of each element.

The allocated arrangement consideration is recognised as revenue in accordance with the principles described above. Selling prices are determined by using vendor specific objective evidence ("VSOE") if it exists. Otherwise, selling prices are determined using third party evidence ("TPE"). If neither VSOE nor TPE is available, the Group uses its best estimate of selling prices.

(6) Customer advances and deferred revenues include (1) payments received from customers in advance of providing the product or performing services, and (2) amounts deferred if other conditions of revenue recognition have not been met.

(m) Cost of sales

Cost of sales includes software and hardware costs, direct costs associated with delivering products and services, outbound and inbound freight costs. These costs are reduced by rebates, which are recorded as earned based on the contractual arrangement with the vendor.

(n) Retirement benefit obligations

The Group makes contributions to state pension schemes in the various jurisdictions in which they operate.

The Group has no other retirement benefit obligations.

(o) Provision for unused vacation

The Group measures the expected cost of accumulating compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

(p) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

4. Significant accounting policies (continued)

(p) Leases (continued)

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). That applies to finance leases for all periods presented and for operating leases – from 01 April 2019, following implementation of the modified retrospective approach for application of IFRS 16. 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 recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are mainly presented by office premises and depreciated on a straight-line basis over the lease term. The useful lives of right-of-use assets usually vary from 1 to 5 years.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 4 (e).

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii)Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4. Significant accounting policies (continued)

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(r) Cash dividends to equity holders

The Group recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(s) Current vs non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Group presents liability under factoring agreements in the statement of financial position as short-term borrowings as the current structure of agreements has the component of financing.

Under factoring agreement the factor also provides range of services, including:

- Payments on invoices;
- Cash accounting;
- Control of payment limits;
- Communication with vendors on accounting and control of payments.

4. Significant accounting policies (continued)

(s) Current vs non-current classification (continued)

To be recognised as the factoring agreement the following features have to be presented in the agreement:

- Mechanism of charging commissions at the maturity date;
- Condition from supply contract when supplier provides an additional deferment of payment in exchange for a commission;
- Agency agreement does not provide assignment of rights (no transfer of the debt);
- The agent acts on behalf of the Principal and no significant changes are occurred.

(t) Share capital and share premium

The Group presents its share capital, which is the share capital of the Group's holding company Softline Holding PLC, at the nominal value of its shares. Preferred shares rank pari passu with ordinary shares.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

(u) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium. Share options exercised during the reporting period are satisfied with treasury shares.

(v) Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 16.

That cost is recognised in employee compensation expense, together with a corresponding increase in equity (other reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

(w) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

4. Significant accounting policies (continued)

(w) Investments in associates and joint ventures (continued)

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group’s investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss and other comprehensive income reflects the Group’s share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group’s other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the Consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group’s share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within ‘Share of profit of an associate and a joint venture’ in the statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

5. Business combinations, acquisitions and disposals

(a) Acquisitions in the year ended 31 March 2022

(i) Acquisition of NCPR

On 23 April 2021 in exchange for $7,396 deferred payment and $6,124 payables for acquisitions the Group entered into sales and purchase agreement on 100% of the shares in charter capital of National support and development center, LLC (hereinafter NCPR). NCPR is a private company with the headquarters in Moscow, Russia, specialises in the field of open and secure information technologies. NCPR is the official representative of Alfresco in the Russian Federation and is authorized to enter into a partnership agreement with its clients. Alfresco Software is a developer of open source software products focused on information resource management, often chosen as an alternative to the well-known commercial solutions of the industrial level in the market of ECM (Enterprise Content Management) and BPM (Business Process Management) from IBM, Open Text, Oracle and Microsoft.

NCPR was acquired to expand existing product portfolio. This transaction was accounted for using the acquisition method. The results of operations of NCPR are included in the consolidated financial statements from the date of acquisition of control, 23 April 2021. Group acquired NCPR as part of RF segment. The following schedule reflects the final purchase price allocation to the net assets acquired:

	23 April 2021
Assets	
Intangible assets (Note 8)	4,091
Software licenses and other inventory	3
Trade and other receivables	4,028
Cash and cash equivalents	8
Advances issued and other current assets	44
	8,174
Liabilities	
Trade and other payables	(50)
Deferred tax liabilities	(123)
Short-term borrowings	(723)
	(896)
Total identifiable net assets at fair value	**7,278**
Goodwill arising on acquisition	6,242
Short-term deferred consideration for acquisition	**7,396**
Long-term payables for acquisitions	**2,243**
Short-term payables for acquisitions	**3,881**

	Cash flow on acquisition
Net cash acquired with the subsidiary	8
Cash paid	-
Net cash flow on acquisition	**8**

The goodwill of $6,242 arising from the Group’s acquisition of NCPR represents the expected benefits from acquiring a quality and competitive software, an open ECM platform for creating corporate content-oriented information systems, to strengthen the portfolio of the Group’s own products and a team of software development experts.

5. Business combinations, acquisitions and disposals (continued)

(a) Acquisitions in the year ended 31 March 2022 (continued)

The fair value of the trade receivables amounts to $4,016 and equals to the gross amount. The full contractual amounts have been collected before 31 March 2022.

Intangible assets arising from acquisition are represented by internal development of content management system MSVSphere in the amount of $4,091 with the useful life of 6 years.

None of the goodwill recognized is expected to be deductible for income tax purposes.

The effect of acquisitions on the Group's performance is disclosed in Note 36.

During the year ended 31 March 2022 short-term deferred consideration in the amount of $7,441 and short-term payables for acquisitions in the amount of $3,362 were paid to the previous shareholder of NCPR.

As part of the sales and purchase agreement with the previous owner of NCPR, payables for acquisitions has been agreed. There will be additional cash payments to the previous owner of NCPR depending on EBITDA and Net profit for the years ended 31 March 2022, 31 March 2023 and 31 March 2024. As at the acquisition date, the total fair value of the payables for acquisitions was estimated to be $6,124. The fair value is determined using a DCF method.

(ii) Acquisition of Belitsoft

On 16 July 2021 in exchange for $4,859 deferred payment and $11,025 payables for acquisitions the Group entered into sales and purchase agreement on 100% of the shares in charter capital of SOOO Belitsoft (hereinafter Belitsoft). Belitsoft is a private company with the headquarters in Warsaw, Poland engaged in software development services and outstaffing, specializing in insurance, financial, eLearing, HealthCare and Voice and speech recognition software.

This transaction was accounted for using the acquisition method. The results of operations of Belitsoft are included in the consolidated financial statements from the date of acquisition of control, 16 July 2021. Group acquired Belitsoft as part of RF segment. The Group has made a provisional purchase price allocation on the acquisition date to the net assets acquired:

	16 July 2021
Assets	
Intangible assets (Note 8)	7,013
Property and equipment (Note 6)	163
Software licenses and other inventory	102
Trade and other receivables	3,052
Cash and cash equivalents	689
Advances issued and other current assets	8
	11,027
Liabilities	
Trade and other payables	(1,835)
Income tax payable	(2)
	(1,837)
Total identifiable net assets at fair value	**9,190**
Goodwill arising on acquisition	6,694
Short-term deferred consideration for acquisition	**4,859**
Long-term payables for acquisitions	**3,258**
Short-term payables for acquisitions	**7,767**

5. Business combinations, acquisitions and disposals (continued)

(a) Acquisitions in the year ended 31 March 2022 (continued)

	Cash flow on acquisition
Net cash acquired with the subsidiary	689
Cash paid	-
Net cash flow on acquisition	**689**

During the year ended 31 March 2022 short-term deferred consideration was paid in the amount of $4,859.

The goodwill of $6,694 arising from the Group's acquisition of Belitsoft represents the expected benefits from acquiring the team of more than 350 software development experts to strengthen the Group's expertise in this area.

The fair value of the trade receivables amounts to $3,052. The gross amount of trade receivables is $3,249 and it is expected that the full contractual amounts except $197 can be collected.

Intangible assets arising from acquisition are represented by customer base in the amount of $3,278 with the useful life of 7 years and brand in the amount of $3,733 with the useful life of 8,4 years.

None of the goodwill recognized is expected to be deductible for income tax purposes.

The effect of acquisitions on the Group's performance is disclosed in Note 36.

As part of the sales and purchase agreement with the previous owner of Belitsoft, payables for acquisitions has been agreed. There will be additional cash payments to the previous owner of Belitsoft:

a) depending on EBITDA for the year ended 31 December 2021;
b) depending on EBITDA for the year ended 31 December 2024 and Net debt as of 31.12.2024.

As at the acquisition date, the total fair value of the payables for acquisitions was estimated to be $11,025. The fair value is determined using a DCF method.

(iii) Acquisition of Squalio

On 15 September 2021 in exchange for $10,541 deferred payment the Group obtained control over 100% of the shares in charter capital of SIA "Squalio Group" (Latvia) and its subsidiaries representing software licensing business: SIA "DPA" (Latvia), UAB "Squalio Lietuva" (Lithuania), Squalio Estonia OÜ (Estonia) and 67% of "DPA" JLLC (Belarus) (hereinafter Squalio). On 30 September 2021 in exchange for $379 deferred payment SIA "Squalio Group" entered into sale and purchase agreement on 33% of the shares in charter capital of "DPA" JLLC. These five companies (together hereinafter Squalio) are private companies with the headquarters in Riga, Latvia, whose mission is to partner with and guide individuals and companies towards a sustainable digital environment through acquired expertise and certifications with key strategic vendors, such as Microsoft, Adobe, Oracle, IBM, Google and other cloud and security solutions leading players.

Squalio was acquired to strengthen the Group's presence in the region, to align with the plan to further expand across Europe, and to accelerate the Group's global expansion strategy.

5. Business combinations, acquisitions and disposals (continued)

(a) Acquisitions in the year ended 31 March 2022 (continued)

This transaction was accounted for using the acquisition method. The results of operations of Squalio are included in the consolidated financial statements from the date of acquisition of control, 15 September 2021. The Group acquired Squalio as part of EMEA geographical segment.

The Group has made a provisional purchase price allocation on the acquisition date. The following schedule reflects the purchase price allocation to the net assets acquired:

	15 September 2021
Assets	
Intangible assets (Note 8)	5,453
Property and equipment (Note 6)	337
Right-of-use assets	60
Equity investment at FVOCI	233
Long-term loans issued	669
Deferred tax assets	47
Other non-current assets	112
Advances issued and other current assets	61
Income tax receivable	184
Software licenses and other inventory	228
Trade receivables, net (Note 10)	7,122
Other receivables	374
Loans issued	568
Cash and cash equivalents	1,512
	16,960
Liabilities	
Long-term borrowings	(596)
Long-term lease liabilities	(34)
Deferred tax liabilities	(863)
Long-term tax payable	(47)
Short-term borrowings	(3,492)
Short-term lease liabilities	(26)
Contract liabilities	(58)
Trade and other payables	(8,834)
Other tax payables	(837)
	(14,787)
Total identifiable net assets at fair value	**2,173**
Goodwill arising on acquisition	8,747
Short-term deferred payment	**10,920**

	Cash flow on acquisition
Net cash acquired with the subsidiary	1,512
Cash paid	-
Net cash flow on acquisition	**1,512**

During the year ended 31 March 2022 short-term deferred consideration in the amount of $8,257 was paid to the previous shareholder of Squalio.

The goodwill of $8,747 arising from the Group's acquisition of Squalio represents the expected benefits from expanding its activities into Latvia, Lithuania, Estonia and Belarus.

The fair value of the trade receivables amounts to $7,122. The gross amount of trade receivables is $7,261 and it is expected that the full contractual amounts can be collected except for $139.

5. Business combinations, acquisitions and disposals (continued)

(a) Acquisitions in the year ended 31 March 2022 (continued)

Intangible assets arising from acquisition are represented by customer base in the amount of $5,387 with the useful life of 10 years.

None of the goodwill recognized is expected to be deductible for income tax purposes.

The effect of acquisitions on the Group's performance is disclosed in Note 36.

(iv) Acquisition of Digitech

On 6 August 2021 in exchange for $6,581 deferred payment and $8,336 payables for acquisitions the Group entered into sales and purchase agreement on 51% of the shares in charter capital of Digitech for Information Technology S.A.E. (hereinafter Digitech) and acquired a binding option to purchase the remaining 49% of shares in charter capital of Digitech in two years. Digitech is a private company with the headquarters in Cairo, Egypt specialized in providing technology solutions and services for digital transformation, Cloud and software licensing solutions.

The put option over non-controlling interest was accounted for as if the related interest was acquired with the liability of $8,207 recorded at discounted option exercise value as payables for acquisitions.

This transaction was accounted for using the acquisition method. The results of operations of Digitech are included in the consolidated financial statements from the date of acquisition of control, 6 August 2021. Group acquired Digitech as part of EMEA segment. The Group has made a provisional purchase price allocation on the acquisition date to the net assets acquired:

	6 August 2021
Assets	
Intangible assets (Note 8)	7,746
Property and equipment (Note 6)	35
Trade and other receivables	8,143
Cash and cash equivalents	3,385
Advances issued and other current assets	224
	19,533
Liabilities	
Trade and other payables	(10,290)
Deferred Tax liabilities	(1,640)
Income tax payable	(321)
	(12,251)
Total identifiable net assets at fair value	**7,282**
Goodwill arising on acquisition	7,635
Short-term deferred consideration for acquisition	**6,581**
Long-term payables for acquisitions	**8,207**
Short-term payables for acquisitions	**129**

	Cash flow on acquisition
Net cash acquired with the subsidiary	3,385
Cash paid	-
Net cash flow on acquisition	**3,385**

During the year ended 31 March 2022 short-term deferred consideration was paid in the amount of $6,590.

5. Business combinations, acquisitions and disposals (continued)

(a) Acquisitions in the year ended 31 March 2022 (continued)

The goodwill of $7,635 arising from the Group's acquisition of Digitech represents the expected benefits from acquiring the team of leading Cloud and System Integration solutions specialists to strengthen the Group's expertise in the area of digital transformation and grow the Group's presence in Egypt.

The fair value of the trade receivables amounts to $7,092. The gross amount of trade receivables is $7,188 and it is expected that the full contractual amounts can be collected.

Intangible assets arising from acquisition are represented by customer base in the amount of $7,746 with the useful life of 10 years.

None of the goodwill recognized is expected to be deductible for income tax purposes.

The effect of acquisitions on the Group's performance is disclosed in Note 36.

As part of the sales and purchase agreement with the previous owner of Digitech, payables for acquisitions has been agreed. There will be additional cash payment to the previous owner of Digitech calculated based on EBITDA for the year ended 31 March 2022 and depending on achievement of EBITDA growth target (EBITDA for the year ended 31 March 2022 should exceed 125% of EBITDA for the year ended 31 March 2021).

As at the acquisition date, the fair value of above payables for acquisitions was estimated to be $129.

(v) Acquisition of MMTR

On 24 January 2022 in exchange for $2,690 deferred payment the Group entered into sale and purchase agreement on 70% of the shares in charter capital of LLC "MMTR" (Russia), LLC "MMTR Technologies" (Russia) and LLC "Softexport" (Russia) (hereinafter MMTR). On 25 January 2022 the Group entered into call and put option agreements on the remaining 30% of shares in charter capital of MMTR.

MMTR is a group of private companies with the headquarters in Kostroma, Russia, specializing in software development and application, with a focus on business process automation and quality assurance testing. MMTR is particularly renowned for its expertise in the development of sophisticated and complex high-loaded systems, automated testing, business and data analytics, and data warehouses and marts. Its offering also includes quality assurance services and market-leading out-staffing tools.

The deal will enable the Group to better supply customers around the world with the skills of top talent from emerging markets, helping to meet the ever-growing demand for IT specialists in application engineering, modernization, and testing. Additionally, MMTR's tools for resource management will allow the Group to provide required expertise to customers more effectively.

This transaction was accounted for using the acquisition method. The non-controlling interest was treated as if acquired for consideration of $1,212. The results of operations of MMTR are included in the consolidated financial statements from the date of acquisition of control, 24 January 2022. The Group acquired MMTR as part of RF geographical segment.

The Group has made a provisional purchase price allocation on the acquisition date. The following schedule reflects the purchase price allocation to the net assets acquired:

5. Business combinations, acquisitions and disposals (continued)

(a) Acquisitions in the year ended 31 March 2022 (continued)

	24 January 2022
Assets	
Property and equipment (Note 6)	41
Right-of-use assets	236
Advances issued and other current assets	44
Trade receivables, net (Note 10)	1,514
Other receivables	28
Loans issued	33
Cash and cash equivalents	975
	2,871
Liabilities	
Long-term lease liabilities	(191)
Short-term borrowings	(231)
Short-term lease liabilities	(45)
Contract liabilities	(7)
Income tax payable	(173)
Trade and other payables	(303)
Other tax payables	(392)
	(1,342)
Total identifiable net assets at fair value	**1,529**
Goodwill arising on acquisition	2,373
Short-term deferred payment	**2,690**
Short-term payables for acquisitions	**1,212**

	Cash flow on acquisition
Net cash acquired with the subsidiary	975
Cash paid	-
Net cash flow on acquisition	**975**

During the year ended 31 March 2022 the Group paid short-term deferred payment of $2,690. The short-term payables for acquisitions represent exercise of the options for the purchase of the remaining 30% share capital of MMTR. The consideration to be paid under option agreements depends on the fair value of the 30% of share capital of MMTR at the date of option exercise but is capped at $1,212. It is expected that the remaining payables for acquisitions will be settled in a non-cash transaction by granting current MMTR shareholders a minority share in one of the Group companies.

The goodwill of $2,373 arising from the Group's acquisition of MMTR represents the expected benefits from strengthening the Group's service capabilities via mobilizing a talented software engineering team and getting extra tools and training solutions for further growing capabilities of the Group's overall software development offering.

The fair value of the trade receivables amounts to $1,514. The gross amount of trade receivables is $1,582 and it is expected that the full contractual amounts can be collected except for $68.

None of the goodwill recognized is expected to be deductible for income tax purposes.

The effect of acquisitions on the Group's performance is disclosed in Note 36.

5. Business combinations, acquisitions and disposals (continued)

(a) Acquisitions in the year ended 31 March 2022 (continued)

(vi) Acquisition of TC Engineer

On 25 January 2022 in exchange for $1,374 deferred payment the Group entered into sale and purchase agreement on 100% of the shares in charter capital of JSC “Technical Center “Engineer” (hereinafter TC Engineer). TC Engineer is a private company with the headquarters in Moscow, Russia. Its main activity is cybersecurity consulting, sales of software licenses and services relating to raising user awareness in information security.

TC Engineer was acquired to expand the Group’s portfolio of cybersecurity services available to its customers and to deliver the entire spectrum of cybersecurity consulting and compliance services, enhancing the Group’s ability to meet the requirements of even the most complex projects.

This transaction was accounted for using the acquisition method. The results of operations of TC Engineer are included in the consolidated financial statements from the date of acquisition of control, 25 January 2022. Group acquired TC Engineer as part of RF geographical segment.

The Group has made a provisional purchase price allocation on the acquisition date. The following schedule reflects the purchase price allocation to the net assets acquired:

	25 January 2022
Assets	
Intangible assets (Note 8)	172
Property and equipment (Note 6)	1
Advances issued and other current assets	7
Software licenses and other inventory	128
Trade receivables, net	364
Other receivables	92
Cash and cash equivalents	161
	925
Liabilities	
Deferred tax liabilities	(34)
Contract liabilities	(2)
Income tax payable	(19)
Trade and other payables	(548)
Other tax payables	(73)
	(676)
Total identifiable net assets at fair value	**249**
Goodwill arising on acquisition	1,125
Short-term deferred payment	**867**
Long-term deferred payment	**507**

	Cash flow on acquisition
Net cash acquired with the subsidiary	161
Cash paid	-
Net cash flow on acquisition	**161**

5. Business combinations, acquisitions and disposals (continued)

(a) Acquisitions in the year ended 31 March 2022 (continued)

During the year ended 31 March 2022 short-term deferred consideration in the amount of $257 was paid to the previous shareholder of TC Engineer.

The goodwill of $1,125 arising from the Group's acquisition of TC Engineer represents the expected benefits from strengthening the Group's cybersecurity service capabilities and building upon the established long-term relationships with clients, operating in a variety of sectors and industries around the world.

The fair value of the trade receivables amounts to $364 and it is expected that the full contractual amounts can be collected.

Intangible assets arising from acquisition are represented by customer base in the amount of $172 with the useful life of 5 years.

None of the goodwill recognized is expected to be deductible for income tax purposes.

The effect of acquisitions on the Group's performance is disclosed in Note 36.

(vii) Acquisition of Softclub

On 25 January 2022 in exchange for $31,310 deferred payment and $8,811 short-term payables for acquisitions the Group entered into sale and purchase agreement on 55,5% of the shares in charter capital of SCGroup Investments Limited (Cyprus) holding 100% in each of the following companies: LLC Alseda Consulting (Belarus), ALC "Bi-Logic" (Belarus), LLC "SoftClub – Software Development Center" (Belarus), LLC "SoftClub" (Belarus), TS Integration Limited (BVI), LLC "TS Integratsiya" (Russia), LLP "SoftClub" (Kazakhstan), CJSC "SoftClub EU" (Lithuania), Branch of LLC "SoftClub" in Turkmenistan, Representative office of LLC "SoftClub" in Uzbekistan – together hereinafter Softclub.

Softclub is a group of private companies with the headquarters in Minsk (Belarus). It is engaged in software development mostly for banking sector, provides integration and automatization business solutions and is amongst the top-100 software firms in the world, having one of the most qualified software engineering teams in Eastern Europe and deep knowledge of the sector. Softclub's suite of products cover 85% of the modern bank application landscape and can support the most innovative bank operations.

On 25 February 2022 the Group entered into call and put share option agreement to acquire the remaining 44,5% of Softclub. The put option can be exercised within three years and call option can be exercised within 3 months after expiration of the put option and in 38 months. It is management's expectation that the non-controlling interest will be acquired as a result of the put option exercise. The put option over non-controlling interest therefore was accounted for as if the related interest was acquired with the liability of $11,423 recorded at discounted option exercise value as payables for acquisitions.

This transaction was accounted for using the acquisition method. The results of operations of Softclub are included in the consolidated financial statements from the date of acquisition of control, 25 January 2022. Group acquired Softclub as part of ROE geographical segment.

The Group has made a provisional purchase price allocation on the acquisition date. The following schedule reflects the purchase price allocation to the net assets acquired:

5. Business combinations, acquisitions and disposals (continued)

(a) Acquisitions in the year ended 31 March 2022 (continued)

	25 January 2022
Assets	
Intangible assets (Note 8)	3,019
Property and equipment (Note 6)	465
Advances issued and other current assets	82
Income tax receivable	60
Trade receivables, net (Note 10)	1,614
Other receivables	424
Cash and cash equivalents	20,806
	26,470
Liabilities	
Contract liabilities	(1,010)
Income tax payable	(42)
Trade and other payables	(11,737)
Other tax payables	(484)
	(13,273)
Total identifiable net assets at fair value	**13,197**
Goodwill arising on acquisition	38,347
Short-term deferred payment	**31,310**
Long-term payables for acquisitions	**11,423**
Short-term payables for acquisitions	**8,811**

	Cash flow on acquisition
Net cash acquired with the subsidiary	20,806
Cash paid	-
Net cash flow on acquisition	**20,806**

During the year ended 31 March 2022 short-term deferred consideration was paid in the amount of $19,302.

Short-term payables for acquisitions in the amount of $8,811 represent dividends to previous shareholders of Softclub for the period before the date of acquisition of control by the Group.

The goodwill of $38,347 arising from the Group's acquisition of Softclub represents the expected benefits from delivering additional value to customers in the financial sector around the world as well as strengthening the Group's services capability by adding 540 engineers to the Group's existing force.

The fair value of the trade receivables amounts to $1,614. The gross amount of trade receivables is $1,966 and it is expected that the full contractual amounts can be collected except for $352.

Intangible assets represent purchased software licenses and software developed internally for the purposes of generating revenue.

None of the goodwill recognized is expected to be deductible for income tax purposes.

The effect of acquisitions on the Group's performance is disclosed in Note 36.

5. Business combinations, acquisitions and disposals (continued)

(a) Acquisitions in the year ended 31 March 2022 (continued)

(viii) Acquisition of Umbrella

On 4 February 2022 in exchange for $7,770 deferred payment and $6,215 payables for acquisitions the Group entered into sales and purchase agreement on 100% of the shares in charter capital of Umbrella Infocare Private Limited (hereinafter Umbrella). Umbrella is a private company with the headquarters in Delhi, India, engaged in providing cloud reselling services for Amazon Web Services and Citrix and professional services with respect to cloud migration, cloud optimization and maintenance, deployment of software and application, Big data analytics.

This transaction was accounted for using the acquisition method. The results of operations of Umbrella are included in the consolidated financial statements from the date of acquisition of control, 4 February 2022. Group acquired Umbrella as part of APAC segment. The Group has made a provisional purchase price allocation on the acquisition date to the net assets acquired:

	4 February 2022
Assets	
Intangible assets (Note 8)	1,571
Property and equipment (Note 6)	41
Long-term deposits	39
Deferred tax assets	58
Trade and other receivables	2,552
Cash and cash equivalents	143
Advances issued and other current assets	58
	4,462
Liabilities	
Trade and other payables	(2,445)
Deferred tax liabilities	(413)
Long-term borrowings	(22)
	(2,880)
Total identifiable net assets at fair value	**1,582**
Goodwill arising on acquisition	12,403
Short-term deferred consideration for acquisition	**7,770**
Long-term payables for acquisitions	**4,291**
Short-term payables for acquisitions	**1,924**

	Cash flow on acquisition
Net cash acquired with the subsidiary	143
Cash paid	-
Net cash flow on acquisition	**143**

5. Business combinations, acquisitions and disposals (continued)

(a) Acquisitions in the year ended 31 March 2022 (continued)

(viii) Acquisition of Umbrella (continued)

During the year ended 31 March 2022 short-term deferred consideration was paid in the amount of $7,847.

The goodwill of $12,403 arising from the Group's acquisition of Umbrella represents the expected benefits from growth of the Group's presence in India and strengthening of cloud services offering for global customer base.

The fair value of the trade receivables amounts to $2,241. The gross amount of trade receivables is $2,326 and it is expected that the full contractual amounts except $85 can be collected.

Intangible assets arising from acquisition are represented by customer base in the amount of $1,503 with the useful life of 10 years.

None of the goodwill recognized is expected to be deductible for income tax purposes.

The effect of acquisitions on the Group's performance is disclosed in Note 36.

As part of the sales and purchase agreement with the previous owner of Umbrella, payables for acquisitions has been agreed. There will be additional cash payments to the previous owner of Umbrella:

a) depending on Revenue for the year ended 31 March 2022;
b) depending on Revenue and EBITDA for the year ended 31 March 2025;
c) depending on Revenue and EBITDA for the year ended 31 March 2026.

As at the acquisition date, the total fair value of the payables for acquisitions was estimated to be $6,215. The fair value is determined using a DCF method.

(ix) Acquisition of Academy IT

On 10 January 2022 in exchange for $2,894 consideration transferred and $1,133 payables for acquisitions linked to the performance of the Acquired Companies, the Group entered into sales and purchase agreement on 75% of the shares in charter capital of Academy IT Companies: Autonomous non-profit organization of additional professional education Academy IT, Aplana Europe LLC, IT.Educational holding LLC (all companies together hereinafter Academy IT). On 10 January 2022 the Group entered for a nominal value into call and put option agreements on the remaining 15% of shares in charter capital of Academy IT. The Group is actively working towards exercising the options to obtain 100% ownership of Academy IT.

Academy IT is a group of private companies with the headquarters in Moscow, Russia engaged in providing educational and consulting services through IT area. The Group enters the deal to expand expertise in training specialists in IT area.

This transaction was accounted for using the acquisition method. The non-controlling interest was treated as if acquired. The results of operations of Academy IT are included in the consolidated financial statements from the date of acquisition of control, 10 January 2022. The Group has made a provisional purchase price allocation on the acquisition date to the net assets acquired. The fair values of the identifiable assets and liabilities of Academy IT as at the date of acquisition were:

5. Business combinations, acquisitions and disposals (continued)

(a) Acquisitions in the year ended 31 March 2022 (continued)

	10 January 2022
Assets	
Intangible assets (Note 8)	484
Property and equipment (Note 6)	30
Software licenses and other inventory	6
Deferred tax assets	17
Cash and cash equivalents	817
Trade receivables	176
Other receivables	12
Advances issued and other current assets	47
	1,589
Liabilities	
Trade and other payables	(384)
Contract liabilities	(536)
	(920)
Total identifiable net assets at fair value	**669**
Goodwill arising on acquisition	**3,398**
Purchase consideration transferred	**2,894**
Long-term payables for acquisitions	**1,173**

	Cash flow on acquisition
Net cash acquired with the subsidiary	817
Cash paid	(2,894)
Net cash flow on acquisition	**(2,077)**

The fair value of the trade receivables amounts to $176. The gross amount of trade receivables is $176 and it is expected that the full contractual amounts can be collected.

The goodwill of $3,398 arising from the Group's acquisition of Academy IT represents the expected benefits from strengthening the Group's expertise in training solutions for further growing capabilities of the Group's overall educational offering.

None of the goodwill recognized is expected to be deductible for income tax purposes.

The effect of acquisitions on the Group's performance is disclosed in Note 36.

5. Business combinations, acquisitions and disposals (continued)

(b) Acquisitions in the year ended 31 March 2021

(i) Acquisition of Aplana Group

On 29 October 2020 in exchange for $2,148 cash consideration and $557 payables for acquisitions linked to the performance of the Acquired Companies, the Group entered into sales and purchase agreement on 100% of the shares in charter capital of Aplana Companies: development center LLC (Russia), Aplana Software Inc.(Russia), Software Development Center LLC (Russia) and 90% of the shares in charter capital of Aplana International projects LLC, (USA).These four companies (all together – Aplana Group) are private companies with the headquarters in Moscow, providing various IT services, such as custom software development and software testing. Payables for acquisitions are measured at fair value.

Aplana Group was acquired to further enhance the Group's software development capability (180 new developers) and expertise in complex back-end development projects.

This transaction was accounted for using the acquisition method. The results of operations of Aplana Group are included in the consolidated financial statements from the date of acquisition of control, 29 October 2020.

The Group has made a purchase price allocation on the acquisition date. The fair values of the identifiable assets and liabilities of Aplana Group as at the date of acquisition were:

	29 October 2020
Assets	
Intangible assets (Note 8)	3,512
Property and equipment (Note 6)	6
Software licenses and other inventory	1,449
Deferred tax assets	5
Trade receivables	1,249
Other receivables	248
Cash and cash equivalents	464
Advances issued and other current assets	5
	6,938
Liabilities	
Trade and other payables	(731)
Contract liabilities	(158)
Short-term borrowings	(1,452)
	(2,341)
Total identifiable net assets at fair value	**4,597**
Gain on bargain purchase	**(1,892)**
Purchase consideration transferred	**2,148**
Short-term payables for acquisitions	**557**

	Cash flow on acquisition
Net cash acquired with the subsidiary	464
Cash paid	(2,148)
Net cash flow on acquisition	**(1,684)**

5. Business combinations, acquisitions and disposals (continued)

(b) Acquisitions in the year ended 31 March 2021 (continued)

The gain on bargain purchase of $1,892 arose due to excess of the fair value of net assets over the amount of consideration.

The fair value of the trade receivables amounts to $1,249 and it is expected that the full contractual amounts can be collected.

Intangible assets arising from acquisition are represented by brand and customer base with useful life of 5-10 years totaling $2,735.

On 8 June 2021 the Group repaid payables for acquisitions of Aplana Group in the amount of $696.

(ii) Acquisition of Softline AG

On 10 December 2020 in exchange for $3,121 cash consideration and $9,514 deferred consideration the Group entered into sales and purchase agreement on 63,4% of voting shares in Softline AG and its fully-owned subsidiaries (all together - Softline AG).

Softline AG is IT-consulting Group founded in 1983. It operates in Germany, Belgium, France, Netherlands, and United Kingdom with average headcount of 202 employees for the year ended 31 March, 2021. Softline AG is sustainably growing and has developed into a recognised European provider of IT services, with focus on IT asset management.

Softline AG is a public company and 20,9% of its shares are floated on the Frankfurt Stock Exchange's Neuer Markt. The cooperation of the Group with Softline AG opens up growth opportunities for both companies, is an important strategic step for the Group in the direction of Europe and the globalization of the entire business.

This transaction was accounted for using the acquisition method. The Group has elected to measure the non-controlling interest in the acquiree as the proportionate share of the acquiree's identifiable net assets. The results of operations of Softline AG are included in the consolidated financial statements from the date of acquisition of control, 10 December 2020.

The Group has made a purchase price allocation on the acquisition date. The fair values of the identifiable assets and liabilities of Softline AG as at the date of acquisition were:

5. Business combinations, acquisitions and disposals (continued)

(b) Acquisitions in the year ended 31 March 2021 (continued)

	10 December 2020
Assets	
Intangible assets (Note 8)	2,826
Property and equipment (Note 6)	674
Software licenses and other inventory	688
Trade receivables	4,516
Cash and cash equivalents	3,075
Advances issued and other current assets	3,978
	15,757
Liabilities	
Trade and other payables	(6,836)
Contract liabilities	(3,996)
Deferred tax liabilities	(270)
Short-term borrowings	(46)
	(11,148)
Total identifiable net assets at fair value	**4,609**
Non-controlling interest	(1,688)
Goodwill arising on acquisition	9,714
Purchase consideration transferred	**3,121**
Short-term deferred consideration for acquisition	**9,514**

	Cash flow on acquisition
Net cash acquired with the subsidiary	3,075
Cash paid	(3,121)
Net cash flow on acquisition	**(46)**

The goodwill of $9,714 arising from the Group's acquisition of Softline AG represents the expected benefits from the access to extensive expertise and know-how to strengthen the Group's performance in the area of digital transformation. The Group acquired Softline AG as a part of EMEA segment.

The fair value of the trade receivables amounts to $4,516 and it is expected that the full contractual amounts can be collected.

Intangible assets arising from acquisition are represented by customer base and brand in the total amount of $2,758 with the useful life of 5 years.

None of the goodwill recognised is expected to be deductible for income tax purposes.

On 8 April 2021 the Group paid off deferred consideration for acquisition of Softline AG in the amount of $9,446.

5. Business combinations, acquisitions and disposals (continued)

(b) Acquisitions in the year ended 31 March 2021 (continued)

(iii) Acquisition of EMBEE

On 15 January 2021 in exchange for $17,971 cash consideration, $16,703 deferred payment and $863 payables for acquisitions linked to the performance of EMBEE SOFTWARE PRIVATE LIMITED (EMBEE), Softline Services India Private Limited (an entity forming part of the Group incorporated in India) acquired 94,7% of the shares in charter capital of EMBEE and Softline Holding PLC acquired a binding option to purchase the remaining 5,3% of shares in charter capital of EMBEE in five years. An additional payment in the amount of $2,294 is agreed to the key employees of EMBEE during the following 5 years for their consulting services related to the retention of existing clients and developing the Company's business. This payment is recorded as expense over the expected service period. Payables for acquisitions are measured at fair value.

The put and call option over non-controlling interest was accounted for as if the related interest was acquired with the deferred liability in the amount of $5,294 and payables for acquisitions in the amount of $640 recorded at discounted option exercise value.

EMBEE is a private company based in India, with headquarters in Kolkata and which has as its core business providing various IT services, including solutions in digital transformation of business, cloud and software licensing solutions.

This transaction was accounted for using the acquisition method. The results of operations of EMBEE are included in the consolidated financial statements from the date of acquisition of control, 15 January 2021. The following schedule reflects the final purchase price allocation to the net assets acquired:

	15 January 2021
Assets	
Intangible assets (Note 8)	7,160
Property and equipment (Note 6)	1,318
Software licenses and other inventory	1,677
Investments in associates and joint ventures	1
Deferred tax assets	655
Income tax receivable	29
Trade receivables	25,438
Other receivables	7,836
Cash and cash equivalents	3,119
Advances issued and other current assets	761
	47,994
Liabilities	
Trade and other payables	(21,390)
Contract liabilities	(52)
Deferred Tax liabilities	(2,706)
Income tax payable	(2,334)
Short-term borrowings	(4,669)
	(31,151)
Total identifiable net assets at fair value	**16,843**
Goodwill arising on acquisition (Note 8)	18,694
Purchase consideration transferred	**17,971**
Long-term deferred payment	**9,659**
Short-term deferred payment	**7,044**
Short-term payables for acquisitions	**863**

5. Business combinations, acquisitions and disposals (continued)

(b) Acquisitions in the year ended 31 March 2021 (continued)

	Cash flow on acquisition
Net cash acquired with the subsidiary	3,119
Cash paid	(17,971)
Net cash flow on acquisition	**(14,852)**

During the year ended 31 March 2022, the purchase price allocation was completed and the final fair value of net assets and consideration transferred at the date of acquisition were recognized as follows:

- Long-term payables for acquisitions were $nil, a reduction of $327 over the provisional amount;
- Short-term payables for acquisitions were $863, an increase of $640 over the provisional amount;
- Long-term deferred payment for acquisition was $9,659, an increase of $260 over the provisional amount;
- Short-term deferred payment for acquisition was $7,044, an increase of $1,302 over the provisional amount;

The acquisition date fair value of income tax payable was $2,334, an increase of $388 over the provisional amount. There was also a corresponding increase in goodwill of $2,263 resulting in $18,694 of total goodwill arising on the acquisition.

The comparative information as of 31 March 2021 was restated to reflect the adjustment to the provisional amounts:

- Long-term payables for acquisitions were reduced by $326;
- Short-term payables for acquisitions were increased by $620;
- Long-term deferred payment for acquisition were increased by $252;
- Short-term deferred payment for acquisition were increased by $1,261;
- Income tax payable was increased by $383;
- Goodwill was increased by $2,190.

The goodwill of $18,694 arising from the Group's acquisition of EMBEE represents the expected benefits from acquiring the team of leading Cloud and System Integration solutions specialists to strengthen the Group's expertise in the area of digital transformation. The Group acquired EMBEE as a part of APAC segment.

The fair value of the trade receivables amounts to $25,438. The gross amount of trade receivables is $25,560 and it is expected that the full contractual amounts can be collected.

Intangible assets arising from acquisition are represented by customer base in the amount of $7,160 with the useful life of 10 years.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The deferred consideration arising as a result of estimations that acquiring market share and client base should be supported by the key management personnel in order to achieve planned targets.

During the year ended 31 March 2022 short-term deferred consideration in the amount of $6,137 and short-term payables for acquisitions in the amount of $617 were paid to the previous shareholders of EMBEE.

5. Business combinations, acquisitions and disposals (continued)

(c) Disposal of subsidiaries

During the year ended 31 March 2022 and the year ended 31 March 2021 the Group made the legal and asset restructuring before IPO. As a result of restructuring the Group disposed of a range of subsidiaries in a distribution to a controlling shareholder and derecognised assets and libilities in the total amount of $37,684 (year ended 31 March 2021: $13,446) and reduction in the non-controlling interest by $78 (year ended 31 March 2021: $nil). Net assets were deducted from the Group's equity.

On 30 June 2021 the Group terminated the acquisition agreement with the controlling shareholder of ETMC Exponenta Ltd which provided control over Exponenta as a result the subsidiary was considered disposed. The carrying value of net identifiable assets disposed of (refer to the table below) in the amount of $10,973 were recognised as a decrease of retained earnings in the consolidated statement of changes in equity at 31 March 2022. Non-controlling interest was reduced by $78.

Carrying value recognised on disposal

	30 June 2021
Assets	
Intangible assets	1
Property and equipment	69
Advances issued and other current assets	20
Software licenses and other inventory	205
Cash and short-term deposits	1,077
Loans issued	922
Trade and other receivables	7,400
	9,694
Liabilities	
Trade and other payables	(1,049)
	(1,049)
Total identifiable net assets at carrying value	**8,645**
Recognition of loans issued to the Group as of disposal date (Note 33)	**2,328**
Non-controlling interest	**78**
Effect of derecognition of subsidiary	**11,051**

On 19 April 2021 the Group terminated the acquisition agreement with the controlling shareholder of Aflex Distribution LLC which provided control over Aflex as a result the subsidiary was considered disposed. The carrying value of net identifiable assets disposed of (refer to the table below) in the amount of $1,038 were recognised as a decrease of retained earnings in the consolidated statement of changes in equity at 31 March 2022.

Carrying value recognised on disposal

	19 April 2021
Assets	
Property and equipment	6
Advances issued and other current assets	39
Software licenses and other inventory	108
Cash and short-term deposits	157
Loans issued	319
Trade and other receivables	841
	1,470
Liabilities	
Trade and other payables	(188)
Long-term borrowings	(244)
	(432)
Total identifiable net assets at carrying value	**1,038**
Effect of derecognition of subsidiary	**1,038**

5. Business combinations, acquisitions and disposals (continued)

(c) Disposal of subsidiaries (continued)

On 31 January 2022 the Group terminated the acquisition agreement with the controlling shareholder of Ukraine business which provided control over it as a result the subsidiary was considered disposed. The carrying value of net identifiable assets disposed of (refer to the table below) in the amount of $2,870 were recognised as a decrease of retained earnings in the consolidated statement of changes in equity at 31 March 2022.

Carrying value recognised on disposal

	31 January 2022
Assets	
Property and equipment	8
Software licenses and other inventory	106
Cash and short-term deposits	2,574
Trade and other receivables	2,496
	5,184
Liabilities	
Trade and other payables	(1,372)
Contract liabilities	(942)
	(2,314)
Total identifiable net assets at carrying value	**2,870**
Effect of derecognition of subsidiary	**2,870**

On 25 June 2021 the Group sold its 100% interest in Softline Managment ApS for a nominal cash consideration to Colbury Finance Limited, related party, owned by the Group's shareholder Softline Group Inc. The carrying value of net identifiable assets disposed of (refer to the table below) in the amount of $6,002 were recognised as a decrease of retained earnings in the consolidated statement of changes in equity at 31 March 2022.

Carrying value recognised on disposal

	25 June 2021
Assets	
Software licenses and other inventory	4,084
Cash and short-term deposits	167
Trade receivables	681
	4,932
Liabilities	
Trade and other payables	(365)
	(365)
Total identifiable net assets at carrying value	**4,567**
Recognition of loans issued to the Group as of disposal date (Note 33)	**1,435**
Effect of derecognition of subsidiary	**6,002**

On 30 September 2021 the Group sold its 100% interest in Softline Enterprise Solutions LLC for a nominal cash consideration to Softline Direct LLC, related party, as part of legal and asset structure re-design of the Group before IPO. The carrying value of net identifiable assets disposed of (refer to the table below) in the amount of $16,801 were recognised as a decrease of retained earnings in the consolidated statement of changes in equity at 31 March 2022 (for more details please refer to Note 15).

5. Business combinations, acquisitions and disposals (continued)

(c) Disposal of subsidiaries (continued)

Carrying value recognised on disposal

	30 September 2022
Assets	
Software licenses and other inventory	2,750
Cash and short-term deposits	10
Trade and other receivables	11,719
Advances issued and other current assets	254
	14,733
Liabilities	
Trade and other payables	(27)
	(27)
Total identifiable net assets at carrying value	**14,706**
Recognition of loans issued to the Group as of disposal date (Note 33)	**2,095**
Effect of derecognition of subsidiary	**16,801**

On 31 March 2021 the Group terminated the acquisition agreement with the controlling shareholder of Skysoft Victory LLC which provided control over it as a result the subsidiary was considered disposed and derecognized net identifiable asset in the amount of $1,708, reducing consolidated retained earnings of the Group.

On 31 March 2021 the Group sold its 100% interest in Bolucom Holdings Limited, Cyprus logistic company, for a nominal cash consideration to its shareholder, Softline Group Inc. as part of legal and asset structure re-design of the Group before IPO. The carrying value of net identifiable assets disposed of (refer to the table below) in the amount of $11,738 were recognised as a decrease of retained earnings in the consolidated statement of changes in equity at 31 March 2021 (for more details please refer to Note 15).

Carrying value recognised on disposal

	31 March 2021
Assets	
Software licenses and other inventory	10,771
Trade and other receivables	979
	11,750
Liabilities	
Trade and other payables	(12)
	(12)
Total identifiable net assets at carrying value	**11,738**
Effect of derecognition of subsidiary	**11,738**

6. Property and equipment

	Computer and office equipment	Buildings	Total
Cost			
01 April 2020	**10,445**	**460**	**10,905**
Additions	2,835	-	**2,835**
Acquisition of a subsidiaries (Note 5 (b))	680	1,318	**1,998**
Disposals	(86)	-	**(86)**
Reclassification	(1,016)	-	**(1,016)**
Translation difference	2,578	21	**2,599**
31 March 2021	**15,436**	**1,799**	**17,235**
Additions	7,943	-	**7,943**
Acquisition of a subsidiaries (Note 5 (a))	1,113	-	**1,113**
Disposals	(1,717)	-	**(1,717)**
Translation difference	119	-	**119**
31 March 2022	**22,894**	**1,799**	**24,693**
Accumulated depreciation			
01 April 2020	**(8,336)**	**-**	**(8,336)**
Depreciation charge	(1,758)	-	**(1,758)**
Disposals	74	-	**74**
Reclassification	3,427	-	**3,427**
Translation difference	(2,797)	-	**(2,797)**
31 March 2021	**(9,390)**	**-**	**(9,390)**
Depreciation charge	(2,820)	(104)	(2,924)
Reclassification	-	(16)	(16)
Disposals	1,119	-	1,119
Translation difference	14	1	15
31 March 2022	**(11,077)**	**(119)**	**(11,196)**
Net book value			
At 01 April 2020	**2,109**	**460**	**2,569**
At 31 March 2021	**6,046**	**1,799**	**7,845**
At 31 March 2022	**11,817**	**1,680**	**13,497**

As at 31 March 2022 and 31 March 2021 the Group had owned an office building in Peru with the carrying amount of $460 pledged as security for a loan. The loan must be repaid by 24 August 2026.

7. Long-term investments

	31 March 2022	31 March 2021
Investments in joint ventures:		
BidCo	-	119,954
Other joint ventures	91	105
	91	**120,059**
Equity investment at FVOCI:		
Crayon	62,173	-
	62,173	**-**

In August 2018 the Group entered into Investment Deed with the third-party Investor related to the acquisition of 7,644,039 shares of Crayon Group Holding ASA (Crayon) with a nominal value of NOK 1.00 and representing approximately 10.14% of the share capital of Crayon. The initial cash consideration for the shares amounted to $13,530. Crayon is a provider of software asset management, Cloud and Volume licensing and associated consulting services and is listed on the Oslo stock exchange. Further it was agreed with the Investor to establish a legal entity OEP ITS HOLDING B.V. (BidCo) where the Group will hold 31.7176% in BidCo's entire issued share capital in exchange for the whole package of Crayon shares, totalling 7,644,039 shares. BidCo holds 24,100,307 shares in Crayon representing approximately 29.5% of the share capital of Crayon as at 31 March 2021, that gives BidCo economic interest, but no significant voting power or significant influence over Crayon. The joint venture makes decisions based on unanimous decisions by shareholders.

The Group's interest in BidCo was accounted for using the equity method as a joint venture in the consolidated financial statements. BidCo conducts no other significant activities other than holding the investments in Crayon, for which it accounts for as investments at fair value with revaluation at quoted market prices through other comprehensive income (FVOCI) because all key decisions are made unanimously by the Group and the other shareholder of BidCo. The fair value measurement is categorized at Level 1. Prior to formation of the BidCo, the Group accounted for the investments in Crayon in the same way as subsequently did BidCo and recognised an income from revaluation of investment in Crayon shares of $4,458 in its other comprehensive income and $380 of loss on translation difference. As at 10 August 2018, the date of contribution to BidCo, the value of the FVOCI investments by the Company were $17,296.

In June 2021 it was agreed between the shareholders of BidCo to sell 8,400,000 shares of Crayon and distribute the funds between the investors. The sale included the Group's effective share of 2,664,278 Crayon shares. The shares were sold on 30 June 2021 for $114,021 cash consideration with a discount of 8% to the current market price (including $35,090 attributable to the Group). OCI on shares sold in the amount of $32,993 accumulated previously in the Group's financial statements was reclassified to retained earnings as at 30 June 2021.

The sale led to the decrease in the share of BidCo in Crayon to 18.7%. Pursuant to an agreement entered into by the Group and the third party in June 2021, the residual Crayon shares held by BidCo shall be transferred to the Group and the third party in proportion to their respective holdings in BidCo.

7. Long-term investments (continued)

On 18 August 2021 it was agreed between the Group and another shareholder of BidCo by written shareholders resolution (1) to make cash distribution to another shareholder in the amount of $45,529 representing a share in the balance of funds on BidCo accounts at the date of the resolution pro rata to its shareholding (2) to make Crayon shares distribution to another shareholder pro rata to its share in BidCo constituting 10,720,546 Crayon shares, leaving the rest of 4,979,761 Crayon shares on the balance of BidCo (3) to reduce BidCo share capital by cancellation of 682,824 shares with a nominal value of € 0.01 each held by another shareholder. Pro rata part of the share premium reserve attached to the shares was re-allocated to the share premium reserve attached to the remaining 317,176 shares held by the Group.

Following the reduction of BidCo share capital, the Group became the ultimate controlling party of the company, ceased to be the party in the joint venture and started accounting for the company as a subsidiary renamed to Axion BidCo Holding BV. As at 31 March 2022 all assets held by BidCo were transferred to Softline Holding PLC.

The Group continued to account for Crayon shares using the equity method in its consolidated financial statements.

In March 2022 the Group sold additionally 1,690,586 shares of Crayon for $33,635 cash consideration. OCI on shares sold in the amount of $30,292 accumulated previously in the Group's financial statements was reclassified to retained earnings as at 31 March 2022. The total amount of OCI reclassified to retained earnings for 12 months ended 31 March 2022 amounted to $63,285.

For the year ended 31 March 2022 the Group recognised in Other comprehensive income and loss $11,547 of income, including $2,778 of share in OCI of a joint venture and $8,768 as revaluation of equity instrument designated at FVOCI ($85,493 of share in OCI of a joint venture for the year ended 31 March 2021).

Below is the movement of investment for the years ended 31 March 2022 and 31 March 2021 in:

(a) BidCo joint venture

	31 March 2022	31 March 2021
Opening balance	**119,954**	**34,461**
Share in OCI of a joint venture	2,778	85,493
Share in distribution of funds	(35,693)	-
Reclassification to FVOCI investment	(87,039)	-
Closing balance	**-**	**119,954**

(b) Equity investment at FVOCI

	31 March 2022
Opening balance	**-**
Reclassification from joint venture investment	87,039
Revaluation of investment	8,373
Sale of investment	(33,239)
Closing balance	**62,173**

8. Intangible assets and goodwill

	Brand and customer relationship	Software	Goodwill
Cost			
01 April 2020	**3,536**	**28,546**	**19,577**
Additions – acquired	-	11,126	-
Additions − internally developed	-	7,575	-
Acquisition of subsidiaries (Note 5 (b)) (restated*)	12,654	844	28,408
Disposals	-	(1,277)	-
Translation difference	(131)	12	(1,488)
31 March 2021	**16,059**	**46,826**	**46,497**
Additions – acquired	-	6,131	-
Additions − internally developed	-	9,027	-
Acquisition of subsidiaries (Note 5 (a))	22,305	7,244	86,964
Disposals	(326)	(1,522)	-
Translation difference	(10,523)	1,802	(8,813)
31 March 2022	**27,515**	**69,508**	**124,648**
Accumulated amortization			
01 April 2020	**(643)**	**(11,207)**	**-**
Amortization charge	(535)	(6,531)	-
Disposals	-	357	-
Translation difference	8	37	-
31 March 2021	**(1,170)**	**(17,344)**	**-**
Amortization charge	(3,303)	(10,330)	-
Disposals	180	1,520	-
Translation difference	247	2,384	-
31 March 2022	**(4,046)**	**(23,770)**	**-**
Net book value			
At 01 April 2020	**2,893**	**17,339**	**19,577**
At 31 March 2021 (restated*)	**14,889**	**29,482**	**46,497**
At 31 March 2022	**23,469**	**45,738**	**124,648**

* *The amount of goodwill is restated and does not correspond to the figures in the consolidated financial statements for the year ended 31 March 2021 since adjustments to the provisional purchase price allocation of acquisition of EMBEE were made during the year ended 31 March 2022, as detailed in Note 5 (b).*

8. Intangible assets and goodwill (continued)

Goodwill impairment

	Active Group	Softline Brazil	Develop-ment Bureau	Infose-curity	HTC	EMBEE	Softline AG	NCPR	Belitsoft	Digitech	Squalio	Academy IT	TC Enge-neer	Umbrella	MMTR	Softclub	**Total**
Goodwill as at 1 April 2020	**9,775**	**7,919**	**1,250**	**282**	**351**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19,577**
Acquisition of subsidiary (Note 5 (b)) (restated)	–	–	–	–	–	18,694	9,714	–	–	–	–	–	–	–	–	–	**28,408**
Translation difference	(82)	(1,365)	33	8	43	(56)	(69)	–	–	–	–	–	–	–	–	–	**(1,488)**
Goodwill as at 31 March 2021	**9,693**	**6,554**	**1,283**	**290**	**394**	**18,638**	**9,645**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**46,497**
Acquisition of subsidiary (Note 5 (a))	–	–	–	–	–	–	–	6,242	6,694	7,635	8,747	3,398	1,125	12,403	2,373	38,347	**86,964**
Translation difference	(1,154)	1,180	(128)	(29)	(39)	(628)	(513)	(720)	(965)	(1,075)	(535)	(396)	(84)	(187)	(178)	(3,362)	**(8,813)**
Goodwill as at 31 March 2022	**8,539**	**7,734**	**1,155**	**261**	**355**	**18,010**	**9,132**	**5,522**	**5,729**	**6,560**	**8,212**	**3,002**	**1,041**	**12,216**	**2,195**	**34,985**	**124,648**

8. Intangible assets and goodwill (continued)

Goodwill impairment (continued)

The Group recognised goodwill from several acquisitions. These included acquisition of a subsidiary in Brazil, group of companies Active Group, Freshstore LLC, Infosecurity LLC, Infosecurity Services LLC and High Technologies Center LLC, Embee Software Private Limited, group of companies Softline AG, National support and development center LLC, Belitsoft SOOO, Digitech for Information Technology S.A.E., Umbrella Infocare Private Limited, group of companies Squalio, group of companies Academy IT, group of companies MMTR, Technical Center Engineer JSC and group of companies Softclub (Note 5). The entire goodwill is allocated between abovementioned subsidiaries which are separate cash-generating units.

The goodwill impairment assumptions at 31 March 2022 for newly-acquired entities were consistent with the assumptions used in valuations of the businesses on acquisitions due to lack of significant changes in projection from the recent date of acquisitions. The valuations were based on discounted future cash flows.

The calculation of value in use for the most significant business units in terms of the size and the amount of goodwill is most sensitive to the following assumptions:

A. Brazil:

- Brazilian business unit revenue growth rates above 15% (in BRL) based on inflation (estimated inflation level is 3,1%) and organic growth 27,0% in 2022 to 12,0% in 2027. Turnover growth in 2022 is explained by a change in the structure of sales, as well as with the effect of a low base in 2021;
- Earnings before interest, taxation, amortization and depreciation (EBITDA) margins are estimated at around 3,2% of revenues;
- Insignificant capital expenditures ($52 per year on average);
- Pre-tax discount rate is 18,1%;
- Post-tax discount rate is 23,4%;
- Terminal growth rate is 3,1%.

A decrease in revenue growth below 14,3% would result in impairment of goodwill.

B. Active Group:

- Active Host are presented on the Russian, Belarusian and other European markets;
- Belarusian business units revenue growth rates above 20% (in BYN) based on inflation (estimated inflation level is 5,7%) and organic growth 15,0%; Russian business unit revenue growth rates 25,1% (in RUB) based on inflation (estimated inflation level is 4,0%) and organic growth 20,0%; Cyprus business unit revenue growth rates above 12,9% (in USD) based on inflation (estimated inflation level is 2,5%) and organic growth 10,0%;
- Earnings before interest, taxation, amortization and depreciation (EBITDA) margins are estimated at around 21,8% of revenues (the average for the Group);
- Insignificant capital expenditures ($290 per year on average for the Group);
- Pre-tax discount rate is 20,3-20,5% (Belarus), 18,7% (Russia), 12,2% (Cyprus);
- Post-tax discount rate is 19,9-20,6% (Belarus); 21,1% (Russia), 13,7% (Cyprus);
- Terminal growth rate is 5,0% (Belarus), 4,0% (Russia), 2,3% (Cyprus).

8. Intangible assets and goodwill (continued)

Goodwill impairment (continued)

C. Softline AG:

- Softline AG are presented on the European markets;
- On 16 November 2009 Softline AG shares were released to the open market at the m:access of the Munich stock market. Softline AG shares were first traded on 14 February 2000 in the General Standard Segment of the Frankfurt stock market. As the company is listed on the stock market, goodwill's impairment testing was based on an analysis of the company's market value (stock price x number of shares).

D. EMBEE:

- EMBEE is presented on the Indian market;
- The revenue growth rates above 7% (in INR) based on inflation (estimated inflation level is 4,5%) and organic growth 2,5%;
- Earnings before interest, taxation, amortization and depreciation (EBITDA) margins estimated at around 2,9% of revenues;
- Insignificant capital expenditures ($100 per year on average);
- Pre-tax discount rate is 23,2%;
- Post-tax discount rate is 16,9%;
- Terminal growth rate is 4,5%.

A decrease in revenue growth below 3,8% would result in impairment of goodwill.

As at 31 March 2022 no impairment loss was identified.

9. Software licenses and other inventory

	31 March 2022	31 March 2021
Software for resale (at lower cost or net realizable value)	31,186	25,303
Hardware for resale (at lower cost or net realizable value)	22,829	5,595
Materials (at lower cost or net realizable value)	12	1,454
Total inventories	**54,027**	**32,352**

During the year ended 31 March 2022, $7 was recognised as income for reimbursement of previously recognized expense for inventories write-off (the year ended 31 March 2021: expense of $554). It was included in cost of sales in Consolidated statement of profit or loss and other comprehensive income.

10. Trade receivables

	31 March 2022	31 March 2021
Receivables from third-party customers	285,784	209,277
Receivables from related parties (Note 33)	2,321	34
	288,105	**209,311**
Less: allowance for expected credit losses	(11,676)	(10,274)
	276,429	**199,037**

10. Trade receivables (continued)

The fair value of trade and other current receivables approximates their carrying value. The average days sales outstanding (DSO) period is 44 days. No interest is charged on trade receivables.

For terms and conditions relating to related party receivables, refer to Note 33.

The table below shows the movement in allowance for expected credit losses:

	Year ended 31 March 2022	Year ended 31 March 2021
As at 1 April	**(10,274)**	**(7,591)**
Expected credit losses for the year (Note 24)	(3,754)	(4,785)
Write-offs	1,522	2,110
Translation difference	830	(8)
As at 31 March	**(11,676)**	**(10,274)**

The information about the credit exposures is disclosed in Note 29.

As at 31 March 2022 and 31 March 2021 the aging analysis of trade receivables is, as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	<30 days	30-60 days	61-90 days	91-180 days	>181 days
As at 31 March 2022	**276,429**	209,298	34,067	16,836	5,951	5,254	5,023
As at 31 March 2021	**199,037**	134,018	35,419	13,928	6,415	4,402	4,855

11. Other taxes receivable and other receivables

Other receivables are represented by receivables from employees.

As at 31 March 2022 the increase of Other taxes receivable is mainly due to increase in value added tax receivable in EMBEE in the amount of $7,275.

12. Loans issued

	31 March 2022	31 March 2021
Long-term loans issued to related parties (Note 33)	52	-
Other long-term loans	3,151	46
Total long-term	**3,203**	**46**
Short-term loans issued to related parties (Note 33, 35)	16,684	1,549
Other short-term loans	1,112	1,174
Interest receivable from third party	553	802
Interest receivable from related party	65	248
Total short-term	**18,414**	**3,773**
	21,617	**3,819**

In August 2021 the Group provided a EUR-denominated loan bearing interest rate of 6% p.a. with a maturity on 3 August 2024. The nominal value of the loan issued is equal to the carrying value of $2,195 as at 31 March 2022. At the date of issue of the consolidated financial statements the loan was not fully paid.

In March 2022 the Group provided a RUR-denominated loan bearing interest rate of 15% p.a. with a maturity on 23 June 2022. The nominal value of the loan issued is equal to the carrying value of the loan of $15,839 as at 31 March 2022. At the date of issue of the consolidated financial statements the loan was repaid in the amount of $9,044. The rest of the loan amounting to 655 million rubles plus accrued interest of 24 million rubles was offset on May 5, 2022 against acquisition of NFI Group (see note 35).

The detailed information on related party transactions is also disclosed in Note 33.

During the year ended 31 March 2021 the Group partly offset declared dividends against the short-term loan issued to the shareholders as at 31 March 2020 in the amount of $3,356 (refer to Note 15).

13. Cash and cash equivalents

	31 March 2022	31 March 2021
Short-term deposits	14,726	21,074
Cash in banks, including	314,227	64,441
In Russian rubles	*47,488*	*3,916*
In USD	*144,972*	*12,334*
In other currencies	*121,767*	*48,191*
Cash on hand	239	202
Cash equivalents	112	-
Restricted cash	4,745	3,898
	334,049	**89,615**

Restricted cash is mainly presented by fixed deposits in India as a guarantees for trade agreements.

14. Advances issued and other current assets

	31 March 2022	31 March 2021
Advances issued	33,654	23,859
Advances under agreements with subcontractors	2,555	9,446
Work-in-progress	2,415	65
Advances issued and other current assets to related parties (Note 33)	1	-
	38,625	**34,070**

15. Share capital and other components of equity

Number of shares issued as of:

	31 March 2022	31 March 2021*
Ordinary shares	183,692,834	97,364,000
Series A Redeemable Preferred Shares	-	6,790,000
Series A Non-redeemable Preferred Shares	-	16,438,000
Total number of issued shares	**183,692,834**	**120,592,000**
Shares issued and outstanding	101,816,897	105,419,000
Shares issued and fully paid	81,875,937	15,173,000
Total number of issued shares	**183,692,834**	**120,592,000**
Nominal value per share, US dollars	0.00023647	0.00001
Total issued share capital, US dollars	**43,437**	**1,206**

** The number of issued shares as at 31 March 2021 has been adjusted retrospectively to take into account the effect of share split performed during the year ended 31 March 2022.*

By a resolution of the shareholders of the Company dated 26 February 2021 it was decided that the Company proceed on the 5 March 2021 with the redemption of 7,021 Series A redeemable preference shares of 0.01 US dollars each and on the 11 March 2021 with the redemption of 1,362 Series A redeemable preferred shares of 0.01 US dollars each.

The amount of consideration for the redemption was fully paid in March 2021 and equals to $16,899 (2,015.89 US dollars per share). The redemption led to the reduction in equity of the Company, including reduction of share capital by 84 US dollars and reduction of retained earnings by $16,899.

Following the redemption, Series A redeemable preferred shares were cancelled. This led to the increase in authorized share capital by 8,383 shares and the total authorized share capital of the Company as of 31 March 2021 became equal to 1,735.89 US dollars divided into 125,634 ordinary shares of 0.01 US dollars each, 11,504 Series A redeemable preferred shares of 0.01 US dollars each and 36,451 Series A non-redeemable preferred shares of 0.01 US dollars each.

The issued share capital of the Company as of 31 March 2021 was 1,205.92 US dollars divided into 97,364 ordinary shares of 0.01 US dollars each, 6,790 Series A redeemable preferred shares of 0.01 US dollars each and 16,438 Series A non-redeemable preferred shares of 0.01 US dollars each.

Each ordinary share, Series A redeemable preferred share and Series A non-redeemable preferred share conferred the right to one vote.

On 26 March 2021, the Board of Directors of the Company declared dividends for the year 2019 to its shareholders pro rata to their shareholding in the total amount of $10,239 (77.66 US dollars per share).

It was also resolved to partly set-off equity distribution against shareholders' debt towards the Group as at 31 March 2020 in the amount of $3,356 (refer to Note 12). In March 2021 the Company paid dividends in the amount of $7,525.

In April 2021 the Group increased its share in Lagembor from 67% to 100% in exchange for cash consideration of $2,707 and 4,278 Softline Holding PLC's Series A Redeemable Preferred Shares of $0,01 each, issued by the Company as part of the deal between Softline Holding PLC, Lagembor, Zubr and Softline Group Inc. (see Note 1). Fair value of shares transferred approximated the nominal value.

15. Share capital and other components of equity (continued)

This led to the raise in the amount of share capital by $0.05 and the reduction in the amount of other components of equity by $2,476. In July 2021 the Company distributed and paid dividends in the amount of $567 to Zubr (99.47 US dollars per share owned by Zubr) as a part of the aforementioned deal.

By the resolution of the shareholders of the Company dated 17 June 2021 1,426 ordinary shares of 0.01 US dollars each were converted into 1,426 Series A non-redeemable preferred shares of 0.01 US dollars each.

By the resolution of the shareholders of the Company dated 26 July 2021 2,814 ordinary shares of 0.01 US dollars were issued and allotted out of the authorized share capital.

By the resolution of the shareholders dated 23 August 2021 the authorized share capital of the Company was sub-divided into 125,634,000 ordinary shares of 0.00001 US dollars each, 11,504,000 Series A redeemable preferred shares of 0.00001 US dollars each and 36,451,000 Series A non-redeemable preferred shares of 0.00001 US dollars each. The issued share capital of the company was sub-divided into 98,752,000 ordinary shares of 0.00001 US dollars each, 11,068,000 Series A redeemable preferred shares of 0.00001 US dollars each and 17,864,000 Series A non-redeemable preferred shares of 0.00001 US dollars each.

By the resolution of the shareholders of the Company dated 8 September 2021 320,002 ordinary shares of 0.00001 US dollars each were issued and allotted out of the authorized share capital.

By the resolution of the shareholders of the Company dated 13 September 2021 Series A preferred shares were converted into ordinary shares of 0.00001 US dollars each. Following the conversion, the total authorized share capital of the Company became equal to 1,735.89 US dollars divided into 173,589,000 ordinary shares of 0.00001 US dollars each. The issued share capital of the Company became equal to 1,280.04002 US dollars divided into 128,004,002 ordinary shares of 0.00001 US dollars each.

By the resolution of the shareholders of the Company dated 29 September 2021 245,000 ordinary shares of 0.00001 US dollars each were issued and allotted out of the authorized share capital.

By the resolution of the shareholders of the Company dated 30 September 2021 2,904,455,101 ordinary shares of 0.00001 US dollars each were issued and allotted out of the authorized share capital. Authorized share capital was increased to the total amount of 118,234.99747 US dollars divided into 11,823,499,747 ordinary shares of 0.00001 US dollars each. Further the authorized share capital of the Company was consolidated and divided into 500,000,000 ordinary shares of a nominal value 0,00023647 US dollars each. The issued share capital of the Company was consolidated and divided into 128,249,000 ordinary shares of a nominal value 0,00023647 US dollars each.

By the resolution of the shareholders of the Company dated 2 October 2021 2,110,500 ordinary shares of 0,00023647 US dollars each were issued and allotted out of the authorized share capital.

Thus the issued share capital of the Company was increased by the total amount of 29 620,19 US dollars from 1 April 2021 until 31 October 2021.

On 1 November 2021 the Company completed Initial public offering (IPO) and issued 53,333,334 ordinary shares with nominal value of 0,00023647 US dollars each for a total price of 7.50 US dollars per share to be traded in the public market, increasing the issued share capital by 12,611.73 US dollars. Gross income from IPO in the amount of $399,987 was recognized as the Share premium.

15. Share capital and other components of equity (continued)

IPO-related costs in the amount of $31,413 were recognized as a reduction of the Share premium. Transaction costs related to the listing of existing shares in the amount of $30 were recognized as an expense in the Consolidated statement of profit or loss and other comprehensive income.

The Share premium related to IPO in total amount of $368,574 has not been registered in Cyprus yet at the date of issue of the consolidated financial statements.

The total authorized share capital of the Company as of 31 March 2022 was equal to 118,235 US dollars divided into 500,000,000 ordinary shares of 0,00023647 US dollars each.

The issued share capital of the Company as of 31 March 2022 was 43,437.84 US dollars divided into 183,692,834 ordinary shares of 0,00023647 US dollars each.

Treasury shares

During the year ended 31 March 2022 the Group repurchased 1,132,188 ordinary shares of the Company with nominal value of 0,00023647 US dollars each traded in the public market for total consideration of $6,371 to be used in the long-term incentive program for the employees of the Group (refer to Note 16).

Disposal and liquidation of subsidiaries

During the year ended 31 March 2022 the Group disposed a number of subsidiaries for the nominal consideration to the related parties (refer to Note 5 (c)). These transactions led to the reduction in the equity attributable to the shareholders of the Company by $37,684 and reduction in the non-controlling interest by $78.

During the year ended 31 March 2021 the Group disposed of two its subsidiaries for nominal consideration to a shareholder. This led to the reduction in retained earnings by $13,446.

Other reserves

	Other reserves
01 April 2020	**(26,634)**
Share-based payments (Note 16)	380
Other	(16)
31 March 2021	**(26,270)**
Acquisition of non-controlling interest	(2,476)
Other	(475)
Share-based payments (Note 16)	70
31 March 2022	**(29,151)**

Other components of equity

Other components of equity consist primarily of the revaluation of the equity instrument designated at fair value through other comprehensive income and share in other comprehensive income of a joint venture (refer to Note 7).

16. Share-based payments

During the year ended 31 March 2018 the Group implemented long term incentive plan for its key personnel ("the Participants") defined by the Board. Under the Incentive plan Rules the Group entered into option agreements with employees for the granting of options ("the Option") over specified number of shares, defined in accordance with participation level.

Following the share capital reconstruction in August 2021 (Note 15), the number of options was splitted accordingly. The amount of share capital allocated for the program is 9% of the total number of shares of the Group, which is 16,508,117 shares as of 31 March 2021 (10% of the total number of ordinary shares of the Group on a fully-diluted basis, which is 14,330 ordinary shares as of 31 March 2020).
To meet its obligation to employees under the option program, the Group initiated buy-back of its shares from the organized securities market in amount of up to 10% of its issued share capital as per the maximum allowance under the Cypriot law. The program would be financed through the Group's operations and would not impact the Group investment strategy. In May The Group repurchased 4,420,277 shares from shareholders priced at 1 US dollar per ordinary share or GDR.

Granting of the options is anticipated in several stages. Options shall vest after three years from the date of grant subject to continuing service and, for some options, performance conditions.

Options may only be exercised to the extent that it has vested and after the earliest of the following to occur:

i. An IPO;

ii. A Qualifying Sale;

iii. The equity value (EV) reaches $500 million following a Sale.

where a Qualifying Sale means a Sale where the EV attributed to the Group is not less than $500 million, and a Sale means either a person obtaining controlling interest in the Group or a merger between the Group and another entity or entities which results in the existing shareholders of the Group cease to control the merged entity or entities upon such merger.

In October 27, 2021 The Group went through an IPO and started trading on the London Stock Exchange with a secondary listing in Moscow. Thus, one of the performance conditions, making the options exercisable, was met.

The Group recognises expense in the Consolidated statement of profit or loss and comprehensive income on a straight-line basis for each vesting tranche. The total expense recognised for the year ended 31 March 2022 and 31 March 2021 based on the grant date fair values of the awards expected to vest was $70 and $380 accordingly (refer to Note 15).

Unvested compensation expense related to share-based payment as of 31 March 2022 and 31 March 2021 was nil and $70 accordingly.

16. Share-based payments (continued)

The fair value of the Option was estimated on the date of the grant by using the Black-Scholes-Merton option valuation model for call options based on the following assumptions:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Share price	$7.5	$11.096
Exercise price of an option	$1.12	$10.47
Number of periods to exercise in years	3	3
Expected volatility	38%	25%
Risk-free interest rate	1.94%	2.84%

The expected volatility used was based on the historical volatility of the share price of the peers over a period equivalent to the expected life of the option prior to its date of grant.

The risk-free interest rate was based on the yields available on US Treasury 30 years government bonds as at the date of grant.

Below is the schedule of options as of 31 March 2022 and 2021 in pieces:

	Granted	Exercised	Forfeited	Outstanding	Exercisable
For the year ended 31 March 2021	602	–	(472)	9,008	–
For the year ended 31 March 2022	738	–	(246)	9,500	770
As at 31 March 2022 (recalculated after split)				8,882,902	719,559

17. Interest bearing borrowings and loans

	Effective interest rate	Maturities of debt	31 March 2022	31 March 2021
In RUR				
Bonds	9.19-12.29%	December 2023	74,424	90,391
Sberbank	6.74%	February 2023	23,785	22,456
Alfa-Bank	6.00%	August 2021	-	26,419
Raiffeisenbank	6.00%	November 2021	-	6,407
Gazprombank	6.10%	July 2021	-	7,926
Corporate lenders	0.00-7.00%	June 2022	273	931
In EUR				
International Investment bank	3.91%	December 2027	12,478	9,643
SIA Citadele leasing & Factoring	5.00%	June 2022	1,166	-
OTP Bank	EURIBOR+1.45%	April 2022	705	219
JSC Development Finance Institution Altum	2.90%	September 2023	680	-
Raiffeisen Bank	EURIBOR+1.00%	February 2023	206	-
In USD				
BANCO CITIBANK S.A.	4.46%	October 2022	8,018	8,312
Corporate lenders	4.00%	October 2022	1,390	-
BBVA	5.75%	August 2026	391	710
BAC SAN JOSE	4.50%	September 2022	280	353
Banks and financial institutions	1.00-9.00%	March 2022	79	401
In INR				
Hewlett Packard Financial Services (India) Pvt Ltd	9.75-10.23%	August 2023	3,781	-
Tata Capital Finance Serivce Ltd.	10.00-11.00%	November 2022	3,093	4,138
DBS Bank	0.00%	July 2022	2,095	-
ICICI BANK	I-MCLR6M+1.00%	July 2022	1,762	410
AXIS BANK	3M MCLR+1.20%-9.00%	May 2022	1,844	1,371
HDFC Bank	8.60%	March 2022	1,679	-
Corporate lenders	8.00%	February 2024	71	2,433
In BRL				
BANCO CITIBANK S.A.	8.50%	September 2021	-	530
In COP				
Banks and financial institutions	IBR + 6.25% - 7.05%	February 2023	38	1,057
In other currencies				
Banks and financial institutions	2.28-41.00%	October 2022	167	610
Long-term borrowings			**49,197**	**84,420**
Short-term borrowings and current portion of long-term debt			**89,208**	**100,297**
Total			**138,405**	**184,717**

The unused portion under all credit facilities as of 31 March 2022 was equal to $151,362 (as of 31 March 2021: $55,679).

17. Interest bearing borrowings and loans (continued)

The Group has a number of agreements with banks on using revolving credit lines and overdrafts in case of necessity to raise additional funds for working capital:

- Total amount of two credit lines in Sberbank is $47,570. The first agreement in the amount of $23,785 with interest 6,74% is valid until 24 February 2023. The second agreement for the amount of $23,785 is valid until 30 March 2023 with the interest rate to be determined separately for each tranche;
- Total amount of credit line in Alfa-Bank is $27,353, the interest rate to be determined separately for each tranche. The agreement is valid until 31 December 2023;
- Total amount of credit line in Gazprombank is $29,732 with interest 8,9% on tranches outstanding at the reporting date. The agreement is valid until 23 July 2025;
- Total amount of credit line in Raiffeisenbank is $9,514, the interest rate to be determined separately for each tranche. The agreement is valid until 30 December 2022;
- Total amount of credit line in Rosbank is $9,514, with the interest rate to be determined separately for each tranche. The agreement is valid until 12 June 2023;
- Total amount of overdraft in Alfa-Bank is $3,568 with interest 29,1%;
- Total amount of overdraft in Raiffeisenbank is $2,379 with interest MosPrime ON+1,5%;
- Total amount of overdraft in Rosbank is $2,379 with interest 11,81%;
- Total amount of overdraft in OTP bank is $297 with interest MosPrime 1M+1,5%.

On 26 December 2018 the Group issued 1,000,000 bonds with a nominal value of RUB 1,000 in order to attract additional long-term borrowings. The maturity date was 22 December 2021. All 1,000,000 bonds were settled during the year ended 31 March 2022. On 23 April 2020 the Group issued 1,350,000 bonds with the same RUB 1,000 nominal value. The maturity date is 19 January 2023. The coupon interest rate of this issues as of 31 March 2022 amounted to %11.00 p.a. On 23 October 2020 the Group issued another 4,950,000 bonds with the same RUB 1,000 nominal value. The maturity date is 23 December 2023. The coupon interest rate as of 31 March 2022 amounted to %8.90 p.a. The balance outstanding as of 31 March 2022 was $74,424. The long-term portion is $39,163 and the short-term portion is $35,261.

The Group’s loan agreements with banks and financial institutions contain a number of covenants and restrictions, which include, but are not limited to, financial ratios, maximum amount of debt, minimum amount of EBITDA and certain default provisions. Covenant breaches if not waived generally permit lenders to demand accelerated repayment of principal and interest.

As of 31 March 2022 and 31 March 2021 the Group was in compliance with all major Group’s restrictive financial covenants. As of 31 March 2022 and 31 March 2021 the Group has no pledged assets, except for those disclosed in Note 6.

18. Trade and other payables

	31 March 2022	31 March 2021
Trade payables	267,195	229,844
Payables to employees	17,825	11,653
Provision for unused vacation	8,706	7,265
Provisions/accrued expenses	2,166	-
Payables for non-current assets	1,489	1,713
Payables to related parties (Note 33)	675	693
Other payables	7,937	3,940
	305,993	**255,108**

18. Trade and other payables (continued)

Terms and conditions of the above financial liabilities described above:

(a) Trade payables are non-interest bearing and are normally settled on 30-day terms;

(b) Other payables are settled on 30-day terms.

The detailed information on related party transactions is also disclosed in Note 33.

19. Other long-term creditors

	31 March 2022	31 March 2021
Deferred income	5,289	-
Long-term sublease liabilities	2,035	-
Other	732	-
	8,056	**-**

In October 2021 the Group appointed the Bank of New York Mellon as depositary. According to the agreement the depositary is obliged to pay to the Group a regular compensation to share income received from brokerage operations. The first payment was received during the year ended 31 March 2022 in net amount of $7,380 (gross compensation of $7,853 less withholding income tax equal to $473). The net compensation was capitalized as deferred income in the Consolidated statement of financial position with long-term part in the amount of $5,289 recognized as other long-term creditors and short-term part in the amount of $1,476 recognized as trade and other payables. Part of remuneration related to the year ended 31 March 2022 in the amount of $615 was recognized as other income in the Consolidated statement of profit or loss and comprehensive income.

20. Leases

The Group leases server equipment in a number of finance lease agreements and office premises under operating lease agreements.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2022	2021
As at 1 April	**14,782**	**14,368**
Additions	6,667	6,560
Reclassification	(2,035)	-
Accretion of interest	1,144	1,523
Disposal	(2,380)	(437)
Payments – principal portion	(6,562)	(7,256)
Payments - %	(205)	(307)
Exchange difference	207	141
Translation difference	(1,249)	190
As at 31 March	**10,369**	**14,782**
Current	4,495	4,905
Non-current	5,874	9,877

The maturity analysis of lease liabilities is disclosed in Note 29.

20. Leases (continued)

Almost all finance lease contracts are denominated in RUB. The discount rate used for the calculation of present value of minimum lease payments under finance lease contracts equals the implicit rate for the lessor and varies from 0% p.a. to 11% p.a. Average effective interest rate is about 14%. The average lease term is 36 months.

The Group cannot readily determine the interest rate implicit in the operating lease contracts, therefore, it uses the rate of interest that is implied under the Group long-term loans and equals from 8,9% p.a. to 20% p.a. (Note 17), which corresponds to the terms and amounts of right-of-use assets financing.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Equipment	Office premises	Total
Cost			
01 April 2020	**10,956**	**11,550**	**22,506**
Additions	1,889	4,228	**6,117**
Disposals	-	(808)	**(808)**
Reclassification	(1,866)	-	**(1,866)**
Translation difference	911	322	**1,233**
31 March 2021	**11,890**	**15,292**	**27,182**
Additions	1,476	4,295	**5,771**
Disposals	(593)	(2,983)	**(3,576)**
Translation difference	(981)	(1,286)	**(2,267)**
31 March 2022	**11,792**	**15,318**	**27,110**
Accumulated depreciation			
01 April 2020	**(4,637)**	**(1,864)**	**(6,501)**
Depreciation charge	(1,523)	(4,458)	**(5,981)**
Disposals	-	463	**463**
Reclassification	(545)	-	**(545)**
Translation difference	(863)	(4)	**(867)**
31 March 2021	**(7,568)**	**(5,863)**	**(13,431)**
Depreciation charge	(1,364)	(4,330)	**(5,694)**
Disposals	582	1,914	**2,496**
Translation difference	750	721	**1,471**
31 March 2022	**(7,600)**	**(7,558)**	**(15,158)**
Net book value			
At 01 April 2020	**6,319**	**9,686**	**16,005**
At 31 March 2021	**4,322**	**9,429**	**13,751**
At 31 March 2022	**4,192**	**7,760**	**11,952**

The Group also has leases of office and warehouse premises with lease terms of 12 months or less. The Group applies the ‘short-term lease’ exemption for these leases and shows lease cost as operating expenses in the Consolidated statement of profit or loss and comprehensive income.

20. Leases (continued)

The following are the amounts recognised in profit or loss:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation expense of right-of-use assets	5,694	5,981
Interest expense on right-of-use assets	1,144	1,561
Expenses relating to exempt short-term leases	3,936	2,609
Total amount recognised in profit or loss	**10,774**	**10,151**

Together with cash outflows on subleases recognized in Trade and other payables the Group had total cash outflows for leases of $8,237 during the year ended 31 March 2022 ($8,740 for the year ended 31 March 2021).

The Group did not have lease contracts with variable payments, extension or termination options.
The Group did not have leases not yet commenced to which the lessee is committed.

21. Long-term tax payable

In 2016 Brazil negotiated with tax authorities entering the program of restructuring federal tax debt, which consisted of debt on sales tax and profit tax payable, penalty and interest. On 31 May Federal Fiscal Authority approved an agreement of Federal debt instalment.

According to this program 20% of the debt is paid in 5 equal instalments from August to December 2017, the rest is paid in 145 equal instalments starting from January 2018. The program provided the discount of $917 of interest and penalty accrued during the reporting period and accumulated in previous periods.

The principal amount of the tax debt as at 31 March 2022 in local books amounted to $5,682 (as at 31 March 2021: $5,682). During the year ended 31 March 2021 the Group recognised the unwinding of discount of the long-term part of the tax debt in the amount of $129 (for the year ended 31 March 2021: $137). The long-term part of the tax debt was classified as long-term tax payable and amounted to $939 as at 31 March 2022 (31 March 2021: $900).

Below is the breakdown of the carrying amount of debt:

	31 March 2022	31 March 2021
Principal amount of debt	5,682	5,682
Penalties and fines discount	(917)	(917)
Discount on the long-term portion of the debt	(1,028)	(1,157)
Translation difference	(2,323)	(2,703)
Carrying amount of debt	**1,414**	**905**
Long-term tax payable	939	900
Other payables	475	5

22. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Year ended 31 March 2022	**Year ended 31 March 2021**
Sales of software and cloud	1,604,118	1,239,717
Sales of hardware	218,280	199,744
Sales of Services	143,873	77,450
	1,966,271	**1,516,911**

The Group's revenues tend to follow a quarterly seasonality pattern that is typical for many companies in the IT industry.

Historically, the Group has benefited from the sales and marketing drive that has been generated by Microsoft sales representatives in the second quarter of the calendar year leading up to Microsoft's financial year end on 30 June. Sales in the third quarter of the calendar year tend to be lower than other quarters due to the general reduction in activity resulting from summer holiday schedules. In the fourth quarter of the calendar year, the Group typically experiences higher sales as many customers complete their IT purchases in advance of their fiscal year end of 31 December. 47% (year ended 31 March 2021: 48%) of turnover arises from sales of software produced by Microsoft Corporation.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Group usually does not have significant contract assets.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities include short-term advances received to deliver software products or to render services. All contract liabilities as at 31 March 2021 were recognized as revenue in the year ended March 31 2022.

96% revenue is recognised by the Group at the moment of time, and the remaining part presents the revenue from complex contracts recognised over time.

23. Cost of sales

	Year ended 31 March 2022	**Year ended 31 March 2021**
Cost of software and cloud	1,438,828	1,102,203
Cost of hardware	190,253	169,246
Cost of services	30,943	19,533
	1,660,024	**1,290,982**

24. Selling, general and administrative expenses

Average number of employees during the year ended 31 March 2022 amounted to 7,947 (the year ended 31 March 2021: 5,251).

	Year ended 31 March 2022	Year ended 31 March 2021
Compensation to employees	173,008	114,653
Depreciation and amortisation	22,251	14,805
Payroll taxes	20,147	15,723
Legal services	8,944	7,700
Office maintenance costs	5,869	936
Bank, payments and other related commissions	4,979	4,266
Short-term lease	3,936	2,837
Expected credit losses	3,754	4,785
Advertising and marketing expenses	3,001	2,432
Materials	2,926	6,531
Business trips	2,721	1,341
Non-income taxes	2,380	763
Professional services	2,341	2,927
Licenses, certificates	2,228	-
Training and entertainment expenses	2,011	761
Transportation expenses	1,307	1,227
Communication expenses	1,162	983
IPO gifts and celebration	1,059	-
Maintenance	993	475
Repairs	839	-
Audit, other assurance and non-audit services	455	380
Other expenses	5,881	8,693
	272,192	**192,218**

Audit fees related to the statutory audit for the year ended 31 March 2022 amounted to $435 (the year ended 31 March 2021: $314). Tax advisory fees for the year ended 31 March 2022 amounted to $739 (the year ended 31 March 2021: $405).

Payroll related to delivery of services is currently insignificant and is included in selling, general and administrative expenses.

25. Other operating income

	Year ended 31 March 2022	Year ended 31 March 2021
Dividend income	(1,804)	-
Result on disposal of assets	(1,195)	(426)
Penalties	(43)	(20)
Other income	(1,383)	(1,520)
	(4,425)	**(1,966)**

26. Other operating expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Penalties	711	7,933
Result on disposal of assets	71	961
Broker's commission	-	538
Other expenses	478	1,032
	1,260	**10,464**

Penalties including 0$ of tax case for the year ended 31 March 2022, refer to Note 31 (the year ended 31 March 2021: 6,271$).

27. Finance costs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest on borrowings	16,133	10,929
Interest expense on right-of-use assets	1,144	1,561
Factoring fees	845	564
Other finance expenses	191	43
Interest expense	**18,313**	**13,097**
Amortization of financial instruments, net	4,383	125
Finance costs	**22,696**	**13,222**

During the year ended 31 March 2022 the Group recognized amortization of discount attributable to payables for acquisitions in the amount of $2,295 (refer to Note 31) and attributable to deferred consideration in the amount of $1,403.

28. Income tax

The Russian Federation

The Group's subsidiaries and associates incorporated in the Russian Federation are subject to corporate income tax at the standard rate of 20% applied to their taxable income.

Cyprus

The Group's subsidiaries and associates incorporated in Cyprus are subject to a 12.5% corporate income tax applied to their worldwide income. Dividend income is tax exempt.

Tax rates applicable to ordinary income in other significant tax jurisdictions are as follows: Brazil − 34%, Colombia – 32%, Argentina − 30%, Peru – 29,5%, Chile − 27%, India − 25.168%, Malaysia − 24%, Vietnam and Thailand − 20%.

	Year ended 31 March 2022	Year ended 31 March 2021
Current income tax	**(6,612)**	**(5,434)**
Tax, fines and penalties for the previous years	**-**	**(12,177)**
Deferred tax		
Relating to origination and reversal of temporary differences	2,768	993
Income tax expense reported in the statement of profit or loss and other comprehensive income	**(3,844)**	**(16,618)**

28. Income tax (continued)

Deferred income tax as of 31 March 2022 and 2021:

	Consolidated statement of financial position		Consolidated statement of profit or loss and other comprehensive income	
	As at 31 March 2022	**As at 31 March 2021**	**Year ended 31 March 2022**	**Year ended 31 March 2021**
Deferred tax assets/(liabilities) arising from				
Tax loss carry forward	8,709	5,418	3,259	216
Accrual for unused vacation	1,394	1,203	191	300
Intangible assets	(5,777)	(3,735)	166	(405)
Allowance for expected credit losses	2,099	1,746	248	667
Stock valuation allowance	44	62	(18)	(41)
Property and equipment	(1,428)	(554)	(874)	2
Accruals	243	232	41	358
Leases	104	241	(137)	137
Loans payable valuation	(459)	(351)	(108)	(241)
Loans receivable valuation	(93)	(93)	–	–
Other assets/(liabilities)	(16)	(16)	–	–
Deferred tax expense/(benefit)			**2,768**	**993**
Net deferred tax assets/(liabilities)	**4,820**	**4,153**		

The Group recorded the effect of translation difference on deferred tax assets and liabilities of $69 in the year ended 31 March 2022 ($131 in the year ended 31 March 2021). The Group recognized a deferred tax liability of $3,073 and deferred tax assets of $122 due to business combinations (Note 5) in the year ended 31 March 2022 (deferred tax liability of $2,976 and deferred tax assets of $660 in the year ended 31 March 2021).

Reflected in statement of financial position as follows:

Deferred tax assets	10,157	7,749
Deferred tax liabilities	(5,337)	(3,596)
Deferred tax assets, net	**4,820**	**4,153**

Reconciliation of tax expense and the accounting profit multiplied by appropriate tax rate for the years ended 31 March 2022 and 31 March 2021:

	Year ended 31 March 2022	**Year ended 31 March 2021**
Accounting profit before income tax	**14,953**	**14,428**
Theoretical income tax expense at Softline's prevailing tax rate 20%	**2,991**	**2,886**
Reconciling items		
Unrecognised deferred tax assets	2,982	1,222
Effect of different tax rates in other jurisdictions	916	911
Recognition of previously unrecognised deferred tax assets arising from tax loss carryforwards	(2,564)	(208)
Other non-taxable income	(326)	(64)
Income tax paid for the previous years	-	12,177
Other	(155)	(306)
Total income tax expense	**3,844**	**16,618**

28. Income tax (continued)

Deferred tax assets have been recognised for subsidiaries in Russia, USA, Brazil, Peru, Colombia, Malaysia, Romania and Argentina.

In Brazil tax losses incurred in one fiscal year may be carried forward indefinitely, but the amount of the carryforward that can be utilized is limited to 34% of taxable income in each carryforward year. Management's assessment of the realization of deferred tax assets is based upon the weight of all available evidence, including factors such as the recent earnings history and expected future taxable income.

In the USA the loss can be carried forward up to twenty fiscal years and can be offset against the income.

In Argentina the loss can be carried forward up to five fiscal years and can be offset against the income.

In Romania the loss can be carried forward up to seven fiscal years and can be offset against the income.

In Colombia the loss can be carried forward up to twelve fiscal years and can be offset against the income.

In Malaysia tax losses incurred in one fiscal year may be carried forward indefinitely.

Deferred tax assets have not been recognised in respect of tax losses that can be carried forward as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

The Group has no plan to distribute earnings of its subsidiaries in the foreseeable future. If relevant taxes were assessed on their distribution, the amount of tax as of 31 March 2022 would be $3,642 ($3,868 as of 31 March 2021).

29. Financial risk management and policies

Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets as at 31 March 2022:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Other non-current assets (options)	31 March 2022	12,352	-	-	12,352
Investments in associates and joint ventures	31 March 2022	91	91	-	-
Equity investment at FVOCI	31 March 2022	63,276	63,276	-	-
Assets for which fair values are disclosed					
Long-term loan issued	31 March 2022	2,247	-	-	2,247
Long-term deposit	31 March 2022	487	-	-	487
Long-term receivables under finance lease	31 March 2022	2,118	-	-	2,118
Total financial assets		**80,571**	**63,367**	**-**	**17,204**

There were no transfers between Level 1 and Level 2 during the year ended 31 March 2022.

Fair value measurement hierarchy for liabilities as at 31 March 2022:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Other long-term creditors (options)	31 March 2022	9,549	-	-	9,549
Liabilities for which fair values are disclosed					
Long-term borrowings − third parties	31 March 2022	49,197	-	-	49,197
Long-term payables for acquisitions	31 March 2022	12,096	-	-	12,096
Long-term deferred payments for acquisitions	31 March 2022	7,373	-	-	7,373
Long-term lease liabilities	31 March 2022	5,874	-	-	5,874
Total financial liabilities		**84,089**	**-**	**-**	**84,089**

There were no transfers between Level 1 and Level 2 during the year ended 31 March 2022.

29. Financial risk management and policies (continued)

Fair value measurement (continued)

Fair value measurement hierarchy for assets as at 31 March 2021:

		Fair value measurement using			
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investments in associates and joint ventures	31 March 2021	120,059	-	-	120,059
Assets for which fair values are disclosed					
Long-term loan issued	31 March 2021	46	-	-	46
Long-term receivables under finance lease	31 March 2021	1,418	-	-	1,418
Total financial assets		**121,523**	**-**	**-**	**121,523**

There were no transfers between Level 1 and Level 2 during the year ended 31 March 2021.

Fair value measurement hierarchy for liabilities as at 31 March 2021:

		Fair value measurement using			
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities for which fair values are disclosed					
Long-term borrowings − third parties	31 March 2021	84,420	-	-	84,420
Long-term deferred payments for acquisitions	31 March 2021	9,637	-	-	9,637
Long-term lease liabilities	31 March 2021	9,877	-	-	9,877
Total financial liabilities		**103,934**	**-**	**-**	**103,934**

There were no transfers between Level 1 and Level 2 during the year ended 31 March 2021.

The Group's activities expose them to the following financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge their risk exposures. Risk management is carried out by the finance department under policies approved by management.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

29. Financial risk management and policies (continued)

Foreign exchange risk

The Group has trading activity in the foreign currencies. The monetary assets and liabilities of the Companies are expressed in a variety of currencies. The Group does not have formal arrangements to mitigate the foreign exchange risks of the Company's operations but aims to maintain its financial assets and liabilities in local currencies or some of its assets − in hard currencies like USD.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates against local currencies, mainly the RUB, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in exchange rates	Effect on profit before tax	Effect on pre-tax equity
Year ended 31 March 2022			
USD/RUB	37,15%	30,367	3,139
	-59,10%	(47,197)	(4,994)
USD/INR	4,32%	333	365
	-4,52%	(348)	(382)
Year ended 31 March 2021			
USD/RUB	10,60%	4,252	(104)
	-11,86%	(4,552)	116
USD/INR	3,86%	(423)	-
	-4,01%	440	-

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is limited: at 31 March 2022 approximately 98% of the Group's borrowings were at a fixed rate of interest.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group is exposed to credit risk from its operating activities. Financial assets with potential credit risk relate mainly to trade receivables.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

29. Financial risk management and policies (continued)

Credit risk (continued)

The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and rating).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than three year and are not subject to enforcement activity.

The Group has no material concentration of credit risk. Although the collection of receivables may be affected by economic factors, management believes that there is no significant risk of loss.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 10.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

			Past due but not impaired				
31 March 2022	**Total**	**Neither past due nor impaired**	**<30 days**	**30-60 days**	**61-90 days**	**91-180 days**	**>181 days**
Expected credit loss rate		0.82%	2.14%	10.77%	9.06%	17.66%	51.96%
Estimated total gross carrying amount at default	**288,105**	211,044	34,813	18,869	6,544	6,380	10,455
Expected credit loss	**(11,676)**	(1,745)	(746)	(2,033)	(593)	(1,127)	(5,432)

			Past due but not impaired				
31 March 2021	**Total**	**Neither past due nor impaired**	**<30 days**	**30-60 days**	**61-90 days**	**91-180 days**	**>181 days**
Expected credit loss rate		1.12%	1.64%	2.29%	1.40%	43.12%	47.63%
Estimated total gross carrying amount at default	**209,311**	135,532	36,009	14,255	6,506	7,739	9,270
Expected credit loss	**(10,274)**	(1,514)	(590)	(327)	(91)	(3,337)	(4,415)

29. Financial risk management and policies (continued)

Liquidity risk

Liquidity risk is defined as the risk that an entity cannot pay its liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through the adequate amount of committed credit facilities.

Management monitors rolling forecasts of the Group's liquidity reserve (forecasts of trade receivable payments and cash and cash equivalents) on the basis of expected cash flow.

The table below analyses the Group's financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The fair value of balances due within 12 months approximates their carrying value as the impact of discounting is not significant.

As at 31 March 2022	On demand	Less than 6 months	6-12 months	1-2 years	More than 2 years	Total
Financial liabilities						
Trade accounts payable	-	267,590	-	-	-	**267,590**
Loans and borrowings	-	12,853	50,018	62,735	12,869	**138,475**
Payables for acquisitions	-	12,044	9,244	2,691	35,330	**59,309**
Deferred consideration	-	5,513	13,765	1,798	9,420	**30,496**
Lease liabilities	-	3,062	2,517	5,241	1,384	**12,204**
	-	**301,062**	**75,544**	**72,465**	**59,003**	**508,074**

In addition to financial assets the Group can cover future financial liabilities within the existing credit lines, operating facilities and with the unused portion of committed credit facilities in the amount of $151,362 (refer to Note 17) as of 31 March 2022.

As at 31 March 2021	On demand	Less than 6 months	6-12 months	1-2 years	More than 2 years	Total
Financial liabilities						
Borrowings and loans	-	44,390	61,713	15,889	68,531	**190,523**
Lease liabilities	-	3,270	2,784	8,379	2,640	**17,073**
Payables for acquisitions	-	-	1,509	326	-	**1,835**
Trade accounts payable	-	227,137	-	-	-	**227,137**
	-	**274,797**	**66,006**	**24,594**	**71,171**	**436,568**

30. Financial instruments

The Group's financial instruments as of 31 March 2022 and 31 March 2021 are presented by category in the table below:

	Category*	Year ended 31 March 2022	Year ended 31 March 2021
Financial assets			
Long-term loan issued	FAAC	3,203	46
Long-term deposit	FAAC	487	-
Long-term receivables under finance lease	FAAC	2,118	1,418
Investments in associates and joint ventures	FVOCI	91	120,059
Equity investment at FVOCI	FVOCI	62,173	-
Trade and other receivables	FAAC	276,429	199,037
Short-term loans issued	FAAC	18,414	3,773
Cash and cash equivalents	FAAC	334,049	89,615
Total financial assets		**696,964**	**413,948**
Current		628,892	292,425
Non-current		68,072	121,523
Financial liabilities			
Long-term borrowings − third parties	FLAC	49,197	84,420
Long-term payables for acquisitions	FLAC	22,448	-
Long-term deferred payments for acquisitions	FLAC	7,373	9,637
Long-term lease liabilities	FLAC	5,874	9,877
Short-term interest bearing borrowings and loans	FLAC	89,208	100,297
Short-term payables for acquisitions	FLAC	29,791	2,129
Short-term deferred payments for acquisitions	FLAC	18,924	16,442
Short-term lease liabilities	FLAC	4,495	4,905
Trade and other accounts payable	FLAC	265,947	227,161
Total financial liabilities		**493,257**	**454,868**
Current		408,365	350,934
Non-current		84,892	103,934

* *Financial instruments used by the Group are included in one of the following categories:*
- * *FAAC − financial assets at amortized cost;*
- * *FVOCI − FVOCI financial assets;*
- * *FVPL – FVPL financial assets and liabilities;*
- * *FLAC − financial liabilities at amortized cost.*

Fair value of financial assets and liabilities is determined by reference to the amount of cash receivable and generally approximates carrying value due to short maturities of the instruments.

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Group's deferred consideration in the amount of $26,297 as at 31 March 2022 (31 March 2021: $26,079) is related to business combinations and is measured at fair value using a DCF method (refer to Note 5 "Business combinations, acquisitions and disposals").

During the year ended 31 March 2022 the Group recognized amortization of discount attributable to deferred consideration in the amount of $1,403.

30. Financial instruments (continued)

Changes in liabilities arising from financing activities

	As at 1 April 2021	Cash flows	Foreign exchange movement	New leases	Business combi-nations	Other	As at 31 March 2022
Current interest-bearing borrowings and loans	100,297	(668,771)	788	-	4,446	652,448	89,208
Current lease liabilities (Note 20)	4,905	(8,237)	(204)	2,333	-	5,698	4,495
Non-current interest-bearing borrowings and loans	84,420	619,163	-	-	-	(654,386)	49,197
Non-current lease liabilities (Note 20)	9,877	-	-	4,334	-	(8,337)	5,874
Total liabilities from financing activities	**199,499**	**(57,845)**	**584**	**6,667**	**4,446**	**(4,577)**	**148,774**

	As at 1 April 2020	Cash flows	Foreign exchange movement	New leases	Business combi-nations	Other	As at 31 March 2021
Current interest-bearing loans and borrowings	88,295	(269,153)	349	-	6,167	274,639	100,297
Current lease liabilities (Note 20)	7,341	(8,740)	141	2,296	-	3,867	4,905
Non-current interest-bearing loans and borrowings	4,521	348,469	-	-	-	(268,570)	84,420
Non-current lease liabilities (Note 20)	7,027	-	-	4,264	-	(1,414)	9,877
Total liabilities from financing activities	**107,184**	**70,576**	**490**	**6,560**	**6,167**	**8,522**	**199,499**

The ‘Other’ column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including lease liabilities to current due to the passage of time, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, including lease liabilities. The Group classifies interest paid as cash flows from financing activities.

31. Contingent liabilities and other risks

Payables for acquisitions

The Group’s payables for acquisitions, amounted to $52,239 as at 31 March 2022 (31 March 2021 - $2,129) represent an assessed amount of future payments for subsidiaries acquisition (refer to Note 5 “Business combinations, acquisitions and disposals”) and include contingent consideration and payments for purchase of non-controlling interest under option agreements when non-controlling interest was accounted for as if acquired.

Below is the movement of the Group’s contingent liabilities presented by their origin:

31. Contingent liabilities and other risks (continued)

Payables for acquisitions (continued)

	EMBEE	Aplana	HTC	SL Brazil	NCPR	Belitsoft	Digitech	Academy IT	MMTR	Umbrella	Softclub	Total
As at 01 April 2020	**-**	**-**	**261**	**512**	-	-	-	-	-	-	-	**773**
Acquisition of subsidiaries (Note 5 (b)) (restated*)	863	557	-	-	-	-	-	-	-	-	-	**1,420**
Translation difference	(19)	-	7	(52)	-	-	-	-	-	-	-	**(64)**
As at 31 March 2021	**844**	**557**	**268**	**460**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,129**
Acquisition of subsidiaries (Note 5 (a))	-	-	-	-	6,124	11,025	8,336	1,133	1,212	6,215	20,234	**54,279**
Redemption (Note 5)	(617)	(696)	-	-	(3,362)	-	-	-	-	-	-	**(4,675)**
Amortisation of discount	-	-	112	-	431	455	871	12	-	100	314	**2,295**
Remeasurement of vair value of payables for acquisitions	1,376	121	322	-	-	-	-	-	-	-	-	**1,819**
Write-off	-	-	-	(464)	-	-	-	-	-	-	-	**(464)**
Translation difference	(24)	18	(64)	4	(129)	-	(1,251)	(129)	(91)	(92)	(1,386)	**(3,144)**
As at 31 March 2022	**1,579**	**-**	**638**	-	**3,064**	**11,480**	**7,956**	**1,016**	**1,121**	**6,223**	**19,162**	**52,239**
Long-term payables for acquisitions	-	-	638	-	2,402	3,713	-	1,016	-	4,328	10,351	**22,448**
Short-term payables for acquisitions	1,579	-	-	-	662	7,767	7,956	-	1,121	1,895	8,811	**29,791**
As at 31 March 2022	**1,579**	**-**	**638**	**-**	**3,064**	**11,480**	**7,956**	**1,016**	**1,121**	**6,223**	**19,162**	**52,239**

** The amount of payables for acquisitions is restated and does not correspond to the figures in the consolidated financial statements for the year ended 31 March 2021 since adjustments to the provisional purchase price allocation of acquisition of EMBEE were made during the year ended 31 March 2022, as detailed in Note 5 (b).*

31. Contingent liabilities and other risks (continued)

Payables for acquisitions (continued)

During the year ended 31 March 2022 payables for acquisitions of $464 arisen from Softline Brazil acquisition was written off to Other income due to conditions were not met.

Operating environment and economic risks

The Group faces a number of risks and uncertainties which could have an impact on our business, brand, assets, revenue, profits, liquidity or capital resources. Our Enterprise Risk Management framework gives reasonable (but cannot give absolute) assurance that we've identified and addressed our biggest risks. However, there may be some risks that are either currently unknown, or currently seen as less important but with the potential to become more so in the future. Events outside the Group present both risks and opportunities. We focus our efforts on predicting and reducing risks while aiming to take advantage of any opportunities that may emerge.

To meet our objectives, build shareholder value and promote our stakeholders' interests, it's essential we manage risk. We have focused on strengthening our governance model, using our business knowledge and supporting data to enhance our articulation of risk appetite and the tolerance limits within which the Group operates.

We've launched a new Enterprise Risk Management policy, establishing robust risk management principles and oversight governance. Each principle risk is assigned a member of the Executive Committee to act as Enterprise Risk Sponsor and an Enterprise Risk Responsible Person with subject matter expertise, supported by the Ethics, Risk and Compliance function. This group is responsible for monitoring the exposure and nature of the risk, developing the respective Enterprise Risk Treatment Plans and taking any necessary actions in order to achieve the desired risk tolerance level as endorsed by the Risk Oversight and Compliance Committee.

The impact of new sanctions and export restrictions on business in Russia and Belarus is profound. Nevertheless, Softline Group's leadership has implemented necessary mechanisms in order to cope with these challenges. Particularly, the steps have been undertaken in shaping the robust respective compliance program and well-resourced compliance team that is actively engaged in the ongoing screening and due diligence processes. The team has a high visibility to the business and got the capacity and advisory capability to support the business and operations in timely and efficient manner.

Given the international nature of Softline Group's operations, the external environment for the Group remains challenging as the sanctions and export restrictions in some key territories have deteriorated significantly over the past decade. Following the global economic impact of COVID 19 pandemic another crisis due to the Russia's invasion of Ukraine and related tensions between Russia and Western powers hit the businesses.

Softline Group's senior leadership established a very robust approach dealing with the impact of this crisis on the Group and took immediate and effective actions upon thorough evaluation of the risk factors and ongoing live tracking. As the result, the Group announced prompt organizational changes that had been immediately communicated to the London Stock Exchange; managed the external and internal messaging in highly controlled and responsible manner; ensured proactive engagement with the key vendors and developed fit for purpose marketing materials. There was an extraordinarily prompt mitigation undertaken by the finance team to ensure access to the corporate funds via careful navigation in the banking sector that is currently heavily impacted through the various restrictions. This enabled continuity of the business operations.

31. Contingent liabilities and other risks (continued)

Operating environment and economic risks (continued)

The Group continues to proactively navigate the evolving market in Russia, mitigating impacts where possible, including certain disruptions on day to day operations, supply impacts, and vendor restrictions. The Russian and non-Russian businesses now differ significantly in operations, priorities, and go-to-market strategies. As a result, Softline is exploring alternative options to adjust the group's assets and ownership structure in order to optimize value for all of its stakeholders. Softline remains fully committed to serving customers globally with a focus on growth and addressing our customers, employees, vendors, and shareholders' needs and values.

Legal proceedings

In the opinion of management, there are no current legal proceedings or claims outstanding as at 31 March 2022 and 31 March 2021, which could have a material adverse effect on the results of operations or financial position of the Group and which have not been accrued or disclosed in these consolidated financial statements.

Tax risks

Markets in which the Group operates in the Russian Federation, Central and Eastern Europe, Latin America and Asia expose the Group to tax risks because of the changing nature of local tax legislation and enforcement practices. The Group's entities are taxed at the rates and in accordance with the laws applicable in jurisdictions where they are recognised as tax residents.

According to management, at 31 March 2022, the Group has paid or accrued all taxes that are applicable.

However, the interpretation of the relevant authorities could differ and as of 31 March 2022 the effect of additional taxes, fines and penalties on these consolidated financial statements, if the authorities were successful in enforcing their different interpretations, might reach $10,874, which is a maximum quantifiable amount for tax years open for examination, generally last three calendar years preceding the Company's fiscal year end and any fraction of the last calendar year of the last Company's fiscal year. The management does not believe that such claims are probable in the future. In addition, the management is taking active measures to address these risks.

The Company is currently disputing up to $ 5 million of back tax claims and does not expect the outcome to be unfavorable.

Guarantees

As at 31 March 2022 and 2021 the Group had no guarantees issued to third parties.

32. Commitments

As at 31 March 2022 and 31 March 2021 the Group had no material commitments.

33. Related party balances and transactions

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, exercise significant influence over the other party in making financial or operational decisions or if the two parties are under common control as defined by IAS 24 *Related Party Disclosures*. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

During the period, the Group had the following balances and transactions with related parties:

	Shareholders	Entities with significant influence over the Group	Key management personnel	Total related party balances/ transactions
Balances as at 31 March 2022				
Loans issued (Note 12, 35)	-	16,736	-	**16,736**
Advances issued and other receivables (Note 11, 14, 5(c))	-	766	-	**766**
Trade receivables (Note 10, 5(c))	-	2,321	-	**2,321**
Contract liabilities to related party	-	(2)	-	**(2)**
Short-term borrowings (Note 5(c))	-	(1,586)	-	**(1,586)**
Trade and other payables (Note 5(c))	-	(635)	(40)	**(675)**
Transactions for the year ended 31 March 2022				
Sales		3,229	-	**3,229**
Purchases	-	(709)	-	**(709)**
Payroll expenses	(65)	-	(3,049)	**(3,114)**
Professional services	-	(73)		**(73)**
Other distribution	(54)	-	-	**(54)**
IPO-related costs	(1,002)			**(1,002)**
Finance income	-	198		**198**
Finance expenses	-	(51)	-	**(51)**

	Shareholders	Entities with significant influence over the Group	Key management personnel	Total related party balances/ transactions
Balances as at 31 March 2021				
Loans issued (Note 12)	-	1,549	-	**1,549**
Advances issued and other receivables (Note 11, 14)	-	700	-	**700**
Trade receivables (Note 10)	-	34	-	**34**
Contract liabilities to related party	-	(4)	-	**(4)**
Short-term borrowings	-	(913)	-	**(913)**
Trade and other payables	-	(655)	(38)	**(693)**
Transactions for the year ended 31 March 2021				
Sales	-	212	-	**212**
Purchases	-	(791)	-	**(791)**
Payroll expenses	(179)	-	(3,579)	**(3,579)**
Professional services	-	(89)	-	**(89)**
Other distribution	(205)	-	-	**(205)**
Finance income	-	745	-	**745**
Finance expenses	-	(6)	-	**(6)**

33. Related party balances and transactions (continued)

For the year ended 31 March 2022 the compensation to the Group's management, including salary and other short-term employee benefits, was accrued in the amount of $3,037 (Year ended 31 March 2021 - $3,579).

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances as of 31 March 2022 and 31 March 2021 are unsecured, interest free and settled in cash. During the year ended 31 March 2022 the Group recorded insignificant impairment of receivables relating to amounts owed by related parties (Year ended 31 March 2021 - $Nil). This assessment is undertaken each financial year.

In November 2021 the Group paid $1,002 to its related party ITI Group Ltd, one of the Group's shareholders, for the consulting services on IPO preparation, which were deducted from the share premium in consolidated statement of changes in equity.

During the year ended 31 March 2022 the Group disposed a number of subsidiaries for the nominal consideration to the related parties (refer to Note 5 (c)). These transactions led to the reduction in the equity attributable to the shareholders of the Company by $37,684 and reduction in the non-controlling interest by $78. During the year ended 31 March 2021 the Group disposed of two its subsidiaries for nominal consideration to a shareholder. This led to the reduction in retained earnings by $13,446.

34. Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 20% and 40%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, deferred payments for acquisition, payables for acquisitions less cash and short-term deposits.

	31 March 2022	**31 March 2021 Restated**
Interest bearing borrowings and loans (Note 17)	138,405	184,717
Trade and other payables (Note 18)	305,993	255,108
Deferred payments for acquisition (Note 5)	26,297	26,079
Payables for acquisitions (Note 31)	52,239	2,129
Less: cash and cash equivalents (Note 13)	(334,049)	(89,615)
Net debt	**188,885**	**378,418**
Equity attributable to equity holders of the parent	435, 315	99,785
Capital and net debt	**624,200**	**478,203**
Gearing ratio	30%	79%

34. Capital management (continued)

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022, 31 March 2021.

35. Events after the reporting period

The Group evaluated subsequent events for these consolidated financial statements through the date when the financial statements were issued on 6 July 2022.

In April 2022 the Group repurchased its ruble-denominated bonds via tender-offer for cash consideration of $2,150 (156 million rubles) at a level of 84.1% from the nominal price of the bond, reducing the Group's debt by $2,242.

During April and May 2022 the Group sold 3,063,466 Crayon shares for cash consideration of $39,188. The Group continued to hold the rest of Crayon shares in amount of 225,709 at the date of issuance of these financial statements.

On May 5, 2022 as a settlement of existing loan receivable of 655 million rubles plus accrued interest of 24 million rubles the Group acquired rights to the loan secured by 90% shares of NFI Group. NFI Group holds investments in XAPT Kft – a Hungary-based solution provider for dealers and riginal equipment manufacturers of heavy vehicle building equipment – and SAGA d.o.o – a Serbia-based system integrator with multiple own IP solutions and custom software.

It is the Group's intention to exercise the pledge and convert the loan into shares of NFI Group. As of the date of these financial statements the process of conversion has started but has not finalized yet. The Group thinks this acquisition will add to fulfilling its strategy and expects it to bring additional synergies and expansion to Eastern Europe.

The Group preliminary concluded that this acquisition of rights to the convertible loan gives the Group control over NFI Group. Acquisition is expected to be accounted for using purchase accounting, the initial purchase price allocation is yet incomplete.

In July 2022 The Group acquired 100% share in Seven Seas Technology group (including companies registered in Abu Dhabi, Sharjah and Dubai), leading system integrator and Information and Communications Technology solution provider in the UAE providing medium and large enterprises with collaborative, multi-cloud strategies. The acquisition represents a significant addition to the Group's operations in the Middle East and Africa region.

The Group preliminary concluded that this acquisition gives the Group control over Seven Seas Technology group. Acquisition is expected to be accounted for using purchase accounting, the initial purchase price allocation is yet incomplete.

36. Segments information

The Group regularly reports turnover, revenue, gross profit and adjusted EBITDA in geographical market clusters to the Board of Directors. Segment performance is measured consistently with profit or loss in the consolidated financial statements.

The prevailing performance indicator is adjusted EBITDA which the Group defines as a measurement which includes profit before interest, income tax, depreciation, impairment and exclude acquisition-related expenses (including related to employee compensation arising at the moment of acquisition), the cost of charity, the exchange rate gains and losses, other items that it considers to be non-recurring or one-off, share-based compensation.

Turnover is a non-IFRS alternative performance measure established by the Group’s management to monitor the gross amounts billed to the customers for all types of products and services processed by the Group over a reporting period as a reseller, regardless of the Group’s role in the delivery process − as principal or as an agent. It is different from the amount of the Group’s reported revenues for the amounts of costs of 3rd party software products in situations when the Group acts as an agent (refer to Note 3 and Note 4).

In the Group’s financial reporting, the Group refers to Turnover, Profit for the year and adjusted EBITDA, which are non-IFRS terms. None of these terms has any standardized meanings under IFRS, and they are therefore unlikely to be comparable to similar measures used by other companies.

Group also discloses supplemental information about its product lines, geographies and some other items. The way the Group presents this information is not defined by IFRS.

The Group’s revenues include a blend of gross amounts billed to the customers where the Group acts as a principal and only gross margin where the Group acts as an agent. Turnover allows for better assessment of the volume of the Group’s business and ensures comparability between fiscal periods since changes in the mix of products where the Group acts as principal versus where the Group acts as agent may significantly affect revenue trends.

The following geographical areas are defined as operational segments of the Group:

(1) Russia or RF
(2) Rest of Eurasia or RoE (including Belarus, Kazakhstan)
(3) Europe, the Middle East and Africa or EMEA (including Hungary and Turkey)
(4) Latin America or LATAM (including Argentina, Venezuela, Colombia, Costa-Rica and Brazil)
(5) Asia Pacific or APAC (including India and Malaysia)
(6) Corporate Center or HQ

The market clusters are composed of operating countries in the different geographical areas.

HQ is a segment represented by corporate expenses of the Group that cannot be attributed to a specific geographical segment, it includes corporate admin costs and eliminations. Inter-segment revenues and expenses are eliminated upon consolidation and reflected in the ‘HQ’ column.

36. Segments information (continued)

The Group's financial performance by geographical location for the year ended

31 March 2022	RF	RoE	EMEA	LATAM	APAC	HQ and ICO elimination	Total
Turnover	**1,128,245**	**139,765**	**167,713**	**209,385**	**569,066**	**(15,846)**	**2,198,328**
Revenues	982,296	115,918	165,414	158,665	559,824	(15,846)	**1,966,271**
Cost of revenues	(799,135)	(81,482)	(134,602)	(140,203)	(521,549)	16,947	**(1,660,024)**
Gross profit	**183,161**	**34,436**	**30,812**	**18,462**	**38,275**	**1,101**	**306,247**
Selling, general and administrative expenses	(152,243)	(24,537)	(30,096)	(17,623)	(22,626)	(25,067)	**(272,192)**
Other operating expenses/income	1,609	419	(178)	268	105	942	**3,165**
Operating profit	**32,527**	**10,318**	**538**	**1,107**	**15,754**	**(23,024)**	**37,220**
Foreign exchange gain (loss)	(3,395)	182	214	1,277	506	713	**(503)**
Finance income	1,659	(167)	203	(179)	517	271	**2,304**
Finance costs	(10,931)	(307)	(1,255)	(1,077)	(2,364)	(6,762)	**(22,696)**
Change in fair value of financial instruments	-	-	-	-	(1,372)	-	**(1,372)**
Profit/(loss) before tax	**19,860**	**10,026**	**(300)**	**1,128**	**13,041**	**(28,802)**	**14,953**
Income tax expense	(3,518)	(751)	(277)	1,895	(1,177)	(16)	**(3,844)**
Profit/(loss) for the year	**16,342**	**9,275**	**(577)**	**3,023**	**11,864**	**(28,818)**	**11,109**
Added back:							
Tax, fines and penalties for the previous years	-	-	-	-	-	-	**-**
Adjusted Profit/(loss) for the year	**16,342**	**9,275**	**(577)**	**3,023**	**11,864**	**(28,818)**	**11,109**
Added back:							
Income tax expense	3, 518	751	277	(1,895)	1,177	16	**3,844**
Depreciation and amortization	15,635	2,803	1,638	451	1,319	405	**22,251**
Foreign exchange gain	3,395	(182)	(214)	(1,277)	(506)	(713)	**503**
Net financial income and expenses	9,272	474	1,052	1,256	3,219	6,491	**21,764**
Property and equipment write-off	(62)	155	-	(10)	(9)	-	**74**
IPO related bonus	-	-	-	-	-	1,874	**1,874**
Employee termination payments	0	21	-	318	-	-	**339**
Share-based payments	70	-	-	-	-	-	**70**
One-off items (penalties and acquisition-related expenses)	534	(353)	(38)	(105)	12	5,429	**5,479**
Adjusted EBITDA	**48,704**	**12,944**	**2,138**	**1,761**	**17,076**	**(15,316)**	**67,307**

36. Segments information (continued)

The Group's financial performance by geographical location for the year ended (continued)

31 March 2021	RF	RoE	EMEA	LATAM	APAC	HQ and ICO elimination	Total
Turnover	**1,081,609**	**125,239**	**42,102**	**208,319**	**345,319**	**(14,107)**	**1,788,481**
Revenues	940,689	105,225	41,382	102,001	341,721	(14,107)	**1,516,911**
Cost of revenues	(787,136)	(80,229)	(33,989)	(79,968)	(323,767)	14,107	**(1,290,982)**
Gross profit	**153,553**	**24,996**	**7,393**	**22,033**	**17,954**	**-**	**225,929**
Selling, general and administrative expenses	(113,006)	(18,333)	(8,408)	(15,992)	(12,327)	(24,152)	**(192,218)**
Other operating expenses/income	(8,153)	(971)	(73)	(851)	(291)	1,841	**(8,498)**
Operating profit	**32,394**	**5,692**	**(1,088)**	**5,190**	**5,336**	**(22,311)**	**25,213**
Gain on bargain purchase	1,892	-	-	-	-	-	**1,892**
Foreign exchange gain (loss)	(1,325)	(263)	85	(518)	283	17	**(1,721)**
Finance income	2,673	481	40	101	387	(1,416)	**2,266**
Finance costs	(13,952)	(848)	(70)	(1,414)	(284)	3,346	**(13,222)**
Profit/(loss) before tax	21,682	5,062	(1,033)	3,359	5,722	(20,364)	**14,428**
Income tax expense	(14,837)	(633)	4	(359)	(793)	-	**(16,618)**
Profit/(loss) for the year	**6,845**	**4,429**	**(1,029)**	**3,000**	**4,929**	**(20,364)**	**(2,190)**
Added back:							
Tax, fines and penalties for the previous years	18,459	-	-	-	-	-	**18,459**
Adjusted Profit/(loss) for the year	**25,304**	**4,429**	**(1,029)**	**3,000**	**4,929**	**(20,364)**	**16,269**
Added back:							
Income tax expense	2,660	633	(4)	359	793	-	**4,441**
Depreciation and amortization	10,965	2,687	80	514	471	88	**14,805**
Foreign exchange gain	1,325	263	(85)	518	(283)	(17)	**1,721**
Net financial income and expenses	11,280	367	29	1,313	(103)	(1,930)	**10,956**
Property and equipment write-off	(6)	(99)	55	(14)	(35)	-	**(99)**
Employee termination payments	54	-	7	185	1	4	**251**
Share-based payments	380	-	-	-	-	-	**380**
One-off items (penalties and acquisition-related expenses)	913	879	3	318	700	556	**3,369**
Adjusted EBITDA	**52,875**	**9,159**	**(944)**	**6,193**	**6,473**	**(21,663)**	**52,093**

36. Segments information (continued)

The Group's financial performance by geographical location for the year ended (continued)

Non-current assets are mostly accounted for in the RF and are not significant in other geographical segments.

The key business products of the Group are Software and licenses, Hardware, Services, Cloud resale, Subscription and Softline Cloud (see Note 1 and Note 22 for additional information).

Software and licenses, Services, Cloud resale, Subscription are Softline's license offering from software vendors. Sales of Softline Cloud also includes Active Cloud - one of the leading cloud providers in Russia and the market leader in the Republic of Belarus. It specializes in providing cloud services for small and medium-sized business segments.

The Group's financial performance by business products for the year ended

	31 March 2022						
	Software and licenses	**Subscription**	**Cloud resale**	**Softline Cloud**	**Hardware**	**Services**	**Total**
Turnover	530,215	577,382	727,379	12,751	219,640	130,961	**2,198,328**
Revenues	425,308	480,385	698,425	12,751	218,280	131,122	**1,966,271**
Gross profit	39,178	52,941	73,171	11,253	28,027	101,677	**306,247**

	31 March 2021						
	Software and licenses	**Subscription**	**Cloud resale**	**Softline Cloud**	**Hardware**	**Services**	**Total**
Turnover	525,276	526,065	458,702	15,707	200,710	62,021	**1,788,481**
Revenues	450,237	425,451	364,029	15,707	199,744	61,743	**1,516,911**
Gross profit	32,596	55,661	49,131	12,784	30,624	45,133	**225,929**

The Group defines recurring turnover as a sum of Subscription, Cloud resale and Softline Cloud turnover as contracts in these segments are typically multi-year. The rest of the turnover is defined as non-recurring.

	31 March 2022	**31 March 2021**
Recurring turnover	1,317,512	1,000,474
Non-recurring turnover	880,816	788,007
Total turnover	2,198,328	1,788,481

36. Segments information (continued)

Potential effects of acquisitions in the year ended 31 March 2022 (as if consolidated for the full year)

In addition to the requirements of IFRS 3 Business Combinations to disclose the actual and potential effects of acquisitions by disclosing pre- and post-acquisitions impact of the current year acquisitions on revenue and net income, the Chief Operating Decision Maker (CODM) is reviewing the effects of the new acquisitions on other key metrics measured as part of segment performance.

The pre-acquisitions impact of the current year acquisitions on the year ended 31 March 2022 metrics was as follows:

	TC Engineer	**Academy IT**	**MMTR**	**Softclub**	**Umbrella**	**NCPR**	**Belitsoft**	**Digitech**	**Squalio**
Turnover	1,967	3,208	8,637	31,414	9,884	-	5,636	10,872	27,346
Revenue	1,967	3,208	8,637	31,414	9,884	-	5,636	10,872	27,346
Gross profit	1,412	3,139	8,637	30,900	2,257	-	4,878	1,170	2,183
Net profit/(loss)	225	(2,169)	812	9,206	(206)	31	508	495	(298)
Adjusted EBITDA	237	619	873	9,778	(103)	(21)	992	687	(205)

	Group + Potential effect of acquisitions	**Potential effect of acquisitions**
Turnover	**2,297,292**	98,964
Revenue	**2,065,235**	98,964
Gross profit	**360,823**	54,576
Net profit/(loss)	**19,713**	8,604
Adjusted EBITDA	**80,163**	12,856

From the date of acquisition TC Engineer, Academy IT, MMTR, Softclub, NCPR, Belitsoft, Digitech and Squalio contributed to the year ended 31 March 2022:

	TC Engineer	**Academy IT**	**MMTR**	**Softclub**	**Umbrella**	**NCPR**	**Belitsoft**	**Digitech**	**Squalio**
Turnover	271	610	1,475	4,430	3,645	2,164	14,586	26,570	28,267
Revenue	271	610	1,475	4,430	3,645	2,164	14,586	26,570	28,267
Gross profit	124	610	1,468	4,429	1,409	2,158	12,893	2,805	2,876
Net profit/(loss)	(110)	(207)	(61)	2,742	637	590	1,308	553	415
Adjusted EBITDA	(105)	(178)	(41)	1,450	756	1,618	1,825	2,069	750

37. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued when the options are exercised.

The Group's earnings per share are calculated as:

	Year ended 31 March 2022	**Year ended 31 March 2021**
Profit attributable to ordinary equity holders of the parent	11,361	(2,135)
Weighted average number of ordinary shares for basic EPS	149,004,028	128,860,164
Basic EPS, US dollars	0.08	(0.02)
Weighted average number of ordinary shares (basic)	149,004,028	128,860,164
Effects of dilution from share options	643,827	232,523
Weighted average number of ordinary shares adjusted for the effect of dilution	149,647,855	129,092,687
Diluted EPS, US dollars	0.08	(0.02)

The weighted average number of shares for the year ended 31 March 2022 takes into account the weighted average effect of new ordinary shares issued and changes in treasury shares during the year (refer to Note 15 “Share capital and other components of equity”).

The weighted average number of shares for the years ended 31 March 2022 and 31 March 2021 takes into account the effect of share split performed during the year ended 31 March 2022 (refer to Note 15 “Share capital and other components of equity”). The calculation of basic and diluted earnings per share for the year ended 31 March 2021 has been adjusted retrospectively.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.