Annual Report FY2021

for the twelve Months to 31st March, 2022

softline®

We know we can

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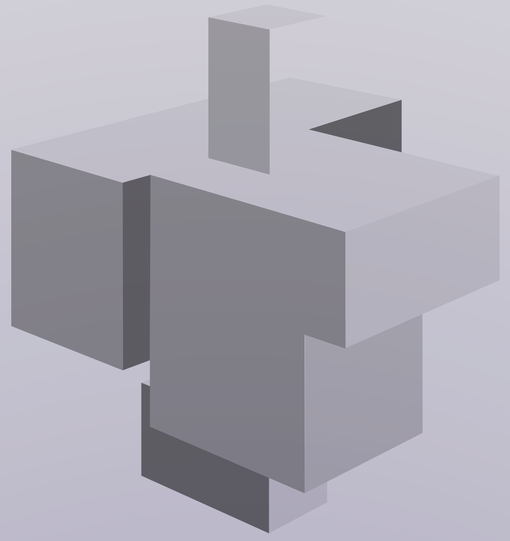


Chairman's message

Jacques Guers

Non-executive Chairman, Nomination and Renumeration Committee, Audit and Risk Committee

We delivered outstanding results in FY2021 during a period of unprecedented change in our market. This performance reflects the hard work, disciplined execution, and dedication of our 8,400 talented Softliners around the world who are focused on creating consistent value for our customers – while also delivering on our commitments for all other stakeholders, including shareholders, vendor-partners, and employees.

Consistent delivery and execution through uncertainty

It is clear that the geopolitical situation has had a profound impact on some of the markets in which we operate. Since the early part of calendar 2022, we have been operating on heightened uncertainty in some of our markets. However, we have managed to deliver consistency for our customers throughout this period. We have made considered and proactive decisions to navigate with discipline, quickly adapting our business and minimising risk and potential impacts. For example:

- We made important leadership changes, including the appointment of Hervé Tessler to lead our international business and strengthen the leadership team, to accelerate and extend our position as a global leader in digital transformation solutions platforms and services;
- We took the opportunity to use capital efficiently to complete a successful tender offer for rouble denominated bonds;
- And we conducted a tender offer share buyback, with 4.4M GDRs repurchased, representing 2% of diluted shares outstanding. This was the right thing to do for our investors, as it offered an exit opportunity for those shareholders that wanted to close their positions. The minimal take up of this initiative supports our view that shareholders see much more fundamental value in Softline and the significant opportunity we have over the long-term.

The board and the leadership team will always look for opportunities to drive efficiencies, and to look at options to ensure we are driving the right value for all of our stakeholders. To that end, we recently conducted a comprehensive review of strategic options for our future business model.

Strategic options to maximize value

On the 19th July we announced plans to proceed with a demerger of our Russian and non-Russian operations, subject to all necessary approvals, including shareholder approval. In summary, the dynamics in the two different markets have now evolved to such an extent that following our review of alternative options, the board has decided to create two independent companies. This will allow the companies to better serve customers, capitalise on different growth strategies, and optimize value.

As part of the demerger, the business in the Russian Federation will become "Softline Russia", and the business outside Russia will become "Softline Global", although in the future these names will change. Softline Global intends to retain the company's LSE listing. Following the demerger, the Softline Russia board and executive team will consider how best to provide Softline Russia shareholders with liquidity in their shares.

We remain committed to protecting the interests of all of our stakeholders, including shareholders, employees, customers, and vendors:

- These changes are designed to support a path to a more rational valuation of both companies that reflects their strong profitable growth and fundamental value.
- The demerger will allow both companies to continue to provide digital transformation and cyber security solutions and services to existing and new customers in the geographies where Softline currently operates. There is significant market opportunity, and the two independent companies will be better placed to accelerate their growth strategies based on the respective market dynamics.
- This change will enable employees to benefit from the market-leading Long-Term Employee Partnership Programmes in both companies, therefore allowing Softline's newly formed independent entities to attract and retain talented professionals, and further supporting the owner-operator culture of both companies.
- The two new independent companies will be in a better position to execute their go-to-market strategies with all their regional and global vendor-partners.

Softline recently announced excellent annual results for FY2021 ending March 31, 2022, with very strong profitable growth including 26% constant currency turnover growth, and 39% gross profit growth. The company has a very strong balance sheet and cash position. These results demonstrate that the individual companies will embark on their independent journeys with a strong foundation, and with proven execution capabilities of both leadership teams.

The process will likely take some time to execute, but what is important is that Softline does not believe that the demerger will have an impact on the core values of the group and on its commitment to customers and vendor-partners.

Responsible business

In line with our strategy, our purpose is to ensure the environmentally responsible development of our company. As such, we will continue to look for ways to reduce our environmental impact. We have an unwavering commitment to ethics and compliance wherever we operate.

We have implemented a board structure to ensure we advance our governance process, and we now have three independent board members, and we intend to make a further announcement of a fourth independent member in due course. We will continue to advance our diversity across the business. We believe that part of the reason why people want to join and stay with Softline is our commitment to ESG, despite the complexity of the markets where we operate. Our team around the world are also making a difference in their communities. Examples of this include Latin America, with our ongoing internship programme for refugees and disabled people at Softline Brazil; and India, where we support education for 80 orphaned girls, as well as those from disadvantaged families.

Looking ahead to Dream 2.0, we are very much focused on becoming a leader in our sector in Environmental, Social and Governance (ESG) and compliance. ■

CEO Letter

Roy Harding
Chief Executive Officer

Softline is a story of growth, and FY2021 was a year of significant milestones for Softline. The company raised $400 million through our IPO on the London Stock Exchange public listing of our GDRs in October. We are operating at scale with $2.2B of turnover this year, delivering solutions and services for our customers in almost 60 countries. Customers and vendors need a trusted global partner to help drive digital transformation, and I am honoured to be leading the best team in the industry to do just that. I couldn't be more proud of my leadership team – and all of our people – as we continue to execute tactically on a daily basis and deliver on our strategic objectives.

Delivering on our promises

It is a little over six months since we became a public company and, in that short space of time, we have made bold moves to drive our business forward – both at speed and at scale, resulting in significant achievements which deliver on the promises we made to the market:

- We delivered strong profitable growth in FY2021, with turnover of $2.2 billion, up 26% in constant currency. Gross Profit grew 39% to $306 million, reflecting the successful execution of our three-dimensional growth strategy.
- From a geographical perspective, we saw particular strength in FY2021 from international business outside our original market, where turnover grew 54% in constant currency, significantly above the group average. I am very pleased with the acceleration of growth in this business in FY2021 and believe that it reflects the success of our strategy.
- We have expanded our footprint in services, more than doubling our workforce in this area over the year. We now have more than 4,000 professionals with us, and have grown the top line 85% in 2021. While services represent 7% of turnover, this segment delivers 37% of Gross Profit, with growth of 95% this year.
- We have been executing on our M&A strategy with 5 deals announced and closed since IPO to underpin our growth strategy. These M&As will help us to scale faster geographically, broaden our skills, and expand the capabilities that we bring to our customers by strengthening our sales channel.
- With our strong focus on attracting and retaining the best talent in the industry, we launched our industry-leading performance-based long-term employee partnership programme. This initiative both strengthens the long-term partnership we enjoy with our people, and increases our competitive positioning. Further evidence of the success of our talent strategy is the recognition we have received as from Great Place to Work in several regions around the world.
- And we have expanded our strategic portfolio, with the addition of centres of excellence for FinTech, CRM, AWS and EdTech – all areas where we see significant potential.

Investing in our people

In order to differentiate and successfully compete in our markets, you need the best people. Softline has access to the best talent in the industry. We now have 8,400 talented people driving our business forward – up 50% year-over-year, mainly driven by strength in services, where we have more than doubled our workforce to 4,000 people.

We operate in an industry where talent is fundamental to business growth and competitive differentiation. Given that we have access to talent in both emerging and developed markets, we are in an advantageous position. At Softline, we are focused on creating an environment where our people can prosper. Being a public global company makes it easier to build this environment through international opportunities, performance-based compensation, and long-term incentives aligned to growth and business performance.

As part of our wider employee value proposition, we are keen to encourage a culture of greater employee share ownership across the organisation. Our long-term employee partnership programme (LTEPP) and our all-employee share purchase scheme do just that. LTEPP offers a compelling reward structure, which gives employees the ability to additionally earn up to 45% of their standard compensation. This will enhance the owner-operator mentality in our business and align the goals and objectives of our shareholders and employees based on challenging performance objectives.

Helping organisations to transform and operate efficiently and securely in the digital economy

All of our customers face one common challenge – how to position themselves in the digital economy. Our mission is to help them navigate their way to success. We help businesses implement digital transformation so that they can accelerate revenue, increase profits, find new ways to generate income, and ensure their overall resilience.

By utilising digital tools and technologies, businesses find they are able to deliver more value to their customers, as well as higher returns to their shareholders. We also work with government organisations to support their digital transformation, so that they can deliver better outcomes to citizens.

Some recent examples of partnering with our customers in their digital transformation include our work with Nippon Life India Asset Management Ltd, one of the fastest growing and largest asset management companies in India. Softline has been working closely with Nippon on services based around Office 365 & Transformational Business solutions, successfully driving deployment, consulting, and delivering support services. We also work with Intellewings, which offers a 360-degree software service for enterprises with Simplified Anti-Money Laundering and CFT Compliance targeted at industries including banking, financial services and Ecommerce around the globe. Softline has been helping Intellewings to transform its operations using Microsoft Azure.

Dream 2.0

We have reached our long-term dream by conducting a successful IPO in October 2021. It is important for us now to articulate our next dream – Dream 2.0. We believe that we have all the components and supporting growth of our market to achieve this next milestone over the next few years.

We invite our shareholders on a journey that will be a step-change for the company. We see ourselves as a global leader and innovator in digital transformation solutions, platforms, and services. We will be known the world over for successfully channelling talent from emerging markets to where the demand is. We will lead the sector both in the way we approach employee-company partnerships, and how we invest in the development of our people. We will be operating and transacting in 100 countries. We shall continue to benefit from the ongoing consolidation and serve as a platform for this consolidation. Our approach to ESG, ethics and compliance will also be second to none in the sector. Our three-dimensional strategy of geographic expansion, portfolio growth and expansion and strengthening the sales channel served us very well in reaching Dream 1.0 and we think that it is still very much valid, augmented, where necessary, by active M&A.

Looking ahead

As we look ahead, the changes we announced earlier this month will create two leading players in their respective markets, resulting in optimised growth strategies, operations and shareholder value for both independent businesses. Both companies are very well positioned for continued success, partnering with our customers, and driving digital transformation globally. ■

Softline: Global leader in Digital Transformation & Cybersecurity

At the centre of Digital Transformation (DX)

>6k
vendor relationships, covering all aspects of DX

c.150k
B2B customers to draw DX experience from

>1m
SKUs available to customers

Full suite
of DX solutions for any organisation

ActivePlatform
CloudMaster
our platforms for customers to manage IT outcomes

International presence with a focus on emerging markets

c.60
countries of operation

c.100
offices in cities around the world

London
headquarters of the global organisation, incorporated in Cyprus, listed on the LSE

>25
years of experience in the IT market

14
delivery centres, serving customers 24x7 in 13 languages

Our key differentiator is a combination of scale, capabilities & offerings

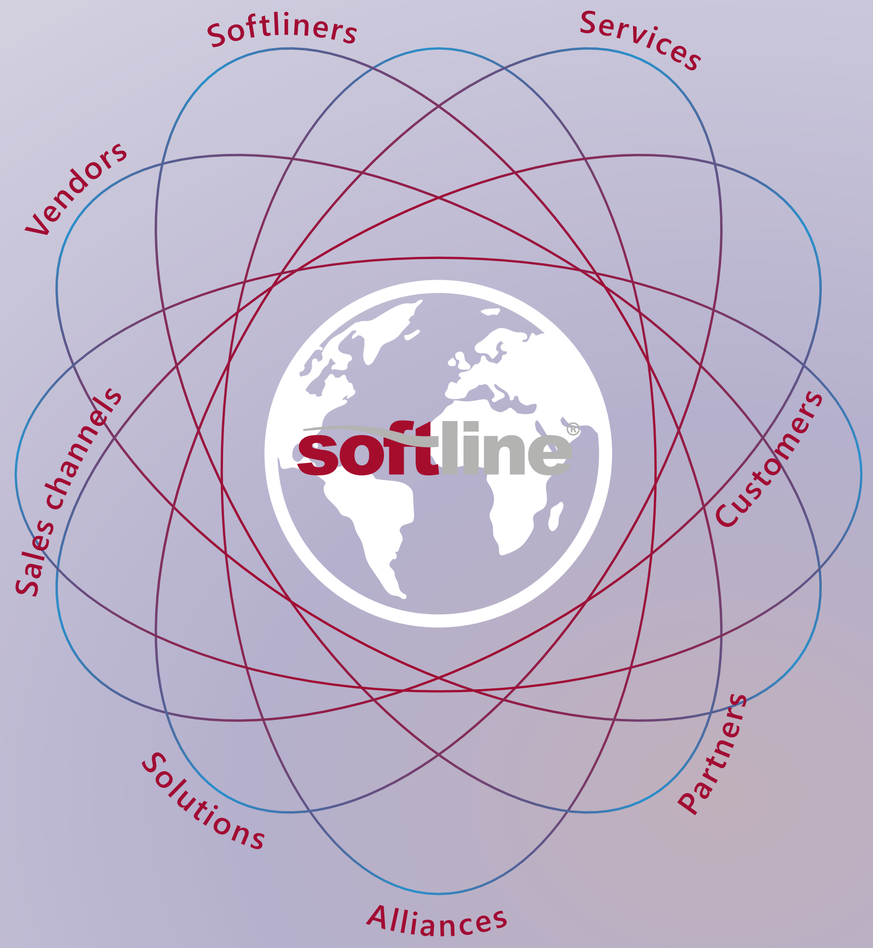
$2.2b
FY2021 turnover

8.4k
Softliners delivering value to customers

c.4k
technologists and developers

20
acquisitions since 2014 to expand capabilities and to be closer to customers

All buying methods
supported by our systems and organisation



History and Development

Softline Holding (the Group) was founded in 1993 by Igor Borovikov. Since its inception, the Group has grown from a local software reseller with only 10 employees, to a global IT solutions and services provider with 8,400 employees. Over the course of its nearly 30-year history, the Group has established a proven track record of successful development and continued growth.

1993

Softline is founded with clear focus at scientific software licensing.

1993 – 1998

Expansion of software vendors portfolio beyond scientific software with the addition of a key mainstream global vendors (Microsoft, Borland, Symantec, IBM etc).

1999-2000

Following further vendor portfolio expansion to 500 vendors, the Group secures a position of clear market leader as a one stop shop for any software products.

2004

Softline establishes the "Microsoft Solution & Competency Center" to develop its services business. It also expands to new countries – Kazakhstan and Uzbekistan. In following years it also expands to Kyrgyzstan, Azerbaijan, Tajikistan, Georgia and Mongolia and other countries.

2008

Softline launches in Turkey, Vietnam, Armenia and Turkmenistan. Group annual turnover exceeds US$350 million.

2015

Softline achieves Premier status with Cisco in 9 countries and LSP status with Microsoft in 19 countries in CEE, LATAM and Asia. The Group's geographic footprint exceeds 30 countries and 80 cities.
In 2016, Softline raises equity from Da Vinci Capital.

2017

Softline receives a credit rating from Standard and Poor's and successfully completes its first Public Bond.

2018

Softline achieves annual turnover of more than US$1 billion. Softline is recognized as Microsoft Country Partner of the Year 2017 in Chili, Cambodia and Kazakhstan.

2020

Softline opens its new HQ in London, UK. The Group successfully places two Public Bonds.

2021

Softline becomes a public company with an IPO on the London Stock Exchange.

2022

Present in 60+ countries with 8400+ employees, and FY21 turnover of $2.2b.

Our market

Our main addressable market is digital transformation solutions and cybersecurity in the emerging markets. This represents a very significant market, with AMR estimating the market size at $330 billion in 2020 outside Russia with an average growth of 9% p.a., therefore reaching $360 billion in 2021 and $466 billion in 2024.

Digital Transformation is very much on the agenda for organisations today – both in the commercial and public sector. Analogue interactions between people, machines, and organisations are increasingly being digitised, and computing power used as a foundation to make these interactions faster, richer, and more impactful. Almost every human activity is now in the process of being digitised, and business and organisations are no exception. Clearly, COVID has catalysed this relatively recent trend further. For example, in their "State of IT in APAC" Spiceworks Ziff Davis notes "Changes to business operations due to COVID-19" as the main reason for IT budget increases in the surveyed organisations with 46% share, followed by an "increased priority on IT projects" (44%), and "heightened security concerns" (41%).

As its prominence continues to grow, cybersecurity is another major subject which is being elevated to the board level in organisations around the world. McKinsey believes that the cost of cybercrime will continue to rise globally at 15% p.a., reaching $10.5 trillion in 2025 with worldwide spending on security services providers estimated at $101.5 billion in the same year.

The latest IMF estimates note that the emerging market economies are poised to grow faster than developed economies, and the world on average in 2022 and 2023. We believe that some of this growth will disproportionally flow into digital transformation and cybersecurity spend as the emerging markets continue to play catch up in digitisation, or use digital technologies to leapfrog and compete with the developed markets' organisations on their home turf.

Cloud, as a major component of the digital transformation, also remains very much in vogue. Overall worldwide cloud infrastructure services expenditure reached US$53 billion in Q4 2021. IDC forecasts that in 2022 spending on underlying cloud infrastructure by public cloud companies will grow 21.7% compared to 2021, and will overtake spending on non-cloud infrastructure in 2022. This accelerated build-out of cloud is in contrast to only 1.5% growth in compute and storage spend outside cloud.

From an organisational perspective, 89% of enterprises are counting on multi-cloud strategy (Flexera State of Cloud Report 2022) and, at the same time, 451 Research's VoE 2020 survey revealed that 85% of organisations reported deficits in cloud expertise. This means that there will be a growing demand for partners that can design, deliver and support multiple public and private clouds for an organisation. Managing a multitude of suppliers, cloud estates and orchestrating different installations becomes increasingly complex and burdensome for non-specialised IT organisations.

Enterprise software spend is also demonstrating impressive growth. Latest Gartner's evaluation notes projected global spend in 2022 at $670 billion (11% growth year-on-year) and 2023 spend at $751 billion (11.9% growth). According to Gartner, this is the fastest growing category in the global IT spend, with Software-as-a-Service being the biggest contributor to the annual growth trend.

Application modernisation, engineering and development is becoming one of the key instruments for organisations to gain a competitive edge. Lifting and shifting something to cloud without thorough modernisation is not enough. Around 60% of workloads are still not in the public cloud, with 31% being run on-premises legacy infrastructure (ServerWatch 2021). Deploying 'standard' applications does not mean innovation. As such, we anticipate further growth in demand for application modernisation, migration, and development services. Additionally, we see growing demand for different packaged software, albeit delivered as-a-Service, from various vendors as organisations seek to differentiate by also utilising a different software stack within the landscape of the standard enterprise software set.

Automation, platforms, electronic purchases, and commerce continue to rise in importance. Infrastructure sprawl and complexity requires automation. Multiple subscriptions require platforms for managing costs, and the need for a seamless purchasing experience is driving growth in e-commerce capabilities. For example, according to Gartner, the cloud management tooling market is approximately $1.5 billion, with an estimated CAGR of 20% until 2026.

It is also clear that the developed markets will continue facing a shortage of talent. Robert Half estimates that in the UK, 72% of organisations have a tech skills shortage and "IT security, software development and cloud computing talent are the most in demand". Thanks to more remote working arrangements becoming more acceptable, the developed market companies will have to partner with providers that have access to the talent in the emerging markets like India, Eastern Europe, Africa, and Southeast Asia. In the words of John-David Lovelock, research vice president at Gartner, "… staff skills gaps, wage inflation and the war for talent will push CIOs to rely more on consultancies and managed service firms to pursue their digital strategies.". Gartner also predicts that IT Services will be the second fastest growing category in the next couple of years.

This means that roles in the global IT markets have not changed. Vendors, providers of the technology and customers depend on modern IT solution providers like Softline. This is due to the fact that providers and consumers talk in different languages. Features, speeds and feeds for the vendors, and complex business outcomes for organisations. Only companies like Softline can market, sell, collect payments; and then deploy and support the solution (often multi-vendor), deliver training to facilitate management of change, ensure overall compliance, build complex solutions using own technical and business expertise, bring the necessary engineering skills for customisation and talent for development and implementation. Where necessary, we also help organisations with their own R&D and products, and the complex integration of vertical industry-specific systems.

The recent geopolitical events that began to unfold just before the end of our financial year, led to rapid tectonic changes in the Russian IT market. Essentially, the Russian IT market is now embarking on a different journey in a completely different vendor landscape, with local software vendors prevailing, and a whole set of new criteria and conditions defining the IT environment. In the context of these market changes, the key roles in the value chain remain largely the same. In fact, the role of solution providers is growing to compensate for the level of transformation that needs to happen across the whole technology stack for any given organisation, and for the immaturity of the go-to-market engines of the local vendors. ■

Our strategy

We continued to execute on the three-dimensional growth strategy which has served us well in the years preceding FY2021, and this is further evidenced by the strong growth we delivered in FY2021. Our strategy consists of three main vectors – geographic expansion, portfolio expansion, sales channel strengthening and expansion.

Geographic expansion

Our geographic expansion strategy is based on the observation that the emerging markets demonstrate faster growth in their demand for digital transformation. Additionally, we believe that local IT solution providers have a growing strategic disadvantage versus global players. They struggle to hire and retain staff, have less sophisticated relationships with vendors, possess limited expertise, and cannot utilise global resources to help. We have demonstrated the power of our country presence with our energetic M&A activity. This has paid off this year as we have entered several new markets – Lithuania, Latvia and Estonia – and strengthened our relationship in several others like Egypt and India.

Portfolio expansion

We see that it is strategically important to cater for the larger portion of organisations' digital transformation and IT needs. Organisations are looking for partners that simplify the complexity of managing ever-growing number of relationships with suppliers. They are also looking for relationships beyond purchase – deploying, managing change, supporting – organisations are struggling with these aspects of introducing new technologies and solutions. And organisations are valuing so-called 'vertical' solutions and services, i.e., which are specific to an organisation's own industry. Softline invested 2% of its annual Gross Profit into R&D. Our Softline Digital Platform and purposeful co-innovation with customers by our Softline Digital Lab are examples of our own innovations. We have also strengthened our core competences, as confirmed by a number of accolades received in FY2021 from our vendor-partners. Our M&A moves also supported this dimension – we acquired an EdTech company, a FinTech company and a premium AWS partner in India in FY2021. All of these strengthen our portfolio in the most important areas – multi-cloud and vertical industry solutions.

The acquisitions we made in Q4 of FY2021 added 1,500 software developers and software engineers to our bench of talent available to our customers internationally.

Sales channel expansion and strengthening

Our belief is that we need to cover the different parts of the value chain, and to offer end-customers seamless procurement experience. We are also acutely aware that customers want less complexity when managing their software and cloud assets. As such, we believe that digital platforms which aggregate these assets are crucial to proper customer experience. We continued investing in further expansion of our cloud & Software billing and brokerage platform (ActivePlatfrom) and now have it deployed in three more countries. Our value-added distribution business was also launched in Turkey and Vietnam. We grew our sales and marketing organisation by 10% compared to FY2020. We believe that our turnover and gross profitability are growing functions of our sales headcount.

Successful M&A strategy

Acquisitions complement our organic three-dimensional growth strategy. They help us to scale faster in strategic areas, increasing our skills and expanding capabilities that we bring to our customers. Our commitment to shareholders is that we will invest the majority of the $400 million dollars capital raised at IPO on strategic and targeted M&A using advantageous multipliers. And we are delivering. We have a strong track record of identifying and acquiring international companies to help drive our growth plans. Overall our pipeline for M&A is very strong, and we anticipate closing a number of new transactions in the near term.

Dream 2.0

With our Initial Public Offering in London on October 27, 2021, we believe that we have achieved our long-term dream. But this was only Dream version 1.0. We have now set ourselves a new objective – Dream 2.0.

Dream 2.0 consists of a few simply formulated objectives.

- Global leader and innovator in DX solutions, platforms, and services. We believe that our consistent investments in vendor relationships, combined with our own products and services and platforms set us on a course for success here.
- Channelling talent from emerging markets to where the demand is. Our growth of engineering bench, the training, hiring tools and our geographic preferences make it possible to hire and train talent at scale.
- Known for employee-company partnerships with 17,000 employees. Our long-term employee partnership programme is leading in our sector and will continue make us a very attractive place of work in the coming years.
- Operating in 100 countries – our organic and inorganic growth plans are on track for achieving this target in mid-term.
- Platform for consolidation of the sector – with the funds available to us from the IPO and with our attractive value-creation proposition to the acquired companies, we are poised to benefit from the ongoing consolidation in the sector.
- Sector leader in ESG and compliance. We believe that ethics and compliance as well as ESG will continue to grow in the importance in the sector. Vendors and customers and employees will want to deal with partners that not only can tick all the boxes but genuinely practice the best principles. Softline has developed sector-leading ethics, risk, compliance and governance structures and it will continue to mature and expand its advantage in this domain.■

Executing on M&A: cross-sell initiatives mobilised, integration on track

FY19 | FY20 | FY21 | FY22

Scale in priority markets

- embee (Making IT Easier): Integration with Softline (SL) India to be completed by FY22H2-FY23
- DIGITECH: Integration with SL Egypt to be completed by FY22Q1-2
- squalio: Integration of Belarus operations completed

New geographies

- squalio: Empowering Baltics operations with new vendors, services and SL Group's capabilities

Vendor and service portfolio expansion

- softline Solutions: Replicating Softline AG's SAM capabilities and importing SL's wider portfolio into European markets
- umbrella infocare: Pursuing local and global multi-cloud opportunities
- IT ACADEMY: Integration with SL's TechEd to be completed by FY22H2-FY23
- ENGINEER: Pursuing cybersecurity cross-sell opportunities

Custom SW Development

- ЦБТ softline; АПААНА; BELITSOFT; MMTR: Ongoing legal and operational consolidation

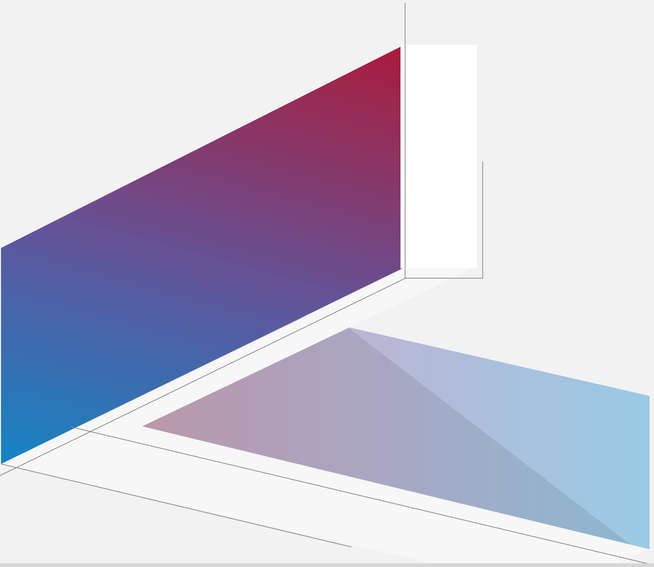
Own IT solutions

- НЦПР: Pursuing cross-sell opportunities and building a new IT solutions business on the back of NCSD operations in Russia
- SoftClub: Pursuing cross-sell within CIS and building a FinTech CoE

Business Model

Experienced Leadership Team

Our Senior Management team structure reflects our major go-to-market territories. Country General Managers (Business Units) report to Regional Senior leaders in APAC, CEE, MEA, LATAM, Russia and the CIS. The Board of Directors sets the strategic direction of Softline – appointing and overseeing key executives, approving major transactions and investments, and ensuring proper financial reporting and controls. Each country business unit has sales leadership, technical and solution sales specialists, delivery engineers and standard support functions. Global practices or Centers of Excellence provide functional expertise, as well as global coherence to product, solutions and services portfolio development, vendor relationship management, HR functional expertise in learning and development, talent management, compensation and benefits. The local subsidiaries are supported by extensive regional and global service (centralised and shared) delivery capabilities.



How the Business Operates

We maintain a lean group structure with empowered local subsidiaries supported by extensive regional and global service delivery capabilities. This model is both local and global. It enables customer focus and intimacy, but is based on a unified approach. Country General Managers develop the go-to-market strategy and we deploy and scale common offerings, sales playbooks, resource development frameworks, as well as managing centralised offer and portfolio development to drive consistent roll out and adoption by our local, regional and global operations.

Common process management is in place to support IT Service Management standards, and the ecosystem is underpinned by Services Management tools, monitoring, reporting and administration platforms together with common key metrics and measures. A transparent management process ensures alignment and rhythm, pace, and discipline to our approach with consistent sales and delivery reviews focusing on our core priorities. Customer satisfaction and operational excellence is at the heart of our culture. As such, it is measured in all engagement through an ISO certified quality management process in various locations that embeds continuous improvement in our delivery approach.

The local operations benefit from access to Subject Matter Experts within our core Centres of Competence that develop, test, launch and deploy our offering's (Offer Lifecyle Management and New Product Introduction) together with regional and global delivery capabilities and centres to ensure consistent and cost-efficient delivery of our global service portfolio worldwide. Customers benefit from our customer-focused, intimate and local support in nearly 60 countries together with centrally-delivered 24/7 customer services in 4 core languages (English, Spanish, Portuguese and Russian). The head of International, Global and Russian/ CIS delivery reports to our Global VP of Solutions and Services which ensures alignment between what we sell and how we deliver.

Our operating model offers the benefits of a scalable dynamic resource model in which resources are local, regional, and global. Our local resources provide speed of response within a unified ecosystem, our regional centres cover several territories with standard services, our global delivery centre provides scalable support for standard offers with deep expertise, high levels of automation and ability to leverage cost-effective resources on a global basis. During the Offer or New Product introduction process, the optimum approach toward the disposition of resources is considered to best fit the balance between local intimacy and global standardisation and scale.

Local capabilities

Local resources are managed according to market requirements with lean staffing and speed / agility in mind. This includes field sales, inside sales, project management, customer success, as well as solution and service delivery specialists. The teams vary in size depending on the scale of the subsidiary.

Regional Service Delivery Centres

Our local sales and service delivery capabilities are supported by our regional service delivery centres which are a multi-country, centralised extension of our local subsidiaries in LATAM, India and Russia. This enables cost-efficient support and utilisation of expert resources.

Global Delivery Centre

Our Global Cloud Delivery Centre ("GDC") in India is the backbone of our Cloud global delivery capabilities. The GDC provides portfolio, process, professional services, and deep subject matter expertise for the support of our subsidiaries from pre-sales through to project closure and ongoing management and governance of Managed Services.

Service Partner Management

We have a mature delivery partner programme that provides structure and access to a pre-selected group of partners to supplement and meet any additional support needs to our operations. These are determined on capabilities and expertise with pre-arranged cost and contract frameworks for any incremental support requirements. A single portal ensures transparency at all project stages and a low-touch process for selection and engagement.

Strong Regional Delivery

Softline is a leading IT advisory company in software and digital transformation services. With unique IP tools and skilled employees, we optimise our clients' ROI from complex software and infrastructure investments. Headquartered in London, the company has approximately 8,400 team members across nearly 60 countries and is positioned as a leader in digital transformation, where the shift towards cloud services positively affects the markets in which we operate.

Softline divides its markets into segments based on geography, clustering the individual countries and legal entities into regions. With Senior Regional leaders and Country General Managers alongside significant engineering, delivery and technical development skilled resources, we believe our greatest strength to be our people.

With the customer at the heart of all we do, our local resources remain close to them, helping to develop lasting relationships that expand and grow existing business, and to develop new business with new customers.

Our core regions of India, Central Eastern Europe, Latin America and Asia Pacific have been on an upward trajectory in the demand for solutions that enable Digital Transformation due both to the buoyant business sentiment but also Covid 19, which liberated us from many traditional work models. As businesses were forced to adopt remote and digital ways of running their workforce and maintaining business, Softline was at the forefront of shifting demands whether deploying "Future Workplaces" pivoted around Digital Workspaces, or business models redesigned and centred on Digital platforms. Softline India generated good traction in the cybersecurity space, starting the year with the coveted "Technology Partner of the Year" award from Microsoft, catering for complex cybersecurity solution requirements from customers across pharmaceutical, IT, and retail industries. Softline also secured multiple other awards around the world including "Best (HPE) Green Lake Partner in CERTA", "Outstanding Partner of the Year" Status in Chile for Veeam and VMWare Advanced Partner status in Argentina, plus many other accolades. We also secured co-sell status with Microsoft for two of our IP products, Total View and Total Voice, which are innovative collaboration and communication solutions. Geographic and capability expansion also continued through acquired companies, further extending our coverage and portfolio in the Baltics, Egypt and India.

We also substantially increased our "tech intensity" in the year, hiring and developing skills in DevOps, Cyber Security and Cloud to strengthen our ability to attract the best talent the industry can offer. Attracting the best talent also means investing in creating a work culture that fulfils varied aspirations, and we are proud to have won the prestigious "Great Place to Work" Awards in Vietnam, Columbia, Germany, Netherlands and India.

Business Model

Products and Services

The Group's IT solutions and services include software and subscription, hardware, services and cloud.

Software and Subscription

The Group works with customers to identify their software needs, selecting and deploying appropriate software solutions, helping to manage licence compliance and, ultimately, seeking to optimise their software assets. The Group also offers corporate licensing for a full range of software products, including subscription solutions, such as operating systems, virtualisation, cybersecurity, business productivity, creativity and education.

The Group principally resells software in the form of licensing agreements, which allow an organisation to install the same software application on a number of IT devices, such as desktop computers, mobile devices or servers. Software installed on servers may be made accessible remotely via the cloud. We have trusted relationships with leading vendors, including Citrix, Microsoft, Symantec, VMware and many more. In particular, the Group benefits from its status as a Microsoft LSP globally, a status it has maintained continuously since 2002.

In addition to reselling third-party software, the Group has over ten years of experience developing its own software to offer custom solutions to customers, from sophisticated large-scale platforms to the customisation of individual subsystems and their integration with the existing infrastructure. The Group can create, among others, multifunctional websites, e-commerce solutions, mobile apps, billing systems, municipal portals, solutions for business processes automation and reciprocal payments, electronic document management systems and electronic archives. The multivendor approach and accumulated expertise enable Softline to meet the highest customer requirements, automate non-standard business processes, and develop complex IT systems from scratch.

Hardware

As hardware is the foundation of any IT infrastructure, the Group has focused on providing the full cycle of work involved in integrated projects, including the selection, delivery and installation of hardware from the leading global manufacturers; and services following installation, such as support and maintenance. The Group's hardware offering also includes advice, resale, installation and support for a full range of IT equipment, including desktop and laptop computers, mobile devices, communications equipment, rack servers, storage arrays and switches, as well as other peripherals.

The Group not only selects and delivers equipment, but also performs start-up and commission operations as well as servicing. For customers that do not want to acquire their own equipment, the Group offers leasing and licensing arrangements aimed at saving the customer from significant capital investments. The Group delivers workstations, graphics stations, thin clients and zero clients, monitors, all-in-one PCs, as well as other hardware products that make up an employee workplace, such as laptops, tablets and hybrid solutions. In addition, the Group offers its customers the delivery and maintenance of printers, scanners, copiers, multifunctional devices and consumables.

Furthermore, the viability of infrastructures of any complexity, ranging from a modest server infrastructure to a data centre, relies on uninterruptible power supply systems, climate control systems, data transfer networks and the tools to manage these engineering systems. The Group performs all operations, ranging from the architectural preparation of rooms to creating a turn-key data centre and training the customer's operators to work with modern engineering systems. Accordingly, the Group's infrastructure projects cover all engineering systems, including the design and remodelling of premises, the installation of power supply systems, HVAC systems, server racks and cabling, operational control and security.

The Group has developed trusted relationships with leading hardware vendors, including Apple, Cisco, Dell, HP and Lenovo which enable it to offer a comprehensive selection of hardware for sale through integrated vendor procurement channels.

Services

The Group offers a range of value-added services including:

Cloud Services: Cloud modernisation services and optimisation of on site or virtual infrastructure. The Group offers a diverse portfolio of cloud computing services, including public cloud, dedicated private cloud and hybrid cloud solutions based on leading vendor technologies and services (Google, Microsoft and AWS) and its own proprietary cloud business in Russia and CIS (with 7 points of presence/ data centers). In addition, the Company has its own cloud management platform, CloudMaster. Cloud software resale and cloud services are the fastest-growing, highest-margin segment of the Group's revenues.

Future workplace Services: build and maintain a collaborative, productive, secure and modern workplace for a distributed, increasingly-mobile workforce. This also includes post-sale recurring service management services and the opportunity to 'pull through' personal systems and workplace technologies.

Cyber Security Services: a comprehensive suite of services to assess, secure and manage the security posture of organisations. These include software and tooling to rectify vulnerabilities in the customer ICT environment as well as proactive security managed services such as testing, monitoring and proactive rectification of external and internal issues.

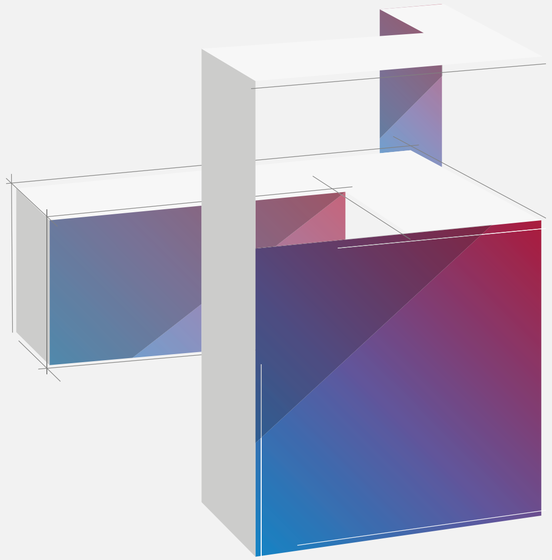
Industry Complex Projects: end-to-end, large-scale, complex projects, innovation and custom development including all aspects of coordination and project management, subcontract selection and management of large-scale projects and services such as road traffic safety and compliance solutions.

IT Infrastructure: IT Modernisation and infrastructure products, solutions and Services including assessment, design, installation, modernisation and support of data centre environments. These services can be project based or as a Service.

Digital Solutions: Industry specific process solutions (IoT, Analytics, AI & Data Solutions) enabling digital transformation. Whether industry vertical solutions or horizontal solutions, the service involves process assessment, re-engineering and integration/ design through automation of digital business process solutions in key industry verticals.

The Group's services include remote support and management of connectivity and help desk support for customers. The Group's technical support team assists customers through its knowledgeable certified personnel, together with the resources and facilities needed for professional assistance, acting as an extension to, or in place of. a customer's IT department. The Group's support services provide multi-vendor technical support to solve cross-vendor problems, supporting over 200 vendors.

The Group's services also include training through the Softline Education Center, offering proprietary courses that take in-house IT staff on a deep-dive into concrete subjects, such as cybersecurity awareness, programming, performance analysis, infrastructure protection and product-specific troubleshooting. The Group has received both domestic and international authorisations from vendors to conduct training for their products.



Business Model

Delivering with our Vendors and Strategic Partnerships

The Group has established many long-standing relationships with key vendor and enjoys strong trading relationships with over 6,000 vendors. The Group's top 10 vendors are Microsoft, Apple, Cisco, Dell EMC, Google, Hewlett Packard Enterprise, HP, IBM, Oracle, and the Group aims to further develop relationships and expertise with other vendors in order to grow its market share and revenue globally.

The Group benefits from some of the highest levels of accreditation from a number of its vendors, which include, among others: IBM Gold Business Partner, Adobe Platinum Reseller, Apple Enterprise Reseller, InfoWatch Security Integrator, Dell Technologies Titanium Partner, Oracle Platinum Partner, Autodesk Gold Partner, SAP Silver Partner, Symantec Platinum Partner, Siemens Platinum Partner, Positive Technologies Authorised Partner, Veeam ProPartner Gold Reseller, HP Partner First Platinum, Google Cloud Premier Partner, Citrix Platinum Solution Advisor, Huawei Gold Enterprise Partner, ABBYY Bronze Integrator, Cisco Gold Partner, Commvault Premier Partner, Hewlett Packard Enterprise Platinum Provider, Intel Platinum Technology Provider, NetApp Gold Partner, VMware Premier Partner, Lenovo Platinum PC Partner, Veritas Platinum Partner, and ESET Corporate Premier Partner.

Softline has a particularly strong relationship with Microsoft, with over 20 years of collaboration. The Group is a Microsoft LSP and a Microsoft CSP in numerous markets worldwide and, also, one of only ten global managed LSPs in the world and the only global managed LSP in Russia. This provides the Group with significant benefits when selling, marketing and providing technical support. For example, the Group may sell Microsoft products to strategic international accounts (such as Fortune 500 companies), use dedicated resources at Microsoft HQ, enjoy a simplified authorisation process for certain markets and participate in product and programme launches. In addition, the Group holds a number of accreditations from Microsoft, including 18 Gold accreditations (the highest level attainable) for application development, application integration, cloud platform, cloud productivity, collaboration and content, communications, customer relations management, data analytics, data platform, datacentre, DevOps, enterprise mobility management, enterprise resource planning, small and midmarket cloud solutions, messaging, project and portfolio management, and windows and devices.

The Group has also received numerous awards from its vendors, including Microsoft Partner of the Year in 2021 in various countries including Bulgaria, Cambodia, Malaysia, and Vietnam; and the Security Excellence Award for the Philippines and Malaysia in recognition of our success in leveraging the best of Microsoft Services to protect customers during 2020. Softline was also recognised as Modern Work Partner of the Year 2021, as well as receiving Microsoft Cloud Champions Programme in India.

Relationships with vendors are maintained by a broad number of the Group's employees at multiple levels of the business. Members of the senior management team also maintain relationships at senior levels with vendors' personnel. The Group has arrangements in place with certain vendors which may provide for specific terms and conditions that apply to transactions in the IT channel. Many vendors also have established reseller programmes, the participants in which must agree to their standard terms and conditions. Vendor terms and conditions may include requirements to achieve and maintain certain volumes of sales or a level of accreditation, price protection policies, purchase discounts, return privileges or incentive programmes. Incentives include purchase and sales rebates and cooperative advertising reimbursements and are typically rewarded based on achievement of a certain volume of sales.

Softline also has a mature Global Alliances business with several partner companies. The Global Alliances work closely with these partners to meet the requirements of customers in territories where the Alliance partner has limited or no coverage.

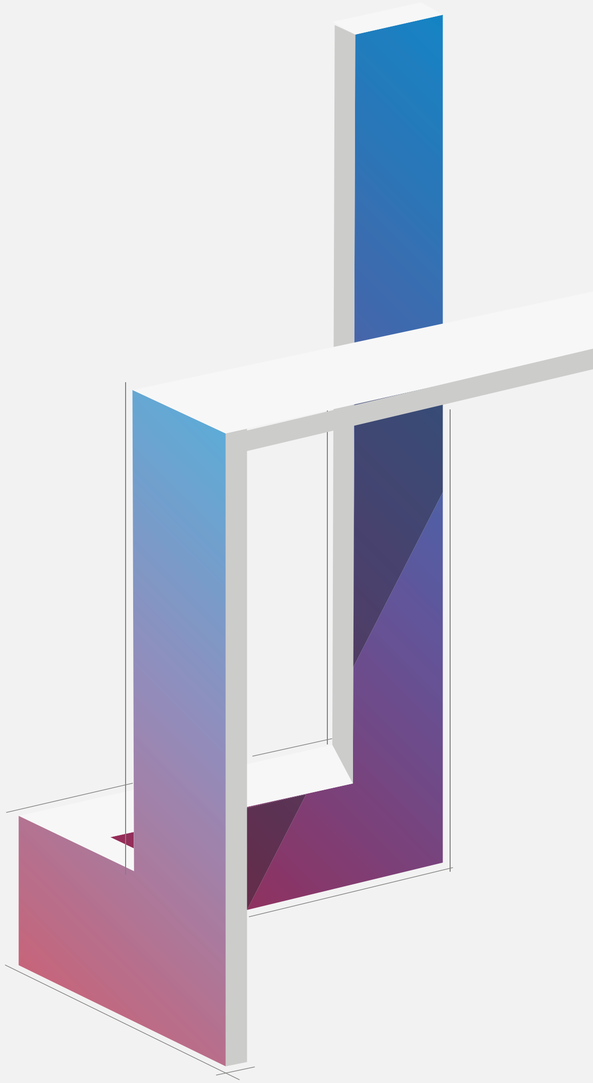
A number of the Group's vendors require this to achieve minimum levels of accreditation when offering their products or services. The Group's level of accreditation depends on a mix of factors, including volume of sales and the number and level of certifications attained by employees. It is also an indicator of the quality of knowledge and service that the Group has in relation to the vendor partner's products or services. Generally, attainment of higher levels of accreditation is rewarded with preferential commercial terms.

Softline Digital Platform is the core of the Group's ecosystem for interaction with customers and vendors in all of the countries in which the Group operates. The Softline Digital Platform allows customers to manage their subscriptions and payments for cloud tools and over 600 other services from Microsoft, AWS, Google and more. This solution aims at facilitating access to cost-efficient and increasingly popular subscriptions and services, and new subscriptions and functions are regularly added to the platform. Rather than waiting for managers to process their subscription management requests, customers can access the necessary software and services, access analytical reports on resource consumption, and manage their documents in self-service mode through this automated platform. Customers receive detailed instructions for working with the platform, as well as access to a personal account. They can also contact the support team for any platform-related questions and receive a prompt and professional response from the Group's support team. Softline Digital Platform has grown rapidly over recent years.

Innovation, Research and Development

Innovation is central to the Group's mission to promote the growth of its clients' businesses by driving their digital transformation with cutting-edge information technologies and cybersecurity solutions. Accordingly, the Group tracks the latest market trends and technologies, integrating the best approaches and solutions in its portfolio. The Group focuses on searching for opportunities for growth, as well as making substantial investments in, and paying close attention to, cutting-edge technologies and innovative projects.

In addition, the Directors believe that the development of proprietary technologies and the customisation of solutions and services are of significant importance to the Group's competitiveness as a global IT solution and service provider. The Group continuously works to develop new solutions and services and to enhance its existing offerings. ■



Governance

We are committed to delivering our strategy and creating long-term value for our stakeholders and the communities we operate in through effective Board leadership and robust corporate governance.

In this section we describe our governance structure. We talk about the people on the Board, how it works and what the Board focused on during the year. We also report on the work of our Board Committees.

Our directors

Our directors' skills and experience, together with their wide range of backgrounds, help them challenge Softline's management constructively and develop our effective strategy for the future.

Our committees

The Board gives certain responsibilities and authorities to a number of Board committees.

Our governance framework

Our governance and internal control framework helps the Board exercise proper oversight. The Board retains accountability.

Our corporate governance statement

We remain committed to operating in accordance with best practice in business integrity and ethics and maintaining high standards of financial reporting and corporate governance. Due to its Standard listing, Softline is not required to comply with the UK Corporate Governance Code (the Code). Whilst the Company does not voluntarily apply the Code, the Board of Directors has put in place its own corporate governance framework which it considers appropriate taking into account the nature of its business.

The directors submit their report and the audited financial statements of the company, Softline Holding plc, and the group, which includes its subsidiary undertakings, for 2021/22. Softline Holding plc is the listed holding company for the Softline group of companies. Its global depositary receipts (GDRs) are listed on the London Stock Exchange, and on the Moscow Stock Exchange.

Chairman's governance report

This has been a challenging yet exceptional year. In October 2021, the company conducted a successful initial public offering of its depositary receipts on the London and Moscow stock exchanges. The Board has continued to focus on a number of key areas to ensure Softline remains a strong, resilient company, generating long-term sustainable value for all our stakeholders.

I would like to thank my predecessor, Igor Borovikov, for the support and guidance he gave me before I became chairman on 4th March 2022. Igor will continue to serve as an executive director with a focus on our global market expansion.

This corporate governance report sets out our approach to governance and how it supports our strategy, the Board and its committees' key focus areas during the year and the decisions we have made, whilst considering the interests of our stakeholders and our contribution to society.

The Board recognises the value of having strong corporate governance at the centre of our decision-making on how we generate long-term sustainable value for all our stakeholders, including investors, employees, customers, vendors, suppliers and the communities in which we operate. A key area of focus for the Board is oversight of the execution of Softline's three-dimensional growth strategy and commitment to global market expansion. Our employees and culture are integral to our ability to successfully deliver on this agenda and to the future success of the group.

The Board welcomed four new directors during the year, Roy Harding and Sergey Chernovolenko as executive directors, and Karl Robb and Marc Kasher as independent non-executive directors. All have added to the breadth of experience, skills and diversity of the Board. Together, they bring knowledge and experience in digital transformation, information technology, business and financial services and eCommerce on a global basis. Oleg Jelezko and Alexander Galitskiy stepped down from the board in March 2021. I would like to thank both Oleg and Alexander for their significant contribution to the company's transition from a private to public company.

As recently announced, in March 2022, Roy Harding stepped up from his role as President of Softline International to become Chief Executive Officer, reflecting our commitment to accelerating globalisation. This move also allowed Sergey Chernovolenko to take up the position of Chief Operating Officer, continuing to serve as a member of the Board, including as a member of the audit committee.

Through the Nomination and Remuneration Committee, we have continued to review the composition of the Board to ensure we have the right balance of skills, independence, experience and diversity in line with the current and future needs of the group.

I would like to thank my fellow Board members and the executive team for their ongoing support and the commitment of our entire workforce during this exceptional year.

Jacques Guers
Chairman
July 2022

Governance

How we govern the group / Our governance structure

The Board

Responsible for the stewardship of the group, overseeing its conduct and affairs to deliver on our strategic objectives and creating long-term success in order to generate sustainable value for our shareholders and the interests of other stakeholders. The Board has established certain committees to assist with discharging its responsibilities and delegates day-to-day responsibilities to the chief executive.

Audit & Risk Committee

The Audit & Risk Committee is responsible for financial and narrative reporting, internal controls and risk management, including core compliance programmes, non-financial assurance, and internal and external audits.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee ensures the Board has the right balance of skills, experience, independence and knowledge. It also oversees Softline's governance framework and agrees the remuneration framework for our chairman, executive directors and certain senior executives.

Chief Executive

Responsible for running the business and setting and executing the Group's strategy.

Executive Committee

Assists the chief executive in developing and executing the Group's strategy and budget, and monitors overall performance and how we're managing risks.

Disclosure Committee

Ensures Softline meets its disclosure obligations and reviews and approves regulatory and other announcements before publication.

Each committee chair (excluding the Executive Committee) reports to the Board following their meetings and makes any recommendation to the Board in line with that committee's terms of reference.

Papers and minutes are circulated to all Board and committee members as appropriate, other than to those with a potential conflict of interest.

Board of Directors

Jacques Guers
Non-executive Chairman, Nomination and Renumeration Committee, Audit and Risk Committee

Roy Harding
Chief Executive Officer, Softline Holding plc

Igor Borovikov
Executive director, Chair of the M&A and Nomination & Renumeration Committees

Marc Kasher
Independent Non-Executive Director, Chair of Audit and Risk Committee

Karl Robb
Senior Independent Non-Executive Director, Nomination and Remuneration Committee

Sergey Chernovolenko
Global Chief Operating Officer, Audit and Risk Committee

Leadership / The Board

Who we are

The Board consists of: the independent chairman, the chief executive, the group chief operating officer, an executive director and two independent non-executive directors (including the senior independent director). We intend to make a further announcement of an additional independent member in due course The Board is supported by the company secretary. The roles of the chairman and the chief executive are separate.

Half the Board is made up of independent non-executive directors. We judged the chairman to be independent at the time of his appointment, and consider all other non-executive directors to be independent. Read about the roles of the Board members and the company secretary below.

The Chairman

The chairman's role is to:

- lead the Board and create a culture of openness characterised by debate and appropriate challenge;
- promote the highest standards of corporate governance;
- ensure that the Board determines the nature and extent of the significant risks Softline is willing to take to implement its strategy;
- make sure that the Board receives accurate, timely and clear information, and is consulted on all relevant matters;
- monitor the contribution and performance of Board members;
- make sure that Softline communicates clearly with shareholders, and discusses their views and concerns with the Board; and
- acts as a key contact for important stakeholders, as well as working with the chief executive and senior independent director to represent Softline in key strategic relationships.

The Chief Executive

The chief executive's role is to:

- lead the group's performance and management;
- propose strategies, business plans and policies to the Board;
- implement Board decisions, policies and strategies;
- develop and promote compliance with Softline's policies on conducting business around the world;
- maintain an effective framework of internal controls and risk management;
- lead the Executive Committee in the day-to-day running of every part of the business; and
- lead, motivate and monitor the performance of Softline's senior management team, as well as overseeing succession planning for roles on the Executive Committee.

The Independent Non-Executive Directors

The independent non-executive director's role is to:

- bring experience and independent judgement to the Board, and;
- develop and constructively challenge strategy proposals. Although each non-executive director is appointed for an initial three-year term, they are all subject to annual re-election by shareholders at the Annual General Meeting. Provided each director is re-elected by shareholders every year, their appointment may be extended.

The Senior Independent Director

The senior independent director is a non-executive director whose role is to:

- meet with Softline's major institutional shareholders and shareholder representative bodies, to discuss matters that wouldn't be appropriate for discussion with the chairman or chief executive;
- act as a sounding board for the chairman and as an intermediary between the chairman and other directors, and;
- review the chairman's performance during the year, taking into account feedback from other Board members.

The Company Secretary

The company secretary's role is to:

- manage the flow of timely, accurate and well-considered information to the Board;
- recommend corporate governance policies and practices to the chairman and the chief executive;
- put in place and promote corporate governance policies across the group;
- advise the Board and its committees on corporate governance and compliance across the group; and put in place the right procedures for managing their meetings and duties.

The company secretary's appointment and removal are a matter for the whole Board.

FY2021 Achievements and Progress

The Board is responsible for deciding the group's strategy and overseeing its performance, while passing the responsibility for day-to-day operations to executive management. The Board is directly involved with approving major acquisitions, providing oversight and control, growing shareholder value and promoting corporate governance.

The Board has a flexible forward programme of business that makes sure key areas get the time they need, and that items can be added to agendas as necessary. During 2021/22 we spent considerable time discussing our initial public offering, employee incentive schemes and execution of Softline's three-dimensional growth strategy and commitment to global market expansion.

The Board's annual programme included:

- Chief executive's reports
- Financial reports
- Strategy
- Mergers and acquisitions
- Line of business updates
- Dividend policy
- Investor relations
- Succession planning
- Risk management
- Ethics and compliance
- Environment, Social and Governance
- Employee incentive schemes
- Annual Report
- Board evaluation

We also received updates from the respective chairs on key matters discussed at the Board committees.

Attendance at Board meetings

The following table shows each director's attendance at Board meetings during the financial year. The chairman meets privately with independent non-executive directors before most scheduled Board meetings. We encourage directors who can't attend a Board meeting to give the chairman their views in advance.

Board members

Member	Meetings eligible to attend	Meetings attended
Jacques Guers (chairman) **a**	4	4
Roy Harding **b**	1	1
Igor Borovikov **c**	4	4
Sergey Chernovolenko	4	4
Karl Robb	4	3
Marc Kasher	4	3
Alexander Galitsky **d**	2	1
Oleg Zhelezko **e**	2	1

a – Jacques was appointed Chairman 4th March 2022

b – Roy was appointed to the Board 4th March 2022

c – Igor stepped down as Chairman 4th March 2022

d – Alexander stepped down from the Board 4th March 2022

e – Oleg stepped down from the Board 4th March 2022

The chairman reviews the directors' attendance, contribution and performance. He currently considers that each of them continues to make an effective contribution to the Board on a wide range of issues, as well as demonstrating commitment to their role.

Karl Robb reviewed and discussed the chairman's performance during the year, taking into account feedback from other Board members.

Board induction

On appointment, directors take part in an induction programme to improve their understanding of our business. Meetings are arranged with the chairman, chief executive, senior independent director and company secretary, as well as other Board members and senior members of management to ensure directors gain a thorough overview and understanding of the business. They receive information about Softline including financial data and the key policies supporting Softline's business practices. We also provide new directors with a full induction programme which includes details on: the role of the Board, its terms of reference, the membership of our main Board committees and matters reserved for decision by the Board and the Board committees.

Training and information

We encourage all directors to regularly update their skills and knowledge. As part of this the Board and individual directors receive ongoing training as required. The chairman works with individual directors to identify any specific training they need to perform their role. The chief executive regularly includes information on the business in his report to the Board. This can include updates on operational matters, the competitive and regulatory environment affecting the group and the wider communications industry, group and line of business performance, strategy, investor relations and corporate responsibility.

The company secretary provides briefings during the year on any significant developments in legal, governance and compliance areas.
Non-executive directors regularly meet with management and increase their understanding of the business through formal briefing sessions.

Board evaluation

The chairman and company secretary are undertaking a Board evaluation in 2022 through an electronic questionnaire. The results will be discussed at the Board in September 2022. ■

Audit and Risk Committee

Chairman's report

Given the Covid-19 pandemic, the initial public offering in October 2021 and the level of business-wide transformation, the committee has focused on detailed reviews of the group's risk categories and risk management framework and how these are being managed, with an emphasis on the foundations. The committee held a number of discussions on the progress to further strengthen the ethics and compliance programme."

Who we are

I chair the Audit & Risk Committee and hold recent and relevant financial experience. The committee held its first meeting in November 2021 and acts independently of the executive, with the majority of its members being independent non-executive directors with diverse skills and experience.
Although they aren't members of the committee, the company secretary, global chief compliance officer, global chief financial officer, deputy global chief financial officer and director internal audit attend each meeting. The lead audit partner attends at least two meetings each year. The external auditors are not present at meetings when we discuss their performance and/or remuneration.

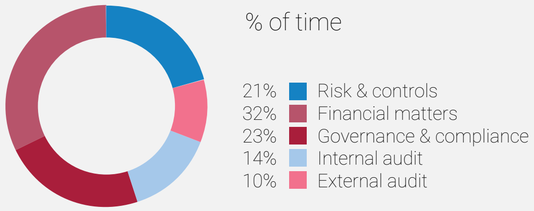
Committee members

Member	Meetings eligible to attend	Meetings attended
Marc Kasher (chairman)	5	5
Jacques Guers	5	5
Sergey Chernovolenko	1	1
Alexander Galitsky **a**	4	1

a – Alexander stepped down from the Committee 4th March 2022.

FY2021 Achievements and progress

We met five times during the year and the chart below shows how we allocated our time. Meetings are scheduled in line with the financial reporting timetable. After each meeting, I report to the Board on the main issues discussed.



The committee has an annual work plan. This includes standing items that the committee considers regularly in addition to any specific mat¬ters that require the committee's attention and topical items on which we have chosen to focus.

Activities during the year

The key matters we considered and discussed at each meeting during the financial year are set out below:

Financial reporting

The committee monitors the financial reporting process and oversees its integrity. During the year, the committee considered:

- the full year and half year results, and quarterly trading updates, and subsequently recommended these to the Board for approval;
- the quality of accounting policies and practices, as well as critical accounting estimates and key judgements for results and considered these to be appropriate.
  - In July 2022, the committee carried out a detailed assessment of the Annual Report, having previously provided comments and feedback throughout the drafting process. As part of this assessment, the committee ensured that the report accurately reflected the company's performance and that it was consistent in its messaging throughout. The committee also considered whether the information was presented in a clear and concise manner.
  - The committee considered that, taken as a whole, the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position, performance, business model and strategy. This assessment formed the basis of the committee's recommendation on its advice to the Board in respect of this.
  - Softline's significant accounting policies are set out on pages [insert] and [insert]. The consistent application of these policies is subject to ongoing verification through management review and independent review by the internal and external auditors.
  - The processes supporting the preparation and consolidation of the financial statements have been documented and are subject to annual verification through the programme of testing completed by our internal auditor. This serves to confirm the operation of internal controls over financial reporting.

Audit and Risk Committee

Internal controls and risk management

A key focus this year has been to implement and enhance our new risk management framework, and then to embed the output from this work into the day-to-day management, operations and culture of Softline. Our risk management processes identify and monitor the risks facing the group. The Board and this committee regularly review the risks Softline considers to be material.

We monitored and reviewed the effectiveness of the group's systems of risk management and internal control through detailed reviews of our enterprise risks and consideration of reports from internal audit and other assurance functions. The committee reviewed how effectively the risks are being managed and assessed both current specific concerns and uncertainties that might become significant, and agreed on actions required to manage the risks effectively. The committee also reviewed the definition of risk appetite, supporting metrics and any areas for improvement.

Key points from these risk sessions were reported to the Board, given that the Board is ultimately responsible for the group's systems of risk management and internal control. The above activities and consideration of the key matters reviewed by the committee, collectively enable the committee to confirm that the systems of risk management and internal control have been appropriately reviewed. Where required, improvements have been agreed and put into action.

Further information on risk management and our enterprise risks can be found in the How we manage risk section from page 19 and the Our enterprise risks and uncertainties section from page 19.

Governance and Compliance

The committee considered reports from the global chief compliance officer on Softline's ethics and compliance priorities, including Speak Up, our confidential, whistleblowing hotline which was improved and re-launched during the year.

As part of this, there was a focus on anti-bribery and corruption, international trade, vendor compliance, third party due diligence and compliance training, and how ethics and compliance is embedded into our culture.

The committee discussed Softline's management of allegations of misconduct and ensured that arrangements were in place for the proportionate and independent investigation of these and other matters, including privacy and data protection and anti-corruption and bribery.

Internal audit

During the year, the committee:

- reviewed the group internal audit's independence, authority, remit and reporting lines to conduct its work, including consideration of whether the quality, experience and expertise of the function were appropriate for the business.
- reviewed and approved the annual group internal audit plan and received updates on internal audit activities, progress against the plan, details of unsatisfactory audit findings and action plans to address these and progress.

External audit

EY has been our external auditor since April, 2013. Andreas Avraamides was appointed as the lead audit partner for EY during the same year. We have no information about tender processes during 2013 year. Andreas Avraamides was appointed as the lead audit partner for EY during the year. The committee reviewed, with the external auditor, the scope of work and the risk informing this, external audit findings and their letter of engagement. The committee approved EY's audit plan and management's letter of representation. The committee also considered and subsequently approved the proposed external audit fees for the year ended 31st March 2022.

External auditor independence, objectivity and effectiveness

The committee discussed the external auditor's independence and potential areas that could give rise to a conflict of interest, and considered the safeguards in place to prevent compromising their independence and objectivity. The external auditor is not permitted to perform any work which they may later be required to audit, or which might affect their objectivity and independence, or create a conflict of interest. Internal procedures describe the approval process for work performed by the external auditor.

The committee assessed the quality of the audit and the performance of the external auditor throughout the year and concluded that the audit contributed to the integrity of the group's financial reporting. The committee agreed that the external auditor continues to be independent and recommended to the Board that the reappointment of EY be put to our shareholders for approval at the 2022 AGM. ■

Conclusion

We will continue to work on a number of specific areas to further strengthen our systems, controls, and culture, including an increased focus on integrated assurance across a range of functions, together with the development of a system to better integrate the range of financial and non-financial risk factors that exist across the group to enable a better understanding of them.

Marc Kasher
Chairman
of the Audit and Risk
Committee
July 2022

Nomination and Remuneration Committee

Chairman's report

We have focused on succession, Board membership, employee share incentive plans, remuneration and our governance structures for Softline. I believe the decisions we have made this year will have a meaningful impact in setting Softline up for long term future success.

Who we are

I chair the Nominating and Governance Committee at the request of the Board. The committee held its first meeting in November 2021. Our role is to ensure our Board and committee members have the right balance of skills, experience, independence and knowledge to effectively discharge their duties and responsibilities. We also oversee Softline's governance framework.

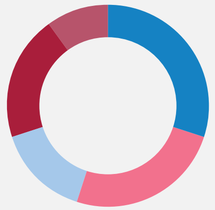
Our members and their meeting attendance are set out below. The company secretary attends our meetings, as does the chief executive where appropriate.

Committee members

Member	Meetings eligible to attend	Meetings attended
Igor Borovikov (chairman)	5	5
Karl Robb	5	5
Jacques Guers	5	5

FY2021 Achievements and progress

We met five times during the year and the chart below shows how we allocated our time. Meetings are scheduled in line with the Board timetable.



% of time

25% Succession
30% Committee governance
20% Board membership
15% Governance structure and effectiveness
10% Remuneration

Activities during the year

The key matters we considered and discussed at each meeting during the financial year are set out below:

Succession

In March 2022, I took the decision to step down from the position of chairman of the board, continuing to serve as the Nomination and Remuneration Committee Chairman and executive director to allow me to focus on our global market expansion. Current independent non-executive board member Jacques Guers was subsequently appointed non-executive chairman of the board of directors from 4th March 2022. Jacques has extensive international experience, primarily gained from a thirty-seven-year tenure at Xerox where he held several senior leadership positions. I wish Jacques every success and will continue to work closely with him and the other Board members.

At the same time, the committee recommended a number of other leadership changes to the Board which are detailed in the Chairman's Governance Report on page 13.

Board membership

Our Board members each contribute individual knowledge, skills and experience, which we regularly review based on the skills needed for running a listed company; knowledge and understanding of different customer sectors; industry specific knowledge; stakeholder engagement; and regional experience in different parts of the world.

We believe our Board currently has an appropriate composition and mix of skills and we continue to keep under review the retirement dates of our non-executive directors.

For our independent non-executive directors, we also continually review their roles outside of Softline to assure ourselves that they remain independent in character and judgement, and that there are no conflicts of interest that could affect their decision making. All non-executive appointments can be terminated on three months' notice and are subject to automatic termination in the event of a director not being elected or re-elected by shareholders at the AGM.

In order to best service all our customers, we believe the composition of our Board, the senior management team and their direct reports should support diversity in its widest sense. Gender diversity on our Board is an area which needs to be improved and the committee will work towards achieving an improved position by 2023.

Governance structure and effectiveness

We keep our governance structure and the membership of our Board committees under continuous review to ensure we have the right balance of skills, independence, experience and diversity in line with the current and future needs of the group.

The chairman and company secretary are undertaking a Board evaluation in 2022 through an electronic questionnaire. The results will be discussed at the Board in September 2022.

The chairman will also conduct one-to-one interviews with directors on their individual performance and the senior independent director, Karl Robb, will conduct the annual evaluation of the chairman.

Remuneration

Our remuneration principles are to maintain a competitive remuneration package that promotes the long-term success of the business, avoids excessive or inappropriate risk taking and aligns managements' interests with those of shareholders.

We believe in pay for performance against challenging targets and stretching goals for the annual bonus and long-term incentive shares.

In setting directors' remuneration, the committee takes into account the pay and employment conditions of all our employees, the performance of the group and the individual, the current views and guidelines of shareholders and their representatives, and general market conditions. Remuneration arrangements at other companies of a similar size and complexity are also reviewed for guidance.

The committee continues to keep under review the relationship of risk to remuneration and is satisfied that the incentive structure for senior executives does not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour. The committee retains absolute discretion to reduce variable compensation in light of risk and the group's overall performance. We would only use this in exceptional circumstances.

The committee discussed the long-term employee partnership programme, and the employee share purchase scheme, making recommendations to the Board which were approved and announced in January 2022. ■

Conclusion

This year, the committee has spent its time focusing on changes to the Board's composition and succession planning to ensure our leadership comprises the right diversity of skills, knowledge and experience in line with the future needs of the business. We have also launched an all employee share incentive plan to encourage a culture of greater employee share ownership across the organisation. With this innovative partnership plan, we align our goal and objectives with our employees because we firmly believe that our team of talented professionals are a key success factor to our competitiveness and achieving strong durable results. We will continue to focus on diversity, specifically in relation to gender at all levels within Softline, and consider the results of the Board evaluation exercise to continuously review and improve its effectiveness.

Igor Borovikov
Chairman of the Nomination and Remuneration Committee
July 2022

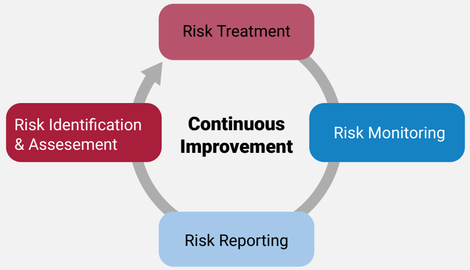
How we manage risk

Our risk management framework

Our Enterprise Risk Management framework helps us tackle risks and uncertainties consistently to stop them adversely impacting our strategy. It also ensures that we think smarter about managing risk while running our business with operational discipline.

The enterprise (or principle) risks and uncertainties that affect us 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 most material 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 Softline 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 is essential that we proactively manage risk. To help us, we have developed a group-wide risk management process with four stages:



Enterprise Risk Management Framework

In the section below, we explain what we're doing to prevent our main risks from materialising, or to limit their impact if they are unavoidable.

Management and oversight of our enterprise risks

This year, we have focused on strengthening our governance model, using our business knowledge and supporting data to enhance the articulation of our risk appetite and the tolerance limits within which Softline operates.

We have launched a new Enterprise Risk Management policy, establishing robust risk management principles and oversight governance.

Each enterprise 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.

Oversight of the individual enterprise risks is carried out via:

- **Regional Risk Management and Compliance Committees (RMCC)** that perform ongoing monitoring, assessment of the enterprise risks, including the impact of the deployed mitigation strategy and tactics in the business; as well as upwards reporting. These committees have been established for Russia, CIS, LATAM & Brazil, APAC, India and RoW regions and they are led by the regional business heads, joined by the respective business leaders representing various operational functions in the regions and larger countries supported by the business compliance and risk partners. These RMCCs meet at least once a quarter.
- **Risk Oversight and Compliance Committee (ROCC)** whose primary role is to promote, oversee and further improve a culture of adherence to our standards of enterprise risk management and ethics & compliance within Softline. The members of the ROCC include the Group Chief Executive Officer, selected members of the Executive team, and the Head of Enterprise Risk Management. The Committee meets quarterly and is chaired by the Group Chief Compliance Officer.
- **Audit and Risk Committee (ARC)** is responsible for assisting the Board of Directors in monitoring the overall risk management framework, financial reporting, ethics and compliance processes, the performance of our external auditors and overseeing the internal audit programme. The committee meets 6 times a year and is chaired by the appointed member of the Board of Directors.

Our enterprise risks and uncertainties

To enable the company, achieve its strategic goals and objectives we have a made a thorough assessment of the risk landscape, including the following factors:

- External Environment: political, economic, social, technological, legal and environment
- Strategic: governance, stakeholders, emerging and reputational
- Legal/Regulatory: customers, partners, vendors and suppliers; intellectual property; and commercial contracts
- Operational: people and processes

We have identified and prioritised the following enterprise risks and established a consistent internal controls framework for continuous business assessment, monitoring and reporting.

Anti-bribery & corruption

Risk description:

It is crucial that we maintain high ethical standards. We don't tolerate fraud, bribery, any form of corruption or any illegal or unethical activity. We follow local and international law, including anti-corruption and bribery laws. The UK Bribery Act and US Foreign Corrupt Practices Act (FCPA) have extraterritorial reach, so cover our global operations. As we expand globally, we're increasingly operating in countries seen as having a higher risk of bribery and corruption.

We define our risk as the failure of our people or associates, such as suppliers or agents to comply with our anti-bribery and corruption policy and standards, as well as related laws and regulations in the countries in which we operate.

Impact:

Not following laws that apply to us might lead to fines and penalties. That could affect our operations and shareholder value, as well as damaging the public's trust. Serious breaches could lead to prosecution or litigation and effect our ability to operate, especially if the breaches were deemed criminal.

Context and mitigation:

Our relevant controls include an anti-bribery and corruption programme and our corporate ethics and compliance code, available in 4 languages. We ask all our people to complete training and sign up to our code of conduct which includes our zero tolerance to bribery and corruption. We have policies covering gifts, hospitality, conflicts of interest and raising concerns. We run tailored training for people in higher-risk roles.

We regularly weigh up our business integrity risks to make sure we've got the right mitigation in place. All 'Speak Up' reports are passed to the Global Chief Compliance Officer for action. Our confidential hotline is operated by a third party and is available to employees and third-party contractors who can remain anonymous if they choose to. Any reports received direct by Softline are also dealt with in accordance with our Speak Up procedures.

Our compliance assurance team assess areas we think are higher risk (such as the use of agents), to make sure people understand our policies and that controls are working. We do due diligence checks on third parties like suppliers, agents, resellers and distributors. Our policy is that procurement contracts include anti-bribery and corruption clauses. Additionally, our internal audit team runs checks on our business.

Information Security

The overall information security environment is challenging, because of the difficulty of keeping pace with increasingly sophisticated cyber threats. This is due to many factors including, the complexity of large regulated organisations; the well-resourced nature of hacking activities; and the increasing demands for accountability of data handled by companies.

At Softline we focus on two information security sub-risks: **Cybersecurity** and **Data Privacy**

Cyber security

Risk description:

Information and IT breach of Softline's own and/or customers sensitive and confidential information, e.g. financial and customer, due to the lack of information security processes, training, monitoring and oversight.

Risk impact:

If we fail to stop a cyber-attack, it could lead to business disruption or compromised data. And that could lead to penalties, financial loss, cancelled contracts or regulatory sanctions. If our reputation were damaged by a cyber security issue, it would have a negative effect on our security credentials in the marketplace.

Data Privacy

Risk description:

Potential loss of control over personal information due to unlawful and/or inadequate processing of personal information entrusted to Softline, by its employees, customers or vendors, in contradiction with global data protection requirements.

How we manage risk

Unlawful and/or inadequate processing might be failure to collect, transfer, secure, give access, use and dispose of personal information in accordance with data privacy laws.

Risk impact:

Failure to comply with privacy and data protection laws could result in regulatory enforcement action, fines, litigation, prison sentences and the regulator telling us to stop processing data. It could also damage our reputation, affect our stakeholders' trust in us and harm our employees, customers, vendors and suppliers.

Information Security context and mitigation across both sub-risks:

In line with our strategic objectives, Softline is undergoing rapid organic and inorganic growth via entry into new markets and expansion of its products and service portfolio thus adding more complexity to its internal processes and systems, and capability to effectively mitigate and manage the Cybersecurity and Data Privacy sub-risks. Our focus is to educate our employees on cyber security and data protection best practices, align newly acquired entities to our Data Protection policies and utilise our IT Systems as well as other technical and organisational measures to protect our information from internal and external threats.

Mergers and Acquisitions

Risk description:

Failure in the process of integration for newly-acquired entities due to a lack of a formal and consistent strategy following the acquisition could lead to issues such as lack of employee/management engagement, loss of operational synergies, inadequate compliance, culture mis-alignment and ultimately, loss of value.

In addition, failure to adequately protect confidential information before a deal is closed and communicated to the market could lead to either employee misuse of resources, litigation or regulator action.

Risk impact:

If we are not diligent and consistent in our selection approach and execution of each merger and acquisition transaction it could negatively impact our profitability and affect our stakeholders' trust in us. Also, if we fail to comply with confidentiality obligations and other legal requirements we could face fines, litigation, prosecution and reputational damage.

Context and mitigation:

Inorganic growth via mergers and acquisitions is a significant and integral part of Softline's strategic objectives that enables the growth of our geographic footprint as well as our portfolio of products and services.

Our deal due diligence process has been further enhanced and we have established a dedicated integration team to drive best practice and continuous improvement. We also undertake regular risk assessments and continually refine our risk mitigation strategies in line with our learnings and market developments.

International Trade and Sanctions

Risk description:

International trade rules and sanctions can result in the imposition of onerous restrictions on businesses. We define our risk as the failure to comply with trade sanctions and export restrictions imposed on certain persons, legal entities or territories.

Risk impact:

Violations can lead to transactions being unwound, criminal liability, fines, penalties, loss of business, reputational harm, and a variety of associated costs which can be difficult to quantify.

Context and mitigation:

Trade sanctions and export controls put in place by governments and intergovernmental organisations around the world require active management and oversight. Our dedicated trade sanctions team, supported by third party due diligence and screening tools, conduct extensive screening checks not only at the beginning of a new relationship with a party, but on a daily basis and when dealing with transactions that include a party external to Softline.

We run sanctions training, and provide advice to help our employees make fully informed and compliant decisions in support of the business and our partners.

Geopolitical pressures

Risk description:

Geopolitical risk is the potential for political, socioeconomic and cultural factors to harm companies. It has a clear impact on global trade, security, and political relations.

Increased volatility in previously stable regions and the uncertainties that follow political change are key geopolitical drivers that lead to a lack of trust and business opportunities.

Risk impact:

If we fail to monitor the geopolitical changes including the regulatory landscape in the jurisdictions we operate and acknowledge via proactive risk response actions then we could potentially lose our market share, being listed as the sanction entity and suffer the reputational damage.

Context and mitigation:

Following the global economic impact of the COVID 19 pandemic, another crisis has developed from the conflict in Ukraine and related tensions between Russia and Western powers which has impacted some businesses.

Softline's senior leadership established a robust approach to deal with the impact of this crisis on the Group and took immediate and effective actions, including a thorough evaluation of the risk factors and ongoing continual monitoring. Consequently, the Group announced prompt organisational changes designed to accelerate the growth strategy across the global business; managed communications with stakeholders in a highly controlled and responsible manner; ensured proactive engagement with the key vendors and developed fit for purpose marketing materials. Prompt mitigation actions were undertaken by the finance team to ensure consistency of cashflow and financial operations. This cemented the strong foundations essential for the continuity, sustainability and growth of our business operations.

Financial Controls and Reporting – Currency Exchange Rates

Risk description:

Foreign exchange rate movements could negatively affect our profitability, cash flow and balance sheets.

Risk impact:

Currency exchange rates can impact trade, economic growth, capital flows and interest rates, ultimately leading to a negative effect on operating profit and cash flow.

Context and mitigation:

Our global business operations expose us to foreign currency, funding and liquidity risks. Our treasury team work to minimise the potential adverse effects on the Group's financial performance. We do not use derivative financial instruments to hedge our risk exposures. Continual monitoring and risk management is carried out by our treasury and finance department's in accordance with policies approved by management.

How we manage risk

Human Capital - Challenge to Attract and Retain Key Employees

Risk description:

Failing to attract and retain talent in critical roles or with critical skills, and to foster a culture where everyone felt able to be their best, could affect our overall capabilities and business performance.

Risk impact:

If we fail to recruit, retain and engage our workforce it could impact our ability to deliver a great customer experience and continue to grow the business. Furthermore, a failure to develop and retain talent could result in a greater need for external recruitment, which would add cost to the business. Poor engagement might cut productivity, hinder innovation and slow down the pace of our 3-dimensional growth strategy.

Context and mitigation:

We provide comprehensive support and training to help our people deliver to the best of their ability. We regularly review our pay and benefits to make sure our remuneration is competitive when compared to other companies of a similar size and complexity. We also listen to our people through things such as our annual employee engagement survey, town halls or social platforms, maintaining close, trusted relationships with our employee. Our long-term employee partnership programme is designed to align our goal and objectives with our employees because we firmly believe that our team of talented professionals are a key success factor to our competitiveness and achieving strong durable results.

Governance and Culture – Roles & Responsibilities

Risk description:

A lack of clarity on roles, responsibilities and accountabilities including governance structures, leads to major operational inefficiencies, poor workforce motivation and damages our culture.

Risk impact:

Poorly defined roles and responsibilities impedes decision making and operational efficiency, hindering our ability to achieve targets, meet our strategic objectives and develop our workforce.

Context and mitigation:

When roles and responsibilities are clearly defined, team members are more productive. There is less duplication of effort; less confusion, disappointment, and frustration; and greater productivity. Team members look beyond their own individual positions and learn to understand, respect, and value the unique contributions of one another, and they recognise that the overall success of the team is a function of shared responsibility and ownership.

We have better defined and documented our governance structures, strengthened our internal knowledge sharing platforms and clarified decision making accountability to foster a culture of collaboration, greater agility and accelerated business performance.

Vendor Compliance

We have prioritised two sub-risks: Microsoft Pricing Terms and Contractual Terms

Microsoft Pricing Terms

Risk description:

Failure to adhere to Microsoft's pricing terms due to difficulty in determining the maximum resale price when applying discounts and complex customer tender specifications which include Microsoft and non-Microsoft products leading to a lack of transparency on pricing.

Risk impact:

Failure to comply with Microsoft rules and pricing terms could result in Softline losing certain Microsoft partner incentives or even our partnership status.

Contractual Terms

Risk description:

Failure to adhere to the contractual terms with our business partners such as Microsoft, leading to reduced partnership status or ultimately contract termination.

Risk impact:

Non-compliance could affect negatively our reputation with business partners, leading to lost opportunities or ultimately contract termination resulting in reputational damage and significant financial losses.

Context and mitigation:

We are committed to conducting our business transparently and in accordance with the highest ethical standards. This means that Softline's business must be carried out in strict compliance with all applicable laws and regulations, including applicable terms and conditions of our business partners. We have strengthened and enhanced our ethics and compliance programme and have a dedicated team of compliance professionals working closely with our operational teams to provide training and guidance. We implement controls and monitor their effectiveness in accordance with best practice to provide reasonable assurance to management that we comply with our contractual obligations.

Commercial Practices

Risk description:

Failure to gain competitive advantage due to a lack of investment into our digital platforms, systems, infrastructure and process automation.

Risk impact:

This could result in limited opportunities to grow market share, improve profitability and achieve our 3-dimensional growth strategy.

Context and mitigation:

Competitive advantage distinguishes a company from its competitors. It contributes to profitable revenue growth, customer loyalty and continued innovation. Refining commercial practices to drive competitive advantage is one of the most important goals of any company. Continued investment and innovation are critical for business success and long-term sustainability. We put our customers at the heart of what we do. We continue to invest in expanding our global footprint to meet the needs of our customers, simplifying and streamlining our commercial practices to deliver right first time. ■

People

Competitive Rewards

The Group offers a competitive employee compensation and benefit structure in accordance with local country legislative requirements and market/industry sector practices, and with a focus on sales and services. For example, all sales employees receive a combination of fixed and variable compensation, which varies significantly by role. Variable compensation is based on a number of KPIs, typically including revenue and gross profit, as well as role-specific KPIs, such as customer satisfaction, compliance with project deadlines, number of tenders won and vendor satisfaction. We have a split of 70%/30% for fixed and variable elements for managers (Executive Team, VPs of the regions and GMs) while the Sales Team, Sales Directors and managers have a split of 60%/40%. All Sales-related employees are targeted on Gross Profit and Revenue while Managers have both Gross and Net profit and Revenue, as well as qualitative KPIs such as employee retention, innovation, and transformation activities.

In addition, the Group's employee culture benefits from recognition initiatives, from informal expressions of gratitude to formal awards and rewards, and a feedback programme supported by regularly scheduled meetings across management levels.

The Company implemented a share option plan (the SOP) which allowed for the grant of options ('Options') over ordinary shares in the Company to key employees selected by the Board of Directors. Under the initial SOP, an aggregate of 16,508,117 Options have been granted and are outstanding (equalling approximately 11.4% of the total number of ordinary shares of the Group on a fully-diluted basis immediately prior to the Offering).

Complementary to the long-term equity based executive incentive plan, we introduced our LTEPP (Long-Term-Employee Partnership Programme) to help us to attract, retain, and motivate our employees to work for the company longer and feel some personal accountability for our shared results based on an owner-operator mentality and a culture of shared success and benefit from it. We strongly believe that this programme will make us more market relevant, and that it will enhance access to skilled talent in multiple markets across the world, differentiating us from local players and giving us a strong competitive advantage, particularly in areas such as cybersecurity, cloud, and digital technologies.

The LTEPP is based on three major parameters that define the number of options per year employees will be eligible for: length of service in the company, performance, and planned length of employee's stay in the company. Employees will be eligible to receive equity options worth up to 45% of their annual pay each year at the board's discretion, when the share price achieves certain growth targets. Options will vest over the period up to five years following issuance, depending on the size of grant.

We think that our LTEPP is innovative, represents a very compelling reward structure for our people and provides alignment to long-term shareholder interests, and is based on challenging performance objectives, including performance based senior management targets on growth of EBITDA.

Every 6 months we conduct the Performance Assessment and review employees' compensation. This cycle allows us to monitor the process of KPIs achievement and verify their validity as well as employees' performance and results. Our highest performing employees receive their rewards and recognitions during H1 and H2 sessions. Traditionally, these are around 10-15% of our employees. Aside from material rewards, they also receive specific trainings, interesting projects to work on, international assignments, and career opportunities through promotions and broadened responsibilities. We also build their career plans in line with company's plans and their personal plans and ambitions. These employees are mentored by the Top Executives of the company. Last year, we had more than 50 mentees in Softline International who had sessions with experienced leaders over the whole year as a sign of special recognition and our trust in their potential.

Developing our People

Employee development is a part of the Performance Appraisal Cycle and is an integral part of our Learning and Development culture. Our overall approach to Employee Development can be summarised as 'giving the employees the best possible opportunities to realise their potential'. We try not to limit the responsibilities of employees to just a certain and well-defined set of tasks and problems to solve, but find a unique talent in everyone and develop it through a variety of tasks and projects in the entrepreneurial way the whole organisation follows. For instance, back-office people with some zest for working in the front-line or promoting ideas for any of the business functions can become part of a front-line project and learn from the process of its implementation, using this knowledge later for their career development.

We are always receptive to suggestions and innovative ideas from our employees, and they live and develop fully aware of this approach and culture in the company.

Employee development in Softline starts with Performance Assessment and employee calibration based on a competence-based evaluation. This approach helps us to immediately spot the areas that require improvements and suggest some training sessions (both online and offline) to help employees develop. All trainings are assigned for the employee through their Personal Development Plans on the Softline Academy Platform. In addition, Softline has a Leadership Programme where 16 individuals from all regions receive masterclasses and seminars from the company's Top-Management team, and Mentoring Programmes where the most talented employees have an opportunity to consult with their mentors for advice and discussion on the most complex career or job-related issues. This year, we plan to grow our Training & Development organisation through adding T&D business partners and two soft skills trainers. We also plan to kick-off a leadership programme for middle-level managers to cascade the knowledge and experience from our leadership team to all levels of the organisation.

The Group's services include training through the Softline Training and Education Center, offering proprietary courses that take in-house IT staff on a deep dive into concrete subjects, such as cybersecurity awareness, programming, performance analysis, infrastructure protection and product-specific troubleshooting. Softline has received both domestic and international authorisations from more than 30 vendors to conduct training for their products. The Group offers professional training in each of the countries in which it operates, with courses available in a number of formats, such as on-site (daytime and evening courses) and distance learning (web classes and webinars). Upon completion of a course, students typically receive a training certificate or a professional diploma from the Group and a certificate from the vendor. In addition, students can confirm their qualifications by taking post-training exams in the Group's testing centres and by receiving an international IT professional certificate. The Group's testing centres are authorised by international organisations, such as Pearson VUE (from 2009), Certiport (from 2007) and Prometric (from 2007). The Group provides exams on a few popular technologies, including, among others, Cisco, Citrix, Microsoft (as an Enterprise Skills Initiative partner), Red Hat and VMware.

Another ambitious goal for this year is building a sales enablement process in a partnership with our sales leaders. This will include robust onboarding, and hard skills trainings (our portfolio, cross-selling and upselling opportunities on a global level, as well as working with partners, and understanding our local and international capabilities).

This year, our employees completed 3,684 courses in 3 languages, which is around 70% of their training plan and comprises 5,841 training hours. This was the first year of the training function and Softline Academy platform. Next year, we plan to double the number of programmes and training hours on offer.

Great place to work

The Group is committed to employee diversity and, as of 31st March 2022, its workforce consisted of approximately 62% men and 38% women, with an average employee age of 35. Despite various legal and cultural challenges in certain geographies, the Board is committed to promoting a culture of diversity and inclusion internally.

The continued development of the Group's employees and high retention rates are significant factors affecting the Group's financial performance. The Group views its employees as central to its business and a key differentiator, with one global team, and an inclusive, engaged and inspiring culture which has sales and services in its DNA. The Group had approximately 8,400 employees as at 31st March 2022, comprising approximately 2,800 sales and marketing specialists, approximately 4,000 services specialists (including engineers, developers and other IT specialists) and approximately 1,600 back office and administrative staff.

In order to retain employees and drive long tenure, senior management have fostered a positive working environment as a key priority of the Group. This includes a structured approach to recruitment, as well as building a positive employee culture. The Group promotes a trust-based and honest partnership with its employees, which appreciates the contribution, proficiency and loyalty of everyone involved. The members of the One Softline team respect each other, as well as the culture and traditions of the peoples of every country in which the Group operates. The Directors believe that this emphasis on employee culture underpins the strong retention rates among the Group's employees and sales and services staff, in particular.

Last year (2021), Softline was recognised as a Great Place to work in 5 countries: India (the biggest subsidiary with around 800 employees), Vietnam (the biggest

People

subsidiary in Asia), Colombia (the biggest subsidiary in Latin America), Germany and Netherlands (Softline AG company).

In 2022, we have the ambitious plan of achieving the same result in every single region of our presence. The key elements that allow us to achieve this employee recognition are our culture, based on openness; feedback; total support to employees based on trust; and the assumption that everything they do, they intend to do for good and continuous employee listening. Three years ago, we established a practice of Employee Engagement Surveys which we traditionally conduct at the end of the year. We follow up on all the changes in Employees opinion and focus on the most problematic areas while building our Employee Engagement Survey Action plan. Each quarter, we present to our employees the results of EES Plan implementation, and share our progress and actions implemented in each area that concerns them. We also collect their feedback to ensure that our initiatives on Employee Engagement land well and are perceived positively by our employees.

In 2022, we plan to focus on such areas as innovation, total rewards (benefits and compensation) and work-life balance. We strengthened our EE Team with two professionals who will be focused on delivering the best employee experience in the market, along with engaging onboarding and ESG related activities to build our brand both internally and externally, ensuring employees enjoy their journey with the company.

Strong culture

Softline's multinational team is at the core of its business and the Group is committed to trust-based, honest and respectful partnership with its talented employees. The historical success and international scale of the Group has been made possible thanks to its large, highly qualified and diverse workforce, comprising approximately 8,400 professionals from nearly 60 countries. The Group considers people to be its greatest asset. The Directors believe that the Group's commitment to employees' professional development, the results-driven, rewarding and transparent compensation structure, training programmes and opportunities to participate in diverse and international projects incentivise and retain the Group's employees, driving operational efficiency and productivity gains. Our team composition reflects the Group's results-oriented culture allowing it to grow business and improve its profitability.

From the year ended 31st March 2018 to the year ended 31st March 2022, the Group's headcount outside of its original market (45% of the Group's total headcount as of 31st March 2022, including the impact of the Group's recent acquisitions) grew at a CAGR of 62%, more than two times faster than for the Group in total, demonstrating the focus on global expansion and recruitment of talent in emerging markets. The Group's team is supported by a highly experienced and cohesive international leadership team with a strong track record in the IT sector, including Igor Borovikov, the Group's visionary founder with almost 30 years of industry experience who remains on the Board of Directors. Using modern HR practices and tools, the Group proactively seeks and hires the best talent in the emerging markets in which it operates, consistently working to develop and improve the skills of its existing employees and motivate and retain employees. The level of commitment to the organisation on an individual level is demonstrated by high employee engagement, supported by an Employee Engagement Index of 82% in February 2022, measuring the overall engagement of the Group's workforce with regular surveys.

The Directors believe that the Group's relationship with its employees is a good one. According to Glassdoor, as of July 2021, the Group has received four stars (out of five) and 77% of employees surveyed would recommend the Group to a friend. Additionally, the Group conducts its own employee engagement surveys on an annual basis. As per the survey conducted in 2021, average employee satisfaction was 82%, which exceeded the IT industry benchmark of 78% from Glint, a Linkedin company. In addition, 85% of employees felt proud to work at Softline, once again exceeding the benchmark of 80%.

Softline has a unique culture of a global multinational organisation with an entrepreneurial spirit where the opinion of every employee in the company matters. An open door to leadership, a culture of listening to employees, compliance, and keeping the security of employees are all the baseline principles of the organisation, and creates a recognition-rich employee-centric culture of transparency, great leadership, openness, and trust.

Among the achievements over the last 4 years, we would like to mention the way our leaders manage and motivate our employees, demonstrating their adherence to the principles of leadership on a daily basis, and is evident in their deeds and actions. We are focused on ensuring that we minimise bureaucracy, unreasonable escalations, and inefficient time usage and criticism, rather than constructive feedback.

Accessing the best talent

We believe that a positive workplace culture has in the past been an asset to our talent recruitment and retention efforts. We are benefiting from our multinational presence, particularly in emerging markets that provide access to a pool of experienced personnel at lower cost. We recognise that the shift in working practices due to the increase in remote work opportunities following Covid-19 has increased competition for experienced personnel in emerging markets and we continue to expect to see wage inflation for experienced personnel.

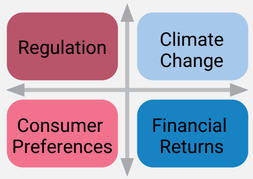
Regardless of the geopolitical challenges, Softline remains one of the Top-Employers in every single region of our presence. We have a very high response rate on LinkedIn. Last year, we received around 27,000 job applications and hired 384 employees. However, A-class players are very scarce resources in each market, and we are focused on attracting them to Softline given the strong competition on the talent market. Strategic actions that we have taken include building a strong Employee Value Proposition, highlighting our achievements in the market, driving results and activities, conducting salary benchmarking, taking decisions to be market relevant in every single market of our presence, and introducing LTEPP for every single employee in the company). On a tactical level, we have been upskilling our recruiters, increasing specialisation in particular fields; using specific proactive search hunting approaches regardless of the level of seniority; conducting marketing campaigns; keeping candidates up to date and aware of the company's latest achievements before they join; creating T&D and EE opportunities and letting the market know about them through social networks.

This year, we are targeting our recruiters with more rapid and precise hiring. Hiring is a priority project in our strategy and through several actions and initiatives we aim to decrease our current time to fill by 10 days, to increase our Post-Probation Employee success rate by 5% and close at least 6 vacancies (while the industry standard is 4-5) per recruiter per month. We are also planning to foster diversity & inclusion principles in hiring and succession planning through Women Leadership and Campus Recruitment programmes (in India, APAC, and CEE as a pilot). ■

Environmental, Social and Governance

Softline recognises that our business is inextricably linked with environmental, social, and governance (ESG) concerns. This year we published our first ESG Statement and Modern Slavery Statement setting out our intent to continue to strive to build sustainable, equitable, healthy, and diverse communities through a combination of innovative digital transformation and information technology solutions, and combined with strong environmental, social and governance performance. This commitment informs every aspect of our business, including how we design and build new projects, operate our portfolio, and collaborate with stakeholders.

In this section, we outline the steps we have taken so far on ESG and our focus for the year ahead.



We understand that ESG matters

At Softline, we understand that focusing on ESG as a priority is not only the right thing to do, but it will also help us with higher value creation. For example, we know from a recent report[1] that 88% of investors believe companies that prioritise ESG initiatives represent better opportunities for long-term returns than companies that do not, and that another recent report[2] revealed that a portfolio based on buying stocks in companies ranking well against various ESG metrics would have beaten the broader market by 3% every year for the last five years.

As articulated in our ESG Statement, we recognise that the challenges we face as a global community, such as global warming, pollution, inequality and poverty, mean that there has never been a more important time for responsible businesses like ours to ensure we are embedding ESG into our business approach.

What we've done

Our annual ESG and Modern Slavery Statements can be accessed at https://softline.com/about/esg. We have also implemented our Supplier Code of Conduct with a focus on the environment, Corporate Social Responsibility (CSR), human rights, diversity and inclusion across our supply chain. In addition to these overarching policy commitments, we have taken a number of positive steps this year which include:

Environmental

- Supporting customers in their digital transformation to drive sustainability
- Waste management processes implemented in major offices
- Electronic document management implemented throughout the business
- Environment policy in place
- ISO 14001 (Environment) certified in various locations
- External audit from EcoVadis with a rating 35 out of 100 (up from 27 in 2019)

Social

- Core values focussed on people
- High employee engagement rate
- Softline Academy Learning Management System
- Commitment to healthy lifestyles through wellbeing initiatives
- Talent programme
- Equal average pay for men and women
- Various community social impact projects (refer to CSR projects)
- Microsoft partner of the year Community Response Award

Governance

- Independent Board of Directors
- Board sub-committees established
- Established Ethics and Compliance Code of Conduct and updated supporting policies
- Enterprise Risk Management framework implemented
- New confidential hotline Speak Up channel to create a safe environment where people can raise concerns without fear of retaliation
- ISO certifications in various locations including ISO 37001 and ISO 27001

You will find further details on this in our Governance section on page 15.

Corporate Social Responsibility

Corporate social responsibility (CSR) projects are an indispensable part of Softline's activities. We initiate and contribute to many socially-beneficial projects, with a focus on helping vulnerable groups like orphaned or disadvantaged children, the elderly and disabled. Softline supports its local communities helping to meet basic nutritional needs and by providing opportunities to improve education and tech literacy.

Softline often participates in and sponsors competitions and events for pupils and students in the field of information security. A good example is our hackathon for orphaned children in support of a charitable foundation where we participate as sponsors. During the contests, children develop projects for gaming platforms and websites and the best projects win different prizes to help them continue with their passion. Softline also provided the children that participated in the hackathon with personal laptops for further training.

Getting support to children is one of the biggest concerns for Softline, and another project in this direction that we have launched is the offering of our patronage to different childcare centres on a regular basis to cover multiple needs, this also includes a very special holiday project carried out by Softline's employees annually.

Softline is also committed to supporting medical initiatives and regularly participating in blood donation. An initiative funded by the company whose goal is to help save lives and improve social care.

As part of the IT world, we consider it essential to support those who might not have the resources to learn and keep up with the most modern technologies. As such, Softline works with the YUMIRA Charitable Foundation to support the Taste of Life - Connection of Generations project. This initiative is aimed at helping older people in the development of their internet skills and understanding of modern technology.

1 Edelman Trust Barometer Special Report – Institutional Investors
2 Bank of America Merrill Lynch

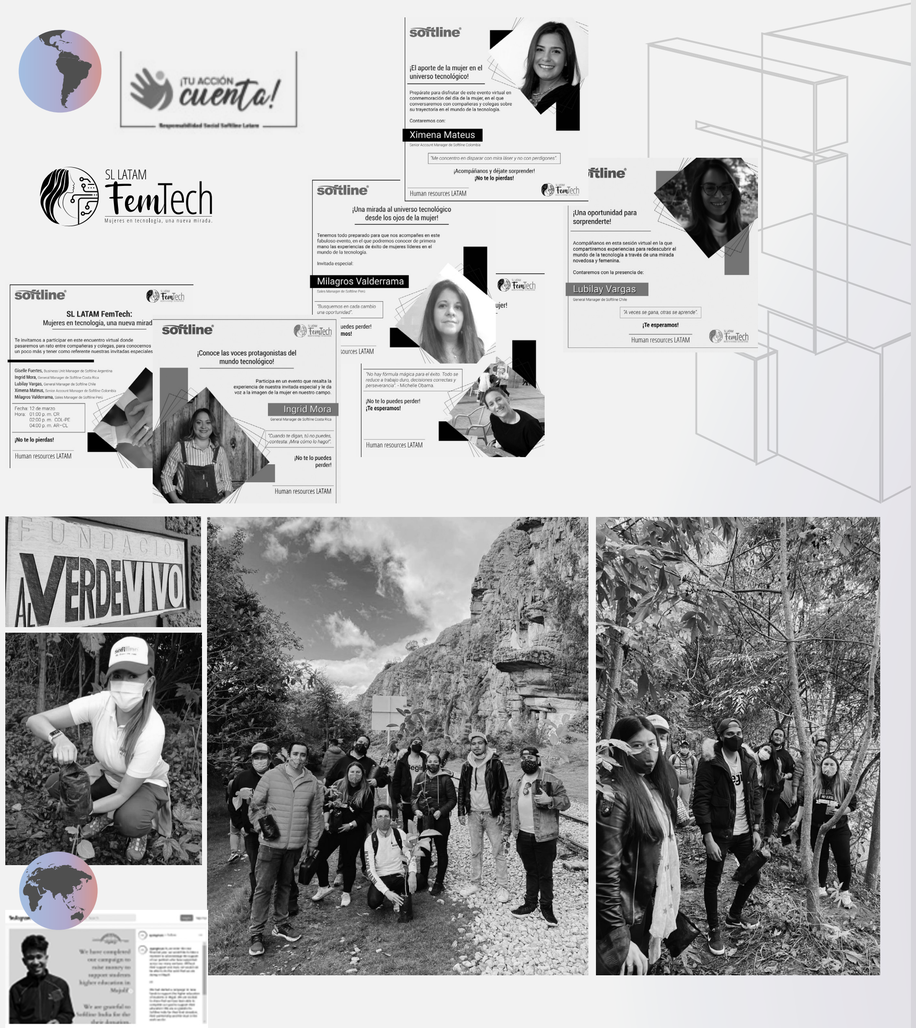
Environmental, Social and Governance

Softline in Latin America

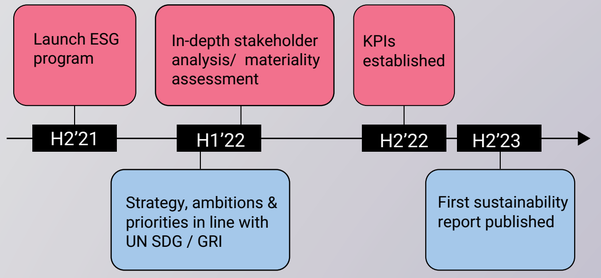
- *Tu Acción Cuenta* – an initiative focused on social responsibility. The main targets are based on 3 pillars: Education, Childhood and Adolescence, Environment, Health Prevention
- *Fem Tech* – an initiative focused on supporting women in Tech
- *Fundacion Al Verde Vivo* – supporting a green living foundation to plant trees in Colombia.
- The Covid-19 pandemic has affected the entire world but some countries are struggling more than others to overcome the crisis. As part of our commitment to help society we´ve engaged in a social project in Brazil to support people in poverty and hunger. Our Brazilian employees wanted to be part of the initiative, so we have partnered with a well-known NGO on a project called *Collect with me* where they collect food baskets and distribute for poor communities. Softline's employees are donating, and Softline has committed to support the project, doubling whatever we've gathered from our employees. Also, in Brazil, we are supporting a range of other CSR projects, including:
- *Estamina Feminina* – Women at Softline
- Our employees' wellbeing
- Mentoring for our employees to help with personal development
- An internship programme for immigrants and refugees
- A project to help with a child's letter at Christmas

Softline in India

- In collaboration with *Annamrita Foundation*, Softline supports the fight against malnutrition and hunger by sponsoring midday meals for schoolchildren. We also help to run a kitchen at the Cooper Hospital in Mumbai to serve food to health care workers, an especially important initiative during the pandemic that was not only funded by Softline but also supported proactively by our employees in India.
- *Impacct foundation* (Pediatric Oncology division of Tata Memorial Hospital) – This initiative provides support for initial investigations, diagnosis, and staging of cancer and we are providing funding to help young children who need this support.
- *Ayang Trust (Assam)* – a project to help fund higher secondary education for young students. The trust is working in the community to develop a library, schools and career counselling sessions for students who wish to take higher education.
- We have also worked with the *Myna Mahila Foundation* to help provide over 500 girls with menstrual hygiene kits.



What do we plan to do next year?



The Board will continue to oversee the development of our ESG and sustainability policy and approach. This will include:

- An assessment of materiality
- Goal setting and prioritisation
- Continuing to reflect our ESG approach in our strategy
- Ensure assurance over ESG-related exposures via the risk management framework
- Continuing to report on our progress and engage with all stakeholders

In order to meet the direction of the Board, over the next year we plan to:

- Develop ESG metrics and KPI's
- Sign up to UN Global Compact and SHE Index
- Protect the environment by:
  - Reducing our customer's carbon footprint
  - Reduce our own carbon footprint
  - Reduce our energy use
  - Conserve natural resources
  - Manage waste products
- Develop diversity, equality and inclusion reporting
- Refresh the Code of Conduct
- Implement the Supplier Code of Conduct across our supply base
- Refresh Environment Strategy Policy
- Refresh the Health & Safety Policy
- Continue the Board evaluation and development process. ■

Operating and Financial Review

Strong profitable growth with disciplined execution

Despite external challenges, Softline performed well and demonstrated strong 2021 results. Total turnover grew by 22.9% year-over-year to $2,198m. Supported by 85% growth in the Service business, the company's profitability improved by 35.5% and reached $306m on a gross profit level. Gross Profit margin increased by 1.3pp to 13.9%. The Group's adjusted EBITDA grew by 29.2% to $67.3m.

Softline's IT solutions and services are delivered through three product lines:

- **Software & Cloud** (which represented 83.5% of turnover in the year ended 31st March 2022), comprising (i) software solutions, which incorporate traditional licensing and 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 solutions, which incorporate 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 AWS, Google Cloud Platform and Microsoft Azure, and the Group's own multi-cloud management platform, CloudMaster; Turnover from Software & Cloud increased by 21.5% in 2021. The major growth contribution was made by the cloud business.
- **Hardware** (which represented 10.0% of turnover in the year ended 31st March 2022), offering the required capabilities to provide and deploy a full range of workplace, data centre and network infrastructure solution, from innovating with the customer to supporting the estate, utilising hardware offerings from leading vendors, including, among others, Apple, Cisco, Dell Technologies, Hewlett Packard Enterprise and HP Inc.; Hardware grew 9.4% YoY in 2021. We see significant acceleration of growth to 51.8% YoY in Q4 2021 compared to 8.1% in Q3 2021 due to pent up demand, and increased demand from customers in selected regions ahead of expected supply limitations.
- **Services** (which represented 6.5% of turnover in the year ended 31st March 2022), comprising cybersecurity, future workplace, IT infrastructure, digital solutions, SAM and the Group's own public cloud services (Softline Cloud), as well as next generation services, such as software and application development and engineering, and co-innovation with customers on both their standard and specialised IT needs using AI/ML, RPA, IoT and other technologies. Services remains the segment with the highest growth rate. 2021 turnover grew 84.9% to $143.7m. Services remains the most profitable segment with gross profit margin of 78.6%. Growth reflects the impact of acquisitions, as well as strong organic growth.

The Group has historically focused on emerging markets in order to capitalise on their significant growth potential on the back of the accelerated digital transformation trend. The Group has made significant investments in its compliance and risk management capabilities to seek to ensure it can operate in these markets in a manner which is not only compliant with regulations, but also meets the strictest standards of the Group's vendors and customers.

With its substantial direct sales channel, various e-commerce capabilities coupled with Softline Digital Platform (SDP) and indirect sales engine, the Group uses a full spectrum of sales channels to cater to every type of customer. SDP is a proprietary and differentiating platform consisting of ActivePlatform (subscription management), CloudMaster 105 (multi-cloud management) and an e-commerce store. The Group is well positioned to further capitalise on the changing B2B procurement approaches by customers, the growing vendor landscape and the increasing importance of the subscription licensing model.

The Group benefits from strong relationships with its vendors. Microsoft is the Group's most notable vendor, with which the Group has collaborated for over 25 years. Microsoft is also currently a strategic vendor for the vast majority of enterprises, delivering the technology that underpins most modern enterprises' digital architecture. The Group is one of only ten Microsoft globally managed LSPs in the world, which provides the Group with advanced selling, marketing and technical support benefits from Microsoft. In the year ended 31st March 2022, turnover from sales of Microsoft products and services constituted 47% of the Group's total turnover.

The Group also maintains robust relationships with its other strategic vendors (including Adobe, AWS, Apple, Cisco, Dell Technologies, Google, Hewlett Packard Enterprise, HP, IBM and Oracle). These relationships span decades and multiple geographies. The Group has obtained the highest partner status with all of its strategic vendors. By matching vendors' capabilities with the Group's services in an efficient way, the Group creates, delivers, continuously develops and secures for its customers the infrastructure required for their digital transformation. The Group has a long-standing track record of double-digit organic growth, supplemented by strategic acquisitions focused on expansion of its geographic reach and sales channels, portfolio and capabilities.

Acquisitions and disposals in 2021

Softline continues to focus on organic growth, as well as targeting M&A to add skills and capabilities, and scale faster in strategic areas. Acquisitions complement the three-dimensional strategy. Softline has a strong track record of identifying and acquiring international companies to help drive growth plans. Recently announced acquisitions include:

- Umbrella Infocare, a market-leading cloud services company based in Delhi with a 200+ strong team of cloud professional. Umbrella Infocare is an AWS Premier Consulting Partner with competencies in AWS Managed Services, Migration and DevOps and it also has Platinum Plus Consulting partnership with Citrix. India is a priority market for Softline, and we have established ourselves as a major multi-cloud player, with overall turnover of nearly $500 million in 2021. This deal will significantly grow our presence in the territory while strengthening our cloud services offerings. Together with our existing expertise, this acquisition will form the basis for creating Softline's global AWS Centre of Excellence (CoE) for customers in almost 60 countries, giving them access to market leading cloud engineering and development services.
- SoftClub, a specialist in the rapidly-growing industry of financial technology, and the largest developer of integrated solutions for banks, e-commerce, and stock exchanges in Central and Eastern Europe. SoftClub has one of the most qualified software engineering teams in Eastern Europe with over 20 years of industry experience, and this brings nearly 1,000 professionals with a deep knowledge of the sector to Softline. With annual growth of almost 10%, the fintech industry is set to reach almost $200B in 2023, helped in no small part by the fact that many financial institutions are still faced with the task of overhauling legacy architectures. As such, the financial services sector is tipped to remain one of the largest consumers of information technology in the coming years. The clear potential for growth in this dynamically changing sector was the key driver behind Softline's investment in SoftClub. SoftClub's team of more than 950 employees, including the management team and the company's founder, will form the basis for a centre of excellence for fintech and CRM within Softline, and will be working on complex, large-scale transformations in the banking sector which utilise the latest IT solutions in the ever-changing world of financial services.
- MMTR, a specialist in software development and application engineering employing over 400 software engineers, with a focus on business process automation and quality assurance testing. The acquisition is another important step in Softline's 2022 growth strategy and the company's mission to extend its range of capabilities for next-generation application engineering and software development. Softline is now capable of providing customers with comprehensive support during the application development cycle, including hiring and training software engineering personnel. The range of training capabilities offered by MMTR Technology complements those of Academy IT.
- Academy IT creates, develops, and deploys bespoke corporate training solutions and has a strong track record particularly in cybersecurity training. The global education technology market is an industry which is forecast to grow to US$404B by 2025, and this acquisition strengthens our position in this high-growth technology sector around the world. It complements our existing technology education and training business and accelerates our growth strategy in emerging markets. This positions us as a market leader in technology training and will help us improve our training capabilities in this booming sector. It will also put us in an ideal position to pursue new international business opportunities in areas where we see significant demand.
- Finally, with TC Engineer, we are broadening our cyber security capabilities – extending our portfolio of services with more expertise in compliance, GDPR and cybersecurity awareness training. TC Engineer brings capabilities across the entire spectrum of cybersecurity consulting services. It is clear that cyber security is a critically important need for clients all around the world, and Softline is even better equipped to partner with our clients on the most complex projects.

Basis of preparation

The following overview of the Group's financial condition and results of operations as at and for the years ended 31st March 2021 and 2022 should be read in conjunction with the Financial Statements and related notes included elsewhere in this report. The selected consolidated financial information in this section has been extracted, or recalculated based on the information derived, from the Financial Statements, in each case without material adjustment, unless otherwise stated, as well as from internal data concerning the Group contained in the Company's management financial reports. The Financial Statements have been prepared in accordance with IFRS and IAS 34.

Analysis of 2021 results compared with 2020

Organic revenue growth of Softline turnover depends on (1) Market growth and trends (2) Growth of customer base (3) recurring turnover (4) vendor relationships. Additional impact is made by M&As.

Key Figures

	12M 2021	% of turnover	12M 2020	% of turnover	YoY %
Turnover ($ '000)	2,198,328		1,788,481		23%
Recurring turnover %	60%		56%		
Turnover by business line ($ '000)					
Software & Cloud	1,834,976	83.5%	1,510,043	84.4%	22%
IT Services	143,712	6.5%	77,728	4.3%	85%
Hardware	219,640	10.0%	200,710	11.2%	9%

	12M 2021	% of turnover	12M 2020	% of turnover	YoY %
Turnover by region ($ '000)*					
APAC	569,066	25.9%	345,319	19.3%	65%
EMEA	167,713	7.6%	42,102	2.4%	298%
Russia	1,128,245	51.3%	1,081,609	60.5%	4%
RoE**	139,765	6.4%	125,239	6.9%	12%
LATAM	209,385	9.5%	208,319	11.6%	1%

* Regional numbers include intercompany sales

** Rest of Eurasia (including Belarus, Kazakhstan)

Operating and Financial Review

Recurring turnover

The Group defines recurring turnover as turnover generated by software subscription, cloud resale products, the Group's own cloud solutions and other recurring managed services. Recurring turnover is generated through multi-year contracts and invoiced with regular intervals, such as monthly, quarterly or annually.

The solutions offered to the Group's customers increasingly include cloud-based products which provides an opportunity for the Group to increase the proportion of its gross profit base derived from annuity-type revenue streams, including the provision of proprietary solutions, such as CloudMaster. The Group's increasing share of wallet of existing customers is reflected in its strong recurring turnover, which increased from 56% in the year ended 31st March 2021 to 60% in the year ended 31st March 2022.

Effective cost management

The Group seeks to manage its selling, general and administrative expenses tightly through a strong focus on operating expenditure efficiency, including by hiring back-office personnel in lower-cost jurisdictions, introducing remote and mobile working practices and significantly automating routine processes. In addition, the Group benefits from a lower-cost talent pool in the emerging markets, with the average cost per IT engineer being significantly lower in India, Russia and Vietnam than in more developed markets, such as the United States. This has contributed to growth in the Group's operating profit from $25.2 million in the year ended 31st March 2021 to $47.2 million in the year ended 31st March 2022.

Compensation to employees comprises the largest proportion of the Group's selling, general and administrative cost base, with compensation to employees and payroll taxes accounting for 68% and 72% of selling, general and administrative expenses in the years ended 31st March 2021 and 2022, respectively. These costs include base salaries, bonuses and social taxes. Compensation to employees as a percentage of gross profit increased from 57.7% in the year ended 31st March 2021 to 63.1% in the year ended 31st March 2022.

The Group reported depreciation and amortisation of $14.8 million and $22.3 million in the years ended 31st March 2021 and 2022, respectively. Depreciation and amortisation expense as a percentage of turnover was 0.8% and 1.0% in the years ended 31st March 2021 and 2022, respectively. The slight increase in depreciation and amortisation was due to consolidation of the recently acquired entities and continued investments in property and equipment and intangible assets over the period.

The Group's other expenses (which consist of business trips, legal services, expected credit losses, advertising and marketing expenses, bank, payments and other related commissions, transportation expenses, communication expenses, training and entertainment expenses, professional services, non-income taxes, audit, other assurance and non-audit services, and other) have likewise largely increased in line with gross profit from year to year. Such other expenses as a percentage of gross profit were 20.8% and 18.5% in the years ended 31st March 2021 and 2022, respectively.

For FY2021 ended 31st March 2022, adjusted EBITDA was $67.3M, up 29.2% compared to $52.1M for FY2020. Adjusted EBITDA margin, Gross Profit based, decreased to 22.0%. Adj. EBITDA reflects the significant investments Softline is making for future growth, as well as the negative headwinds on currency. These investments include people, motivation and retention, continued company diversification into Services – doubling the workforce in 2021, corporate governance, systems such as CRM, ERP and digital platforms, and new geographies.

Balance sheet and liquidity

As of the reporting date operational Net debt/adj.EBITDA was 0.33x. This excludes IPO proceeds and Crayon shares. The stake in Crayon at 31st March 2022 was valued at $62.2m.

The Group's principal liquidity needs are to finance operations and, when deemed appropriate, pay dividends. The Group finances its operations primarily through cash generated from operating activities, together with long-term borrowings and revolving credit lines, where necessary.

Softline's working capital was $24.5m at 31st March 2022. Softline has increased its stock towards the end of the fourth quarter in anticipation of demand for hardware and limited supply in some regions of operations. This is a temporary balance and Management expects that stock will be sold down by the end of May 2022.

The Cash position as of 31st March 2022 was $334m, up from $90m as of the end of the last reporting year. The major contribution to the change in the cash balance was made by inflow of IPO funds for the total amount of $369m. While $51,8m investments were made during the year for the acquisition of new subsidiaries. ■

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)

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from contracts with customers	1,966,271	1,516,911
Cost of sales	(1,660,024)	(1,290,982)
Gross profit	**306,247**	**225,929**
Selling, general and administrative expenses	(272,192)	(192,218)
Other operating income	4,425	1,966
Other operating expenses	(1,260)	(10,464)
Operating profit	**37,220**	**25,213**
Gain on bargain purchase	–	1,892
Foreign exchange loss	(503)	(1,721)
Finance income	2,304	2,266
Finance costs	(22,696)	(13,222)
Change in fair value of financial instruments	(1,372)	–
Profit before profit tax	**14,953**	**14,428**
Income tax expense	(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	8,768	–
Share in OCI of a joint venture	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		
Basic earnings/(loss) per share, US dollars	0.08	(0.02)
Diluted earnings/(loss) per share, US dollars	0.08	(0.02)

Consolidated statement of financial position

As at 31 March 2022 and 31 March 2021 (in thousands of US dollars)

	31 March 2022	31 March 2021
Assets		
Non-current assets		
Long-term deposits	487	–
Long-term loans issued	3,203	46
Property and equipment	13,497	7,845
Intangible assets	69,207	44,371
Goodwill	124,648	46,497
Right-of-use assets	11,952	13,751
Investments in joint ventures	91	120,059
Equity investment at FVOCI	62,173	–
Other non-current assets	2,930	1,691
Deferred tax assets	10,157	7,749
	298,345	**242,009**
Current assets		
Software licenses and other inventory	54,027	32,352
Income tax receivable	8,714	6,201
Trade receivables, net	276,429	199,037
Advances issued and other current assets	38,625	34,070
Tender guarantees and deposits	4,274	4,006
Other receivables	131	60
Other taxes receivable	30,647	23,092
Loans issued	18,414	3,773
Cash and cash equivalents	334,049	89,615
	765,310	**392,206**
Total assets	**1,063,655**	**634,215**
Equity		
Share capital	43	1
Retained earnings	46,641	10,249
Share premium	414,201	45,627
Other reserves	(29,151)	(26,270)
Treasury shares	(6,371)	–
Other components of equity	55,055	106,794
Translation reserve	(45,103)	(36,616)

	31 March 2022	31 March 2021
Equity and assets attributable to owners	**435,315**	**99,785**
Non-controlling interests	(7,728)	(6,718)
Total equity	**427,587**	**93,067**
Non-current liabilities		
Long-term borrowings	49,197	84,420
Long-term lease liabilities	5,874	9,877
Long-term payables for acquisitions	22,448	–
Long-term deferred payment for acquisitions	7,373	9,637
Other long-term creditors	8,056	–
Long-term tax payable	939	900
Deferred tax liabilities	5,337	3,596
	99,224	**108,430**
Current liabilities		
Trade and other payables	305,993	255,108
Contract liabilities	60,692	37,852
Short-term borrowings	89,208	100,297
Short-term lease liabilities	4,495	4,905
Other taxes payable	24,729	13,610
Short-term deferred payment for acquisitions	18,924	16,442
Short-term payables for acquisitions	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**

Consolidated statement of cash flows

For the years ended 31 March 2022 and 31 March 2021 (in thousands of US dollars)

	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	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	(7)	554
Expected credit losses	3,754	4,785
Finance costs	22,696	13,222
Finance income	(2,304)	(2,266)
Share-based payments	70	380
Gain on bargain purchase	–	(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	(51,845)	(16,582)
Disposal of subsidiaries	(3,985)	(545)
Purchase of property, plant and equipment	(7,943)	(4,784)
Purchases of intangible assets, including amounts of costs capitalized	(15,158)	(16,857)
Treasury shares	(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)**

	Year ended 31 March 2022	Year ended 31 March 2021
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	(8,237)	(8,740)
Interest paid	(16,518)	(14,908)
Redemption of shares	(2,707)	(16,899)
Distributions to shareholders	(58)	(61)
Dividends paid	(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	**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 share-holders 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	–	(16,899)	–	–	–	–	–	–	**(16,899)**	–	**(16,899)**
Dividends	–	(10,239)	–	–	–	–	–	–	**(10,239)**	(61)	**(10,300)**
Acquisition of subsidiary	–	–	–	–	–	–	–	–	**–**	1,688	**1,688**
Other distribution	–	(847)	–	–	–	–	–	–	**(847)**	–	**(847)**
Subsidiary disposal	–	(13,446)	–	–	–	–	–	–	**(13,446)**	–	**(13,446)**
Share-based payments	–	–	–	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	–	–	–	–	–	8,768	–	–	8,768	–	**8,768**
Share in OCI of a joint venture	–	–	–	–	–	–	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	29	–	–	–	–	–	–	–	29	–	**29**
IPO proceeds	13	–	399,987	–	–	–	–	–	**400,000**	–	**400,000**
IPO-related costs	–		(31,413)	–	–	–	–	–	**(31,413)**	–	**(31,413)**
Dividends	–	(567)	–	–	–	–	–	–	**(567)**	–	**(567)**
Profit distribution	–	(58)	–	–	–	–	–	–	**(58)**	–	**(58)**
Subsidiary disposal under common control	–	(37,684)	–	–	–	–	–	–	(37,684)	(78)	(37,762)
Reclassification of OCI to retained earnings	–	63,285	–	–	–	–	(63,285)	–	–	–	**–**
Purchase of treasury shares	–	–	–	–	(6,371)	–	–	–	**(6,371)**	–	**(6,371)**
Acquisition of non-controlling interest	–	–	–	(2,476)	–	–	–	–	**(2,476)**	(231)	**(2,707)**
Acquisition of subsidiary	–	–	–	(443)	–	–	–	–	**(443)**	–	**(443)**
Share-based payments	–	–	–	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**

Information for shareholders

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Disclaimer

This document may constitute or include forward-looking statements. Forward looking statements are statements that are not historical facts and may be identified by words such as “plans”, “targets”, “aims”, “believes”, “expects”, “anticipates”, “intends”, “estimates”, “will”, “may”, “continues”, “should” and similar expressions. These forward-looking statements reflect, at the time made, the Company’s beliefs, intentions and current targets/aims concerning, among other things, the Company’s or the Group’s results of operations, financial condition, liquidity, prospects, growth and strategies. Forward-looking statements include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; developments of the Company’s or the Group’s markets; the impact of regulatory initiatives; and the strength of the Company’s or any other member of the Group’s competitors. Forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The forward-looking statements in this document are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in the Company’s records (and those of other members of the Group) and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Forward-looking statements are not guarantees of future performance and such risks, uncertainties, contingencies and other important factors could cause the actual outcomes and the results of operations, financial condition and liquidity of the Company and other members of the Group or the industry to differ materially from those results expressed or implied in this document by such forward-looking statements. No representation or warranty is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved. Undue influence should not be given to, and no reliance should be placed on, any forward-looking statement. No statement in this document is intended to be nor may be construed as a profit forecast. The “constant currency” metric excludes the effect of foreign currency exchange rate fluctuations by translating the current period revenues into U.S. dollars at the weighted average exchange rates of the prior period of comparison.

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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

Softline Holding PLC

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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Building a better working world

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.

Building a better working world

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.

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.

- 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)

The accompanying notes on pages 13 to 109 form an integral part of these consolidated financial statements.

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

The accompanying notes on pages 13 to 109 form an integral part of these consolidated financial statements.

Softline Holding Plc.

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**

The accompanying notes on pages 13 to 109 form an integral part of these consolidated financial statements.

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**

The accompanying notes on pages 13 to 109 form an integral part of these consolidated financial statements.

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

Standards issued but not yet effective

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:

		Neither past due nor	Past due but not impaired				
	Total	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.

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

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:

		Neither past due nor	Past due but not impaired				
31 March 2022	**Total**	**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)

		Neither past due nor	Past due but not impaired				
31 March 2021	**Total**	**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.