Axion Holding Cyprus Ltd.

Consolidated financial statements

Years ended 31 March 2021, 31 March 2020 and 31 March 2019

Axion Holding Cyprus Ltd.

Consolidated financial statements

Years ended 31 March 2021, 31 March 2020, 31 March 2019

Contents

Management report

The Board of Directors presents its report and audited consolidated financial statements of Axion Holding Cyprus Limited (the “Company”) and its subsidiaries (the “Group” of Softline companies) for the year ended 31 March 2021.

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 more than 50 countries across Central and Eastern Europe, Asia and Latin America.

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 27 and in Note 29 to the financial statements.

Results and dividends

The Group’s results for the period are set out on page 7. The Company declared dividends during the year ended 31 March 2021, the details are presented in Note 15 to the Consolidated Financial Statements. No dividends were declared during the years ended 31 March 2020 and 31 March 2019.

Share capital

Authorised capital

Under its Memorandum of Association the Company fixed its nominal share capital as at 31 March 2021 at 1,735.89 USD as follows:

- 125,634 Ordinary Shares of nominal value of $0.01 each;
- 36,451 Series A Nonredeemable Preferred Shares of $0.01 each; and
- 11,504 Series A Redeemable Preferred Shares of $0.01 each.

Issued capital

The Company issued share capital is 1,205.92 USD as follows:

- 97,364 Ordinary Shares of nominal value of $0.01 each;
- 16,438 Series A Nonredeemable Preferred Shares of $0.01 each; and
- 6,790 Series A Redeemable Preferred Shares of $0.01 each.

Board of Directors

The members of the Company's Board of Directors as at 31 March 2021 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 33 to the financial statements.

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,

Secretary
Nicosia, Cyprus

6 July 2021

Ordinary Director
IGOR BOROVIKOV

Series A Director
OLEG ZHELEZKO

EY
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Independent Auditor's Report

To the Members of
Axion Holding Cyprus Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Axion Holding Cyprus Limited (the "Company"), and its subsidiaries (the "Group"), which are presented in pages 7 to 91 and comprise the consolidated statements of financial position as at 31 March 2021, 31 March 2020 and 31 March 2019 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 years 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 2021, 31 March 2020 and 31 March 2019, 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.

Other information

The Board of Directors 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.

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Board of Directors 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.
The Board of Directors 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 fair presentation.

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

We communicate with the Board of Directors 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.

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.

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 2021

Axion Holding Cyprus Ltd.

Consolidated statement of profit or loss and other comprehensive income

For the years ended 31 March 2021, 31 March 2020, 31 March 2019

(in thousands of US dollars)

	Notes	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from contracts with customers	21	1,516,911	1,361,659	1,129,469
Cost of sales	22	(1,290,982)	(1,139,942)	(925,422)
Gross profit		**225,929**	**221,717**	**204,047**
Selling, general and administrative expenses	23	(192,218)	(192,793)	(182,558)
Share of net income in associates		–	–	9
Other operating income		1,966	3,727	2,085
Other operating expenses	24	(10,464)	(3,060)	(3,842)
Operating profit		**25,213**	**29,591**	**19,741**
Gain on bargain purchase	5 (a)	1,892	–	–
Foreign exchange loss		(1,721)	(857)	(2,869)
Finance income		2,266	1,791	1,038
Finance costs	25	(13,222)	(17,463)	(14,076)
Profit before profit tax		**14,428**	**13,062**	**3,834**
Income tax expense	26	(16,618)	(3,521)	(3,432)
Net (loss)/profit for the year		**(2,190)**	**9,541**	**402**
Attributable to holders of the parent		(2,135)	10,088	2,853
Non-controlling interests		(55)	(547)	(2,451)
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):				
Translation difference		301	(11,172)	(2,584)
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		-	-	4,458
Share in OCI of a joint venture	7	85,493	18,655	(1,812)
Total comprehensive income for the year net of tax of zero		**83,604**	**17,024**	**464**
Attributable to holders of the parent		84,181	19,225	4,864
Non-controlling interest		(577)	(2,201)	(4,400)
Earnings per share	35			
Basic (loss)/earningsper share		(0,02)	0,08	0,02
Diluted (loss)/earnings per share		(0,02)	0,08	0,02

Axion Holding Cyprus Ltd.

Consolidated statement of financial position

As at 31 March 2021, 31 March 2020, 31 March 2019

(in thousands of US dollars)

	Notes	31 March 2021	31 March 2020	31 March 2019
Assets				
Non-current assets				
Goodwill	8	44,307	19,577	23,453
Intangible assets	8	44,371	20,232	26,098
Property and equipment	6	7,845	2,569	11,492
Right-of-use assets	19	13,751	16,005	–
Investments in joint ventures	7	120,059	34,566	16,024
Long term loans issued	12	46	55	473
Deferred tax assets	26	7,749	6,205	5,896
Other non-current assets		1,691	1,816	1,152
		239,819	**101,025**	**84,588**
Current assets				
Advances issued and other current assets	14	34,070	33,526	29,494
Tender guarantees and deposits		4,006	3,404	5,291
Income tax receivable		6,201	5,642	4,735
Software licenses and other inventory	9	32,352	38,611	36,891
Trade receivables, net	10	199,037	138,781	127,224
Other receivables	11	24,202	11,765	9,027
Loans issued	12	2,723	7,056	3,115
Cash and cash equivalents	13	89,615	54,980	44,128
		392,206	**293,765**	**259,905**
Total assets		**632,025**	**394,790**	**344,493**
Equity				
Share capital	15	1	1	1
Retained earnings		10,249	53,815	44,135
Share premium	15	45,627	45,627	45,627
Other reserves	15	(26,270)	(26,634)	(27,117)
Other components of equity		106,794	21,301	2,646
Translation reserve		(36,616)	(37,439)	(27,921)
Equity and assets attributable to owners		**99,785**	**56,671**	**37,371**
Non-controlling interests		(6,718)	(7,781)	(5,413)
Total equity		**93,067**	**48,890**	**31,958**
Non-current liabilities				
Long-term borrowings – third parties	17	84,420	4,521	55,909
Long-term lease liabilities	19	9,877	7,027	2,801
Long-term contingent consideration		326		-
Long-term deferred payment for acquisitions	5 (a)	9,385	-	-
Deferred tax liabilities	26	3,596	616	741
Long-term tax payable	20	900	844	1,937
		108,504	**13,008**	**61,388**
Current liabilities				
Short-term borrowings – third parties	17	100,297	88,295	53,647
Short-term lease liabilities	19	4,905	7,341	2,228
Short-term contingent consideration	29	1,509	773	976
Contract liabilities	21	36,066	33,180	23,742
Income tax payable		1,992	145	695
Short-term deferred payment for acquisitions	5 (a)	15,181	-	-
Trade and other payables	18	256,894	187,816	158,464
Other tax payables		13,610	15,342	11,395
		430,454	**332,892**	**251,147**
Total liabilities		**538,958**	**345,900**	**312,535**
Total equity and liabilities		**632,025**	**394,790**	**344,493**

On 6 July 2021 the Board of Directors of Axion Holding Cyprus Ltd. authorised these financial statements for issue.

Ordinary Director
IGOR BOROVIKOV

Series A Director
OLEG ZHELEZKO

The accompanying notes on pages 11 to 91 form an integral part of these consolidated financial statements.

Axion Holding Cyprus Ltd.

Consolidated statement of cash flows

For the years ended 31 March 2021, 31 March 2020, 31 March 2019

(in thousands of US dollars)

	Notes	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Operating activities				
Profit before profit tax		**14,428**	**13,062**	**3,834**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortization	6, 8,19	14,805	12,241	8,739
(Gain)/loss on non-current assets disposal		(99)	(95)	837
Foreign exchange loss		1,721	857	2,869
Inventory write-offs	9	554	1,083	2,045
Expected credit losses	23	4,785	3,192	3,074
Finance costs	25	13,222	17,463	14,076
Finance income		(2,266)	(1,791)	(1,038)
Share of net income in associates and joint ventures	7	-	-	(9)
Share-based payments	16	380	815	623
Gain on bargain purchase	5 (a)	(1,892)	-	-
Other non-cash transactions		-	406	(116)
Operating profit before working capital changes		**45,638**	**47,233**	**34,934**
Working capital adjustments:				
(Increase)/Decrease in software licenses and other inventory		(1,283)	(2,809)	192
(Increase) in advances issued, trade and other receivables		(34,518)	(26,178)	(23,133)
Increase in contract liabilities, trade and other payables		45,485	30,272	8,317
Cash generated from operations		**55,322**	**48,518**	**20,310**
Income tax paid		(16,213)	(2,522)	(5,318)
Net cash from operating activities		**39,109**	**45,996**	**14,992**
Investing activities				
Acquisition of subsidiaries, net of cash acquired	5	(16,582)	(369)	(4,153)
Disposal of subsidiaries		(545)	-	-
Investment in Crayon shares	7	-	-	(13,530)
Purchase of property, plant and equipment	6	(4,784)	(3,186)	(2,247)
Purchases of intangible assets, including amounts of costs capitalized	8	(16,857)	(4,904)	(6,330)
Loans issued		(3,702)	(9,530)	(4,385)
Interest received (loans and deposits)		1,727	890	1,014
Loans collected		3,280	5,265	6,848
Net cash used in investing activities		**(37,463)**	**(11,834)**	**(22,783)**
Cash flows from financing activities				
Repayment of borrowings		(269,153)	(188,272)	(194,581)
Proceeds from borrowings		348,469	190,251	227,219
Overdrafts and revolving credit lines cash turnover, net		3,626	(1,634)	1,400
Payment of principal portion of lease liabilities	19	(8,740)	(6,329)	(4,402)
Interest paid		(14,908)	(15,910)	(12,053)
Redemption of shares	15	(16,899)	-	-
Distributions to shareholders		(61)	-	-
Dividends paid	15	(7,525)	-	-
Net cash from financing activities		**34,809**	**(21,894)**	**17,583**
Foreign exchange difference		(1,820)	(1,416)	(3,938)
Net increase in cash and cash equivalents		**34,635**	**10,852**	**5,854**
Cash in banks and on hand at beginning of the year		54,980	44,128	38,274
Cash in banks and on hand at end of the year	13	**89,615**	**54,980**	**44,128**

Axion Holding Cyprus Ltd.

Consolidated statement of changes in equity

For the years ended 31 March 2021, 31 March 2020, 31 March 2019

(in thousands of US dollars)

	Share capital	Retained earnings	Share premium	Other reserves	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 1 April 2018	**1**	**37,657**	**45,627**	**(38,537)**	**–**	**–**	**(27,286)**	**17,462**	**(1,013)**	**16,449**
Profit for the year	–	2,853	–	–	–	–	–	2,853	(2,451)	402
Fair value reserve of equity instrument designated at FVOCI (Note 7)	–	–	–	–	4,458	–	–	4,458	–	4,458
Share in OCI of a joint venture (Note 7)	–	–	–	–	–	(1,812)	–	(1,812)	–	(1,812)
Exchange loss on translation of foreign operations	–	–	–	–	–	–	(635)	(635)	(1,949)	(2,584)
Total comprehensive income	**–**	**2,853**	**–**	**–**	**4,458**	**(1,812)**	**(635)**	**4,864**	**(4,400)**	**464**
Reduction of investors' option consideration (Note 5)	–	3,918	–	12,047	–	–	–	15,965	–	15,965
Other	–	–	–	(1,250)	–	–	–	(1,250)	–	(1,250)
Share-based payments (Note 16)	–	–	–	623	–	–	–	623	–	623
Other distribution	–	(293)	–	–	–	–	–	(293)	–	(293)
Balance as at 31 March 2019	**1**	**44,135**	**45,627**	**(27,117)**	**4,458**	**(1,812)**	**(27,921)**	**37,371**	**(5,413)**	**31,958**
Profit for the year	–	10,088	–	–	–	–	–	10,088	(547)	9,541
Share in OCI of a joint venture (Note 7)	–	–	–	–	–	18,655	–	18,655	–	18,655
Exchange loss on translation of foreign operations	–	–	–	–	–	–	(9,518)	(9,518)	(1,654)	(11,172)
Total comprehensive income	**–**	**10,088**	**–**	**–**	**–**	**18,655**	**(9,518)**	**19,225**	**(2,201)**	**17,024**
Other distribution	–	(408)	–	–	–	–	–	(408)	–	(408)
Acquisition of noncontrolling interest	–	–	–	(332)	–	–	–	(332)	(167)	(499)
Share-based payments (Note 16)	–	–	–	815	–	–	–	815	–	815
Balance as at 31 March 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 (Note 7)	–	–	–	–	–	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(a))	–	–	–	–	–	–	–	–	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**

1. Corporate information

The consolidated financial statements of Axion Holding Cyprus Ltd. (“the Company”) and its subsidiaries (collectively, “the Group”) for the year ended 31 March 2021 were authorized for issue in accordance with an unanimous written resolution of the Board of Directors on 6 July 2021.

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. acquired a non-controlling interest in the Group’s subsidiary, representing 33% in equity of Lagembor Holdings Limited, holding company of ActiveHost Limited, SoftLineBel Ltd and AxoftBel Ltd. for $5,638, less transaction cost of $313.
The Company concluded an agreement, which would allow conversion of a fixed amount of Zubr Capital Fund I L.P. into fixed amount of shares of the Company in the event of its filing for an IPO. This was accounted for as equity instrument. See also Note 33.

The Group’s subsidiaries are directly or indirectly controlled by the ultimate holding company of the Group, Axion Holding Cyprus Ltd. through ownership, by contract or by other means.

The registered office is located in Office N302, 11 Kosta Charaki Street, Limassol, CY-3041, Cyprus. Axion Holding Cyprus Ltd. was incorporated in Cyprus on 3 December 2008.

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 Group operates across a broad range of geographies, with representation in more than 50 countries in high-potential emerging markets (including Brazil, India, Malaysia and Russia) and 95 cities. 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 securesfor 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.

1. Corporate information (continued)

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 March 31, 2021 include the following significant subsidiaries:

Legal entities	Business activity	Country of incorporation	Effective economic interest** As at 31 March 2021*	As at 31 March 2020	As at 31 March 2019
SoftLine Trade JSC*	Sales of software and IT maintenance	Russia	100%	100%	100%
Soft Logistic LLC	Logistics company	Russia	100%	100%	100%
Axoft JSC	Sales of software	Russia	100%	100%	100%
SoftLine Internet Trade LLC	Sales of software	Russia	100%	100%	100%
SoftLineBel Ltd***	Sales of software	Belorussia	53.17%	53.17%	63.17%
Axoft Distribution TOO	Sales of software	Kazakhstan	100%	100%	100%
Softline International,S.A.	Sales of software	Argentina	100%	100%	100%
Softline International Peru S.A.C.	Sales of software	Peru	100%	100%	100%
Softline International De Venezuela SLI., SA	Sales of software	Venezuela	100%	100%	100%
NiltaSoft Ltd	Logistics company	Cyprus	100%	100%	100%
SoftLine Trade TOO	Sales of software and IT maintenance	Kazakhstan	100%	100%	100%
Softline International De Columbia Sas	Sales of software	Colombia	100%	100%	100%
Non-commercial organization (НО АНО) SoftLine Education	Educational services	Russia	100%	100%	100%
Aflex Distribution LLC**	Sales of software	Russia	100%	100%	100%
Softline Software Services Trading LLC	Sales of software and IT maintenance	Turkey	100%	100%	100%
Softline Services India Private Limited	Sales of software	India	100%	100%	100%
Softline Overseas Limited	Holding Company	Cyprus	100%	100%	100%
Novakom Group Ltd	Software development	Belorussia	100%	100%	80%
Novakom Project Ltd	Advice on computer hardware	Belorussia	100%	100%	80%
Softline International BE	Sales of software	Uzbekistan	100%	100%	100%
SoftLine International Ltd	Sales of software	Azerbaijan	80%	80%	80%
Softline International SRL.	Sales of software	Romania	100%	100%	100%
Softline International Chile SpA	Sales of software	Chile	100%	100%	100%
Softline Internetional USA, Inc	Sales of software	USA	100%	100%	100%
Softline Solutions International SDN. BHD	Sales of software	Malaysia	100%	100%	100%
Softline International, SOCIEDAD ANÓNIMA	Sales of software	Costa Rica	100%	100%	100%
Sofline International Brasil Comercio e Licenciamento de Software Ltda	Sales of software	Brazil	100%	100%	100%
ActiveHost Ltd***	Cloud services	Cyprus	34.17%	34.17%	34.17%
ActiveHost RU LLC***	Cloud services	Russia	34.17%	34.17%	34.17%
ActiveCloud Development LLC***	Cloud services	Russia	34.17%	34.17%	34.17%
Activnie technologii LLC***	Cloud services	Belorussia	34.17%	34.17%	34.17%
Active technologies LLC***	Cloud services	Belorussia	34.17%	34.17%	34.17%
Centre of engineering technologies and modelling Exponenta LLC	Sales of software	Russia	70%	70%	70%
Lagembor Holdings Limited	Holding Company	Cyprus	67%	67%	67%
Infosecurity LLC	Services	Russia	94%	100%	100%
Freshstore LLL	Sales of software	Russia	100%	100%	100%
Softline Enterprice Solution LLC (previously – Insight Technology Solution LLC)	Sales of software	Russia	100%	100%	100%
High Technology center LLC	Services	Russia	100%	100%	–
EMBEE SOFTWARE PRIVATE LIMITED	Sales of software	India	100%	–	–
Aplana Software, Inc.	Services	Russia	100%	–	–
Aplana International projects LLC	Services	Russia	90%	–	–
Aplana. Development center LLC	Services	Russia	100%	–	–
Software Development Center LLC	Services	Russia	100%	–	–
Softline AG	Services	Germany	63%	–	–
Softline Solutions B.V.	Services	Netherlands	63%	–	–
Softline Solutions Ltd.	Services	United Kingdom	63%	–	–

* *Softline Trade CJSC is owned by the shareholder of the Group. Consolidated based on contractual right to acquire control over the company entered into on 1 April 2015 and re-signed on 28 March 2018 (See Note 5 (c)).*

** *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 (See Note 5 (c)).*

*** *Some Group entities are controlled by the Group indirectly through a chain of subsidiaries thus effective interest is 34.17%.*

Information on related parties transactions is presented in Note 31.

1. Corporate information (continued)

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 2021	As at 31 March 2020	As at 31 March 2019
Softline AG (Note 5 (a))	Germany	37%	-	-
Active technologies LLC	Belorussia	66%	66%	66%

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Accumulated balances of material non-controlling interest:			
Softline AG	1,543	-	-
Active technologies LLC	8,002	9,411	7,622
Profit/(loss) allocated to material non-controlling interest:			
Softline AG	(70)	-	-
Active technologies LLC	(992)	(1,065)	4,041

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 year ended 31 March 2021:

	Year ended 31 March 2021
Revenue from contracts with customers	6,908
Cost of sales	(2,743)
Administrative and other operating expenses	(4,330)
Finance costs	(25)
Loss before tax	**(190)**
Income tax	-
Loss for the year from continuing operations	**(190)**
Translation difference	(205)
Total comprehensive income	**(395)**
Attributable to non-controlling interests	(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 2021, 2020 and 2019:

	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from contracts with customers	1,340	2,071	184
Cost of sales	-	(22)	-
Administrative and other operating income and expenses	(2,216)	(2,361)	6,212
Finance costs	(591)	(1,305)	(257)
Loss before tax	**(1,467)**	**(1,617)**	**6,139**
Income tax	(40)	(1)	-
Profit/(loss) for the year from continuing operations	**(1,507)**	**(1,618)**	**6,139**
Translation difference	3,647	(1,099)	(4,418)
Total comprehensive income	**2,140**	**(2,717)**	**1,721**
Attributable to non-controlling interests	1,409	(1,789)	1,133

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

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

Active technologies LLC's summarised statement of financial position as at 31 March 2021, 2020 and 2019**:**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	238	64	1
Trade and other receivables	149	515	178
Non-current assets	16,763	18,249	15,798
Trade and other payables (current)	(925)	(512)	(246)
Interest-bearing loans and borrowing	(4,041)	(4,020)	(4,153)
Other payables (non-current)	(29)	-	-
Total equity	**12,155**	**14,296**	**11,578**
Attributable to:			
Equity holders of parent	4,153	4,885	3,956
Non-controlling interest	8,002	9,411	7,622

1. Corporate information (continued)

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

	Year ended 31 March 2021
Operating	(165)
Financing	(25)

Active technologies LLC's summarised cash flow information for years ended 31 March 2021, 2020 and 2019:

	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Operating	153	22	1,871
Investing	-	-	(1,892)
Financing	21	41	22

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 2021 are the fifth 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 2021, together with the comparative periods data for the year ended 31 March 2020 and year ended 31 March 2019, 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

- IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 3 *Business Combinations* (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 11 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2019);

Changes in accounting policies and disclosures (continued)

- Amendments to IFRS 9 Financial Instruments, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* (effective for annual periods beginning on or after 1 January 2020);
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020);
- Clarifications to IAS 23 *Borrowing Costs* (effective for annual periods beginning on or after 1 January 2019);
- Clarifications to IAS 12 *Income Taxes* (effective for annual periods beginning on or after 1 January 2019).

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

- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016 but the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard);
- IFRS 17 Insurance (effective for annual periods beginning on or after 1 January 2021);
- IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* (effective for annual periods beginning on or after 1 January 2021);
- IFRS 3 *Business Combinations* (effective for annual periods beginning on or after 1 January 2022);
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (effective for annual periods beginning on or after 1 January 2022);
- IAS 16 *Property, Plant and Equipment* (effective for annual periods beginning on or after 1 January 2022);

2. Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

- Annual Improvements Project 2018-2020: Changes to IFRS 1 Presentation of Financial Statements, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, IAS 41 *Agriculture* (effective for annual periods beginning on or after 1 January 2022);
- IAS 1 *Presentation of Financial Statements* (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.

Amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

Both amendments related to changes in the structure of group of companies. Amendments regarding the accounting for acquisitions of an interest in a joint operations.

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures

Interest Rate Benchmark Reform, Phase 1. The Company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. A hedging relationship is 'directly affected' if the reform gives rise to uncertainties about:

- The interest rate benchmark designated as a hedged risk (contractually or non-contractually specified); and/or
- The timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 (effective for annual reporting periods beginning on or after 1 January 2019).

IFRS 16 Leases. COVID-19 Related Rent Concessions

In May 2020 the International Accounting Standards Board issued Covid-19-Related Rent Concessions, which amended IFRS 16 Leases. The amendment permitted lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment did not affect lessors.
In March 2021 the International Accounting Standards Board issued Covid-19-Related Rent Concessions beyond 30 June 2021, which extended the availability of the practical expedient by one year.

2. Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective

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.

Changes in accounting policies and disclosures (continued)

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. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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.

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.

2. Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

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.

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2021. 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.

2. Basis of preparation (continued)

Foreign currency transactions

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

Items included the 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), Argentine peso (ARS), Kazakh tenge (KZT), Belarussian ruble (BYR), Brasil real (BRL). At 31 March 2021, the official rate of exchange, as determined by the Central Bank of the Russian Federation, was $1 = RUB 75.7023 (31 March 2020: $1 = RUB 77.7325; 31 March 2019: $1 = RUB 64.7347), $1 = ARS 97.50 (31 March 2020: $1 = ARS 65.75; 31 March 2019: $1 = ARS 43.3449), $1 = KZT 424.34 (31 March 2020: $1 = KZT 448.01; 31 March 2019: $1 = KZT 380.04), $1 = BYN 2.6242 (31 March 2020: $1 = BYN 2.6023; 31 March 2019: $1 = BYN 2.1285), $1 = BRL 5.6973 (31 March 2020: $1 = BRL 5.1987; 31 March 2019: $1 = BRL 3.8967).

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 (USD) 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 USD 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 29). 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 like Softline Trade CJSC 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 (see Note 5 (c)). Thee 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.

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

Judgments (continued)

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).

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 and contract assets is disclosed in Note 10.

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

Estimates (continued)

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.

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 26). 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 statement of profit (loss) and other comprehensive income (loss).

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 relevantto goodwill and other intangibles with indefinite useful lives recognised by the Group. There were no indicators of impairment of non-financial assets at 31 March 2021, 2020 and 2019. For goodwill impairment, see above.

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

Estimates (continued)

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 28 for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets 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. At 31 March 2021 the carrying amount of capitalised development costs was $29,734 (2020: $16,801), and amount capitalised for the year ended 31 March 2021 is equal to $7,575 (2020: $2,953 ; 2019: $3,742).

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 contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration 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 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 an 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
Computer and computer equipment	4
Climatic equipment	5
Furniture for storage	10
Furniture for daily use and office equipment	3
Network hardware	4
Transportation	6
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 statement of profit or loss and other comprehensive income when asset is derecognised.

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.

4. Significant accounting policies (continued)

(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 profit or loss 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 statement of profit or loss 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
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 statement of profit or loss and other comprehensive income when the asset is derecognised.

(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.

4. Significant accounting policies (continued)

(d) Research and development costs (continued)

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 cost of sales. 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 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. 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.

4. Significant accounting policies (continued)

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

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 short-term deposits

Cash and short-term deposits 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.

(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.

4. Significant accounting policies (continued)

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four 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 finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of 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 includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

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 recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the FVOCII reserve to the statement of other comprehensive income in finance costs. Interest earned whilst holding FVOCI financial assets is reported as interest income using the EIR method.

4. Significant accounting policies (continued)

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

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.

(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 include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

4. Significant accounting policies (continued)

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

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 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 profit or loss 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 statement of 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.

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 statement of 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.

4. Significant accounting policies (continued)

(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.

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.

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.

(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.

4. Significant accounting policies (continued)

(k) Taxes (continued)

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.

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.

4. Significant accounting policies (continued)

(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.

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/gross basis depends on the nature of the contract with vendor. The Group determines two types of reselling arrangements – Direct/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, that a Group should account for a transaction as 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 has 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.

4. Significant accounting policies (continued)

(I) Revenue recognition (continued)

Under Direct agreements the Group's performance obligation is to arrange for the provision of the specified good or service by vendor. It does not control them before that good 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. Softline 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.

(1) Revenue for retail packaged products and licenses 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 3rd 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; 3rd party Software Assurance (SA) arrangements that allow for upgrade to unspecified future versions and other additional benefits to the customers; 3rd party cloud-based service arrangements that allow for the use of a hosted software product or service over a contractually determined period; and other 3rd party product maintenance services including 3rd 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.

4. Significant accounting policies (continued)

(l) Revenue recognition (continued)

The annual amount of related software subscription and SA revenues are recognised upon initial subscription and any time a customer renews them. Revenues from 3rd 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 solutions, percentage of completion.

(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.

4. Significant accounting policies (continued)

(o) Short-term compensated absences

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.

In previous years, the Group's outstanding short-term and long-term operating lease contracts were cancellable. IAS 17 requires disclosing operating lease commitments for non-cancellable leases only, while under IFRS 16, the Group is also required to include in lease liabilities the payments relating to the term periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Group didn't have any operating lease commitments before transition to IFRS 16.

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.

(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 April 1, 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.

4. Significant accounting policies (continued)

(q) Leases (continued)

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.

Leases before transition to IFRS 16 (before 1 January 2019)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of other comprehensive income on a straight-line basis over the lease term.

4. Significant accounting policies (continued)

(r) Leases (continued)

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.

(s) 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.

(t) 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.

(u) 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.

4. Significant accounting policies (continued)

(v) Liabilities under factoring agreements

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 agreements 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.

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 occured.

(w) Share capital and share premium

The Group presents its share capital, which is the share capital of the Group's holding company Axion Holding Cyprus Ltd., 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.

(x) 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.

4. Significant accounting policies (continued)

(y) 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.

(z) 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.

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 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.

4. Significant accounting policies (continued)

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

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.

(aa) Revision of the comparative financial information

The comparative information for the years ended 31 March 2020 and 31 March 2019 has been revised solely to conform to the presentation of the current year and to add additional disclosures that are required for the purpose of inclusion of the consolidated financial statements in the prospectus for the initial public offering.

5. Business combinations, acquisitions and disposals

(a) 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 contingent consideration 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. Contingent consideration is 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.

5. Business combinations, acquisitions and disposals (continued)

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

The Group has made a provisional 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:

Fair value recognised on acquisition

	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 short term deposits	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**
Contingent consideration for acquisition	**557**

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

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.

(ii) Acquisition of Softline AG

On 10 December 2020 in exchange for $3,121 cash consideration and $9,514 deffered 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).

5. Business combinations, acquisitions and disposals (continued)

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

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 provisional 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:

Fair value recognised on acquisition

	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 short term deposits	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**
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)**

5. Business combinations, acquisitions and disposals (continued)

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

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.Business combinations, acquisitions and disposals (continued)

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.

(iii) Acquisition of EMBEE

On 15 January 2021 in exchange for $17,971 cash consideration, $15,141 deferred payment and $550 contingent consideration 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 Axion Holding Cyprus Limited 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. Contingent consideration is 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 liability of $6,393 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.

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.

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 Group has made a provisional purchase price allocation on the acquisition date.

6. Business combinations, acquisitions and disposals (continued)

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

Fair value recognised on acquisition

	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 short term deposits	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	(1,946)
Short-term borrowings	(4,669)
	(30,763)
Total identifiable net assets at fair value	**17,231**
Goodwill arising on acquisition (Note 8)	16,431
Purchase consideration transferred	**17,971**
Long-term deferred payment	**9,399**
Short-term deferred payment	**5,742**
Long-term contingent consideration for acquisition	**327**
Short-term contingent consideration for acquisition	**223**

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

The goodwill of $16,431 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 7 years.

None of the goodwill recognised is expected to be deductible for income tax purposes. The effect of aqcuisitions on the Group's performance is disclosed in Note 34.

5. Business combinations, acquisitions and disposals (continued)

(b) Acquisitions in the year ended 31 March 2020

Acquisition of HTC

On 20 August 2019 in exchange for $384 cash consideration and $261 contingent payment linked to performance the Group acquired 100% of the shares in charter capital of High Technologies Centre LLC (HTC) and Engineering Informatics LLC (II), the private companies based in Russia, headquartered in Izhevsk and which have as its core business providing various IT services including software development.

This transaction was accounted for using the acquisition method. The results of operations of HTC and II are included in the consolidated financial statements from the date of acquisition of control, 20 August 2019.

The fair values of the identifiable assets and liabilities of HTC and II as at the date of acquisition were:

Fair value recognised on acquisition

	20 August 2020
Assets	
Property and equipment (Note 6)	320
Trade and other receivables	174
Other non-current assets	172
Cash and short term deposits	15
Advances issued and other current assets	165
	846
Liabilities	
Trade and other payables	(127)
Contract liabilities	(186)
Obligations under finance leases	(198)
Short-term borrowings	(107)
Deferred tax liabilities	(13)
	(631)
Total identifiable net assets at fair value	**215**
Goodwill arising on acquisition (Note 8)	430
Purchase consideration transferred	**384**
Long-term contingent consideration for acquisition	**261**

	Cash flow on acquisition
Net cash acquired with the subsidiary	15
Cash paid	(384)
Net cash flow on acquisition	**(369)**

The goodwill of $430 arising from the Group's acquisition of HTC and II represented the expected benefits from acquiring the team of software development experts to strengthen the Group's expertise in this area. The goodwill was allocated to Russia operating segment.

None of the goodwill recognised is expected to be deductible for income tax purposes. In the year ended 31 March 2020 HTC and II contributed $3,400 of turnover, $3,400 of revenue, $1,469 of gross profit, $600 of net profit and $435 to EBITDA of the Group.

(c) Reorganizations under common control

(i) Consolidation of Softline Trade JCS

On 2 April 2015 the Group entered into binding acquisition agreements with its controlling shareholder for 300 mln Russian rubles to acquire 51% shares in Softline Trade JSC with the date of payment before 31 December 2017. The transaction reduced Group's other reserves by $3,448 at the date of transaction with a matching payable to a shareholder recorded at discounted value.

Further in March 2018 the parties terminated the agreement and signed a new call option agreement according to which the Group may acquire 100% shares in Softline Trade JSC for nominal amount till 31 March 2021. The consideration for the call option amounted to 792 mln Russian rubles payable till August 2018. In addition the Group should also pay 208 mln Russian rubles to another shareholder. The transaction was accounted for as an acquisition of non-controlling interest through equity, reducing the non-controlling interest of the Group in Softline Trade JSC by $1,638 at the date of transaction, reducing retained earnings by $3,643 from recognition of the payable to another shareholder, reversing $4,757 liability under the terminated acquisition agreement and reducing the Group's other reserves by $7,168 for the year ended 31 March 2018 for the balance. The effect of discounting the liability from August 2018 to March 2018 was insignificant.

Later in August 2018 the parties amended the agreement by issuing an addendum according to which only nominal consideration for the option is anticipated. Reversal of retained earnings and other reserves reduction was made thereof with the cancellation of accounts payable to the shareholders.

As at 31 March 2021, 2020 and 2019 the payable to the shareholder is nil.

As at 31 March 2021, the Group did not exercise the option to acquire 100% shares in Softline Trade JSC.

(ii) Consolidation of other subsidiaries

During the period September-November, 2015 the Group entered into binding acquisition or option agreements with its controlling shareholder for fixed nominal amounts to acquire the controlling interests in its significant subsidiaries:

Legal entities	Country of incorporation	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
ETMC Exponenta Ltd	Russia	70%	70%	70%
Softline Platforms LLC*	Russia	100%	100%	100%
Aflex Distribution LLC	Russia	100%	100%	100%
Skysoft Victory LLC**	Russia	-	100%	100%
Softline Intergration LLC	Russia	100%	100%	100%
Softline Projects LLC	Russia	100%	100%	100%
Novacom Group Ltd	Belorussia	100%	100%	80%

**previously Axoft Integration LLC, renamed to Softline Platforms LLC, changes registered on 23 March 2020*
*** Disposed on 31 March 2021*

5. Business combinations, acquisitions and disposals (continued)

(c) Reorganizations under common control (continued)

The sale and purchase agreements or option agreements give the Group power over these entities and access to their economic benefits by virtue of restricting any transfer of assets, dividend or other distributions to the current shareholder. As a result of these transactions, the Group is able to consolidate all of these subsidiaries. Since the transactions were performed for purpose of streamlining the Group's ownership structure with the controlling shareholder of the Group, the transactions were accounted for as a common control reorganization at carrying amounts to the shareholder, retrospectively, as if all entities were controlled by the Group for all periods presented by consolidating their historical results of operations.

On 18 December 2019 the Group obtained 100% control by acquiring remaining shares in charter capital of Novacom Group Ltd.

On 31 March 2021 the Group terminated the acquisition agreement with the controlling shareholder of Skysoft Victory LLC and derecognized net identifiable asset in the amount of $1,708, reducing consolidated retained earnings of the Group.

None of other actual shares were transferred to the Group yet.

(iii) Disposal of subsidiary

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**

6. Property and equipment

	Computer and office equipment	Buildings	Network hardware	Total
Cost				
31 March 2018	**11,669**	-	**8,774**	**20,443**
Additions	2,105	-	3,250	**5,355**
Acquisition of a subsidiary (Note 5)	963	-	-	**963**
Disposals	(1,929)	-	-	**(1,929)**
Translation difference	(996)	-	(1,023)	**(2,019)**
31 March 2019	**11,812**	-	**11,001**	**22,813**
Reclassification to right-of-use assets (Note 19)	-	-	(11,001)	**(11,001)**
01 April 2019	**11,812**	-	**-**	**11,812**
Additions	2,769	460	-	**3,229**
Acquisition of a subsidiary (Note 5)	320	-	-	**320**
Disposals	(1,388)	-	-	**(1,388)**
Translation difference	(3,068)	-	-	**(3,068)**
31 March 2020	**10,445**	**460**	**-**	**10,905**
Additions	2,835	-	-	**2,835**
Acquisition of a subsidiary (Note 5)	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**
Accumulated depreciation				
31 March 2018	**(5,341)**	-	**(2,765)**	**(8,106)**
Depreciation charge	(2,618)	-	(1,463)	**(4,081)**
Disposals	283	-	-	**283**
Translation difference	343	-	240	**583**
31 March 2019	**(7,333)**	-	**(3,988)**	**(11,321)**
Reclassification to right-of-use assets (Note 19)	-	-	3,988	**3,988**
01 April 2019	**(7,333)**	-	**-**	**(7,333)**
Depreciation charge	(3,125)	-	-	**(3,125)**
Disposals	782	-	-	**782**
Translation difference	1,340	-	-	**1,340**
31 March 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)**
Net book value				
At 31 March 2018	**6,328**	-	**6,009**	**12,337**
At 31 March 2019	**4,479**	-	**7,013**	**11,492**
At 01 April 2019	**4,479**	-	**-**	**4,479**
At 31 March 2020	**2,109**	**460**	**-**	**2,569**
At 31 March 2021	**6,046**	**1,799**	**-**	**7,845**

As at 31 March 2021, 31 March 2020 and 31 March 2019 the Group had owned an office building in Peru with a carrying amount of $460 pledged as security for a loan. The loan must be repaid by 24 August 2026.

7. Investments in joint ventures

	31 March 2021	31 March 2020	31 March 2019
BidCo	119,954	34,461	15,485
Other joint ventures	105	105	539
	120,059	**34,566**	**16,024**

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, totaling 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 is making decisions based on unanimous decisions by shareholders.

The Group's interest in BidCo is 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. At 10 August 2018, the date of contribution to BidCo, the value of the FVOCI investments by the Company were $17,296.

For the year ended 31 March 2021 the Group recognised in Other comprehensive income and loss $85,493 of share in OCI of a joint venture and ($18,655 of income for the year ended 31 March 2020; $1,812 of loss for the year ended 31 March 2019).

The balance sheet and financial results of BidCo are presented in the table below.

	Balance at 31 March 2019	Change for the year ended 31 March 2020	Balance at 31 March 2020	Change for the year ended 31 March 2021	Balance at 31 March 2021
Assets					
Equity investment designated at FVOCI	49,834	58,817	108,651	269,544	378,195
Total assets	**49,834**	**58,817**	**108,651**	**269,544**	**378,195**
Equity					
Share capital	55,545	-	55,545	-	55,545
Other comprehensive income/(loss)	(5,711)	58,817	53,106	269,544	322,650
Total equity	**49,834**	**58,817**	**108,651**	**269,544**	**378,195**

8. Intangible assets and goodwill

	Brand and customer relationship	Software	Goodwill
Cost			
31 March 2018	**4,685**	**27,678**	**26,236**
Additions − acquired	−	2,210	−
Additions − internally developed	−	3,742	−
Disposals	−	(13)	−
Translation difference	(478)	(3,336)	(2,783)
31 March 2019	**4,207**	**30,281**	**23,453**
Additions − acquired	−	2,298	430
Additions − internally developed	−	2,953	−
Disposals	−	(1,143)	−
Translation difference	(671)	(5,843)	(4,306)
31 March 2020	**3,536**	**28,546**	**19,577**
Additions − acquired	−	11,126	−
Additions − internally developed	−	7,575	−
Acquisition of subsidiary (Note 5)	12,654	844	26,145
Disposals	−	(1,277)	−
Translation difference	(131)	12	(1,415)
31 March 2021	**16,059**	**46,826**	**44,307**
Accumulated amortization			
31 March 2018	**(119)**	**(4,349)**	**−**
Amortization charge	(52)	(4,606)	−
Disposals	−	11	−
Translation difference	2	723	−
31 March 2019	**(169)**	**(8,221)**	**−**
Amortization charge	(614)	(5,834)	−
Disposals	−	790	−
Translation difference	140	2,058	−
31 March 2020	**(643)**	**(11,207)**	**−**
Amortization charge	(535)	(6,531)	−
Disposals	−	357	−
Translation difference	8	37	−
31 March 2021	**(1,170)**	**(17,344)**	**−**
Net book value			
At 31 March 2018	**4,566**	**23,329**	**26,236**
At 31 March 2019	**4,038**	**22,060**	**23,453**
At 31 March 2020	**2,893**	**17,339**	**19,577**
At 31 March 2021	**14,889**	**29,482**	**44,307**

8. Intangible assets and goodwill (continued)

Goodwill impairment

	Active Group	Softline Brazil	Develop-ment Bureau	Infosecurity	High Technologies Centre	EMBEE	Softline AG	**Total**
Goodwill as at 1 April 2018	**13,066**	**11,087**	**1,697**	**386**	**–**	**–**	**–**	**26,236**
Translation difference	(1,112)	(1,428)	(196)	(47)	–	–	–	**(2,783)**
Goodwill as at 31 March 2019	**11,954**	**9,659**	**1,501**	**339**	**–**	**–**	**–**	**23,453**
Acquisition	–	–	–	–	430	–	–	**430**
Translation difference	(2,179)	(1,740)	(251)	(57)	(79)	–	–	**(4,306)**
Goodwill as at 31 March 2020	**9,775**	**7,919**	**1,250**	**282**	**351**	**–**	**–**	**19,577**
Acquisition	–	–	–	–	–	16,431	9,714	26,145
Translation difference	(82)	(1,365)	33	8	43	17	(69)	(1,415)
Goodwill as at 31 March 2021	**9,693**	**6,554**	**1,283**	**290**	**394**	**16,448**	**9,645**	**44,307**

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 Centre, Embee Software Private Limited and Softline AG (Note 5). The entire goodwill is allocated between abovementioned subsidiaries which are separate cash-generating units. The goodwill impairment assumptions at 31 March 2021 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 both CGUs is most sensitive to the following assumptions :

A. Brazil:

- Brazilian business unit revenue growth rates 14%+ (in BRL) based on inflation (estimated inflation level is 3,5%) and organic growth 10% in 2020 to 25% in 2026;
- Earnings before interest, taxation, amortization and depreciation (EBITDA) margins estimated at around 4,1% of revenues;
- Insignificant capital expenditures (25k USD/year on average);
- Pre-tax discount rate is 19,1%;
- Post-tax discount rate is 15,6%;
- Terminal growth rate is 3,3%.

A decrease in revenue growth below 11.3% would result in impairment of goodwill.

8. Intangible assets and goodwill (continued)

B. Active Group:

- Active Host are presented on the Russian, Belarusian and other European markets;
- Belarusian business units revenue growth rates 23%+ (in BYN) based on inflation (estimated inflation level is 4.0%) and organic growth 18%; Russian business unit revenue growth rates 20-25% (in RUB) based on inflation (estimated inflation level is 3.8%) and organic growth 25% in 2020 to 20% in 2025;
- Earnings before interest, taxation, amortization and depreciation (EBITDA) margins estimated at around 23% of revenues (the average for the Group);
- Insignificant capital expenditures (404k USD/year on average for the Group);
- Pre-tax discount rate is 20.4% (Belarus); 19,74% (Russia); 14,3% (Cyprus);
- Post-tax discount rate is 20,4% (Belarus); 17,4% (Russia); 11,8% (Cyprus);
- Terminal growth rate is 4% (Cyprus 2,2%).

A decrease in revenue growth rate below 3.5% would result in impairment of goodwill.
A rise in the pre-tax discount rate in Russian business unit to more than 97% (i.e., +80%) would result in impairment of all Active Group.

As at 31 March 2021 no impairment loss was identified.

Also, in October 2020 The Group acquired 100% in Aplana (Note 5). The gain on bargain purchase in the amount of $1,892 was shown as other income in Consolidated statement of profit or loss and other comprehensive income.

9. Software licenses and other inventory

	31 March 2021	31 March 2020	31 March 2019
Software for resale (at lower cost or net realizable value)	25,303	33,388	31,056
Hardware for resale (at lower cost or net realizable value)	5,595	5,215	5,824
Materials (at lower cost or net realizable value)	1,454	8	11
Total inventories	**32,352**	**38,611**	**36,891**

During 2020, $554 (2019: $1,083; 2018: $2,045) was recognised as an expense for inventories write-off. It was included in cost of sales in Consolidated statement of profit or loss and other comprehensive income.

10. Trade receivables

	31 March 2021	31 March 2020	31 March 2019
Receivables from third-party customers	209,277	146,366	135,538
Receivables from related parties (Note 31)	34	6	26
	209,311	**146,372**	**135,564**
Less: allowance for expected credit losses	(10,274)	(7,591)	(8,340)
	199,037	**138,781**	**127,224**

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 41 days. No interest is charged on trade receivables.

For terms and conditions relating to related party receivables, refer to Note 31.

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

	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
As at 31 March 2018	**–**	**–**	**(5,924)**
Effect of IFRS 9	–	–	(2,002)
As at 1 April	**(7,591)**	**(8,340)**	(7,926)
Expected credit losses for the year (Note 23)	(4,785)	(3,192)	(3,074)
Write-offs	2,110	2,019	1,851
Translation difference	(8)	1 922	809
As at 31 March	**(10,274)**	**(7,591)**	**(8,340)**

The information about the credit exposures is disclosed in Note 27.

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

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-180 days	>181 days
As at 31 March 2021	**199,037**	134,018	35,419	13,928	6,415	4,402	4,855
As at 31 March 2020	**138,781**	97,529	18,540	14,035	3,636	3,629	1,412
As at 31 March 2019	**127,224**	100,134	11,398	6,731	2,117	4,869	1,975

11. Other receivables

	31 March 2021	31 March 2020	31 March 2019
Other taxes receivable	23,092	10,839	7,553
Interest receivable	1,050	868	1,276
Receivables from employees	60	58	198
	24,202	**11,765**	**9,027**

As at 31 March 2021 the increase of Other taxes receivable is mainly due to the acquisition of subsidiaries in the amount of $6,848, and increase in value added tax receivable in India and Colombia totaling $2,966 and $1,372 respectively.

12. Loans issued

	31 March 2021	31 March 2020	31 March 2019
Long-term loans issued to related parties (Note 31)	–	–	422
Other long-term loans	46	55	51
Total long-term	**46**	**55**	**473**
Short-term loans issued to related parties (Note 31)	1,549	5,663	1,511
Other short-term loans	1,174	1,393	1,604
Total short-term	**2,723**	**7,056**	**3,115**
	2,769	**7,111**	**3,588**

The Group partly offsets 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 short term deposits

	31 March 2021	31 March 2020	31 March 2019
Short-term deposits	21,074	20,684	907
Cash in banks, including	64,441	30,092	40,582
In Russian rubles	*3,916*	*11,337*	*23,450*
In USD	*12,334*	*7,574*	*6,272*
In other currencies	*48,191*	*11,181*	*10,860*
Cash on hand	202	1,312	1,200
Restricted cash	3,898	2,892	1,439
	89,615	**54,980**	**44,128**

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 2021	31 March 2020	31 March 2019
Advances issued	23,859	28,908	24,507
Advances issued and other receivables to related parties (Note 31)	700	505	465
Work-in-progress	65	105	93
Advances under agreements with subcontractors	9,446	4,008	4,429
	34,070	**33,526**	**29,494**

* *The Group issues guarantees and deposits to be able to participate in certain tenders requiring such guarantees and deposits.*

15. Share capital and other components of equity

Number of shares issued and outstanding as of:

	31 March 2021	31 March 2020	31 March 2019
Ordinary shares at $0,01 each	97,364	97,364	97,364
Series A Redeemable Preferred Shares of $0,01 each	6,790	15,173	15,173
Series A Non-redeemable Preferred Shares of $0,01 each	16,438	16,438	16,438
Total number of shares	**120,592**	**128,975**	**128,975**
Total shares issued and outstanding	**120,592**	**128,975**	**128,975**

Prior to 1 April 2016, the Company had 1,000 ordinary shares with €1 par value authorized, issued and outstanding. On 1 April 2016, the share capital was reconstituted and divided into the 113,800 ordinary shares with $0.01 par value each

On 29 July 2016 the Company allotted 15,173 redeemable preferred shares for the total contribution of $15,000 less transaction costs of $2,019 to the Investor.

As of 31 March 2019, and 2020 the authorized share capital was 173,589 shares of 117,251 ordinary shares of $0.01 each, 19,887 Series A redeemable preferred shares of $0.01 each and 36,451 Series A nonredeemable preferred shares of $0.01 each. Preferred shares rank pari passu with ordinary shares and also give certain preferences, including redemption, upon the Company's specifically defined event of liquidation, but do not entitle the holder to redeem them in any other events outside of control of the Company.

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 each and on the 11 March 2021 with the redemption of 1,362 Series A redeemable preferred shares of $0.01 each.

The amount of consideration for the redemption was fully paid in March 2021 and equals to $16,899 ($2,015.89 per share). The redemption led to the reduction in equity of the Company, including reduction of share capital by $0.084 and reduction of retained earnings by $16,899.

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

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

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

During the years ended 31 March 2020 and 31 March 2019 the Group did not declare dividends.

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.

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

It was also resolved to partly set-off equity distribution against shareholders' debt towards the Company as at 31 March 2020 in amount of $3,356 (Note 12); in March 2021 The Company paid dividends in amount of $7,525 (see CFS on page 10).

Share premium

On 29 July 2016, 1 ordinary share of $0.01 (shares premium $14,076) was issued to controlling shareholder Softline Group Inc. in exchange for the shares of ActiveHost Limited.

On 29 July 2016, additional $13,287 of share premium was recognised in the financial statements for 15,173 Series A redeemable preferred shared allotted to investor (as described above).

On 14 December 2016, 1 ordinary share of $0.01 (shares premium $18,264) was issued to controlling shareholder Softline Group Inc. in exchange of assigned loan receivables.

Other reserves

	31 March 2021
Elimination of investments contributed to the share capital and share premium of the Company as part of its reorganization under common control	(32,646)
Effect of acquisition of subsidiaries under common control	(3,911)
Other	(13)
31 March 2017	**(36,570)**
Issuance of shares by a subsidiary	4,757
Effect of acquisition of non-controlling interest (Note 5)	(7,168)
Share-based payments (Note 16)	466
Other	(22)
31 March 2018	**(38,537)**
Reduction of investors' option consideration (Note 5)	12,047
Other	(1,250)
Share-based payments (Note 16)	623
31 March 2019	**(27,117)**
Other	(332)
Share-based payments (Note 16)	815
31 March 2020	**(26,634)**
Share-based payments (Note 16)	380
Other	(16)
31 March 2021	**(26,270)**

Treasury shares

Carmelia Investments Limited (Carmelia), a wholly-owned subsidiary of Softline Group Inc., a shareholder of the Company, held 2,881 ordinary shares of the Axion Holding Limited, representing 2.2% of its outstanding shares, at amount of $2,250. In March 2018 all shares were transferred to shareholder.

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

Disposal of subsidiaries

In 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 (Note 5)

Other components of equity

Other components of equity consist primarily of revaluation of equity instrument designated at fair value through other comprehensive income and share in other comprehensive income of a joint venture.

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 an option agreements with employees for the granting of options ("the Option") over specified number of shares, defined in accordance with participation level.

The amount of share capital allocated for the program is 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 2021, 31 March 2020 and 31 March 2019. 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.

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 2021, 31 March 2020 and 31 March 2019 based on the grant date fair values of the awards expected to vest was $380, $815 and $623 accordingly (Note 15).

Unvested compensation expense related to share-based payment as of 31 March 2021, 31 March 2020 and 31 March 2019 was $70, $416 and $777 accordingly.

16. Share-based payments (continued)

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

	For the year ended 31 March 2021, 2020 and 2019
Share price	$11.096
Exercise price of an option	$10.47
Number of periods to exercise in years	3
Expected volatility	25%
Risk-free interest rate	2.84%

The expected volatility used was based on the historical volatility of share price of 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 2021, 2020 and 2019 in pieces:

	Granted	Exercised	Forfeited	Outstanding	Exerciable
For the year ended 31 March 2019	3,363	–	(1,362)	9,149	–
For the year ended 31 March 2020	1,110	–	(1,381)	8,878	–
For the year ended 31 March 2021	602	–	(472)	9,008	–

17. Interest bearing borrowings and loans

	Effective interest rate	Maturities of debt	31 March 2021	31 March 2020	31 March 2019
In Russian rubles					
Bonds	8,9-11,00%	December 2023	90,391	28,103	55,908
Sberbank	6,74%	December 2021	22,456	30,547	20,082
Alfa-Bank	6,00%	August 2021	26,419	17,208	2,317
OTP Bank	MosPrime+1,5%	June 2020	-	2,003	-
RosBank	7,93%	March 2021	-	3,859	-
Raiffaisenbank	6,00%	November 2021	6,407	-	4,112
Alfa-Bank (factoring)	10,62%	March 2020		-	12,008
Gazprombank	6,10%	July 2021	7,926	-	3,862
Corporate lenders	7-10%	December 2021	931	-	-
In EUR					
International Investment bank	3,25%	December 2027	9,643	-	-
OTP Bank	EURIBOR+1,45%	May 2021	219	-	-
CITI BANK ROMANIA	3,6% (ROBOR (1M) + 3%)	February 2021	-	312	313
RaiffeisenBank	Euribor +2,10%	June 2020	-	15	-
In USD					
Banks and financial institutions	1-9%	October 2021	9,776	8,748	5,645
In INR					
Tata Capital Finance Serivce Ltd.	11%	February 2022	4,138	-	2,434
ICICI BANK	I-MCLR+1.7%	July 2021	410		
AXIS BANK	8,6%	May 2021	1,371		
Corporate lenders	10,23-10,65%	December 2021	2,433		
In BRL					
BANCO CITIBANK S.A.	8,5%	September 2021	530	586	771
In COP					
Banks	5,58-11,25%	February 2022	1,057	725	1,724
In CLP					
BANCO DE CHILE	6,84%	October 2020	-	167	-
In other currencies					
Banks and financial institutions	2-29%	February 2022	610	543	380
Long-term borrowings			**84,420**	**4,521**	**55,909**
Short-term borrowings and current portion of long-term debt			**100,297**	**88,295**	**53,647**
Total			**184,717**	**92,816**	**109,556**

The unused portion under all credit facilities as of 31 March 2021 was $55,679 (as of 31 March 2020 was $53,160, as of 31 March 2019 was $62,663).

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 nesessarity to raise additional funds for working capital:

- Total amount of credit line in Sberbank is $52,838. The first agreement for the amount of $26,419 with interest 6,74% is valid until the 24 February 2023. The second agreement for the amount of $26,419 is valid until the 30 March 2023 with the interest rate to be determined separately for each tranche;
- Total amount of credit line in Alfa-Bank is $30,383 with interest 7,84%. The agreement is valid until the 31 December 2023;
- Total amount of credit line in Gazprombank is $13,210 with maximum interest 15%. The agreement is valid until the 26 July 2021;
- Total amount of credit line in Raiffaisenbank is $10,568 with interest MosPrime+individual interest rate. The agreement is valid until the 30 December 2022;
- Total amount of overdraft in Alfa-Bank is $3,963 with interest 6,52%;
- Total amount of overdraft in Raiffaisenbank is $2,642 with interest MosPrime ON+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 is 22 December 2021. On 23 April 2020 the Group issued 1,350,000 ruble-denominated 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 2021 amounted to %11.00 p.a. On 23 October 2020 the Group issued another 4,950,000 ruble-denominated bonds with the same RUB 1,000 nominal value. The maturity date is 23 December 2023. The coupon interest rate as of 31 March 2021 amounted to %8.90 p.a.
The balance outstanding as of 31 March 2021 was $90,391. The long-term portion is $75,244 and the short-term portion is $15,147.

The Group's loan agreements 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 2021, as of 31 March 2020 and as of 31 March 2019 the Group was in compliance with all major Group's restrictive financial covenants. As of 31 March 2021, as of 31 March 2020 and as of 31 March 2019 the Group has no pledged assets, except for those disclosed in Note 6.

18. Trade and other payables

	31 March 2021	31 March 2020	31 March 2019
Trade payables	229,844	167,657	139,542
Payable to employees	11,653	9,958	8,262
Provision for unused vacation	7,265	5,833	6,204
Payables to related parties (Note 31)	693	154	160
Payables for non-current assets	1,713	53	140
Other payables	5,726	4,161	4,156
	256,894	**187,816**	**158,464**

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.

18. Trade and other payables (continued)

The detailed information on related party transactions is also disclosed in Note 31.

19. Leases

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

Lease liabilities after transition to IFRS 16 comprised the following:

	1 April, 2019
Reclassification from finance lease liabilities	5,029
Operating lease liabilities recognised under IFRS 16	8,980
Total lease liabilities	**14,009**

On adoption of IFRS 16, the Group has recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of April 1, 2019 which was 11%.

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

	2021	**2020**
As at 1 April	**14,368**	**14,009**
Additions	6,560	4,485
Accretion of interest	1,523	1,278
Disposal	(437)	(73)
Payments – body portion	(7,256)	(5,307)
Payments - %	(307)	(747)
Exchange difference	141	569
Translation difference	190	154
As at 31 March	**14,782**	**14,368**
Current	4,905	7,341
Non-current	9,877	7,027

The maturity analysis of lease liabilities is disclosed in Note 27.

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 9% p.a. to 37% p.a. Average effective interest rate is about 16%. The average lease term is 34 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 bond loans and equals from 8,9% p.a. to 11% p.a. (Note 17), which corresponds to the terms and amounts of right-of-use assets financing.

19. Leases (continued)

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

	Equipment (previously held under finance leases , reclassified from property and equipment)	**Office premises**	**Total**
1 April 2019	**7,013**	**-**	**7,013**
Adjustment on initial application of IFRS 16	**-**	**9,059**	**9,059**
Additions	1,140	3,608	**4,748**
Depreciation expense	(519)	(2,149)	**(2,668)**
Translation difference	(1,315)	(832)	**(2,147)**
31 March 2020	**6,319**	**9,686**	**16,005**
Additions	1,889	4,228	**6,117**
Disposal	-	(345)	**(345)**
Reclassification	(2,411)	-	**(2,411)**
Depreciation expense	(1,523)	(4,458)	**(5,981)**
Translation difference	48	318	**366**
31 March 2021	**4,322**	**9,429**	**13,751**

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 March 31, 2021	**For the year ended March 31, 2020**
Depreciation expense of right-of-use assets	5,981	2,668
Interest expense on right-of-use assets	1,561	1,803
Expenses relating to exempt short-term leases	2,609	5,742
Total amount recognised in profit or loss	**10,151**	**10,213**

The Group had total cash outflows for leases of $8,740 for the year ended 31 March 2021 ($6,329 for the year ended 31 March 2020).

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

20. Long-term tax payable

In 2016 Brasil 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 installment.

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

The tax debt as at the year ended March 2021 in local books amounted to $5,682 (at the year ended March 2020 - $5,682 ; at the year ended March 2019 − $5,424). The Group recognised the unwinding of discount of the long part of the debt of $137 in finance expense in the year ended 31 March 2021. The Group recorded the effect of penalty and interest discount of $1 026 in other income and recognised the discount of the long-term part of the debt of $158 in finance expense in the year ended 31 March 2020. The Group recorded the effect of penalty and interest discount of $37 in other income and recognised the unwinding of discount of the long-term part of the debt of $213 in finance expense in the year ended 31 March 2019. The long term part of the tax debt was classified as long-term tax payable of $900 as at the year ended 31 March 2020 ($844 as at the year ended 31 March 2020 ; $1,937 as at the year ended 31 March 2019).

Below is the breakdown of the carrying amount of debt:

	31 March 2021	31 March 2020	31 March 2019
Principal amount of debt	5,682	5,682	5,424
Penalties and fines discount	(917)	(917)	(1,943)
Discount on the long-term portion of the debt	(1,157)	(1,294)	(1,136)
Translation difference	(2,703)	(2,408)	554
Carrying amount of debt	**905**	**1,063**	**2,899**
Long-term tax payable	900	844	1,937
Other payables	5	219	962

21. Revenue from contracts with customers

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

	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Sales of software and cloud	1,239,717	1,107,408	912,170
Sales of hardware	199,744	186,518	163,889
Sales of Services	77,450	67,733	53,410
	1,516,911	**1,361,659**	**1,129,469**

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

21. Revenue from contracts with customers (continued)

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. Over 48% (year ended 31 March 2020 – 46%, 31 March 2019 – 46%) 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 an 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 2020 were recognized as revenue in the year ended March 31, 2021.

Approximately 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.

22. Cost of sales

	Year ended 31 March 2021	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Cost of software and cloud	1,102,203	958,670	773,016
Cost of hardware	169,246	164,082	141,116
Cost of Services	19,533	17,190	11,290
	1,290,982	**1,139,942**	**925,422**

23. Selling, general and administrative expenses

Average number of employees during the year ended 31 March 2021 amounted to 5,251 (the year ended 31 March 2020 – 4,931, the year ended 31 March 2019 − 4,938)

	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Compensation to employees	114,653	119,785	110,752
Payroll taxes	15,723	17,057	17,278
Depreciation and amortisation	14,805	12,241	8,739
Other	9,629	7,068	6,800
Legal services	7,700	3,005	3,989
Materials	6,531	5,984	5,152
Expected credit losses	4,785	3,192	3,074
Bank, payments and other related commissions	4,266	1,946	1,237
Short-term lease and maintenance	3,312	6,286	9,288
Professional services	2,927	2,725	1,364
Advertising and marketing expenses	2,432	3,950	3,760
Business trips	1,341	4,268	4,820
Transportation expenses	1,227	1,494	1,377
Communication expenses	983	1,129	1,122
Training and entertainment expenses	761	1,404	2,209
Non income taxes	763	920	1,357
Audit, other assurance and non-audit services	380	339	240
	192,218	**192,793**	**182,558**

Audit fees related to the statutory audit for the year ended 31 March 2021 amounted to $22 (the year ended 31 March 2020 –$21.5, the year ended 31 March 2019 – $21.5). Tax fees amounted to $13 for the year ended 31 March 2021 (the year ended 31 March 2020 – $13, the year ended 31 March 2019 – $10).

24. Other operating expenses

	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Penalties (including 6,271 of tax case, refer to Note 29)	7,933	1,717	938
Result on disposal of assets	961	327	1,824
Broker's commission	538	-	-
Other expenses	1,032	1,016	1,080
	10,464	**3,060**	**3,842**

25. Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Interest on borrowings	10,929	14,229	12,247
Interest expense on right-of-use assets	1,561	1,803	885
Factoring fees	564	488	824
Other finance expenses	43	-	-
Interest expense	**13,097**	**16,520**	**13,956**
Amortization of borrowings and loans, net	125	943	120
Finance costs	**13,222**	**17,463**	**14,076**

26. 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 2021	Year ended 31 March 2020	Year ended 31 March 2019
Current income tax	**(5,434)**	**(5,036)**	**(5,630)**
Tax, fines and penalties for the previous years (Note 29)	**(12,177)**	**-**	**-**
Deferred tax			
Relating to origination and reversal of temporary differences	993	1,515	2,198
Income tax expense reported in the statement of profit or loss and other comprehensive income	**(16,618)**	**(3,521)**	**(3,432)**

26. Income tax (continued)

Deferred income tax as of 31 March 2021, 2020 and 2019:

	Consolidated statement of financial position				Consolidated statement of profit or loss and other comprehensive income	
	As at 31 March 2021	**As at 31 March 2020**	**As at 31 March 2019**	**Year ended 31 March 2021**	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Deferred tax assets/ (liabilities) arising from						
Tax loss carry forward	5,418	5,372	5,536	216	931	1,025
Accrual for unused vacation	1,203	940	1,060	300	57	720
Intangible assets	(3,735)	(1,045)	(1,458)	(405)	216	42
Allowance for expected credit losses	1,746	580	809	667	(120)	242
Stock valuation allowance	62	9	28	(41)	(17)	120
Property and equipment	(554)	(245)	(317)	2	25	(29)
Accruals	232	108	(3)	358	131	115
Leases	241	110	21	137	111	21
Loans payable valuation	(351)	(125)	(330)	(241)	181	(65)
Loans receivable valuation	(93)	(95)	(113)	–	–	–
Other assets/(liabilities)	(16)	(20)	(78)	–	–	7
Deferred tax expense/(benefit)				**993**	**1,515**	**2,198**
Net deferred tax assets/ (liabilities)	**4,153**	**5,589**	**5,155**			

The group recorded the effect of translation difference on deferred tax assets and liabilities of $131 in the year ended 31 March 2021 ($1,081 in the year ended 31 March 2020, $710 in the year ended 31 March 2019). The Group recognized a deferred tax liability of ($2,976) and deferred tax assets of $660 due to business combinations (Note 5)in the year ended 31 March 2021 ($13 in the year ended 31 March 2020, nil in the year ended 31 March 2019).

Reflected in statement of financial position as follows:

Deferred tax assets	7,749	6,205	5,896
Deferred tax liabilities	(3,596)	(616)	(741)
Deferred tax assets, net	**4,153**	**5,589**	**5,155**

Reconciliation of tax expense and the accounting profit multiplied by appropriate tax rate for 2020, 2019 and 2018:

	Year ended 31 March 2021	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Accounting profit before income tax	**14,428**	**13,062**	**3,834**
Theoretical income at Softline's prevailing Russian tax rate 20%	**2,886**	**2,612**	**686**
Reconciling items			
Unrecognised deferred tax assets	1,222	2,287	1,818
Effect of different tax rates in other jurisdictions	911	(990)	346
Recognition of previously unrecognised deferred tax assets arising from tax loss carryforwards	(208)	(471)	–
Other non-deductible expenses	(64)	(111)	69
Income tax paid for the previous years (Note 29)	12,177	-	272
Other	(306)	194	241
Total income tax expense	**16,618**	**3,521**	**3,432**

26. Income tax (continued)

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

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

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 2021 would be $3,868 ($2,616 as of 31 March 2020, $1,734 as of 31 March 2019).

27. Financial risk management and policies

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.

Foreign exchange risk

The Group has trading activity in 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.

27. Financial risk management and policies (continued)

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 2021			
USD/RUB	10,60%	4,252	(104)
	-11,86%	(4,552)	116
USD/INR	3,86%	(423)	-
	-4,01%	440	-
Year ended 31 March 2020			
USD/RUB	16,77%	8,979	(1,597)
	-20,16%	(10,616)	1,918
USD/INR	7,78%	(1,102)	-
	-8,44%	1,195	-
Year ended 31 March 2019			
USD/RUB	14.00%	6,473	(88,9)
	-14.00%	(6,071)	88,9
USD/INR	12,74%	(196)	-
	-14,59%	225	-

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 2021 approximately 99% 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.

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).

27. Financial risk management and policies (continued)

Credit risk (continued)

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

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

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

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

			Past due but not impaired				
31 March 2021	**Total**	**Neither past due nor impaired**	**<30 days**	**30-60 days**	**60-90 days**	**90-180 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)

			Past due but not impaired				
31 March 2020	**Total**	**Neither past due nor impaired**	**<30 days**	**30-60 days**	**60-90 days**	**90-180 days**	**>181 days**
Expected credit loss rate		0.91%	4.77%	2.98%	3.96%	15.75%	76.13%
Estimated total gross carrying amount at default	**146,372**	98,428	19,469	14,466	3,786	4,307	5,916
Expected credit loss	**(7,591)**	(899)	(929)	(431)	(150)	(678)	(4,504)

27. Financial risk management and policies (continued)

Credit risk (continued)

31 March 2019	Total	Neither past due nor impaired	Past due but not impaired <30 days	30-60 days	60-90 days	90-180 days	>181 days
Expected credit loss rate		0.54%	5.58%	5.02%	16.74%	17.82%	72.80%
Estimated total gross carrying amount at default	**135,564**	100,678	12,071	7,087	2,542	5,924	7,262
Expected credit loss	**(8,340)**	(543)	(673)	(356)	(425)	(1,056)	(5,287)

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 an 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 assets and 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 2021	On demand	Less than 6 months	6-12 months	1-2 years	More than 2 years	Total
Financial assets						
Trade accounts receivable*	–	199,037	–	–	–	**199,037**
Loans issued	–	279	2,444	46	–	**2,769**
Cash	–	89,615	–	–	–	**89,615**
	–	**288,931**	**2,444**	**46**	–	**291,421**
Financial liabilities						
Borrowings and loans	–	(41,487)	(58,810)	(15,889)	(68,531)	**(184,717)**
Leaseobligations	–	(2,627)	(2,278)	(7,425)	(2,452)	**(14,782)**
Contingent consideration	-	-	(1,509)	(326)	–	**(1,835)**
Trade accounts payable	–	(227,137)	–	–	–	**(227,137)**
	–	**(271,251)**	**(62,597)**	**(23,640)**	**(70,983)**	**(428,471)**
Net position	**–**	**17,680**	**(60,153)**	**(23,594)**	**(70,983)**	**(137,050)**

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 $55,679 (refer to Note 17) and highly liquid investments in Crayon shares (refer to Note 7) with the fair value of $119,954 as of 31 March 2021.

27. Financial risk management and policies (continued)

Liquidity risk (continued)

As at 31 March 2020	On demand	Less than 6 months	6-12 months	1-2 years	More than 2 years	Total
Financial assets						
Trade accounts receivable*	–	138,781	–	–	–	**138,781**
Loans issued	–	2,743	4,313	44	11	**7,111**
Cash	–	54,980	–	–	–	**54,980**
	–	**196,504**	**4,313**	**44**	**11**	**200,872**
Financial liabilities						
Borrowings and loans	–	(10,570)	(77,725)	(4,521)	–	**(92,816)**
Leaseobligations	–	(3,895)	(3,446)	(5,172)	(1,855)	**(14,368)**
Contingent consideration				(773)		**(773)**
Trade accounts payable	–	(166,943)	–	–	–	**(166,943)**
	–	**(181,408)**	**(81,171)**	**(10,466)**	**(1,855)**	**(274,900)**
Net position	**–**	**15,096**	**(76,858)**	**(10,422)**	**(1,844)**	**(74,028)**

As at 31 March 2019	On demand	Less than 6 months	6-12 months	1-2 years	More than 2 years	Total
Financial assets						
Trade accounts receivable*	–	127,224	–	–	–	**127,224**
Loans issued	–	2,802	313	468	5	**3,588**
Cash	–	44,128	–	–	–	**44,128**
	–	**174,154**	**313**	**468**	**5**	**174,940**
Financial liabilities						
Borrowings and loans	–	(6,939)	(46,708)	(40,461)	(15,448)	**(109,556)**
Leaseobligations	–	(2,228)	–	(2,250)	(551)	**(5,029)**
Contingent consideration	–	–	(976)	–	–	**(976)**
Trade accounts payable	–	(134,111)	–	–	–	**(134,111)**
	–	**(143,278)**	**(47,684)**	**(42,711)**	**(15,999)**	**(249,672)**
Net position	**–**	**30,876**	**(47,371)**	**(42,243)**	**(15,994)**	**(74,732)**

* *Trade receivables do not include advances paid, VAT recoverable, profit tax prepaid, other current assets which are not classified as financial assets.*

28. Financial instruments

The Group's financial instruments as of 31 March 2021, 31 March 2020, 31 March 2019 are presented by category in the table below:

	Category *	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Financial assets				
Long term loan issued	FAAC	46	55	473
Long-term receivables under finance lease	FAAC	1,418	1,582	844
Investments in associates and joint ventures	FVOCI	120,059	34,566	16,024
Trade and other receivables	FAAC	223,239	150,546	136,251
Short-term loans issued	FAAC	2,723	7,056	3,115
Cash and cash equivalents	FAAC	89,615	54,980	44,128
Total financial assets		**437,100**	**248,785**	**200,835**
Current		315,577	212,582	183,494
Non-current		121,523	36,203	17,341
Financial liabilities				
Long-term borrowings − third parties	FLAC	84,420	4,521	55,909
Long-term lease liabilities	FLAC	9,877	7,027	2,801
Short-term interest bearing borrowings and loans	FLAC	100,297	88,295	53,647
Short-term lease liabilities	FLAC	4,905	7,341	2,228
Trade and other accounts payable	FLAC	290,860	196,041	167,216
Total financial liabilities		**490,359**	**303,225**	**281,801**
Current		396,062	291,677	223,091
Non-current		94,297	11,548	58,710

* *Financial instruments used by the Group are included in one of the following categories:*

- * *FAAC − financial assets at amortized cost;*
- * *FVOCI − FVOCI financial assets;*
- * *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.

28. Financial instruments (continued)

Changes in liabilities arising from financing activities

	As at 1 April 2020	Cash flows	Foreign exchange movement	New leases	Business combi-nations	Other	As at 31 March 2021
Current interest bearing borrowings and loans	88,295	(269,153)	349	-	6,167	274,639	100,297
Current lease liabilities (Note 19)	7,341	(8,740)	141	2,296	-	3,867	4,905
Non-current interest bearing borrowings and loans	4,521	348,469	-	-	-	(268,570)	84,420
Non-current lease liabilities (Note 19)	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**

	As at 1 April 2019	Cash flows	Foreign exchange movement	New leases	Business combi-nations	Other	As at 31 March 2020
Current interest-bearing loans and borrowings	53,647	(188,272)	(391)	-	107	223,204	88,295
Current lease liabilities (Note 19)	2,228	(6,329)	569	1,570	198	9,105	7,341
Non-current interest-bearing loans and borrowings	55,909	190,251	-	-	-	(241,639)	4,521
Non-current lease liabilities (Note 19)	2,801	-	-	2,915	47	1,264	7,027
Total liabilities from financing activities	**114,585**	**(4,350)**	**178**	**4,485**	**352**	**(8,066)**	**107,184**

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.

29. Contingent liabilities and other risks

Contingent consideration for acquisitions

The Group's contingent consideration, amounted to $1,835 at 31 March 2021 ($773 at 31 March 2020; $976 at 31 March 2019) represent an assessed amount of future payments for subsidiaries acquisition (refer to Note 5 "Business combinations, acquisitions and disposals ").

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

	EMBEE	Aplana	HTC	SL Brazil	Freshstore	NTC "Contact"	Total
As at 31 March 2018	-	**-**	-	**1,827**	**2,532**	**253**	**4,612**
Freshstore redemption	-	-	-	-	(2,532)	-	(2,532)
SL Brazil redemption	-	-	-	(1,827)	-	-	(1,827)
SL Brazil new liability origin	-	-	-	683	-	-	683
Translation difference	-	-	-	-	-	40	40
As at 31 March 2019	-	**-**	-	**683**	-	**293**	**976**
NTC "Contact" redemption	-	-	-	-	-	(293)	(293)
HTC acquisition (Note 5(b))	-	-	261	-	-	-	261
Translation difference	-	-	-	(171)	-	-	(171)
As at 31 March 2020	**-**	**-**	**261**	**512**	-	**-**	**773**
Aplana acquisition(Note 5(a))	-	557	-	-	-	-	557
EMBEE acquisition (Note 5(a))	550	-	-	-	-	-	550
Translation difference	-	-	7	(52)	-	-	(45)
As at 31 March 2021	**550**	**557**	**268**	**460**	-	**-**	**1,835**

A contingent consideration arised from Freshstore acquisition was fully repaid in cash in July 2018.

A contingent consideration arised from Softline Brazil acquisition was partly paid in cash at amount of $884, the rest of contingent cosideartion was re-assesed and is determined to be $460 as at 31 March 2021 ($512 and $683 as at 31 March 2020 and 2019 respectively).

Operating environment and economic risks

The Group is heavily exposed to the operating environment in the Russian Federation and other emerging markets with similar charachteristics in Eastern Europe, Latin America, Asia and India.

On March 2020 the World Health Organization declared a global pandemic caused by novel coronavirus (Covid-19) which has begun to have numerous effects on the global economy.

As a result of oil prices drop and outbreak of novel coronavirus (Covid-19) the ruble suffered steep drop in the beginning of 2020 from 61.91 rubles per U.S. dollar as at January 1, 2020 to 73.89 rubles per U.S. dollar as at March 18, 2020.

In April 2021, the global pandemic caused by novel coronavirus (Covid-19) was extended. The dollar exchange rate on average in 2021 will be about 75 rubles.

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

29. Contingent liabilities and other risks (continued)

Operating environment and economic risks (continued)

Softline has significant operations in Russia that displays certain characteristics of an emerging market, e.g. quickly changing regulatory and tax frameworks. The Russian economy is susceptible to ongoing political tensions, including international sanctions against certain entities and individuals. However, despite this pressure the economy remained stable, with Moody's affirming Russia's sovereign credit rating at Baa3 with stable outlook in May 2021, and S&P confirmed at BBB- with stable outlook in early 2021.

Domestic, regional and international political and diplomatic conflicts could create an uncertain operating environment that could adversely affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Other emerging markets display similar charachteristics and expose the Group to significant risks on these markets.

Legal proceedings

In the opinion of management, there are no current legal proceedings or claims outstanding at 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 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 2021, the Group has paid or accrued all taxes that are applicable.

In 2020 tax authorities finalized on-site audit of Russian legal entities of the Group for the period 2014-2016 calendar years. As a result, tax authorities charged additional sums of value added tax (VAT) and corporate income tax (CIT), as well as penalties and fines in the total amount of 1,367 billion rubles (or $18,459, including $6,271 of penalties). The claims were related to operational expenses which tax authorities considered as non-deductible for tax purposes. The Group previously assessed tax risks related to these expenses as possible based on technical merits and tax enforcement practices, including its own previous tax audit history. The Group has restructured its practices with respect to these operations starting 2017 and does not expect similar risks to re-occur in future.

The amount of the tax authorities' claim was paid in full in November 2020 from operational funds without negative effect on the business.

29. Contingent liabilities and other risks (continued)

Tax risks (continued)

However, the interpretation of the relevant authorities could differ and as of 31 March 2021 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 $13,450, which is a maximum quantifiable amount for tax years open for examination, generally last three calendar years preceeding 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.

Guarantees

At 31 March 2021, 2020 and 2019 the Group had no guarantees issued to third parties.

30. Commitments

As at 31 March 2021, 31 March 2020 and 31 March 2019 the Group had no material commitments.

31. 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.

32. Related party balances and transactions (continued)

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 2021				
Loans issued (Note 12)	-	1,549	-	**1,549**
Advances issued and other receivables (Note 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 period ended 31 March 2021				
Sales	-	212	-	**212**
Purchases	-	(791)	-	**(791)**
Payroll expenses		-	(3,579)	**(3,758)**
Professional services		(89)		**(89)**
Other distribution		-	-	**(205)**
Finance income	-	745		**745**
Finance expenses		(6)		**(6)**

	Shareholders	Entities with significant influence over the Group	Key management personnel	Total related party balances/ transactions
Balances as at 31 March 2020				
Loans issued (Note 12)	-	5,663	-	**5,663**
Advances issued and other receivables (Note 14)	-	505	-	**505**
Trade receivables (Note 10)	-	6	-	**6**
Contract liabilities to related party	-	(1)	-	**(1)**
Trade and other payables	-	(115)	(39)	**(154)**
Transactions for the period ended 31 March 2020				
Advertising and marketing	-	(41)	-	**(41)**
Sales	-	100	-	**100**
Purchases	-	(497)	-	**(497)**
Payroll expenses		-	(2,871)	**(3,353)**
Professional services		(28)		**(28)**
Other distribution		-		**(402)**
Finance income	-	325		**325**

31. Related party balances and transactions (continued)

	Shareholders	Entities with significant influence over the Group	Key management personnel	Total related party balances/ transactions
Balances as at 31 March 2019				
Loans issued (Note 12)	–	1,933	–	**1,933**
Advances issued and other receivables (Note 14)	–	465	–	**465**
Trade receivables	–	26	–	**26**
Contract liabilities to related party	–	(3)	–	**(3)**
Short-term borrowings	–	308	–	**308**
Trade and other payables	–	(52)	(108)	**(160)**
Transactions for the period ended 31 March 2019				
Sales	–	32	–	**32**
Purchases	–	(500)	–	**(500)**
Payroll expenses	(283)	–	(1,829)	**(2,112)**
Profit distribution	(1,064)	–	–	**(1,064)**
Finance income	–	159		**159**

For the year ended 31 March 2021 compensation (salary and other short-term employee benefits) was accrued to the Group's management in the amount of $ 3,579 (2020: $ 2,871; 2019: $ 1,829).

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2021, the Group recorded insignificant impairment of receivables relating to amounts owed by related parties (2020 and 2019: $Nil). This assessment is undertaken each financial year.

32. 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. It may distribute some of the capital to its shareholder from time to time.

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 2021, 31 March 2020 and 31 March 2019.

33. 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 2021.

NCSD acquisition

In April 2021 The Group acquired 99,9% share in National Center of Support and Development LLC (NCSD), russian legal entity which specializes in the field of open and secure information technologies. NCSD 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.

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

Redemption of shares held by Zubr Capital

On 26 April 2021, for consideration of $2,707 paid in cash, the Company purchased from Zubr Capital Fund I L.P. (Zubr), the 2,444 Series A non-redeemable preference shares of $0.01 par value each and 7,331 Series A redeemable preference shares of $0.01 par value each, out of the issued share capital of the Group's subsidiary, - Lagembor Holdings Ltd. (Lagembor).

Following the redemption, Zubr Capital Fund I L.P. remains the shareholder of 10,384 Series A non-redeemable preference shares of $0.01 par value each and 31,154 Series A redeemable preference shares of $0.01 par value each in Lagembor.

34. Segments information

The Group regularly reports turnover, revenue, gross profit, adjusted EBITDA and adjusted Profit for the year 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 amount of 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, 4).

Adjusted Profit for the year is non-IFRS measurement of the profit for the year excluding non-reccuring tax expense for previous years.

34. Segments information (continued)

In the Group's financial reporting, the Group refers to Turnover, Adjusted 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 disclose 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 operationg 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, Cost-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 corporate expenses of the Group for the current character that cannot be attributed to a specific geographical segment includes corporate admin costs and eliminations. Inter-segment revenues and expenses are eliminated upon consolidation and reflected in the 'HQ' column.

34. Segments information (continued)

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

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	0	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**

34. Segments information (continued)

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

31 March 2020	RF	RoE	EMEA	LATAM	APAC	HQ and ICO elimination	Total
Turnover	**1,046,079**	**125,746**	**33,010**	**198,110**	**222,798**	**(15,032)**	**1,610,711**
Revenues	911,642	109,233	32,476	103,605	219,735	(15,032)	1,361,659
Cost of revenues	(755,023)	(83,817)	(30,400)	(87,002)	(207,629)	23,929	**(1,139,942)**
Gross profit	**156,619**	**25,416**	**2,076**	**16,603**	**12,106**	**8,897**	**221,717**
Selling, general and administrative expenses	(119,034)	(23,801)	(3,290)	(22,826)	(9,076)	(14,766)	**(192,793)**
Other operating expenses/income	1,557	(907)	(2)	393	(85)	(289)	**667**
Operating profit	**39,142**	**708**	**(1,216)**	**(5,830)**	**2,945**	**(6,158)**	**29,591**
Foreign exchange gain (loss)	4,230	(2,238)	15	(3,304)	(257)	697	**(857)**
Finance income	2,748	383	3	287	324	(1,954)	**1,791**
Finance costs	(14,464)	(1,338)	(331)	(2,077)	(151)	898	**(17,463)**
Profit/(loss) before tax	**31,656**	**(2,485)**	**(1,529)**	**(10,924)**	**2,861**	**(6,517)**	**13,062**
Income tax expense	(3,244)	(541)	147	710	(592)	(1)	**(3,521)**
Profit/(loss) for the year	**28,412**	**(3,026)**	**(1,382)**	**(10,214)**	**2,269**	**(6,518)**	**9,541**
Added back:							
Tax, fines and penalties for the previous years	-	-	-	-	-	-	-
Adjusted Profit/(loss) for the year	**28,412**	**(3,026)**	**(1,382)**	**(10,214)**	**2,269**	**(6,518)**	**9,541**
Added back:							
Income tax expenses	3,244	541	(147)	(710)	592	1	3,521
Depreciation and amortization	8,697	2,533	55	539	233	184	12,241
Foreign exchange gain	(4,230)	2,238	(15)	3,304	257	(697)	857
Net financial income and expenses	11,715	955	328	1,790	(173)	1,057	15,672
Property and equipment write-off	-	(42)	-	(51)	-	-	(93)
Employee termination payments	34	12	3	515	12	6	582
Share-based payments	815	-	-	-	-	-	815
One-off items (penalties and acquisition-related expenses)	262	726	4	853	125	864	2,834
Adjusted EBITDA	**48,949**	**3,937**	**(1,154)**	**(3,974)**	**3,315**	**(5,103)**	**45,970**

34. Segments information (continued)

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

31 March 2019	RF	RoE	EMEA	LATAM	APAC	HQ and ICO elimination	Total
Turnover	**914,348**	**102,482**	**13,104**	**210,450**	**120,831**	**(9,635)**	**1,351,580**
Revenues	803,354	87,674	14,755	113,433	119,887	(9,634)	**1,129,469**
Cost of revenues	(659,454)	(64,564)	(13,312)	(94,869)	(110,851)	17,628	**(925,422)**
Gross profit	**143,900**	**23,110**	**1,443**	**18,564**	**9,036**	**7,994**	**204,047**
Selling, general and administrative expenses	(111,765)	(23,431)	(2,840)	(28,118)	(6,860)	(9,544)	**(182,558)**
Share of net income in associates and joint ventures	-	9	-	-	-	-	**9**
Other operating expenses/income	1,452	(1,462)	(6)	(905)	(341)	(495)	**(1,757)**
Operating profit	**33,587**	**(1,774)**	**(1,403)**	**(10,459)**	**1,835**	**(2,045)**	**19,741**
Foreign exchange gain (loss)	(2,710)	(1,739)	(212)	1,073	(49)	768	**(2,869)**
Finance income	1,794	(558)	(44)	(606)	161	291	**1,038**
Finance costs	(12,665)	(263)	(28)	(1,033)	(77)	(10)	**(14,076)**
Profit/(loss) before tax	**20,006**	**(4,334)**	**(1,687)**	**(11,025)**	**1,870**	**(996)**	**3,834**
Income tax expense	(2,750)	(848)	93	806	(731)	(2)	**(3,432)**
Profit/(loss) for the year	**17,256**	**(5,182)**	**(1,594)**	**(10,219)**	**1,139**	**(998)**	**402**
Added back:							
Tax, fines and penalties for the previous years	-	-	-	-	-	-	-
Adjusted Profit/(loss) for the year	**17,256**	**(5,182)**	**(1,594)**	**(10,219)**	**1,139**	**(998)**	**402**
Added back:							
Income tax expense	2,750	848	(93)	(806)	731	2	**3,432**
Depreciation and amortization	6,513	1,878	12	253	38	45	8,739
Foreign exchange gain	2,710	1,739	212	(1,073)	49	(768)	2,869
Net financial income and expenses	10,871	820	72	1,639	(84)	(280)	13,038
Property and equipment write-off	(32)	439	-	329	-	-	736
Employee termination payments	1,005	229	16	771	52	3	2,076
Share-based payments	623	-	-	-	-	-	623
One-off items (penalties and acquisition-related expenses)	59	1,040	7	522	423	559	2,610
Adjusted EBITDA	**41,755**	**1,811**	**(1,368)**	(8,584)	2,348	**(1,437)**	**34,525**

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

The key business products of the Group are Software and licenses, Hardware, Services, Cloud resale, Subscription and Softline Cloud, see Note 1 and 21 for additional information. Software and licenses, Services, Cloud resale, Subscription are Softline's licence 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 the small and medium-sized business segments.

34. Segments information (continued)

	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Turnover	**1,788,481**	**1,610,711**	**1,351,580**
Less: cost paid to the vendors of software subscriptions, software assurance, product maintenance and cloud services, where the Group acts as an agent	(271,570)	(249,052)	(222,111)
Revenues	**1,516,911**	**1,361,659**	**1,129,469**

Turnover is a non-IFRS alternative performance measure established by the Group's management to monitor the amount of 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, 4). 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 Group's financial performance by business products

	March 31, 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**

	March 31, 2020						
	Software and licenses	**Subscription**	**Cloud resale**	**Softline Cloud**	**Hardware**	**Services**	**Total**
Turnover	544,636	498,935	309,256	14,748	189,777	53,359	**1,610,711**
Revenues	454,073	391,149	262,186	14,748	186,518	52,985	**1,361,659**
Gross profit	46,905	54,796	47,037	11,368	22,436	39,175	**221,717**

	March 31, 2019						
	Software and licenses	**Subscription**	**Cloud resale**	**Softline Cloud**	**Hardware**	**Services**	**Total**
Turnover	617,409	318,447	180,370	10,596	174,735	50,023	**1,351,580**
Revenues	526,547	229,640	155,983	10,596	163,889	42,814	**1,129,469**
Gross profit	49,010	56,652	33,492	8,377	22,773	33,743	**204,047**

34. Segments information (continued)

The Group defines recurring turnover as a sum of Subsciption, 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 2021	31 March 2020	31 March 2019
Recurring turnover	1,000,474	822,939	509,413
Non-recurring turnover	788,007	787,772	842,167
Total turnover	1,788,481	1,610,711	1,351,580

Potential effects of acquisitions in the year ended 31 March 2021 (as if consolidated for the full year)

In addition to the requirements of IFRS 3 Buisness Combinations to disclose the actual and potential effects on acqussitions by disclosing pre- and post-acqusitions impact of the current year acquisitions on revenue and net income, the CODM is reviewing the effects of the new acquisitions on other key metrics measured as part of segment performance as follows:

	Group + Potential effect of acquisitions	Potential effect of acquisitions	Aplana Group pre-acquisition results for the year ended 31 March 2021	Softline AG pre-acquisition results for the year ended 31 March 2021	EMBEE pre-acquisition results for the year ended 31 March 2021
Turnover	**1,880,854**	92,373	3,668	24,497	64,208
Revenue	**1,609,284**	92,373	3,668	24,497	64,208
Gross profit	**249,987**	24,058	1,053	14,716	8,289
Net profit/(loss)	**(1,201)**	989	(578)	17	1,550
Adjusted EBITDA	**54,571**	2,478	(298)	491	2,285

From the date of acquisition of Aplana Group, Softline AG and EMBEE contributed to the year ended 31 March 2021:

	Aplana Group from the date of acquisition results for the year ended 31 March 2021	Softline AG from the date of acquisition results for the year ended 31 March 2021	EMBEE from the date of acquisition results for the year ended 31 March 2021
Turnover	3,813	6,908	35,440
Revenue	3,813	6,908	35,440
Gross profit	2,016	4,164	3,325
Net profit/(loss)	817	(190)	1,984
Adjusted EBITDA	791	(110)	2,053

35. 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 2021	Year ended 31 March 2020	Year ended 31 March 2019
Profit attributable to ordinary equity holders of the parent	(2,135)	10,088	2,853
Weighted average number of ordinary shares for basic EPS	128,507	128,975	128,975
Basic EPS	**(0,02)**	**0,08**	**0,02**
Weighted average number of ordinary shares (basic)	128,507	128,975	128,975
Effects of dilution from share options	1,089	941	531
Weighted average number of ordinary shares adjusted for the effect of dilution	129,596	129,916	129,506
Diluted EPS	**(0,02)**	**0,08**	**0,02**

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.