OKTOPAY LIMITED

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2021

OKTOPAY LIMITED

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Year ended 31 December 2021

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OKTOPAY LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Testa Holdings Limited Fotis Psindrides Filippos Gerogios Antonopoulos
Company Secretary:	Pandalaw Services Limited
Independent Auditors:	BDO Ltd Certified Public Accountants (CY) and Registered Auditors 236 Strovolou Avenue P.C. 2048 Strovolos Nicosia, Cyprus
Registered office:	10 Mnasiadou & Stasikratous Elma House, Floor 2 1065 Nicosia Cyprus

OKTOPAY LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2021.

Principal activities and nature of operations of the Company
The principal activities of the Company are those of an investment holding Company and technology service provider. Oktopay Ltd is not a financial institution. Oktopay Ltd is an electronic money distributor licensed by an Electronic Money Institution and provides IT services in the Fintech spectrum in order to support payment facilitation at a global level. Cash collected in Oktopay's wallets are safeguarded in bank accounts held by the Electronic Money Institution. As soon as cash is collected by the collaborating network, it becomes payable to Oktopay Ltd and to Oktopay's Ltd customers.

Review of current position, future developments and performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in notes 6, 7 and 23 of the financial statements.

Results
The Company's results for the year are set out on page 6. The net loss for the year is carried forward.

Share capital
Authorised capital
In 2021 the authorised share capital of the Company was increased from 252,000 ordinary shares of nominal value of €1 each to 4,312,000 ordinary shares of nominal value of €1 each.
Issued capital
In 2021, the Company issued additional 4,060,000 ordinary shares of €1 each.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2021 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2021.

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.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 27 to the financial statements.

Independent Auditors
The Independent Auditors, BDO Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

TESTA HOLDINGS LIMITED
HE 155385

Testa Holdings Limited
Director

Nicosia, Cyprus,

Date: 19/12/2022

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Independent Auditor's Report
To the Members of Oktopay Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the parent company Oktopay Limited (the "Company"), which are presented in pages 6 to 27 and comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the parent company Oktopay Limited as at 31 December 2021, and of its financial performance and its cash flows for the year 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 Financial Statements" section of our report. We are independent of the Company 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 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 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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 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 financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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.

Panicos Constantinou
Certified Public Accountant and Registered Auditor
for and on behalf of
BDO Ltd
Certified Public Accountants (CY) and Registered Auditors
Nicosia, Cyprus,

Date: 19/12/2022

OKTOPAY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2021

	Note	2021 €	07/08/2019 - 31/12/2020 €
Revenue	8	346,245	-
Cost of sales		(203,587)	-
Gross profit		142,658	-
Other operating income	9	612,771	-
Selling and distribution expenses		(47,573)	-
Administration expenses		(2,633,141)	(507,844)
Other expenses	10	-	(2,000)
Operating loss	11	(1,925,285)	(509,844)
Net finance costs	13	(13,434)	(2,033)
Net loss for the year/period		(1,938,719)	(511,877)
Other comprehensive income		-	-
Total comprehensive income for the year/period		(1,938,719)	(511,877)

The notes on pages 10 to 27 form an integral part of these financial statements.

OKTOPAY LIMITED

STATEMENT OF FINANCIAL POSITION
31 December 2021

	Note	2021 €	2020 €
ASSETS			
Non-current assets			
Intangible assets	15	**882,691**	-
Investments in subsidiaries	16	**523,597**	240,110
Investments in associates	17	**-**	400,000
		1,406,288	640,110
Current assets			
Trade and other receivables	18	**1,339,804**	48,485
Cash and cash equivalents	19	**523,806**	55,233
		1,863,610	103,718
Total assets		**3,269,898**	743,828
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**4,312,000**	252,000
Accumulated losses		**(2,450,596)**	(511,877)
Total equity		**1,861,404**	(259,877)
Liabilities			
Non-current liabilities			
Borrowings	21	**-**	450,000
		-	450,000
Current liabilities			
Trade and other payables	22	**1,408,494**	553,705
		1,408,494	553,705
Total liabilities		**1,408,494**	1,003,705
Total equity and liabilities		**3,269,898**	743,828

On ......19/12/2022...... the Board of Directors of Oktopay Limited authorised these financial statements for issue.

TESTA HOLDINGS LIMITED HE 155885

....
Testa Holdings Limited Fotis Psindrides
Director Director

The notes on pages 10 to 27 form an integral part of these financial statements.

OKTOPAY LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021

	Note	Share capital €	Accumulated losses €	Total €
Comprehensive income				
Net loss for the period		-	(511,877)	(511,877)
Transactions with owners				
Issue of share capital	20	252,000	-	252,000
Balance at 31 December 2020/ 1 January 2021		**252,000**	**(511,877)**	**(259,877)**
Comprehensive income				
Net loss for the year		-	(1,938,719)	(1,938,719)
Transactions with owners				
Issue of share capital	20	4,060,000	-	4,060,000
Balance at 31 December 2021		4,312,000	(2,450,596)	1,861,404

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65% (2019: 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

OKTOPAY LIMITED

STATEMENT OF CASH FLOWS
Year ended 31 December 2021

	Note	2021 €	07/08/2019 - 31/12/2020 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(1,938,719)**	(511,877)
Adjustments for:			
Amortisation of computer software	15	**114,440**	-
Profit from the sale of investments in subsidiaries		**(610,000)**	-
		(2,434,279)	(511,877)
Changes in working capital:			
Increase in trade and other receivables		**(1,291,319)**	(48,485)
Increase in trade and other payables		**854,789**	553,705
Cash used in operations		**(2,870,809)**	(6,657)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	15	**(997,131)**	-
Payment for purchase of investments in subsidiaries	16	**(523,487)**	(240,110)
Payment for purchase of investments in associates	17	**-**	(400,000)
Proceeds from sale of investments in subsidiary undertakings		**850,000**	-
Proceeds from sale of investments in associated undertakings		**400,000**	-
Net cash used in investing activities		**(270,618)**	(640,110)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**4,060,000**	252,000
Repayments of borrowings		**(450,000)**	-
Proceeds from borrowings		**-**	450,000
Net cash generated from financing activities		**3,610,000**	702,000
Net increase in cash and cash equivalents		**468,573**	55,233
Cash and cash equivalents at beginning of the year/period		**55,233**	-
Cash and cash equivalents at end of the year/period	19	**523,806**	55,233

The notes on pages 10 to 27 form an integral part of these financial statements.

OKTOPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

1. Incorporation and principal activities

Country of incorporation

The Company Oktopay Limited (the "Company") was incorporated in Cyprus on 07 August 2019 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 10 Mnasiadou & Stasikratous, Elma House, Floor 2, 1065 Nicosia, Cyprus.

Principal activities

The principal activities of the Company are those of an investment holding Company and technology service provider. Oktopay Ltd is not a financial institution. Oktopay Ltd is an electronic money distributor licensed by an Electronic Money Institution and provides IT services in the Fintech spectrum in order to support payment facilitation at a global level. Cash collected in Oktopay's wallets are safeguarded in bank accounts held by the Electronic Money Institution. As soon as cash is collected by the collaborating network, it becomes payable to Oktopay Ltd and to Oktopay's Ltd customers.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap. 113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a small sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2021.

The European Commission has concluded that since parent companies are required by the EU Accounting (2013/34/EU) Directive to prepare separate financial statements and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IFRS 10 "Consolidated Financial statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

3. Adoption of new or revised standards and interpretations

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

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company 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.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the diminution is identified.

4. Significant accounting policies (continued)

Revenue

Recognition and measurement

- **Commission income**

  Commission income is recognised on an accrual's basis in accordance with the substance of the relevant agreements.

- **Platform fees**

  Set up fees charged to customers for the work done to integrate their systems to Company's payment solution. Also, it includes the commissions charged to customers and merchants for transactions performed through Wallets.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) **Functional and presentation currency**
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) **Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be 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 is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing 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 profit or loss in the expense category consistent with the function of the intangible asset.

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

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 profit or loss when the asset is derecognised.

4. Significant accounting policies (continued)

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Computer software

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Classification (continued)

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - modification (continued)

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Classification as trade receivables

Trade receivables are amounts due from clients for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method..

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

4. Significant accounting policies (continued)

Financial assets (continued)

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Offsetting financial instruments

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

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

Share capital

Ordinary shares are classified as equity.

5. New accounting pronouncements

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 Company has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union

- *Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (All issued 14 May 2020) (effective for annual periods beginning on or after 1 January 2022).*
- *Amendments to IFRS 16 Leases - Covid 19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021) (effective for annual periods beginning on or after 1 April 2021).*

5. New accounting pronouncements (continued)

(ii) Issued by the IASB but not yet adopted by the European Union

New standards

- *IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2023).*

Amendments

- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively) (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 12 - "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) (effective for annual periods beginning on or after 1 January 2023).*

The above are expected to have no significant impact on the Company's financial statements when they become effective.

6. Financial risk management

Financial risk factors
The Company is exposed to credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from [cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.]

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- cash and cash equivalents

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

OKTOPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

6. Financial risk management (continued)

6.1 Credit risk (continued)

(ii) Impairment of financial assets (continued)

The Company's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model is set out below:

Cash and cash equivalents

The Company assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

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

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

31 December 2021	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Trade payables	958,299	958,299	-	958,299	-	-	-
Other payables	62,444	62,444	-	62,444	-	-	-
Payables to subsidiaries	108,898	108,898	-	108,898	-	-	-
Payables to shareholders	595	595	-	595	-	-	-
Accruals	78,210	78,210	-	78,210	-	-	-
	1,208,446	**1,208,446**	**-**	**1,208,446**	**-**	**-**	**-**

31 December 2020	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Other payables	16,056	16,056	-	16,056	-	-	-
Payables to related parties	54,943	54,943	-	54,943	-	-	-
Payables to subsidiaries	481,110	481,110	-	481,110	-	-	-
Payables to shareholders	595	595	-	595	-	-	-
Loans from shareholders	450,000	450,000	-	-	-	450,000	-
Accruals	1,001	1,001	-	1,001	-	-	-
	1,003,705	1,003,705	-	553,705	-	450,000	-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

6. Financial risk management (continued)

6.3 Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2021	2020	**2021**	07/08/2019 - 31/12/2020
	€	€	**€**	€
British Pounds	-	-	**4,828**	-
Romanian Leu	-	-	**283**	-
	-	-	**5,111**	-

Sensitivity analysis
A 10% strengthening of the Euro against the following currencies at 31 December 2021 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Equity		Profit or loss	
	2021	2020	**2021**	07/08/2019 - 31/12/2020
	€	€	**€**	€
British Pounds	**483**	-	**483**	-
Romanian Leu	**28**	-	**28**	-
	511	-	**511**	-

6.4 Capital risk management
The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

7. Critical accounting estimates, judgments and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

7. Critical accounting estimates, judgments and assumptions (continued)

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Calculation of loss allowance**

  When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

  Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

  Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Critical judgements in applying the Company's accounting policies

- **Impairment of investments in subsidiaries**

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

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

- **Impairment of intangible assets**

  Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Useful live of depreciable assets**

  The Board of Directors assesses the useful lives of depreciable assets at each reporting date, and revises them if necessary so that the useful lives represent the expected utility of the assets to the Company. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

OKTOPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

8. Revenue

	2021	07/08/2019 - 31/12/2020
	€	€
Commissions receivable	179,173	-
Platform fees	167,072	-
	346,245	-

9. Other operating income

	2021	07/08/2019 - 31/12/2020
	€	€
Other income	2,771	-
Profit from sale of investments in subsidiaries (Note 16)	610,000	-
	612,771	-

10. Other expenses

	2021	07/08/2019 - 31/12/2020
	€	€
Write off balances	-	2,000
	-	2,000

11. Operating loss

	2021	07/08/2019 - 31/12/2020
	€	€
Operating loss is stated after charging the following items:		
Amortisation of computer software (included in "Administration expenses") (Note 15)	114,440	-
Staff costs including Directors in their executive capacity (Note 12)	111,913	-
Auditors' remuneration	6,000	1,000
Other professional fees	667,850	462,891
Intercompany services	968,023	-
Consulting fees	249,400	-

12. Staff costs

	2021	07/08/2019 - 31/12/2020
	€	€
Salaries	102,392	-
Social security costs	7,668	-
GHS contribution	1,853	-
	111,913	-
Average number of employees (including Directors in their executive capacity)	5	-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

13. Finance costs

	2021 €	07/08/2019 - 31/12/2020 €
Foreign exchange losses	350	-
Sundry finance expenses	13,084	2,033
Finance costs	13,434	2,033

14. Tax

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2021 €	07/08/2019 - 31/12/2020 €
Loss before tax	(1,938,719)	(511,877)
Tax calculated at the applicable tax rates	(242,340)	(63,985)
Tax effect of expenses not deductible for tax purposes	70,556	63,985
Tax effect of allowances and income not subject to tax	(117,922)	-
Tax effect of tax loss for the year/period	289,706	-
Tax charge	-	-

The corporation tax rate is 12,5%.

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

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

15. Intangible assets

	Computer software €	Patents and trademarks €	Other intangibles €	Total €
Cost				
Additions	995,131	1,000	1,000	997,131
Balance at 31 December 2021	995,131	1,000	1,000	997,131
Amortisation				
Amortisation for the year (Note 11)	114,440	-	-	114,440
Balance at 31 December 2021	114,440	-	-	114,440
Net book amount				
Balance at 31 December 2021	880,691	1,000	1,000	882,691

Computer Software includes the mobile payment platform, payment products and system solutions that are used by Oktopay Ltd to enable the provision of technology services relative to payment processing and the development of innovative digital payment solutions and applications across multiple industries.

16. Investments in subsidiaries

	2021 €	2020 €
Balance at 1 January/7 August	240,110	-
Additions	523,487	240,110
Disposals	(240,000)	-
Balance at 31 December	523,597	240,110

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2021 Holding %	2020 Holding %	2021 €	2020 €
Netlink Services & Information Systems Single Member S.A.	Greece	Provision of financial services	-	100	-	240,000
Oktopay UK Limited	United Kingdom	Business Development	100	100	133,197	110
Oktopay Connect Ltd	Cyprus	Technology service provider	100		354,000	
Oktopay Iberia SL	Spain	Technology service provider	100	-	3,600	-
Oktopay Operations IKE	Greece	Technology service provider	100	-	5,000	-
Oktopay Deutschland GmbH	Germany	Technology service provider	100	-	27,800	-
					523,597	240,110

During the year 2021, the Company sold its shareholding in Netlink Services & Information Systems Single Member S.A. for a consideration of €850,000, resulting in a profit on sale in the amount of €610,000 (Note 9). Additionally, the Company acquired 100% of the share capital of Oktopay Connect Ltd, Oktopay Ibera SL and Oktopay Deutschland GmbH. The Company also, incorporated the Oktopay Operations IKE.

17. Investments in associates

	2021 €	2020 €
Balance at 1 January/7 August	400,000	-
Additions	-	400,000
Disposals	(400,000)	-
Balance at 31 December	-	400,000

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	2021 Holding %	2020 Holding %	2021 €	2020 €
Oktopay Services & Information Systems Single Member S.A.	Greece	Trading in market payments and software development	-	42.20	-	400,000
					-	400,000

During the year 2021, the Company sold its shareholding in Oktopay Services & Information Systems Single Member S.A. for a consideration of €400,000. Oktopay Limited did not make any profit or loss on sale of Oktopay Services & Information Systems Single Member S.A.

OKTOPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

18. Trade and other receivables

	2021 €	2020 €
Commission receivable	107,913	-
Funds held on behalf of clients	350,642	-
Funds held on behalf of clients - E-Wallet accounts	753,530	-
Receivables from own subsidiaries (Note 24.4)	53,853	572
Receivables from parent (Note 24.4)	714	-
Deposits and prepayments	12,549	-
Refundable VAT	60,603	47,913
	1,339,804	48,485

Funds held on behalf of clients represent collections made by agents and other intermediaries.

Funds held on behalf of clients are collections made by agents and other intermediaries on behalf of Oktopay Ltd Customers, that are not yet paid in the E-Wallets and Bank Accounts of Oktopay Ltd.

Funds held on behalf of clients - E-Wallet accounts, are bank balances kept in the Electronic Money Institution's bank accounts. The funds are either available for cash out by the clients or held as prefund accounts for the clients' activity.

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

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

19. Cash and cash equivalents

Cash balances are analysed as follows:

	2021 €	2020 €
Cash at bank	523,806	55,233
	523,806	55,233

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

20. Share capital

	2021 Number of shares	2021 €	2020 Number of shares	2020 €
Authorised				
Ordinary shares of €1 each	4,312,000	4,312,000	252,000	252,000
Issued and fully paid				
Balance at 1 January/7 August	252,000	252,000	-	-
Issue of shares	4,060,000	4,060,000	252,000	252,000
Balance at 31 December	4,312,000	4,312,000	252,000	252,000

Authorised capital

In 2021 the authorised share capital of the Company was increased from 252,000 ordinary shares of nominal value of €1 each to 4,312,000 ordinary shares of nominal value of €1 each.

Issued capital

In 2021, the Company issued additional 4,060,000 ordinary shares of €1 each.

21. Borrowings

	2021	2020
	€	€
Non-current borrowings		
Loans from shareholders (Note 24.6)	-	450,000

Maturity of non-current borrowings:

	2021	2020
	€	€
Between two and five years	-	450,000

22. Trade and other payables

	2021	2020
	€	€
Funds owed to clients	**958,347**	-
Shareholders' current accounts - credit balances (Note 24.7)	**595**	595
Provision for VAT liability	**200,000**	-
Accruals	**78,210**	1,001
Other creditors	**62,444**	16,056
Payables to fellow subsidiaries (Note 24.5)	-	54,943
Payables to own subsidiaries (Note 24.5)	**108,898**	481,110
	1,408,494	553,705

Funds owed to clients are collections made by agents and other intermediaries that are not yet attributed to the clients.

The Company has recognised a provision for VAT liability arising from reverse charge amounting to €200,000. The Company is in the process to finalise its tax structure and file the VAT returns, as required by the Cyprus Legislation and has calculated the provisional liability based on management's best estimate. The final VAT payable will be calculated as soon as the filing procedure is complete.

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

23. Operating Environment of the Company

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time.

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

The Company's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

24. Related party transactions

The Company is controlled by Tetsa Holding Limited, incorporated in Cyprus, which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

24.1 Directors' remuneration

The remuneration of Directors was as follows:

	2021 €	07/08/2019 - 31/12/2020 €
Directors' remuneration	38,492	-
	38,492	-

24.2 Professional services to related parties

	Nature of transactions	2021 €	07/08/2019 - 31/12/2020 €
Altirium Limited - parent company	Professional services	600	-
		600	-

24.3 Professional services from related parties

	Nature of transactions	2021 €	07/08/2019 - 31/12/2020 €
Oktopay UK Limited - subsidiary	Professional services	15,651	-
Oktopay Iberia SL - subsidiary	Professional services	108,437	-
Oktopay Operations IKE - subsidiary	Professional services	843,936	-
Oktopay Connect Ltd - subsidiary	Professional services	4,600	-
		972,624	-

24.4 Receivables from related parties (Note 18)

Name	2021 €	2020 €
Oktopay UK Limited - subsidiary	1,475	572
Oktopay Connect Ltd - subsidiary	52,378	-
Altirium Limited - parent company	714	-
	54,567	572

24.5 Payables to related parties (Note 22)

Name	2021 €	2020 €
Oktopay Connect Ltd (ex. Netlink Connect Ltd) - subsidiary	25,395	54,943
Netlink S.A. - prior year subsidiary	-	481,000
Oktopay UK Limited - subsidiary	-	110
Oktopay Operations IKE - subsidiary	56,936	-
Oktopay Iberia SL - subsidiary	26,567	-
	108,898	536,053

24.6 Loans from related parties (Note 21)

	Maturity	Interest rate	2021 €	2020 €
Filippos Georgios Antonopoulos	16/06/2023	3 month Euribor + 1.00%	-	450,000
			-	450,000

24. Related party transactions (continued)

24.7 Shareholders' current accounts - credit balances (Note 22)

	2021	2020
	€	€
Shareholders' current account	595	595
	595	595

The shareholders' current account is interest free, and have no specified repayment date.

25. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2021.

26. Commitments

The Company had no capital or other commitments as at 31 December 2021.

27. Events after the reporting period

Russia - Ukraine conflict

On 21 February 2022, Russia recognised the Donetsk and Luhansk regions of the Ukraine as independent states and commenced military actions in the Ukraine on 24 February 2022. These actions resulted in international condemnation and the immediate imposition of extensive, far reaching and unprecedented sanctions by the US, the EU, the UK, Canada, Japan and others against Russia and Belarus, State officials, State Controlled enterprises, large enterprises and other individuals considered to have close ties to or otherwise supporting the Russian President and his government. These sanctions, include asset freezes, the restriction of access to international financial markets, banning Russian banks from SWIFT, banning the supply of dual-use technology and trade embargoes. Additionally, a large number of multinational businesses have announced their withdrawal from the Russian market. These actions have dramatically weakened the Russian rouble and Russian securities and the Russian economy as a whole. In exchange Russia has also issued retaliatory sanctions. These measures could escalate further. The effect of the conflict on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage but should be expected to be significant, particularly as Russia is the leading supplier of energy to Europe and a leading supplier of commodities to the food, construction and manufacturing industries.

These events are considered as non-adjusting events and are therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2021.

The broader impacts of these events on the company's financial position, results of operations and cash flows, including estimates used throughout the financial statements, remain uncertain and difficult to predict as the situations and information are rapidly evolving, as is management's visibility to the effect of these events on the market the group serves and the customers within those markets.

Management will continue to monitor the situation closely and will assess further the implications as the events continue to evolve.

New Branches

In the beginning of 2022, Oktopay Ltd established two branches outside of Cyprus. On 17 January 2022 Oktopay Ltd established a branch in Rome, Italy, which was registered in the Companies Register of Rome on 07 February 2022. On 23 March 2022 Oktopay Ltd established a branch in Sao Paolo, Brazil, registered in the National Register of Legal Entities of the Federative Republic of Brazil.

Oktopay's Ltd expansion strategy is realized through local market presence and establishment. The branches are expected to expand Oktopay's footprint in the countries that they operate, by representing the Oktopay brand and the Oktopay group interests, and to support business development and sales effort. The branches are based on local conditions and are required to ensure smooth operation of Oktopay Ltd locally.

OKTOPAY LIMITED

COMPUTATION OF WEAR AND TEAR ALLOWANCES
Year ended 31 December 2021

	Year	%	COST				ANNUAL ALLOWANCES				
			Balance 01/01/2021 €	Additions for the year €	Disposals for the year €	Balance 31/12/2021 €	Balance 01/01/2021 €	Charge for the year €	On disposals €	Balance 31/12/2021 €	Net value 31/12/2021 €
Computer software											
Computer software	2021	33	-	995,131	-	995,131	-	331,379	-	331,379	663,752
			-	995,131	-	995,131	-	331,379	-	331,379	663,752
Patents and trademarks											
Trademarks	2021	100	-	1,000	-	1,000	-	1,000	-	1,000	-
			-	1,000	-	1,000	-	1,000	-	1,000	-
Other intangibles											
Domain names	2021	100	-	1,000	-	1,000	-	1,000	-	1,000	-
			-	1,000	-	1,000	-	1,000	-	1,000	-
Total intangible assets			-	997,131	-	997,131	-	333,379	-	333,379	663,752

OKTOPAY LIMITED

COMPUTATION OF CORPORATION TAX
Year ended 31 December 2021

	Page	€	€
Net loss per income statement	6		(1,938,719)
Add:			
Depreciation		114,440	
Entertaining		52,339	
Realised foreign exchange loss		350	
Annual levy		350	
Non-allowable administrative expenses		394,874	
Non-allowable finance expenses		2,095	
			564,448
			(1,374,271)
Less:			
Annual wear and tear allowances	29	333,379	
Profit from sale of investments in subsidiaries		610,000	
			(943,379)
Net loss for the year			(2,317,650)

CALCULATION OF TAX LOSSES FOR THE FIVE-YEAR PERIOD

Tax year	2016	2017	2018	2019	2020	2021
	€	€	€	€	€	€
Profits/(losses) for the tax year	-	-	-	-	-	(2,317,650)
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						

Net loss carried forward (2,317,650)